

Cabinet Agenda

Monday, 7 November 2022 at 6.00 pm

Council Chamber, Muriel Matters House, Breeds Place, Hastings, East Sussex, TN34 3UY

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For further information, please contact Democratic Services on 01424 451484 or email: democraticservices@hastings.gov.uk

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1.	Apologies for Absence	
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3.	Minutes of Last Meeting	1 - 4
4.	Final Accounts 2021/22 <i>(Simon Jones, Deputy Chief Finance Officer)</i> <i>(Cabinet decision)</i>	5 - 116
5.	UK Shared Prosperity Fund <i>(Victoria Conheady, Assistant Director, Regeneration and Culture)</i> <i>(Cabinet decision)</i>	117 - 126
6.	Proposal to gate a footpath in Baird Ward <i>(Natasha Tewkesbury, Customer Services, Communications and Emergency Planning Manager)</i> <i>(Cabinet decision)</i>	127 - 144
7.	Climate Change Strategy and Action Plan Refresh <i>(Victoria Conheady, Assistant Director, Regeneration and Culture)</i> <i>(Cabinet decision)</i>	145 - 186
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10.	Procurement and renewal of Hybrid Mail Solution (Part 1)	189 - 192

(Stephen Dodson, Transformation and Programmes Manager)
(Cabinet decision)

11. Exclusion of The Public

To resolve that the public be excluded from the meeting during the consideration of the items of business listed below because it is likely that if members of the public were present there would be disclosure to them of “exempt” information as defined in the paragraphs of schedule 12A to the Local Government Act 1972 referred to in the relevant report.

12. Procurement and renewal of Hybrid Mail Solution (Part 2)
(Stephen Dodson, Transformation and Programmes Manager)
(Cabinet decision)

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Agenda Item 3 Public Document Pack

CABINET

3 OCTOBER 2022

Present: Councillors Barnett (Chair), Batsford, Evans, Haffenden, Hilton, Rogers and Roark

In attendance: Jane Hartnell Managing Director, Kit Wheeler Chief Finance Officer, Mary Kilner Chief Legal Officer, Cameron Morley Waste and Cleansing Services Manager

458. APOLOGIES FOR ABSENCE

Apologies received from Councillor Willis

459. DECLARATION OF INTERESTS

Councillor	Item	Interest
Cllr Hilton	7	Personal – Member of Hastings as a Garden Town Team

460. MINUTES OF LAST MEETING

RESOLVED – that the minutes of the meeting held on 5th September 2022 be approved as a true record.

461. NOTIFICATION OF ADDITIONAL URGENT ITEMS

462. URGENT ITEMS (IF ANY)

Urgent item for 591 Sedlescombe Rd rent review to be discussed in part two

463. CASTLEHAM INDUSTRIAL UNITS ROOF REFURBISHMENT

The Managing Director introduced the report. The work had been planned to cost approximately £250,000. Now due to the costs increasing a budget of £325,000 is required, covering the increased cost of materials and some additional work that's been identified to expand the life of the roofs. This is essential work, but also a good investment for the future.

Councillors asked regarding having solar panels fitted whilst they are working on the roof. The Managing Director replied that would be a sensible approach and will come back with an answer.

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Councillor Rogers agreed it would be a good idea to investigate solar panel installation. The roof work is essential work that needs to be completed need to keep the councils' properties in good order and we need to keep the tenants happy.

Report to be proposed and seconded in part two

-

464. AGREEING THE DELIVERY MODEL FOR GROUNDS MAINTENANCE SERVICES FROM NOVEMBER 2023

The Waste and Cleansing Services Manager explained the current contract comes to an end in November 2023. The current service has been running for nearly 10 years. With it coming to an end has given an opportunity to review how we are delivering this in a way which would meet our current needs as a Council, taking into consideration our financial situation, our statutory responsibilities, and the strategic aspirations we have for the service moving forward.

The report is a culmination of nearly a year and a half of work, during which time different ways in which the Council could provide the Grounds Maintenance Services in the future has been looked at. Some soft market testing has been completed and an external consultant has been used to look at what options are available.

The aims are to have an affordable but also flexible service. Flexibility built into the service to adjust based on resources or in response to internal or external pressures. We wanted to be able to incorporate some of our strategic aims relating to climate change, increasing biodiversity, and working closely with Community partners to both protect our green spaces but also encourage the development of green skills

Councillor Hilton as the Portfolio holder thanked the officers for all the work that went into the report. Green spaces are essential for physical and mental wellbeing. Green spaces, access to them and how we look after them are a key part of turning around the huge health inequalities and Hastings and should be at the core of our regeneration goals. Over half of Kent Councils have brought their Ground Maintenance Services in house as has our former partner Optivo.

The councillors debated and highlighted the green spaces around the borough and the help it has on residents' health. The flexibility of having the Grounds Maintenance Service in-house was discussed. Residents will be able to be involved much more in managing and supporting activities in parks and open space.

Report to be proposed and seconded in part two

465. EXCLUSION OF THE PUBLIC

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466. CASTLEHAM INDUSTRIAL UNITS ROOF REFURBISHMENT - PART 2

The Cabinet discussed the report.

Proposed by Councillor Rogers, Seconded by Councillor Roark

RESOLVED (unanimously):

1. The Capital programme budget is increased from £250,000 to £325,000.

Reasons for Recommendations

Costs have increased since the budget was set.

467. AGREEING THE DELIVERY MODEL FOR GROUNDS MAINTENANCE SERVICES FROM NOVEMBER 2023 - PART 2

The Cabinet discussed the report

Proposed by Councillor Hilton, Seconded by Councillor Evans

RESOLVED (unanimously):

It is recommended that Cabinet approve this report for consideration at Full Council with the following recommendations:

(i) To in-source the grounds maintenance service from November 2023, adding the service to Hastings Direct Services Organisation (HDSO).

(ii) To authorise the Waste & Cleansing Services Manager to progress the new Ground Maintenance service from November 2023, including the appointment of support staff, the procurement of any equipment and establishment of budgets as outlined in this report

Reasons:

The current grounds maintenance contract with IdVerde comes to an end in November 2023. To ensure that there is no service disruption, Hastings Borough Council (HBC) will require a new supplier to carry out the work from that point forward.

With the assistance of an external grounds maintenance consultant, a review of the current GM service has been undertaken, and a full pricing exercise completed to establish the market rate of carrying out the council's GM service either as an in-house (via HDSO) or outsourced (via a contractor) operation. The outcome of that exercise, coupled with HBC's own soft market testing has demonstrated that the current service, if tendered right now, would be unaffordable.

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With this in mind, an in-house proposal has been developed to provide a simplified service that covers HBC statutory and health and safety (H&S) responsibilities, while remaining affordable and continuing to offer some flexibility. It is recommended that this service be implemented from November 2023.

The Council's statutory duty to ensure the service offers Best Value is an important consideration in this matter. The S.151 Officer and Chief Legal Officer are persuaded that the evidence from the extensive market testing, and information provided by the consultants about the local market and procurement exercises undertaken in our geographic area both demonstrate that the approach offers best economic and social value.

468. 591 SEDLESCOMBE ROAD NORTH

The Cabinet discussed the report

Proposed by Councillor Barnett, Seconded by Councillor Batsford

RESOLVED (unanimously):

To agree with the recommendations

(The Chair declared the meeting closed at. 7.07 pm)

Agenda Item 4



Report to: Cabinet

Date of Meeting: 7 November 2022

Report Title: Final Accounts 2021/22

Report By: Simon Jones
Deputy Chief Finance Officer

Purpose of Report

Cabinet is asked to approve the draft 2021/22 Statement of Accounts on behalf of the Council in accordance with the Accounts & Audit Regulations 2015.

Recommendation(s)

1. The draft 2021/22 Statement of Accounts be noted.

Reasons for Recommendations

Compliance with statutory requirements and good practice. The Council is accountable for the use of public money and continuously seeks to improve Value for Money.

Introduction

1. The Accounts & Audit Regulations 2015 required the Council to publish its draft Statement of Accounts by the 31st July each year. This is a very challenging deadline and despite their best efforts almost one-third of councils did not meet this deadline. Unfortunately, Hastings was one of the councils who missed the deadline. The Council's draft accounts are now completed and have been published on the Council's website. The statutory deadline for completing the 2021/22 audit was revised to 30 November 2022 but this target is unlikely to be met.
2. This Committee has delegated authority to approve the accounts on behalf of the Council. The unaudited Financial report including the Statement of Accounts is attached.
3. The Council's external auditors (Grant Thornton) are required to report on the audit and amendments from the draft Statement of Account and an update report from the auditors is contained elsewhere on the agenda. The statements will be incorporated within the final Statement of Accounts upon receipt of the final signed audit certificate.

Statement of Accounts

4. The Statement of Accounts as defined in the regulations and CIPFA Code of Practice comprises:
 - Comprehensive Income and Expenditure Statement
 - Movement in Reserves Statement
 - Balance Sheet
 - Cash Flow Statement
 - Notes to the Core Financial Statements
 - The Collection Fund Income and Expenditure Account
5. The Statement of Accounts, in common with those for all other local authorities, is compiled in line with International Financial Reporting Standards (IFRS).
6. The Statement of Accounts is contained within the financial report in the attached Appendix.

The Accounting Statements

7. The Movement in Reserves Statement shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable reserves. The line entitled "Net Increase /

Decrease before Transfers to Earmarked Reserves” shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

8. The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, and this may be different from the accounting cost.
9. The Balance Sheet shows the value of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first grouping is of usable reserves, i.e. those reserves that the Council may use to provide services. The second grouping includes reserves that hold unrealised gains or losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “Adjustments between accounting basis and funding basis under regulations”.
10. The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of the services provided by the Council. Investing activities represent the amount to which cash outflows have been made for resources which are intended to contribute towards the Council’s future service delivery. Cash flows arising from financing activity are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
11. Interpretation of the accounts highlighting key issues is contained within the explanatory foreword of the Statement of Accounts.

Financial Position

12. The outturn position in respect of Direct Service Expenditure within the accounts shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
13. The reconciliation between the cost of services in the Comprehensive Income and Expenditure Statement and the cost for taxation purposes can be found in the notes to the accounts (Expenditure and Funding Analysis).

Reserves

14. Reserves total £30.604m as at 31 March 2022 as detailed in Note 12 (Earmarked Reserves). This figure includes £1.374m of Disabled Facilities Grant that was received in 2021/22 and prior years but not yet spent.
15. The Medium Term Financial Strategy identified the need for any underspend to be used as an opportunity to strengthen reserves, and given the estimated budget reductions required in 2023/24 and beyond there remains a strong case for doing so. The 2022/23 budget contains the latest budget projections for the next 3 years and the Medium Term Financial Strategy is currently being reviewed and updated; this will include a further review of reserves in the light of future government funding and expenditure pressures.

Pensions

16. An accounting standard (IAS19) requires Councils (and businesses) to disclose the deficits/surpluses in their pension funds on an annual basis and to include the deficit within the Balance sheet. This necessitates actuaries identifying the assets and liabilities of the respective institutions investing within the fund on a point in time basis i.e. what the value of Pension Fund investments were worth on 31 March. It should be noted that this is a snap shot of the pension fund on just one day and that equities and bond prices go up and down on a daily basis.
17. Despite the impact of Covid-19 there has been a strengthening in the balance sheet position. This is principally because financial assumptions at 31 March 2022 are slightly more favorable than they were at 31 March 2021. This has the effect of decreasing liabilities. The overall effect is that the pension fund has moved from a deficit of £46.2 million to a deficit of £31.0 million.
18. East Sussex County Council administers the pension scheme. Full actuarial valuations are carried out on a three yearly basis (last carried out as at 31st March 2020 and Council contribution rates are determined at that time for a three year period. New contribution rates were applicable from 1 April 2020 and have not been amended for 2022/23 as a result of the pandemic.

Financial Strategy

19. Maintaining the Council's financial standing remains challenging in the current circumstances. The Medium Term Financial Strategy highlights that there is, not unexpectedly, a much higher projected deficit for 2022/23 – having increased to £3.184m from some £2.23m identified in February 2022 when the budget was set.
20. Given that funding reductions look set to continue for many years and that major uncertainties remain in the world economy, the Council needs

to identify further efficiencies, invest to save opportunities, generate more income, and cut costs in order to further transform itself to a lower spending Council and to achieve a balanced budget in this very challenging environment. However, the Council is able to balance its budget in both 2022/23 and 2023/24 by using its Reserves. The Council could be near to holding its minimum recommended level of reserves by the end of 2022/23 unless it identifies further savings, increases income, or receives additional funding from the government in future settlements.

Timetable of Next Steps

1. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Publication of audited Statement of Accounts on Council website,	Completion of audit and receipt of final audit certificate	30 November 2022	Deputy Chief Finance Officer

Wards Affected

None

Implications

Relevant project tools applied? Yes

Have you checked this report for plain English and readability? Yes. This has been done as much as possible considering the complex financial issues involved. Flesch-Kincaid grade level 11.5.

Climate change implications considered? N/A

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	No
Crime and Fear of Crime (Section 17)	No
Risk Management	No
Environmental Issues	No
Economic/Financial Implications	Yes
Human Rights Act	No
Organisational Consequences	No
Local People's Views	No
Anti-Poverty	No

Additional Information

Appendix A – Financial Statements 2021-22

Officer to Contact

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**FINANCIAL
REPORT AND
STATEMENT OF
ACCOUNTS
2021-22**

DRAFT



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NARRATIVE REPORT

Information Accompanying the Financial Statements

Narrative Report

The Statement of Accounts for Hastings Borough Council for the year ended 31st March 2022 has been prepared in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Body.

The Council's accounts for the year of 2021-22 are set out on pages 36 to 101. The information contained in these accounts can be technical and complex to follow. This narrative report provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Council's financial position and performance for the year and opportunities and risks for the years ahead. The narrative report is broken down into the following areas:

1. Introduction to Hastings
2. Governance
3. Strategy, Risk and Resource Allocation
4. Performance Review
5. Explanation of the Financial Statements
6. Further Information

1. Introduction to Hastings

Hastings is a beautiful and vibrant coastal cosmopolitan town that is steeped in rich history and culture. With a coastline of 7.5 miles that is overlooked by the remains of William the Conqueror's first English castle and is home to the largest beach launched fishing fleet in Europe, Hastings has become a much-loved coastal destination for thousands of tourists and a sought after place to live.

In addition to the blue flag beach and recently rebuilt award winning pier the over 92,600 residents of Hastings enjoy a large country park, award winning galleries, museums and theatres that regularly host events through the year.

Hastings is also home to many festivals and events such as the Seafood and Wine Festival and Jack in the Green to name a couple.

In order to ensure that Hastings continues to be a wonderful place to live and work the Council set out its objectives and measures its performance against those objectives, continually striving to improve.

GENERAL INFORMATION

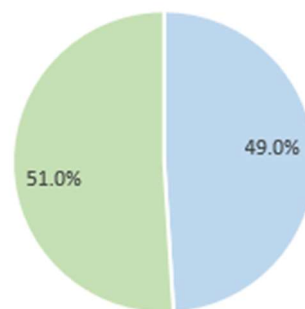
PHYSICAL FEATURES

- Hastings covers an area of **3,079 hectares**
- The Council owns land amounting to approximately **1,000 hectares**
- The length of the coastline is **12 kilometres/7.5 miles**

POPULATION

The Town's estimated population taken from the 2019 Mid-year Population Estimate produced by the Office for National Statistics was 92,661 and is broken down as follows:

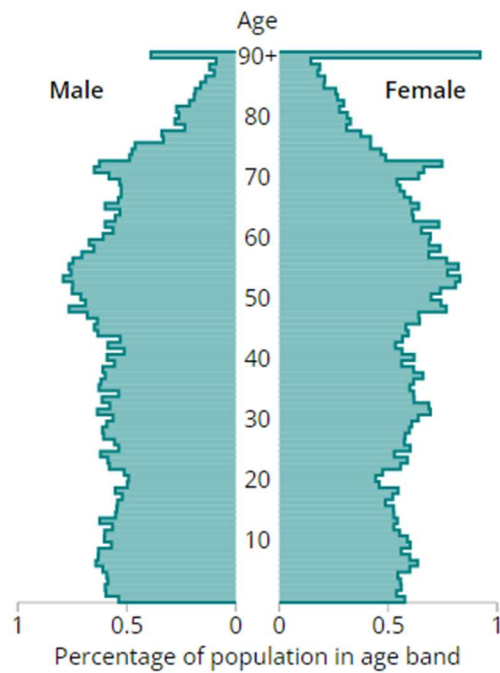
	Population	Percentage
Males	45,379	49.0%
Females	47,282	51.0%
Total	92,661	100%



■ Males ■ Females

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The split of the population between male and female by age in shown in the chart below



The registered electorate in March 2022 was 65,196.

COUNCIL TAX & BUSINESS RATING INFORMATION

Rateable value of business premises at 31 March 2022	£62,828,825
Council Tax Base (31 March 2022)	25,722
Council Tax at Band D - includes all preceptors (31 March 2022)	£2,132.55

EMPLOYEES

The average number of persons (FTE's) employed by the Council during the period was:

	NUMBER OF EMPLOYEES	
	2020-21	2021-22
Full time	264	255
Part time (full time equivalents)	44	41
Total	308	296

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The direct cost of employment during the year was:

	2020-21 £'000	2021-22 £'000
Wages and Salaries	9,889	10,149
National Insurance	919	938
Pension Contributions	1,619	1,628
Total	<u>12,427</u>	<u>12,715</u>

2. Governance

Hastings Borough Council sits within the County of East Sussex. The Council has 32 elected Councillors, also referred to as Members, and is split into 16 Wards with each Ward electing two Councillors. Councillors are not paid a salary for their work, but they do receive allowances. By law, all members of the Council are required to complete a declaration of interest form, the details of which are published annually. The council operates a Cabinet system of governance.

The Council has 7 Lead Councillors who are the leads for areas of strategy and work undertaken by council officers. Their roles include:

- Having a clear understanding of the relevant service areas objectives and performance against targets/project plans
- Developing/maintaining positive working relationships with relevant senior officers (but not managing or directing the service staff)
- Developing/maintaining effective partnership relationships with relevant organisations e.g. businesses, voluntary, community groups or other public bodies
- To keep abreast of good practice and national thinking/policy development related to their portfolio
- To work with the Leader and Deputy Leader and other Lead Councillors team to give effective political leadership to HBC and its communities.

Full Council

All 32 Councillors meet together as Full Council and are responsible for the adoption of the corporate plan, budget and deciding the council's overall policies. Full Council meetings are chaired by the Mayor, who is appointed each year at Annual Council. At the Annual Council meeting, Cabinet members are appointed to their portfolios, the composition of committees for the coming year is agreed and the programme for the year is adopted.

Full Council meets on average around seven times a year. All Council meetings are usually held in the Council Chamber, Muriel Matters House and are generally open for the public to attend.

Cabinet

There are currently 7 members of cabinet (as at 31st March 2022), all of whom are from the Labour group. Each Cabinet member has a portfolio of responsibilities related to council services.

Cabinet is the main decision-making committee of the council. It also makes recommendations to Full Council on the adoption of the budget and other key documents and policies, including the Corporate Plan, Capital Strategy and Treasury Management Strategy.

Cabinet meets every month and is chaired by the Leader of the Council. The forward plan lists the decisions Cabinet will be taking over the next four months.

Charity Committee

Hastings Borough Council is the sole trustee of the Foreshore Trust. The Trust owns a stretch of land on the seafront at Hastings and St Leonards. In order to minimise and manage any potential conflicts of interest between the council and the charity, decision-making powers for the Foreshore Trust have been delegated to the Charity Committee, which is a Cabinet committee.

The Charity Committee is made up of three members of the council's Cabinet. The Charity Commission required the appointment of a Protector who acts as an independent watchdog over the Trust. Members of the Charity Committee take advice on the management of the Foreshore Trust's land from the Coastal Users Group. An independent Grant Advisory Panel was also set up to advise the Charity Committee on the allocation of grants from the Foreshore Trust's surplus.

The Charity Committee meets every three months.

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Appointments committee

Council Appointments Committee is responsible for appointing elected members to represent the council on a variety of statutory bodies, charities and voluntary organisations operating in the town. Council Appointments Committee meets once a year. Extra meetings may be held at other times, if required.

Overview and Scrutiny Committee

Overview and Scrutiny Committee monitors' performance against the targets set out in the council's corporate plan. The committee also identifies potential areas for improvement and explores options to develop council services. Members also undertake reviews which look at issues of local importance. Overview and Scrutiny Committee meet every three months.

Audit Committee

The Audit Committee monitors the council's arrangements for financial governance and stewardship, risk management and audit. The committee also receives advice and reports from the council's external auditors. The Audit Committee produces an annual report to Full Council on the effectiveness of council's internal audit system. The committee has key responsibility for the oversight of the Treasury Management Strategy and approve the council's annual financial statement of accounts. The Audit Committee meets four times a year.

Environment and Safety Committee

The Environment and Safety Committee undertakes the council's functions in respect of Hackney carriage and private hire licenses.

Environment and Safety Committee meetings are not usually open for the public to attend because the committee often needs to consider detailed personal information about an applicant when making their decision. However, the minutes of the meeting can be viewed online.

Licensing Committee

The Licensing Committee undertakes the council's functions under the Licensing Act 2003 and gambling legislation.

The Licensing Committee usually delegates its responsibilities to a smaller sub-committee of members, who consider and make decisions on individual applications. The committee meetings are usually held in the Council Chamber at Muriel Matters House and are usually open for the public to attend. Paper copies of the agenda for Licensing Committee meetings are available on request from Democratic Services

Planning Committee

Planning Committee is responsible for deciding applications for planning permission, listed building consent and conservation area consent. The council has produced a Planning Protocol, which sets out how it will deal with planning matters and this is included in part 5 of the Council's Constitution.

Planning Committee meets every month. The meetings are usually held in the Council Chamber, Muriel Matters House and are open for the public to attend.

Standards Committee

Standards Committee promotes and maintains high standards of behaviour by ensuring all elected members comply with the council's code of conduct. A copy of the code of conduct from members can be found in part 5 of the Council's Constitution.

If a complaint is received about a member of Hastings Borough Council the committee may have to assess and investigate the case on advice from the Monitoring Officer. Full Standards Committee meetings are normally open for the public to attend, depending on the sensitivity of the complaint

Employment Committee

The Employment Committee is responsible for the appointment and dismissal of Chief Officers of the council. In some cases, the committee may also assess and investigate a complaint against a chief officer of the council, acting on advice from the Monitoring Officer.

Museums Committee

The Museums Committee is responsible for overseeing the council's museum service and the maintenance of its collection. The committee reviews new donations as they are received and considers proposals for how the service could be developed in the future.

The committee has fourteen members, which includes eight councillors and six members of the Museums Association.

Hastings and St Leonards Local Strategic Partnership

The Hastings and St Leonards Local Strategic Partnership brings together representatives from the local statutory, voluntary, community and private sectors to address key local issues, discuss strategies and initiatives and shared

NARRATIVE REPORT

learning. They aim to encourage joint working and prevent 'silo working' (i.e. different agencies that share aims working in isolation). Involvement of the community is a key aspect of local strategic partnerships.

The Hastings and St Leonards Local Strategic Partnership meets four times a year. The meetings are usually held in the Council Chamber, Muriel Matters House, Hastings and are generally open for the public to attend.

Joint Waste and Recycling Committee

This Committee is made up of elected Member representatives from the Cabinets of each of the following authorities: East Sussex County Council; Hastings Borough Council; Rother District Council and Wealden District Council.

These authorities established the Committee with the intention of facilitating the authorities in working together to improve the quality and effectiveness of the discharge of their waste collection and recycling functions under the relevant provisions of the Environmental Protection Act 1990.

Hastings Housing Company Ltd

During 2017/18 the Council established a wholly owned Housing Company limited by share - Hastings Housing Company Ltd. The company has been designed to initially acquire, develop and deliver housing for both market rent, and to provide submarket housing, with the potential to undertake development in the future.

A key objective of the Housing Company is: To acquire existing or newly built property with a view to letting these to local people at market or submarket rents.

The company was in its early stages in 2017/18, having only purchased its first property in February 2018. Due to the immaterial nature of the transaction in 2017/18 Group Accounts were not required however they have been prepared for subsequent years.

Hastings and St Leonards Foreshore Charitable Trust

Hastings and St Leonards Foreshore Charitable Trust is a charity registered at the Charity Commission under number 1105649 and is known locally as the Foreshore Trust. The foreshore is the area of the beach between high and low water which generally belongs to the Crown. In Hastings's case this area of land has been purchased off the Crown. The purpose of the trust is to hold the land for the 'common use, benefit and enjoyment of Her Majesty's subjects and the public generally for ever'. Hastings Borough Council is the trustee of the charity for all purposes and bound by charity law in the same way as any other charity trustee. When making decisions relating to or affecting the Charity, it must act in its best interests. The council administer the affairs of the Foreshore Trust but the two separate entities are ring-fenced and costs incurred by the Council in relation to the foreshore are recharged to the trust. The Foreshore Trust produces its own Statement of Accounts and is not within the Group boundary.

Management Structure of the Council

The council is unusual in the fact that it has no Chief Executive but instead has a Managing Director. Prior to 2020/21 the council had been anticipating making changes to its senior management structure which up until recently has been split into two directorates with each one having a Director and a number of Assistant Directors covering the various service areas. A partial senior management restructure was undertaken during 2020/21 which will now be concluded in the 2022/23 financial year as a result of delays mainly being the Covid-19 Pandemic. A Managing Director was appointed in 2019/20, but no further appointments have been made pending further review. The senior management structure as at 31st March 2022 is shown below.



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3. Strategy, Risk and Resource Allocation

Corporate Plan – One council, making the difference

The corporate plan is an important document that sets out the council's vision and priorities.

The council publishes a Corporate Plan each year. It tells residents, businesses and our staff about the progress we have made to pursue key opportunities and some of the projects and activities we will be working on to continue to improve the town. It shows how we will ensure our services are available to and accessible by all.

Since 2010/11 our funding from the government has decreased by over £9.3m, making our job harder. Despite this challenge The Council remains as determined as ever to continue delivering the best services possible and the Corporate Plan reflects that determination. Full details of the [Corporate Plan](#) are available on the Council's website. The following section outlines the main areas within the plan:

Our Vision...

"Hastings and St Leonards is a happy, welcoming place with a vibrant, unique culture where everyone has their needs met and is supported and encouraged to live their best lives."

Our town will:

- Be a 'green' town with zero carbon footprint
- Celebrate diversity, individuality and eccentricity
- Recognise and meet people's needs
- Have warm affordable homes for all
- Ensure good standards of healthcare
- Provide the best possible education
- Have rewarding jobs with a decent wage
- Protect our historic built and natural environment
- Welcome developments that excite and enrich
- Be a hub of creativity and culture

We can't do this alone so we will continue to work with our partners across all sectors to achieve our vision and promote our town. So that we can work towards our vision, we have priorities which we will be concentrating on:

- Tackling homelessness, poverty and ensuring quality housing
- Keeping Hastings clean and safe
- Minimising our environmental impact
- Making the best use of our land and buildings
- Changing how we work to meet the future
- Delivering responsible regeneration for the town

Everything we do will meet one of these priorities which are chosen because our citizens should live safe, happy, healthy, independent lives with the most vulnerable protected. We want our residents to trust us, they are at the heart of everything we do. We will work hard to ensure Hastings remains a great place to live, work, visit and do business in. Finally, we will be responsive to the needs of all our citizens, respect cultural identity, provide equality of opportunity and access to the means to live healthy, fulfilling lives.

We are determined to continue delivering the best services possible, constantly updating and improving them to meet the needs of our citizens. We have refreshed our corporate plan to set out this determination under new priority headings. It's a four year plan because we are working on larger projects and programmes now that take a few years to deliver. We are using the resource we have on work that will bring the biggest benefit to the town, its people and businesses. Our plan is available on our [website](#) and updated throughout the year with our progress and performance.

Covid 19 Recovery themes and actions

In response to the first wave of Covid-19 the following recovery themes and actions below were approved.

1. Securing the council's finances

The council will:

- Closely monitor and update budget impact analysis and regularly update Cabinet.

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- Lobby government to ensure that Hastings Council - and local government more widely - is fully compensated for the financial impacts of Covid-19.
- Conduct a corporate review of all 2020-21 revenue budgets to identify areas for immediately reducing in-year expenditure through additional controls on nonessential spend and recruitment.
- Review the capital programme to ensure that the schemes still reflect the council's current priorities and that these are affordable in the new financial landscape.
- Update the council's Medium-Term Financial Strategy (MTFS), to understand the short to medium implications for savings requirements and use of reserves.
- Commence the process for setting the revised budget for 2021/22 and budget for 2021/22 in line with the reduced resources available in future years as identified in the MTFS (Cabinet meeting - 5 October 2020)

2. Modernising the Council; Reimagining Local Services

Implement changes to the internal layout and other safety measures within Muriel Matters House and other council buildings to support social distancing as more staff return to the office when it is appropriate to do so, with a risk assessment of the building carried out and unions engaged.

- Continue to allow staff to work from home where possible, striking a balance between home and safe office-based working and allowing flexibility for staff.
- Take forward an organisation wide review of service delivery, to look at reimagining how services are delivered in future where equalities and environmental impact considerations are at the heart of our review, and recast service plans in the light of this service review,
- Review the decisions that have been taken as part of the crisis response to stop, start or amend service delivery - and the experience of working in different ways - to consider lessons learned and apply them to services over the longer term.
- Use insight from citizens interactions with us combined with our ongoing communications with partners and residents to inform how we reshape council activities and those we undertake with our partners.
- Take the appropriate steps to ensure the council is EU-exit ready

3. Supporting the most vulnerable

Work proactively to develop a sustainable approach to tackling homelessness in the town.

- Integrate homelessness services with other support for vulnerable people, including the launch of our CHART-funded project Live, Work, Thrive.
- Continue to manage our use of emergency accommodation as cost effectively as possible, through the expansion of the Social Lettings Agency's private sector leasing scheme, capital investment in our own accommodation and alternative booking arrangements.
- Develop a bid to the government's Next Steps Accommodation Programme, to expand accommodation options for individuals with multiple and complex needs.
- Adopt a new Housing Strategy and review key policy documents, including the Social Housing Allocation scheme
- Mainstream Community Hub first line response activity to be delivered via the council's Community Contact Centre.
- Implement new self-service modules for revenues and benefits.
- Maintain our website to provide services, support, advice and guidance and enable online access to our key committee meetings.
- Robust plans with partners (local and pan Sussex) in readiness for further outbreaks
- Start delivery of the CHART programme from September 2020 now that some easement in the lock down and 121 contact has been made possible.

4. Business and the Local Economy

- Work with partners such as Hastings Business Improvement Bid (BID) and East Sussex County Council (ESCC) to support, review and implement appropriate Covid 19 safe measures in the town centre and other secondary retail areas to support social distancing and confidence in safe movement for customers and staff.
- Use licensing powers to support businesses - particularly those in the hospitality sector - where appropriate to vary the use of outside space, whilst ensuring that people with disabilities can move around the town safely.
- Pursue a holistic approach to reducing the incidence of antisocial behaviour exhibited by some of the street community, working with partners to address their addiction issues and robustly enforce where behaviour is anti-social or criminal.

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- Continue to identify opportunities to promote sustainable travel in the town - with a focus on walking, cycling and other forms of sustainable travel as appropriate.
- Engage with business, representative groups and relevant public authorities, and monitor relevant data sources and emerging national and local analysis, to understand the challenges facing businesses and the wider economic impact.
- Reach out to as many groups and individuals covered by the Equalities Act 2010 Protected characteristics to maximise the opportunities for their contribution to developing, implementing and monitoring such a Plan.
- Work in partnership to develop appropriate solutions to the challenges identified, including through our planning, licensing and enforcement functions and by working with partners on issues including skills and pathways to work.
- Consider how the council's role as an anchor institution can support an inclusive economy through the use of council assets, contractual, recruitment and procurement levers.
- Develop and deliver a Town Investment Plan to get access to up to £25m Town Deal funding for investment in the town as well as lever in any further private investment or other government funding streams.
- Engage in wider recovery plans with partners including the Local Enterprise Partnership, East Sussex County Council and their emerging Economic Recovery Plan.

5. Housing, Regeneration and Development

Restart vital housing and licensing inspections to ensure the backlog is cleared.

- Reintroduce services to let homes and reintroduce housing options policies.
- Support people in private sector rented accommodation taking action against sub-standard accommodation.
- Prepare, submit and implement the Town Investment Plan to maximise up to £25m of investment in the regeneration of Hastings.
- Make progress on the Hastings Local Plan to put in place a framework to guide development in the town and encourage it to be well designed and genuinely sustainable.
- Ensure that infrastructure to support growth is delivered in a timely manner, with delivery of affordable housing maximised, and planning powers used effectively to ensure delivery of priorities.
- Make the most of its own land holdings and financial capability to maximise rates of housing delivery through exemplary homes that meet the needs of the people of Hastings especially the most vulnerable and those whose job insecurity and low pay mean they are disproportionately affected by the shortage of genuinely affordable housing. The council will review and redevelop a pipeline of sites that can be delivered over the medium to long-term.

6. Tourism, Leisure, Culture and Heritage

- Keep the Museum open as much as possible and open other attractions where we can afford to do so and arrive at solutions to reduce associated costs and potentially provide these services differently.
- Work with the arts, heritage and culture sector to enable the town's institutions and events to re-open in a safe way when it is appropriate to do so.
- Engage with the sector to understand the issues facing them and seek solutions together, including working with national arts and culture organisations as required.
- Ensure that Black and Minority Ethnic (BAME) artists and cultural workers are fully engaged and supported to access opportunities to develop their contributions to the town.
- Continue to work closely with local tourism businesses as the lockdown eases to understand emerging trends and support where we can in terms of Covid 19 resurgence.
- We will collaborate with the sector and other partners to seize the opportunity to reinvigorate our domestic tourism market where capacity and resources allow.
- Re-open the seaside cycle hire hut and support our leisure contractor to operate safe and hygienic leisure facilities
- Operate the Active Hastings programme with activities for all including a school holiday summer programme with health and community safety partners.
- Deliver externally funded Wayfinding project - introducing new and updating outdated visitor signposts across the town centre and seafront, improving opportunities to move around town on foot and by cycle.
- At the appropriate time, work to deliver council run events, including to celebrate the hard work of the town over this period, in line with social distancing requirements.

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7. Climate change and the green economy

- Ensure that the council's Climate Emergency Strategy and Action Plan (with input from stakeholders) includes reference to opportunities emerging from the crisis and articulates environmental objectives during the recovery phase.
- Undertake an 'opportunity audit' across the council's activities and assets to identify and prioritise specific opportunities to deliver quantifiable environmental benefits, to supplement the Climate Change Strategy.
- Consider opportunities to further promote sustainable travel in the town.
- Work to ensure that future housing and regeneration schemes are subject to the highest possible environmental standards.
- Consider opportunities to further promote sustainable travel in the town, including DESTI SMART-working with 10 European partners on developing an action plan for sustainable seafront transport options.
- Work to ensure that future housing and regeneration schemes are subject to the highest possible environmental standards.
- Ensure new developments are built to low carbon standards and factor key issues around resilience.
- Restore, protect and rewild and enhance the town's natural spaces to help tackle the climate emergency

8. Harnessing social capital

- Work with residents to understand the level of support needed from the council without imposing unnecessary process and allowing communities to define their own local priorities and responses to local challenges.
- Support the voluntary and community sector in adapting and use its procurement powers and grants based on gaps and need.
- Develop communications strategies which both amplify inspiring stories and create two-way conversations to inform council decision making.
- Operate the Active Hastings volunteer 'Spice' project in collaboration with Brighton and Sussex Medical School to bring volunteers together to help communities become healthier and continue the workforce development project to support local sport and physical activity instructors.
- Working with partners to harness the volunteer spirit shown as a consequence of the initial Covid 19 outbreak to support our most vulnerable and be part of involving these active citizens in making and keeping the town a great and welcoming place for all.

Medium Term Financial Strategy

The Council looks to forecast its financial position over the medium term in order to ensure it can align corporate objectives with available resources. This Medium Term Financial Strategy (MTFS) seeks to identify the financial risks that will affect the annual budgets for the current year and each of the next 3 years, and the anticipated resources that will be available to the Council. The MTFS is a key document in setting out the Council's approach to establishing a financial base to enable the Council's policies and priorities to be delivered.

Good financial management requires councils to properly plan for the future in order to match longer term ambitions and plans with anticipated resources. At present, with Covid-19, and delays to the government's spending review and the Fair Funding Review there are an even greater number of financial uncertainties than normal. This causes problems when seeking to accurately forecast available resources for the years ahead. The MTFS seeks to identify these uncertainties, and where possible make an informed view of the likely resource implications. Where there is no clarity as yet, generally, a prudent approach is adopted.

Expenditure on homelessness continues to rise, with the increase expected to be some £931,000 in a full year – based on current demand levels. The council has setup a homelessness taskforce to identify the drivers of the increased expenditure and to try and alleviate the impact. The leader of the council has written to advise the Government and seek additional income. In parallel to this action, the Council needs to address the ongoing budget deficits - however difficult this is after 11 years of funding reductions.

The MTFS seeks to identify the uncertainties that impact on resource levels e.g., government spending review, lack of a fair funding review, replacement for New Homes Bonus, etc. Where possible the MTFS seeks to make an informed view of the likely resource implications. Where there is no clarity as yet, generally, a prudent approach is adopted.

Fundamental changes to local government funding have been anticipated for the last three years. The Fair Funding Review was postponed yet again and it has recently been announced that the proposed retention of 75% of business

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rate growth by councils has been dropped completely. The impact on other income streams, such as a replacement for New Homes Bonus also remains unknown.

For financial planning purposes, the assumption in this MTFs was for no overall reduction in Settlement Funding Assessments (government funding and retained business rates) for 2022/23 i.e. a standstill settlement. The years thereafter assume continued funding levels (business rates) of similar amounts and increasing annually by inflation, but this may well be overly optimistic given the state of the country's finances and adult social care pressures

Finances are managed by matching Council priorities to funding across the medium term; The MTFs identifies the risks that the Council faces in doing so. The annual budget cycle refines the process for the immediate year ahead and determines the most appropriate use of available resources as well as setting the Council Tax for the borough.

The [MTFS](#), approved in November 2021, provided indicative budget forecasts for the 4 year period 2021/22 to 2024/25 and was subsequently updated within the [Budget Report](#) to Council in February 2022.

Given the need to plan for future years, the MTFs, identified key principles to be followed when compiling the budget as well as identifying the financial risks and opportunities more closely. The Financial Strategy integrates the financial and policy planning procedures of the Council. The robustness of the Strategy is built upon a foundation of key principles:

- I. Ensure the continued alignment of the Council's available resources to its priorities**
All key decisions of the Council relate to the Corporate Plan. Priorities are determined and reviewed in the light of any changes to the Plan. However, the spiralling homelessness costs are necessitating a wholesale review of what is actually deliverable in the future given the statutory burdens being placed on the Council.
- II. Maintain a sustainable revenue budget**
This means meeting recurring expenditure from recurring resources. Conversely non-recurring resources such as reserves and balances can generally be used to meet non-recurring expenditure providing sufficient reserves and balances exist. Whilst the principle remains sound the Council had consciously strengthened its reserves in previous years, knowing that these will be required to ease the transition to a lower spending Council and to meet key corporate priorities. The Council has required the use of these reserves to achieve balanced budgets in every year since 2018/19 and will need to do so again in 2022/23.
- III. Adequate Provisions are made to meet all outstanding liabilities**
- IV. Continue to identify and make efficiency savings**
Each year there is a thorough examination of the Council's "base budgets" to identify efficiency savings and to ensure existing spend is still a Council priority (Priority Income and Efficiency Reviews – PIER). The Council established an Invest to Save Reserve to assist in this regard.
- V. Review relevant fees and charges comprehensively and identify income generating areas as a means of generating additional funding for re-investment in priority services**
- VI. Capital receipts and reserves will primarily be available for new investment of a non-recurring nature thereby minimising the overall financial risk**
Resources will be allocated to invest in the Council's assets to ensure they support the delivery of corporate and service priorities.
- VII. Ensure sufficient reserves are maintained**
The Council has needed to use its reserves in the last couple of years to balance its budget following reductions in government funding and ever-increasing costs. Volatility within business rates and the Council Tax Support scheme resulted in the establishment of a separate reserve to smooth some of the impact of income fluctuations. The useable earmarked reserves are reducing rapidly, as are General Reserves and this will impact significantly on Council priorities in future years and its ability to provide services or undertake new projects – let alone meet unforeseen costs.
- VIII. Ensure value for money is achieved in the delivery of all services and that the Council seeks continuous improvement of all services**
It should be noted that the last report produced by the Council's external auditors on the Final Accounts gave a positive opinion on the Council's provision of value for money services. The level of scrutiny by external audit on achieving Best Value is set to increase significantly in the years to come with additional requirements being placed on external auditors to report more fully.
- IX. Maintain affordable increases in Council Tax whilst accepting that such an objective is linked to the amount of annual Government grant, inflation, and new legislative requirements**

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The Council is increasing Council Tax by the maximum permitted without a costly referendum, while supporting the most vulnerable through the Council Tax Support/ Reduction scheme.

X. Recognise the importance of partners in delivering cost effective solutions for services.

The level of risk that the Council is facing from fluctuations in income streams has increased significantly particularly where there is reliance on commercial property income. This is recognised by the government and Chartered Institute of Public Finance Accountants (CIPFA) resulting in new codes of practice and government regulations. These have been introduced to help ensure that Councils do not over-extend themselves in this challenging environment.

Key prudential indicators are included in the Treasury Management Strategy, Additional guidance was received in November 2019 from CIPFA – “Prudential Property Investment” and a whole new Code of Practice is being introduced for 2022/23 – as detailed in the Treasury Management Strategy.

The MTFs and Corporate Plan are regularly reviewed to ensure that the Council is well-placed to react to the new challenges it faces. The budget for 2022/23 was balanced by the use of reserves but more work is needed to identify further savings and efficiencies to balance the budget for future years – particularly given the impact of Covid-19 on income levels, expenditure pressures and the additional impact on the Council’s limited reserves.

The table below, included with the 2021/22 budget report, shows the projected deficits in the years ahead. The strategy is being updated and will be considered by Cabinet in the autumn of 2022.

Ref	Revenue Budget Forward Plan	2021-22	2021-22	2022-23	2023-24	2024-25	2025-26
		Budget £000's	Revised Projection £000's	Projection £000's	Projection £000's	Projection £000's	Projection £000's
1	Direct Service Expenditure (Net)	12,968	14,142	13,232	13,696	14,170	14,654
2	Funding Commitments:-						
3	Election Costs (bi-annually)				(70)		(70)
4	Savings/Additional Income Identified						
5	Previous PIER savings						
6	Theatre - reduced contributions				(100)	(100)	(100)
7	Potential PIER savings/growth (net) at 30 December 2021				(78)	(78)	(78)
8	Income - Property				(70)	(70)	(70)
9	Income - re Schemes in Capital Programme				(187)	(715)	(1,146)
10	Fees and Charges				(60)	(120)	(180)
11	Other:						
12	Contingency Provision	500	0	300	300	300	300
13	Interest (net of Fees) & other Adjustments	1,452	1,304	1,580	1,753	1,935	2,040
14	Minimum Revenue Provision (excl. Inc Gen Adj)	1,723	1,668	1,741	2,006	2,327	2,638
15	Contribution to Reserves	723	689	689	689	689	689
16	Net Use of Earmarked Reserves	(1,864)	(3,206)	(1,529)	(1,529)	(1,529)	(1,529)
17	Net Council Expenditure	15,502	14,597	16,013	16,351	16,810	17,148
18	Taxbase	25,722	25,722	26,237	26,499	26,764	27,032
19	Council Tax	276.17	276.17	281.67	287.27	292.99	298.82
20	Funding						
21	From Collection Fund - Council Tax	(7,104)	(7,104)	(7,390)	(7,612)	(7,842)	(8,078)
22	From Collection Fund - Business Rates	(2,603)	(1,978)	(2,021)	(2,061)	(2,102)	(2,144)
23	Revenue Support Grant	(1,010)	(1,010)	(1,041)	(1,062)	(1,083)	(1,105)
24	Covid Grants Unringfenced	(699)	(699)	0	0	0	0
25	2022/23 Services Grant	0	0	(263)	0	0	0
26	Lower Tier Services Grant	(163)	(163)	(175)	(178)	(182)	(185)
27	New Homes Bonus	(173)	(173)	(158)	0	0	0
28	Council Tax Support Admin Grant	(165)	(157)	(157)	(157)	(157)	(157)
29	Housing Benefit Admin Grant	(398)	(411)	(425)	(425)	(425)	(425)
30	NNDR (Surplus) / Deficit	167	167	379	100	0	0
31	NNDR Pooling	(0)	(122)	(118)	(118)	(118)	(118)
32	Business Rates Section 31 Grant	(1,569)	(2,300)	(2,266)	(2,311)	(2,357)	(2,404)
33	Council Tax - Section 31 Grant	(200)	(200)	0	0	0	0
34	Council Tax Surplus	(104)	(104)	(48)	0	0	0
35	Contribution To General Fund	(14,019)	(14,253)	(13,683)	(13,625)	(14,266)	(14,616)
36							
37	Funding Shortfall / (Surplus)	1,483	345	2,330	2,526	2,544	2,531
38							
39	Use of General Reserve	(1,283)	(145)	(2,230)	0	0	0
40							
41	Use of Resilience and Stability Reserve	(200)	(200)	(100)	(100)	0	0
42							
43	Net Funding Shortfall / (Surplus)	0	0	0	2,426	2,544	2,531

* References to appendices relate to the [2022/23 Budget Book](#) available on the Councils website.

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Capital Strategy

The Chartered Institute of Public Finance and Accountancy (CIPFA) revised 2021 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which seeks to provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The Council's [Capital Strategy for 2022/23](#) was approved by Full Council in February 2022 and is available on the Council's website. The aim of this capital strategy is to ensure that all elected members on the Full Council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the capital Strategy and the budget report. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset.

The capital strategy seeks to identify:

- The corporate governance arrangements for these types of activities
- Service objectives relating to the Capital expenditure
- The expected income, costs and resulting contribution
- The debt related to the activity and the associated interest costs
- The payback period (MRP policy)
- For non-loan type investments, the cost against the current market value
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are identified.

The Capital strategy, and in particular the capital programme supports the Council's Corporate plan and is closely tied to the Medium Term Financial Strategy and the budget.

The Council's future spending plans are continuously evolving and as such the Capital Strategy and other strategies will need to be re-determined by Full Council as and when future spending plans are sufficiently determined. The Strategy does detail the Council's borrowing commitments until 2068/69 that result from past and current capital programmes. This helps to inform the affordability question as to the level of capital expenditure and borrowing that can be contemplated in the future.

Priority Income and Efficiency Reviews (PIER)

Due to the financial pressures the Council is under it has developed the PIER process to enable a detailed examination of service performance and priorities, cost pressures, and the scope for achieving efficiency savings and additional income.

The objectives of the process are as follows:

- To provide services with an opportunity to submit proposals for the business plan. The proposals include all unavoidable growth and savings amounts.
- To allow service delivery proposals to be measured against the corporate plan objectives.
- To provide a mechanism for challenging service proposals in an informed, robust and constructive fashion.
- The revenue estimates and the capital programme are closely linked. As such service bids for capital funding are considered at the same stage.

In addition to the annual Strategic Budget (PIER) process the Council continues to have a programme of areas to review e.g. service reviews, and business reengineering process reviews in order that efficiencies continue to be achieved, monitored and potential new areas identified.

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The scale of the budget savings required to balance the budget on a sustainable basis for years ahead is large. The time between the identification and the achievement of savings, as well as income generation, can be significant. The Council has been prepared to use a proportion of its reserves to balance the budget and for future invest to save initiatives. The impact of Covid-19, the level of future government funding along with predicted increased levels of demand e.g. homelessness will require the Council to further prioritise services and preserve reserves; if reserves fall below minimum levels these will need to be restored as soon as practical.

Income Generation

The Council has a number of key income streams besides Council Tax and Business Rates. These include for example car parking, rents from land, industrial estates and shopping centres, cemetery, cliff railways, planning, licensing, lettings and land charges.

The Council stepped up the level of income it is receiving from property in recent years and continues to seek to diversify its income streams further e.g. from energy.

Further income generating ideas are being considered including renewable energy generation from solar, wind and other alternatives. The council has an estate within which there are opportunities to reduce energy consumption and to generate and sell energy. There are existing powers for the Council to do this; for example: The Sale of Electricity by Local Authorities (England and Wales) Regulations 2010 (SI 2010/1910). The Council is therefore reviewing these opportunities with a view to financing these should they prove viable.

CCLA Local Authority Property Fund

CCLA manage investments for charities, religious organisations and the public sector. Due to the current low interest rates offered by banks and in a bid to achieve improved investment returns the council has previously invested £2,000,000 of its reserves in the CCLA Local Authority Property Fund. During the 2019/20 financial year the council invested a further £3,000,000 in the CCLA Diversified Income Fund (DIF). These are longer term investment (5 years plus) as the capital value can go up as well as down.

The objective of the fund is to provide investors with a high level of income and long-term capital appreciation. The fund is considered suitable for the long-term funds of any local authority seeking exposure to UK commercial property. An advisory board for the fund has been established to represent the interests of investors and the public sector as a whole. The advisory board meet quarterly with the manager of the fund, CCLA, to provide guidance and monitor the management and development of the fund.

At the 31st March 2022 the Property Fund had a capital value of £2.212m (£1,882m as at 31st March 2021) and the DIF £2.972m (£2.840m as at 31st March 2021). The yields have continued to be high, with the DIF yielding some 2.39% (March 2022) and the Property Fund 3.25% (March 2022).

4. Performance Review

Revenue

The Council has continued to perform well despite continued Government cuts in funding.

The summary table below shows outturn for the year. The total service expenditure is £11,752m. The carry forwards into 2022-23 amount to some £932,708.

The 2021/22 [Financial monitoring Quarter 4 outturn position](#) was reported to Overview and Scrutiny on 27th July 2022.

As part of the annual 2022/23 Budget setting process a thorough and detailed analysis of the current year's budget is undertaken. As a result of this work the original budget is then revised in line with current and latest available information and forecasts.

The following table compares the major elements of the budget and actual for general fund services in 2021-22:

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	2021-22 Original Budget £000	2021-22 Revised Budget £000	2021-22 Actual Outturn £000	Variance £000
Directorates				
Corporate Resources	808	734	2,182	1,448
Operational Services	12,160	13,408	9,570	(3,838)
Contingencies	500	0	0	0
Direct Service Expenditure	13,468	14,142	11,752	(2,390)
Net Interest Payments	1,452	1,304	1,198	(106)
Loss on Investment	0	0	(132)	(132)
Revenue contributions to capital	0	0	254	254
Covid Grants	0	0	1,462	1,462
Other operating costs (MRP)	1,723	1,668	1,668	0
Net Council Expenditure	16,643	17,114	16,202	(912)
Less Government Grant	(2,608)	(2,613)	(5,252)	(2,639)
Less retained business rates	(4,172)	(4,400)	(3,537)	863
Collection Fund Surplus	64	64	33	(31)
Council Tax	(7,303)	(7,303)	(7,104)	199
Net expenditure excluding reserve movements	2,624	2,862	342	(2,520)
Contributions to reserves	723	689	1,891	1,202
Use of earmarked reserves	(1,864)	(3,206)	(1,885)	1,321
Transfer to/(from) Specific Reserve	(1,483)	(345)	(348)	(3)
Net budget surplus transferred to General Reserve	0	0	0	0

Full details of all the variances can be seen in the [Financial Monitoring Report for 2021/22 – Quarter 4](#) which was reported to Overview and Scrutiny Committee on 27/07/2022.

Whilst there are numerous under and overspends the most significant variances were as follows:

Corporate Resources

The service shows a overspend of £1,448,000 against the revised 2021/22 budget.

- Unit Factories / Properties and Estates are showing a combined overspend of £78,006 due to increased spend on repairs and maintenance. There are savings in areas such as business rates and reduced expenditure for repairs for factories, but not enough to offset the additional spend in other properties and Estates.
- The remaining balance is made up from multiple other minor variances.

Operational Services

Operational Services is showing a net underspend of £3,838,000. The main service areas making up this variance are discussed below:

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Environmental Health

The service overall is showing an underspend of £19,457 against the revised 2021/22 budget.

- The main variance is in Local Licensing where additional income has led to a favourable variance of £25,528.
- The remaining balance is made up from multiple other minor overspend and underspend variances.

Parking

The Parking service overall is showing an overspend of £55,446 against the revised 2021/22 budget.

- Off Street Parking is showing an overall overspend of £39,349. This is due to additional costs for services such as utilities and other associated car park costs being higher than previously anticipated.
- The remaining balance is made up from multiple other minor overspend and underspend variances.

Waste

The service is showing a favourable underspend of £261,662 against the revised 2021/22 budget.

- Refuse Collection has seen favourable underspend variances against the revised budget due to increased income for bulky waste and also reduced costs as part of contract savings. This means that the service is showing a underspend of £43,477.
- The DSO Service is showing a large underspend of £155,900. This is as a result of reduction in staffing costs, in particular agency staff, by looking at working more efficiently with use of weekend hours and overtime. There were also one-off savings in expenditure items such as Equipment and vehicles.
- The remaining balance is made up from multiple other minor overspend and underspend variances.

Amenities

The service is showing an overall positive variance of £43,612 against the revised 2021/22 budget.

- Parks and Gardens has seen a reduction in maintenance costs leading to a net underspend of £36,744.
- The remaining balance is made up from multiple other minor overspend and underspend variances.

Marketing and Major Projects

The service is showing an underspend of £12,160 against the revised 2021/22 budget. With no significant individual variances, the net variance is made up from minor overspend and underspend variances.

Regeneration

The service is showing a overspend of £21,919 against the revised 2021/22 budget. With no significant individual variances, the net variance is made up from minor overspend and underspend variances.

Leisure

The service is showing an underspend of £42,557 against the revised 2021/22 budget which is made up of multiple minor underspends.

Resort Services

The service is showing an adverse variance of £13,232 against the revised 2021/22 budget. With no significant individual variances, the net variance is made up from minor overspend and underspend variances.

Housing and Built Environment

The service is showing an overspend of £64,911 against the revised 2020/21 budget.

- Homelessness budget is showing an overspend of £146,655. This is due to the rising costs of temporary housing coupled with the number of residents presenting as Homeless increasing by nearly 30% compared to our original budgeted numbers. This is an issue that has been highlighted previously and the council has implemented a task force specifically aimed at looking to reduce the costs and to look at longer term's solutions to this issue.
- The remaining balance is made up from multiple other minor overspend and underspend variances.

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Council Tax

The balance on the Council Tax Collection Fund at 31 March 2022 was a surplus of £3,041,212, of which the Council's share was £382,653.

NNDR

The rateable value of business premises at 31 March 2022 was £62,377,655 compared to £62,909,149 at 31 March 2021. This change reflects the movements on the 2010 and 2017 rating lists.

Excluding multiple appeals there were 260 appeals outstanding, with a total rateable value of £11.0m. There are a number of multiple appeals for the same property, making an accurate estimate of the liability very difficult.

The net collectable sum for the year was £17,763,060, which is £5,326,654 less than original forecast (NNDR1) of £23,089,714. This is directly related to the impact of Covid and it also partially reflects additional reliefs imposed by the Government, for which the Council is compensated by Section 31 grants. The NNDR element of the Collection Fund has a deficit balance of £16.7m (the Council's share is £6.7m of the overall deficit).

Material assets/liabilities

The Council did not purchase any significant assets during the year:
No new material liabilities have been incurred during the financial year.

Pension

The net long term pension liability decreased during the year, moving from £46.2m to £31.0m. The prescribed method for measuring the liability in accounting terms relates to investment values as at 31 March each year, and discounts liabilities according to the low rates of interest currently prevailing. Changes in discount rates can trigger wide fluctuations in values from year to year, but these do not therefore necessarily correspond with the longer-term view of contribution rates required to maintain the Council's need to provide for pension payments over the longer term. The valuation at the 31 March has been impacted by Covid-19 and by the McCloud judgement.

2022-23 Budget

The table below summarises planned net expenditure on services for 2022-23, compared to 2021-22, and shows how this is funded from government grants, business rates and council tax. The Council's target of a balanced budget is being achieved by matching planned expenditure to income from fees, charges, government grants, council tax and non-domestic rates and use of reserves. The sum of £3,169,683 is identified within the budget as being required from reserves to fund the 2022-23 deficit.

	2021-22	2022-23	Variance
	Revised	Original	2021-22 to
	Budget	Budget	2022-23
	£000	£000	£000
Directorates			
Corporate Resources	734	530	(204)
Operational Services	13,408	12,702	(706)
Contingencies	0	300	300
Direct Service Expenditure	14,142	13,532	(610)
Net interest payments	1,304	1,580	276
Other operating costs	1,668	1,741	73
Revenue contribution to capital	0	0	0
Net Contribution to / (from) Reserves	(2,862)	(3,170)	(308)
Net Council Expenditure	14,252	13,683	(569)
Less Government Grant :-			
Revenue Support Grant	(1,010)	(1,041)	(31)
Other general Grants	(1,802)	(1,179)	623
Retained business rates	(4,400)	(4,404)	(4)
Collection Fund Surplus	64	331	267
Amount to be met by Council Tax Payers	7,104	7,390	286

NARRATIVE REPORT

End of Year Performance 2021/22

As part of our continuous improvement to provide the latest information to stakeholders, during 2020/21 we changed the way that we report our performance measures. These are now much more user intuitive, and interactive and can be found online to allow users to better understand how we have performed throughout the financial year.

All the information can be found at the following website address:

<https://www.hastings.gov.uk/my-council/performance>

As in previous years targets for all the indicators included in the reports are discussed with Assistant Directors and Senior Officers and are regularly discussed with Councillors throughout the financial year. The targets for both Corporate and Operations are reviewed each year and changed according to the requirements of the Council and therefore may increase or decrease in number.

Capital Expenditure

The Council spent £4,895,168 on capital projects during 2021-22, as summarised below:

	Revised 2021/22	Outturn £'000
Private Sector Renewal Support	0	2
Disabled Facilities Grant	1,400	1,274
Restoration of Pelham Crescent/ Pelham Arcade	105	1
Road above Pelham Arcade	84	42
Work on Harbour Arm and New Groynes	132	132
Further Sea Defence works	116	116
Country Park - Interpretive Centre	38	72
Playgrounds Upgrade Programme	92	47
Conversion of 12/13 York Buildings	426	337
Energy - Solar Panels	100	0
Buckshole and Shornden Reservoirs	455	290
Priory Street Multi Storey Car Park	0	3
Temporary Homelessness Accommodation	0	141
Lower Bexhill Road	601	579
Churchfields Business Centre	1,059	989
Development / Furbishment of Lacuna Place	173	173
Cornwallis Street Development	1,081	236
Harold Place Restaurant Development	76	48
Electric Vehicles	13	13
Electric Vehicle Infrastructure	0	4
Priory Street Works	133	93
Castleham Car Park resurfacing	22	22
Next Steps Accommodation Pathway	1,855	0
Total	7,961	4,614

The Council agreed in February 2022 to spend £21,746,000 on capital projects during 2022-23, as shown in the table below. Some £9,620,000 is due to be funded from borrowing, £6,892,000 by grants and contributions, £5,050,000 from capital receipts and £184,000 from reserves.

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2022/23 Scheme	£'000
Priory Meadow Contribution to Capital Works	250
Churchfields Business Centre	3,310
Furbishment of Lacuna Place	141
Cornwallis Street Development	6,835
Harold Place Restaurant Development	1,613
Energy Solar Panels	538
Disabled Facilities Grant	2,056
Empty Homes Strategy - CPO	50
Restoration of Pelham Crescent/ Pelham Arcade	33
Work on Harbour Arm and New Groynes	265
Road at Pelham Arcade	561
Further Sea Defence Works	34
Playgrounds Upgrade Programme	38
MUGA Refurbishments	80
Buckshole Reservoir	666
Lower Bexhill Road	3,061
Bexhill Road South (Housing & Car Park)	1,075
Mayfield E (Housing)	1,000
Castleham Industrial Units	140
	21,746

This capital expenditure is planned to be financed as shown below:-

	£'000
Capital Grants and Contributions	6,892
Capital Receipts	5,050
Use of Reserves	184
Borrowing	9,620
	21,746

Borrowing Facilities

Total loans outstanding owed to external sources for capital spending amount to £66.1m. Under the Prudential Code for borrowing the Council's Capital Financing Requirement is £72.1m. The difference relates to the use of existing financial resources – until such time as borrowing is undertaken.

Reserves

The Council has set aside reserves for a number of purposes, including provision for the renewal and repair of equipment, repair and maintenance of buildings, carry forwards and the financing of capital expenditure.

The balance on these reserves at 31st March 2022 is £30.604 million compared with £30.947 million at 31st March 2021. The movement on Earmarked Reserves is detailed in Note 12.

Non Domestic Rates

From 1 April 2013 the regime around the income that Local Authorities collect from business rates changed from one where the authority collected purely on behalf of Central Government to one where this income is shared between Central Government, Local Authorities and major precepting bodies. This change affected the retention of the income collected and introduced a risk to the Council for failure to collect rates in comparison with a predetermined "Start-Up" funding assessment.

The Council collects National Non Domestic Rates (NNDR) and retains 40% of it for its own use, the remainder being passed on to the Government (50%), East Sussex County Council (9%), and East Sussex Fire and Rescue Authority Service (1%). This activity involves the usual risk of non-payment, mitigated by managing the allowance for impairment of debt. There is also the risk of losses from appeals against the values determined by the Valuation Offices. Prior to 31 March 2015 appeals could be backdated to 1 April 2010, when the 2010 list came into operation. Appeals relating to the 2010 list after the start of 2015/16 can only be backdated to 1 April 2015. At 31st March 2022 the Council's

NARRATIVE REPORT

provision for losses on appeal stood at £3.5m which is a reduction of £638k on the March 2021 provision. This Council's share of the total potential liability is £1.40m (40% of the total).

Conclusion

Hastings Borough Council has continued to perform well despite the continued cuts to funding and the challenging economic climate. The Council has embarked on an ambitious transformation programme and income generation strategy to meet these expectations, and to help preserve the local economy.

The Council will need to maintain its focus on delivering its day-to-day operations, and balancing quality and demand with reducing resources. A strong performance management system and an ambitious Transformation Programme supported by a robust Corporate Plan and Financial Strategies will help to achieve this. However, Covid-19 has had a big impact on the community and the Council and runaway inflation, a severe recession or further variant or peak in the virus could potentially delay Council projects and further transformation as resources are directed elsewhere.

5. Explanation of the Financial Statements

Annual Financial Report

The annual financial report is made up as follows:

(i) Expenditure summaries

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Service Reporting Code of Practice. However, decisions about resource allocation are taken by the Council on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular:

- no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement)
- the cost of retirement benefits is based on cash flows (payment of employer's pension contributions) rather than current service cost of benefits accrued in the year.

The service summaries reflect the outturn position for each directorate as compared to the revised budget. A reconciliation between the Directorate Income and Expenditure and the Cost of Services in the Comprehensive Income and Expenditure Statement can be found in the Expenditure and Funding Analysis (Note 6).

(ii) Annual Governance Statement

Issues relating to governance and internal financial controls are particularly pertinent to the preparation and publication of the Statement of Accounts. Regulation 6 of the Accounts and Audit Regulations 2015 requires authorities to carry out an annual review of the effectiveness of its system of internal control. Having considered the findings of the review, members are then required to approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

(iii) Statement of Responsibilities

The Statement of Responsibility sets out the general responsibilities of both the Council and the Chief Finance Officer, in making proper financial arrangements and in maintaining financial records.

(iv) Independent Auditor's report

(v) Statement of Accounts.

The Statement of Accounts consists of the following

a) The Core Accounting Statements

The following four statements show in broad terms where the Council's money comes from, what it is spent on, and what services it provides.

Movement in Reserves Statement

This shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (i.e. those that can be applied to fund expenditure or reduce local taxation) and "other reserves". The Surplus (or Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details

NARRATIVE REPORT

of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund for tax setting purposes (see Note 6 for details). The line entitled "Net (Increase) / Decrease before Transfers to Earmarked Reserves" shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Comprehensive Income and Expenditure Statement

This shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Balance Sheet

This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first grouping is of usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (such as the Capital Reserve being used to fund capital expenditure). The second grouping includes reserves that hold unrealised gains or losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

Cash Flow Statement

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

- b) Notes to the Core Financial Statements, which include explanations and more detailed information.
- c) Group Accounts - These accounts show the material interests that the Council has in its subsidiary companies. The group accounts are structured in line with the Council's core accounting statements and are accompanied by notes in the same way.
- d) The Collection Fund Income and Expenditure Account - the Council is required to maintain a Collection Fund to receive sums by way of Council Tax and Business Rates.

Payments out include sums required by precepting bodies such as the East Sussex County Council, the Police and the Council's own General Fund, the contribution to the Government for Business Rates and other amounts relating to the operation of the Fund.

Accounting Policies

This Statement of Accounts, in common with those for the whole of the public sector, is compiled in line with International Financial Reporting Standards (IFRS). The detailed requirements relating to local authorities are brought together in the CIPFA Code of Practice and summarised in the notes on accounting policies.

6. Further Information

Further information about the accounts is available from Financial Services at the address shown on page 2.

Kit Wheeler - Chief Finance Officer

SERVICE MEASURES

Service Measures

2020-21		2021-22
	Numbers of:	
2,484	Museum visitors	12,272
6,190	East Hill Cliff Railway users	88,592
20,026	West Hill Cliff Railway users	23,963
19	Public Conveniences	19
168	Burials	188
81,481	Grave spaces	81,551
1,674	Cremations	1,413
3,489,256	Dustbins Emptied (Bin Equivalents)	3,524,149
10,579	Recycling tonnage	10,023
856	Planning Applications	980
2	Conservation Area Projects	2
191	Building Regulation Applications	203
693	Local Land Charges (full searches only)	678
2,153	Car Parking Spaces (Off-Street)	2,153
3,354	Penalty Charge Notices issued	3,875
953	Licences Issued	1,357
206	Food Hygiene Inspections	278
128	Health & Safety Inspections	137
65,909	Local Electorate	65,196
100	Number of Factory Units	100
270	Kilometres of Streets maintained within the Borough	270
1,582,751	Rental Income from Factory Units (£)	1,899,681

STATEMENT OF RESPONSIBILITIES

Annual Governance Statement 2021/2022

Scope of responsibility

1. 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.
2. 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" (2016 Edition).
3. A copy of the code is on our website at www.hastings.gov.uk.
4. This statement explains how Hastings Borough Council has complied with the code and also meets the requirements of regulation 4 (2) of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.
- 5. The purpose of the governance framework**
6. 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.
7. 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 be realised, and to manage them efficiently, effectively and economically.
8. 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 2022, up to the date of approval of the Statement of Accounts.
9. The key elements of the systems and processes that comprise the authority's governance arrangements include arrangements for the following:
10. Hastings Borough Council continues to have an established Corporate Plan setting out a strategic overview and the priorities that guide our investment and activities. The Corporate Plan sets out the Council's work plan for the current financial year with targets and performance indicators which are monitored and reported on publicly every quarter.
11. Hastings Borough Council facilitates policy and decision-making via a Cabinet Structure with Cabinet Councillor portfolios. There is an Overview and Scrutiny Committee which covers all portfolios.
12. 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. It undertakes the core functions of an Audit Committee as identified in 'CIPFA's Audit Committees: Practical Guidance for Local Authorities'. The Constitution is reviewed at least annually by the Monitoring Officer and is codified into one document that is available on the external web pages.
13. Hastings Borough Council ensures compliance with established policies, procedures, laws and regulations – including risk management. There is a corporate induction programme and service induction routines are in place for new staff. This now includes an e-learning module. Information regarding policies and procedures are held on the intranet which continues to be enhanced and developed.

STATEMENT OF RESPONSIBILITIES

14. How Hastings BC Governs its organisation

15. Hastings Borough Council sits within the East Sussex County Council administrative area. The Council has 32 elected Councillors and is split into 16 Wards with each Ward electing two Councillors. They are not paid a salary for their work, but they do receive allowances. By law, all councillors of the Council are required to complete a declaration of interest form, the details of which are published annually.

16. The council operates a Cabinet system of governance.

Full Council

17. All 32 Councillors meet together as Full Council and are responsible for the adoption of the corporate plan, budget and deciding the council's overall policies. Full Council meetings are chaired by the Mayor, who is appointed every 2 years at Annual Council. At the Annual Council meeting, Cabinet members are appointed to their portfolios, the composition of committees for the coming year is agreed and the programme for the year is adopted.

18. Full Council meets 4 times a year. All Council meetings are usually held in the Council Chamber, Muriel Matters House and are generally open for the public to attend.

Cabinet

19. During the first 4 months of 2021 Council meetings have taken place online to minimise the risk to councillors, staff and the public from Covid. From the 7th of May 2021 the Council became "in person" again to make its decisions in face to face publicly accessible meetings. During 2021/2022 the Cabinet was made up of 8 members all from the Labour group. Each Cabinet member from the majority group had a portfolio of responsibilities related to council services. Cabinet is the main decision-making committee of the council. It also makes recommendations to Full Council on the adoption of the budget and other key documents and policies, including the Corporate Plan and Treasury Management Strategy.

20. Cabinet meets every month and is chaired by the Leader. The forward plan lists the decisions Cabinet will be taking over the next four months.

Charity Committee

21. Hastings Borough Council is the sole trustee of the Foreshore Trust. The Trust owns a stretch of land on the seafront at Hastings and St Leonards. In order to minimise and manage any potential conflicts of interest between the council and the charity, decision-making powers for the Foreshore Trust have been delegated to the Charity Committee, which is a Cabinet committee.

22. The Charity Committee is made up of three members of the council's Cabinet. The Charity Commission appointed a Protector who acts as an independent watchdog over the Trust. Members of the Charity Committee take advice on the management of the Foreshore Trust's land from the Coastal Users Group.

23. An independent Grant Advisory Panel was also set up to advise the Charity Committee on the allocation of grants from the Foreshore Trust's surplus.

24. The Charity Committee meets every three months.

Appointments committee

25. Council Appointments Committee is responsible for appointing elected members to represent the council on a variety of statutory bodies, charities and voluntary organisations operating in the town. Council Appointments Committee meets once a year. Extra meetings may be held at other times, if required.

Overview and Scrutiny Committee

26. Overview and Scrutiny Committee monitors' performance against the targets set out in the council's corporate plan. The committee also identifies potential areas for improvement and explores options to

STATEMENT OF RESPONSIBILITIES

develop council services. Members also undertake reviews which look at issues of local importance.
Overview and Scrutiny

27. Committee meet every three months.

Audit Committee

28. The Audit Committee monitors the council's arrangements for financial governance and stewardship, risk management and audit. The committee also receives advice and reports from the council's external auditors. The Audit Committee produces an annual report to Full Council on the effectiveness of council's internal audit system.
29. The committee has key responsibility for the oversight of the Treasury Management Strategy and approve the council's annual financial statement of accounts.
30. The Audit Committee meet four times a year.

Environment and Safety Committee

31. The Environment and Safety Committee undertakes the council's functions in respect of Hackney carriage and private hire licenses.
32. Environment and Safety Committee meetings are not usually open for the public to attend because the committee often needs to consider detailed personal information about an applicant when making their decision. However the minutes of the meeting can be viewed online.

Licensing Committee

33. The Licensing Committee undertakes the council's functions under the Licensing Act 2003 and gambling legislation.
34. The Licensing Committee usually delegates its responsibilities to a smaller sub-committee of members, who consider and make decisions on individual applications. The committee meetings are usually held in the Council Chamber at Muriel Matters House and are usually open for the public to attend. Paper copies of the agenda for Licensing Committee meetings are available on request from Democratic Services

Planning Committee

35. Planning Committee is responsible for deciding applications for planning permission, listed building consent and conservation area consent. The council has produced a Planning Protocol, which sets out how it will deal with planning matters and this is included in part 5 of the Council's Constitution.
36. Planning Committee meets every month. The meetings are usually held in the Council Chamber, Muriel Matters House and are open for the public to attend.

Standards Committee

37. Standards Committee promotes and maintains high standards of behaviour by ensuring all elected members comply with the council's code of conduct. A copy of the code of conduct from members can be found in part 5 of the Council's Constitution and can investigate a case on advice from the Monitoring Officer. Full Standards Committee meetings are normally open for the public to attend, depending on the sensitivity of the complaint.

Employment Committee

38. The Employment Committee is responsible for the appointment and dismissal of Chief Officers of the council. In some cases, the committee may also assess and investigate a complaint against a chief officer of the council, acting on advice from the Monitoring Officer.

STATEMENT OF RESPONSIBILITIES

Museums Committee

39. The Museums Committee is responsible for overseeing the council's museum service and the maintenance of its collection. The committee reviews new donations as they are received and considers proposals for how the service could be developed in the future.
40. The committee has fourteen members, which includes eight councillors and six members of the museum's association.

Hastings and St Leonards Local Strategic Partnership

41. The Hastings and St Leonards Local Strategic Partnership brings together representatives from the local statutory, voluntary, community and private sectors to address key local issues, discuss strategies and initiatives and shared learning. They aim to encourage joint working and prevent 'silo working' (i.e. different agencies that share aims working in isolation). Involvement of the community is a key aspect of local strategic partnerships.
42. The Hastings and St Leonards Local Strategic Partnership meets four times a year. The meetings are usually held in the Council Chamber, Muriel Matters House, Hastings and are generally open for the public to attend.

East Sussex Joint Waste Committee

43. The Joint Waste Committee is made up of elected Member representatives from the Cabinets of each of the following authorities: Eastbourne Borough Council; East Sussex County Council; Hastings Borough Council; Rother District Council and Wealden District Council. These authorities established the Joint Waste Committee with the intention of facilitating the authorities in working together to improve the quality and effectiveness of the discharge of their waste collection functions under the relevant provisions of the Environmental Protection Act 1990.
44. The Joint Waste Committee also facilitates the authorities to work in partnership with East Sussex County Council as the Waste Disposal Authority to maximise integration opportunities.

Hastings Housing Company Ltd

45. Back in 2017/18 the Council established a wholly owned Housing Company limited by share - Hastings Housing Company Ltd. The company has been designed to initially acquire, develop and deliver housing for both market rent, and to provide sub-market housing, with the potential to undertake development in the future.
46. A key objective of the Housing Company is: To acquire existing or newly built property with a view to letting these to local people at market or submarket rents.
47. Group Accounts have been prepared from 2019/20 onward.

Hastings and St Leonards Foreshore Charitable Trust

48. Hastings and St Leonards Foreshore Charitable Trust is a charity registered at the Charity Commission under number 1105649 and is known locally as the Foreshore Trust. The foreshore is the area of the beach between high and low water which generally belongs to the Crown. In Hasting's case this area of land has been purchased from the Crown. The purpose of the trust is to hold the land for the 'common use, benefit and enjoyment of Her Majesty's subjects and the public generally forever'. Hastings Borough Council is the trustee of the charity for all purposes and bound by charity law in the same way as any other charity trustee. When making decisions relating to or affecting the Charity, it must act in its best interests. The council administer the affairs of the Foreshore Trust but the two separate entities are ring-fenced and costs incurred by the Council in relation to the foreshore are recharged to the trust. The Foreshore Trust produces its own Statement of Accounts and is not within the Group boundary.

Management Structure of the Council

49. The council is led by a Managing Director and assisted by 4 Assistant Directors covering the various service areas. 2 Assistant Directors retired at the end of March 2022 and interim arrangements are in place. An organisation restructure of the organisation is planned for later in 2022.

STATEMENT OF RESPONSIBILITIES

Strategy, Risk and Resource Allocation.

Corporate Plan – One council.

50. The corporate plan is an important document that sets out the council's vision and priorities. The council publishes a corporate plan each year. It tells residents, businesses and our staff about the progress we have made to pursue key opportunities and some of the projects and activities we will be working on to continue to improve the town. It shows how we will ensure our services are available to and accessible by all.
51. Since 2010/11 funding from the government has continually decreased making our job harder. Despite this challenge, the Council remains as determined as ever to continue delivering the best services possible and the Corporate Plan reflects that determination. The following section outlines the main areas within the plan:
52. Our Vision, Mission and Values can be found in the Corporate Plan at:
https://www.hastings.gov.uk/content/my_council/corporate_policies_plans/pdfs/corporate-plan

Our position

53. Our vision for Hastings remains bold and ambitious. Our mission has not changed, nor have our values. We are as committed as ever to doing what we can to make Hastings the best place it can be, for the people who live, work and visit but we must also be honest about how much we can do. In an era of reduced public sector funding, we have to be realistic about how we can deliver our vision. One of our main sources of funding - the local government settlement (given to us by Government to help run services in our town) - continues to be reduced whilst our operational costs rise.
54. The corporate plan sets out what we can do to realise as much of our vision as we can with the resources that we have. As much as possible we have prioritised the work that we think will deliver the best outcomes for residents, businesses and visitors.
55. Having less funding each year to deliver services which cost more to provide is challenging. We need to address a budget deficit.

To achieve this we must:

Prioritise the resources we do have on what we legally must do.

Invest our resources where they will deliver the best outcomes for our residents.

Continue to implement new ways of working to meet our vision and priorities.

Continue to reduce our operational costs, further improving efficiency by getting more services online.

Continue to realise opportunities to generate income in creative, fair and sustainable ways.

Continue to take opportunities to tackle climate change

Our corporate plan guides our work to help meet these challenges and realise our opportunities.

Our priorities

56. Our priorities can be found at:
<https://www.hastings.gov.uk/my-council/corp-plan/achieve/>
57. The Council's corporate plan continues to remain ambitious when set against the background of reductions in annual grant settlements. The Council has a very good track record of achieving its objectives and improving performance and will look to enhance income streams to continue to provide

STATEMENT OF RESPONSIBILITIES

high quality services. It continues to be well placed to deliver the programme in 2022/23. Significantly reduced resources will however inevitably impact on service delivery in the years ahead.

58. The Council has an Internal Audit function and informal protocols for working with External Audit. External Audit also reviews compliance with policies, procedures, laws and regulations within their remit.
59. Hastings Borough Council has continued to enhance and strengthen its internal control environment through the introduction and updating of new policies and procedures.
60. The Risk Champion is the Managing Director.
61. The Corporate Risk Management Group also incorporates the Health & Safety framework.
62. The Council has a Whistle Blowing Policy based on the British Standards model that enables staff, contractors, councillors or the public to confidentially raise with the council any suspicions they may have. There is also a dedicated fraud hotline. The Council also has a customer compliments, comments and complaints system that is monitored by management.
63. Hastings Borough Council's Internal Audit function continues to support managers at all levels to give a better understanding of how to enhance risk management in their area of responsibility and to have some understanding of the process throughout the council. The high-level risk management methodology was designed to provide more focus to councillor and senior officer management of risk.
64. The Strategic Risk Register is formally reviewed at the Corporate Risk Management meetings and the Operational Risk Registers are reviewed at Service Management Team meetings.
65. The Audit Committee perform an annual rigorous review of the Strategic and Operational Risk Registers and also when new emerging risks arise.
66. 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.
67. The External Auditor has experienced delays in completing its audits for 2019/20 onwards but has kept the Audit Committee apprised of the situation.
68. Financial management in Hastings Borough Council and the reporting of financial standing is undertaken through a general ledger and management information system, Unit 4, which integrates the general ledger function with those of budgetary control, payments, income and Human Resources (HR) System.
69. Finance Operating Procedures (FOPs) are held on the council's intranet and support the council's constitution. The FOPs contain information on financial and business procedures and processes that must be followed in all areas of the council.
70. A scheme of delegation which sets out the powers of the Managing Director and Assistant Directors, the Financial rules and Contract Standing Orders form part of the Constitution. A rigorous system of monthly risk based financial monitoring ensures that any significant budget variances are identified in a timely way, and corrective action is initiated if necessary.
71. Performance management in Hastings Borough Council and the reporting of performance management continues to show good results. The Council has focussed its quarterly reporting of data on Key Indicators that can be used to assess the 'health' of the organisation. This, together with the reporting on each of the service's commitments set out in the Corporate Plan, enables a rounded view of how the Council is performing against key issues of concern to local people. Performance indicators are recorded and monitored using an in-house developed Dashboard system.
72. The Managing Director has assumed the role of Senior Information Risk Owner (SIRO) who has overall responsibility for the Council's information risk policy.
73. Hastings Borough Council is the sole Trustee for the Foreshore Trust. Its business is conducted through the Charity Committee which meets every quarter. The charity has a Protector to protect the charity from conflicts of interest, financial and otherwise, arising from the Council's position as

STATEMENT OF RESPONSIBILITIES

charitable trustee and local authority with its own priorities. At Annual Council, the Leader allocates responsibilities of the Cabinet to include Chair of the Charity Committee.

74. Service Reviews – The council's transformation programme has continued to undertake intensive business process mapping of a range of services to (where possible) move services online and or to realise efficiencies and improve processes for our customers and staff. Progress against the transformation programme is detailed in quarterly performance reports. These coincide with existing plans for service reviews being planned through the Priorities, Income & Efficiency Reviews (PIER) process and the Strategic Oversight and Project Board (SOAPB).
75. Councillor Development – Before councillors can undertake their roles all councillors have to undertake the appropriate training. This includes full induction for all new councillors, a range of compulsory training so that councillors can fulfil their roles on our committees, and leadership training where appropriate provided in conjunction with the Local Government Association (LGA). Councillor training and development is monitored and evaluated quarterly.
76. Consultation – The council undertakes a range of consultation throughout the year subject to activities identified in the corporate plan. The council also consults annually on its corporate plan and budget with a variety of stakeholders.
77. The Hastings and St. Leonards Local Strategic Partnership (LSP) Board is a body that brings together key representatives from the private/business, community/voluntary and public sector and has a rotating chairperson. The LSP Board meet quarterly to address key issues affecting the town as a whole improve the quality of life for those who live and work in the town.
78. The key role of the Local Strategic Partnership (LSP) is to:
 - (i) Identify and report strategic issues, which key partners should be aware of.
 - (ii) Provide strategic leadership on any Borough wide issue, identified by partners and agreed by the LSP, where no other appropriate existing organisation or partnership can be identified.
 - (iii) Act to bring together intelligence, expertise and community and business support to identify priorities and develop solutions to maximise the town's economic opportunities and address barriers to regeneration.
79. Both councillors and senior management are kept apprised of progress and new developments and are able to determine direction in light of these.

Changes to the Council's Structure and Governance arrangements

98. There are no new structure and governance arrangements to report other than the Chief Legal Officer (Monitoring Officer) retired in May 2021 but there was a handover period several months earlier for their replacement.
99. The authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on 'The Role of the Chief Finance Officer in Local Government (2010)'.
100. The Assistant Director Financial Services and Revenues is the Council's Chief Finance Officer and Section 151 Officer who leads and directs the Finance function that continues to be sufficiently resourced and fit for purpose and is also professionally qualified and suitably experienced.
101. Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on 'The Role of the Head of Internal Audit in Local Government (2019)'
102. The role of the Chief Auditor at Hastings Borough Council complies with the CIPFA statement.
103. Hastings Housing Company Limited is a company for buying and selling own real estate and other letting and operating of own or leased real estate. It is a limited company that was incorporated on 1 September 2017 and its registered office address is Muriel Matters House, Breeds Place, HASTINGS TN34 3UY. It has 3 Directors who each have senior roles within the council. It was set-up by Hastings Borough Council primarily to meet a need for affordable rental properties in the Borough and to generate an income for the council.

STATEMENT OF RESPONSIBILITIES

104. Group Accounts - The council is required to produce Group Accounts alongside its own financial statements where it has material interests in subsidiaries, associates and/or joint ventures. The Group Accounts included as part of the Statement of Accounts fully incorporate the results of the Hastings Housing Company Limited following the financial compliance standards as per the CIPFA code of practice.
105. Hastings Housing Company has a standalone accounting system, Sage, and all income and expenditure is processed through this and not through the council's main accounting system.

Review of effectiveness

106. 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 and effectiveness of Internal Audit. The review of effectiveness is informed by the work of the Managing Director and Assistant Directors within the authority who have responsibility for the development and maintenance of the governance environment, the Audit Committee's annual report to Council and also by comments made by the external auditors and other review agencies and inspectorates.
107. The Council's constitution sets out the responsibilities of both Councillors and their senior managers. In particular, the Council has
- Head of Paid Service - Managing Director
 - Monitoring Officer - Chief Legal Officer
 - Section 151 officer – Chief Finance Officer
108. The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular the Council has adopted the CIPFA/SOLACE guidance and has developed a local code of corporate governance. This code is being reviewed.
109. The arrangements for the provision of internal audit are contained within the Council's Financial Rules, which are included within the Constitution. The Chief Finance Officer 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 2015. The Internal Audit service is managed, independently, by an Assistant Director and operates in accordance with the Public Sector Internal Audit Standards. 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 arrangements, 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 Assistant 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.

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

Services assurance based on management and performance

Scrutiny reports covering a planned scrutiny review programme but also any item can be subject to a scrutiny review

Work undertaken by Hastings BC Internal Audit during the year and summarised in the Annual Internal Audit Report

Work undertaken by the external auditor reported in their Annual Audit Letter and particularly their audit opinion on the Financial Statements and on Value for Money (although this has been delayed since the start of Covid).

Other work undertaken by independent inspection bodies.

Corporate Management Group and Audit Committee review of the Strategic and Operational Risk Registers.

STATEMENT OF RESPONSIBILITIES

Chief Auditor's Opinion

110. Owing to the impacts of Covid, the work undertaken by Hastings Borough Council Audit in 2021/22 leading to final audit reports issued was limited. However, taking into account the work in draft at year end, further embedding of a new Risk Management system with more functionality and external reviews, for example, Homes England, Public Sector Network (PSN), Payment Card Industry Data Security Standards (PCI DSS) Government Grant returns, Performance Monitoring and others etc, the Chief Auditor has stated: "I am able to provide a supported satisfactory assurance opinion on the key areas of risk management, corporate governance and financial control".
111. This opinion relates only to Hastings Borough Council and not to any other entities within the group.
112. In this context "satisfactory 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 Council's standing or Annual Accounts.
113. This situation has been highlighted in both the Strategic and Operational Risk Registers and remedial action to address completion of the audit plan is being addressed through collaboration with a highly skilled but economic Internal Audit Services provider.
114. The Internal Audit Function assess itself against the Public Sector Internal Audit Standards (PSIAS) and is mainly compliant. It is working on an action plan to further improve its compliance.

Managing the Risk of Fraud and Corruption

115. The CIPFA Code of Practice on Managing the Risk of Fraud and guidance suggests it is good practice to make a statement on the adequacy of an authority's counter fraud arrangements in the annual governance statement. This code contains five principles
- acknowledge responsibility
 - identify risks
 - develop a strategy
 - provide resources
 - take action
116. The Chief Internal Auditor is satisfied that the council meets these principles by having an experienced former Investigations Manager and Accredited Counter Fraud Specialist in the Internal Audit Function. We review risks across the authority and direct their work as appropriate. It is therefore considered that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud and uphold its zero tolerance.

Significant governance issues

117. The Council follows the CIPFA/SOLACE guidance entitled 'Delivering Good Governance in Local Government (Guidance Note for English Authorities)'. Provided below is an update to the ongoing risks on which progress was reported in previous years and there is 1 new issue to report.
118. In the last Annual Governance Statement, it was reported that there was still a significant risk relating to the reduction in Government grant funding. A balanced budget for 2021/22 was achieved whilst retaining an appropriate level of reserves but indications are that funding will continue to be under extreme pressure as the Government seeks to reduce public spending into the future.
119. This year has again, been a period of change and development. There have been continuing financial pressures. Despite this challenging environment there have been significant achievements and continuing improvement in the Council's overall governance arrangements.
120. Also, for the last 5 years, it was reported that there was a potential risk to do with the anticipated implications arising from 'Brexit'. The transition period ended on 31 December 2020 and initially, there were no direct impacts to report. However, we are now seeing some minor supply issues on the capital works side with highly escalated material costs and some companies submitting tenders stating that they can only hold their quoted prices for 2 weeks. There is still also that it may have potential implications in the years ahead for Council's central government funding, procurement arrangements and Treasury management strategy.

STATEMENT OF RESPONSIBILITIES

121. Pandemic – The Covid pandemic continued to impact the Council in 2021/2022 but to a much lesser extent. The council continued to pay out on a large number of Covid grant schemes albeit smaller amounts and with application restrictions. This included some diversion of staff resources into other activities required by Government. Higher than normal absences were recorded as a consequence of the virus.
122. Climate Change Emergency – The actions the Council will need to take to meet its Climate Change Emergency commitments may limit some service provision or increased costs, particularly around electric vehicles and utility costs
123. The Council has a statutory responsibility for managing Homelessness but the costs and demand has increased significantly. A task force has been set-up who report into Corporate Management Group.
124. We continue to monitor the situation and if relevant, councillors will be informed of the implications as and when sufficient detail becomes available.
125. Most of these risks to services in the future stem from the large scale reductions in funding.
126. Where we have identified areas for further improvement, we will take the necessary action to implement changes that will further develop our governance framework.

Signed:.....

Councillor Paul Barnett
Leader of the Council

Signed:.....

Jane Hartnell
Managing Director

STATEMENT OF RESPONSIBILITIES

Statement of Responsibilities

THE COUNCIL'S RESPONSIBILITIES

The Council is required :-

- (i) To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Hastings that officer is the Assistant Director Financial Services and Revenues (referred to as Chief Financial Officer hereafter).
- (ii) To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- (iii) To approve the Statement of Accounts.

RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER

The chief financial officer is responsible for the preparation of the Council's statement of accounts in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in United Kingdom (the CODE).

In preparing this statement of accounts, the Chief Financial Officer has:

- (i) Selected suitable accounting policies and then applied them consistently
- (ii) Made judgements and estimates that were reasonable and prudent
- (iii) Complied with the local authority code

The Chief Financial Officer has also:

- (i) Kept proper accounting records which were up to date
- (ii) Taken reasonable steps for the prevention and detection of fraud and other irregularities

I certify that I have fulfilled my responsibilities noted above and that the accounts set out in this document give a true and fair view of the financial position of the Council as at 31st March 2022 and its income and expenditure for the year ended 31st March 2022.

Signed on behalf of Hastings Borough Council:

Kit Wheeler

Chief Finance Officer

Cllr John Rankin

Chair of the Audit Committee

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTINGS BOROUGH COUNCIL

Report to follow

DRAFT

Core Accounting Statements

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020-21			2021-22			
Gross	Income	Net		Gross	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
53,785	(37,413)	16,372	Corporate Services and Governance	39,519	(37,736)	1,783
28,943	(15,257)	13,686	Operational Services:	32,728	(20,532)	12,196
<u>82,728</u>	<u>(52,670)</u>	<u>30,058</u>	Cost of Services	<u>72,247</u>	<u>(58,268)</u>	<u>13,979</u>
0	(3)	(3)	(Gain) or loss on sale of assets	0	(60)	(60)
<u>0</u>	<u>(3)</u>	<u>(3)</u>	Other operating expenditure	<u>0</u>	<u>(60)</u>	<u>(60)</u>
1,845	0	1,845	Interest payable and similar charges	1,831	0	1,831
982	0	982	Net interest on defined pension liabilities	901	0	901
0	(522)	(522)	Interest receivable and similar income	0	(559)	(559)
0	(207)	(207)	Movement in the fair value of financial instruments	0	(462)	(462)
224	(58)	166	Income and expenditure in relation to investment properties and changes in their fair value	181	(65)	116
<u>3,051</u>	<u>(787)</u>	<u>2,264</u>		<u>2,913</u>	<u>(1,086)</u>	<u>1,827</u>
0	(7,004)	(7,004)	Council Tax Income	0	(7,523)	(7,523)
5,728	(9,755)	(4,027)	Non domestic rates	5,596	(7,220)	(1,624)
0	(1,004)	(1,004)	Revenue Support Grant	0	(1,010)	(1,010)
0	(1,076)	(1,076)	Other non-ringfenced government grants	0	(3,122)	(3,122)
0	(2,652)	(2,652)	Capital grants and contributions	0	(4,274)	(4,274)
32,929	(43,401)	(10,472)	Covid Grants	10,097	(9,755)	342
<u>38,657</u>	<u>(64,892)</u>	<u>(26,235)</u>		<u>15,693</u>	<u>(32,904)</u>	<u>(17,211)</u>
124,436	(118,352)	6,084	(Surplus) or Deficit on Provision of Services	90,853	(92,318)	(1,465)
		(16,429)	(Surplus) or Deficit on revaluation of non-current assets			(268)
		0	Impairment losses on non-current assets charged to the revaluation reserve			0
		0	Valuation (gains) / losses on available for sale financial assets reserve			0
		6,330	Remeasurement of the net defined benefit pension liability			(17,818)
		(10,099)	Other Comprehensive Income and Expenditure			(18,086)
		(4,015)	Total Comprehensive Income and Expenditure			(19,551)

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Ear-marked Reserves	Total General Fund	Capital Receipts reserve	Capital grants unapplied	Total usable reserves	Unusable Reserves	Total Authority Reserves
2021-22	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 April 2021	(500)	(30,946)	(31,446)	0	(3,544)	(34,990)	(53,870)	(88,860)
Movement in Reserves in 2021-22								
(Surplus)/deficit on the provision of services (accounting basis)	(1,464)	0	(1,464)	0	0	(1,464)	0	(1,464)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(18,086)	(18,086)
Total Comprehensive Income and Expenditure	(1,464)	0	(1,464)	0	0	(1,464)	(18,086)	(19,550)
Adjustments between accounting and funding basis under regulation - note 7	1,807	0	1,807	0	(2,203)	(396)	398	2
Net increase/decrease before transfers to Earmarked reserves	343	0	343	0	(2,203)	(1,860)	(17,688)	(19,548)
Transfers to/from Earmarked reserves - note 7	(343)	343	0	0	0	0	0	0
Rounding	0	(1)	(1)	0	0	(1)	0	(1)
(Increase)/Decrease in Year	0	342	342	0	(2,203)	(1,861)	(17,688)	(19,549)
Balance at 31 March 2022	(500)	(30,604)	(31,104)	0	(5,747)	(36,851)	(71,558)	(108,409)

	General Fund Balance	Ear-marked Reserves	Total General Fund	Capital Receipts reserve	Capital grants unapplied	Total usable reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2020-21								
1 April 2020	(501)	(17,538)	(18,039)	0	(2,030)	(20,069)	(64,775)	(84,844)
Movement in Reserves in 2020-21								
(Surplus)/deficit on the provision of services (accounting basis)	6,084	0	6,084	0	0	6,084	0	6,084
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(10,100)	(10,100)
Total Comprehensive Income and Expenditure	6,084	0	6,084	0	0	6,084	(10,100)	(4,016)
Adjustments between accounting and funding basis under regulation - note 7	(19,491)	0	(19,491)	0	(1,514)	(21,005)	21,004	0
Net increase/decrease before transfers to Earmarked reserves	(13,407)	0	(13,407)	0	(1,514)	(14,921)	10,904	(4,016)
Transfers to/from Earmarked reserves - note 7	13,408	(13,408)	0	0	0	0	0	0
Rounding	0	0	0	0	0	(1)	0	(1)
(Increase)/Decrease in Year	1	(13,408)	(13,407)	0	(1,514)	(14,921)	10,905	(4,017)
Balance at 31 March 2021	(500)	(30,946)	(31,446)	0	(3,544)	(34,991)	(53,870)	(88,861)

BALANCE SHEET

31 March 2021		31 March 2022
£'000		£'000
152,190	Property, Plant and Equipment <i>Note 15</i>	155,840
16,002	Heritage Assets <i>Note 15</i>	16,322
1,363	Investment Properties <i>Note 15</i>	377
393	Intangible Assets <i>Note 15</i>	314
4,722	Long Term Investments <i>Note 18</i>	5,184
7,418	Long Term Debtors <i>Note 16</i>	7,383
182,088	LONG TERM ASSETS	185,420
5,003	Short Term Investments <i>Note 18</i>	9,984
71	Inventories	78
8,077	Short Term Debtors <i>Note 16</i>	10,521
17,523	Cash and Cash Equivalents <i>Cash Flow</i>	15,912
30,674	CURRENT ASSETS	36,495
(628)	Short Term Borrowing <i>Note 18</i>	(643)
(9,972)	Short Term Creditors <i>Note 17</i>	(11,783)
(2,171)	Provisions <i>Note 17</i>	(1,589)
(101)	Capital grants received in advance	(101)
(12,872)	CURRENT LIABILITIES	(14,116)
(766)	Long Term Creditors <i>Note 17</i>	(2,966)
(64,063)	Long Term Borrowing <i>Note 18</i>	(65,421)
(46,200)	Net Pension Liability <i>Note 11</i>	(31,003)
(111,029)	LONG TERM LIABILITIES	(99,390)
88,861	NET ASSETS	108,409
(500)	General Fund <i>MIRS</i>	(500)
(30,947)	Earmarked reserves <i>Note 12</i>	(30,604)
(3,544)	Capital grants and contributions <i>MIRS</i>	(5,747)
(34,991)	USABLE RESERVES	(36,851)
(71,792)	Revaluation Reserve <i>Note 13</i>	(71,631)
118	Pooled Investment Funds Adjustment Account <i>Note 13</i>	(212)
(32,947)	Capital Adjustment Account <i>Note 13</i>	(36,727)
46,200	Pensions Reserve <i>Note 13</i>	31,003
(275)	Accumulated Absences Account <i>Note 13</i>	(279)
4,826	Collection Fund Adjustment Account <i>Note 13</i>	6,288
(53,870)	UNUSABLE RESERVES <i>Note 13</i>	(71,558)
(88,861)	TOTAL RESERVES	(108,409)

CASH FLOW STATEMENT

2020-21		2021-22
£'000		£'000
(17,720)	Taxation	(13,684)
(87,011)	Grants and Contributions	(50,379)
(12,776)	Sales of goods and rendering of services	(33,496)
(622)	Interest received	(578)
255	other receipts from operating activities	(32)
(117,874)	Cash inflows generated from operating activities	(98,169)
10,973	Cash paid to and on behalf of employees	11,137
31,269	Housing benefit payments	29,030
5,583	NNDR Tariff and levy payments	5,739
7,779	Cash paid to suppliers of goods and services	25,704
1,845	Interest paid	1,832
40,848	Other operating cash payments	21,499
98,297	Cash outflows generated from operating activities	94,941
(19,577)	Net cashflows from operating activities	(3,228)
(3)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(60)
8,922	Purchase of property, plant and equipment, investment property and intangible assets	3,295
220	Purchase of short-term and long-term investments	5,132
0	Proceeds from the sale of short-term and long-term investments	0
(2,872)	Other receipts from investing activities	(4,406)
6,267	Net cashflows from investing activities	3,961
0	Cash receipts from short term and long-term borrowing.	(2,000)
611	Repayments of short term and long-term borrowing	627
7,022	Changes in National Non-Domestic Rates balances held for preceptors	3,290
137	Changes in Council tax balances held for preceptors	(1,039)
7,770	Net cashflows from financing activities	878
(5,540)	Net (Increase) / decrease in cash and cash equivalents	1,611
11,983	Cash and bank balances 1 April	17,523
5,540	Change during the year	(1,611)
17,523	Cash and bank balances 31 March	15,912
31 March 2021		31 March 2022
113	Cash in hand	104
2,413	Bank balances	10,789
14,997	Cash equivalents	5,019
17,523	Totals	15,912

NOTES TO CORE FINANCIAL STATEMENTS

Notes to the Core Financial Statements (including accounting policies)

NOTE 1. CHANGES TO ACCOUNTING POLICIES AND TO PREVIOUS YEARS FIGURES

Changes to 2021-22 Code of Practice

The Code of Practice is based on International Financial Reporting Standards (IFRSs) and has been developed by the CIPFA/LASAAC Code Board under the oversight of the Financial Reporting Advisory Board.

The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board and the UK Financial Reporting Council where these provide additional guidance.

The Code has been prepared on the basis of accounting standards and interpretations in effect for accounting periods commencing on or before 1 January 2021. This is with the exception of IFRS 16 Leases, which has been deferred to the 2022/23 Code.

The key accounting changes principally introduced by the Code in 2021/22 are:

- Confirmation of the arrangements for the endorsement of standards arising because of the United Kingdom's withdrawal from the European Union.
- Confirmation of the accounting arrangements for the Dedicated Schools Grant as a consequence of the issue of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020.
- Amendments to Accounting Policies, Changes in Accounting Estimates and Errors to confirm (but not introduce) the adaptation in the Code for standards issued but not yet adopted.
- Augmentations to Presentation of Financial Statements for the reporting of estimation uncertainty.
- Amendments to Introduction etc to confirm the replacement of IPSAS 29 Financial Instruments: Recognition and Measurement with IPSAS 41 Financial Instruments.
- Confirmation in Subsequent Measurement of Financial Assets and Financial Liabilities and Financial Instruments – Disclosure and Presentation Requirements of the reporting requirements of interest rate benchmark reform.
- Confirmation in Changes in Accounting Policies: Disclosures in the 2020/21 and 2021/22 Financial Statements of the transitional reporting requirements of the new standards introduced in the 2021/22 Code.
- Confirmation of New or Amended Standards Introduced to the 2021/22 Code of the new standards introduced to the 2021/22 Code.

In England and Wales, the Code constitutes a 'proper accounting practice' under the terms of Section 21(2) of the Local Government Act 2003. In Scotland, the Code constitutes proper accounting practice under Section 12 of the Local Government in Scotland Act 2003.

NOTE 2. ACCOUNTING POLICIES

2.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2021-22 financial year and its position at the end of 31 March 2022. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which specify that the Statement is prepared in accordance with proper accounting practices. These primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22, supported by International Financial Reporting Standards. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and certain financial liabilities.

The accounts have been prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

2.2 Accruals of Expenditure and Income

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

NOTES TO CORE FINANCIAL STATEMENTS

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, and where the amounts are significant, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received, rather than when the payments are made.
- 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.
- Accruals for income are offset by allowances for the impairment of debt where it is determined that recovery is unlikely, although the Council continues to attempt to recover sums legally due. This policy applies to contractual debt as well as to statutory debt for Council Tax, Non-Domestic Rates and overpayments of Housing Benefit.

The Council collects income from payers of Council Tax and Non-Domestic Ratepayers, but only part of the income relates to this Council, the balance being collected on behalf of other major precepting authorities, including the Government. The amounts of debtors, adjustments for doubtful debts, and income in advance that relate to the precepting authorities are shown as a single net debtor or creditor in the balance sheet. The element of the Collection Fund due to preceptors is split between payments due to be made in the following financial year, which are held as Short-Term Creditors, and any other amounts, due in succeeding financial years, which are shown as Long-Term Creditors. In the event of a deficit, the amounts are split between Short Term and Long-Term Debtors.

2.3 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that are repayable on demand, and which form an integral part of the Council's cash management.

2.4 Charges to Revenue for Non-Current Assets and other capital expenditure

- The Surplus or Deficit on the Provision of Services is debited or credited with the following amounts to record the cost of holding non-current assets during the year
- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service, where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Any subsequent reversal of such losses
- The annual amortisation of intangible fixed assets attributable to the service
- Any revenue costs which are met from capital resources as Revenue Expenditure Financed from Capital under Statute (REFCUS – see 2.20 below)

The Council is not required to raise Council Tax to fund these charges, and they are therefore reversed through appropriations from the Capital Adjustment Account to the General Fund. However, the Council is required to make an annual contribution from revenue resources to the Capital Adjustment Account to reduce its overall borrowing requirement. This is termed the Minimum Revenue Provision (MRP).

2.5 Contingent Assets and Liabilities

A contingent asset is a possible asset that arises from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council. Typically, a contingent asset is related to a legal action by the Council, whose outcome is uncertain when the balance sheet is compiled.

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

NOTES TO CORE FINANCIAL STATEMENTS

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

2.6 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the accounting year multiplied by an average for pension and National Insurance. This accrual relating to leave entitlements is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the cost of these accrued benefits were charged to the General Fund in the financial year in which the salary payment is made.

The Code of Practice stipulates that a council need not comply with it if the information is not material to the “true and fair” view of its financial position, financial performance and cash flows, and to the understanding of users of the financial statements and notes. This provision applies to both the disclosures and to accounting principles. In line with this dispensation the Council omits a number of disclosures specified by the Code however this accrual is still undertaken.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the relevant service in the Comprehensive Income and Expenditure Statement at the earlier of the dates on which the council can no longer withdraw the offer of benefits, or when it recognises the costs of a restructuring that involves the payment of termination benefits.

Post-Employment Benefits

The majority of employees of the Council are members of the Local Government Pension Scheme, administered by East Sussex County Council for local authorities within East Sussex. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. We therefore account for this scheme as a defined benefit plan.

The liabilities of the East Sussex County Council pension scheme attributable to this Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 2.3% (based on the indicative rate of return on a iBoxx AA Corporate Bond Index)

The assets of the East Sussex County Council Pension Fund attributable to this 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 pension liability is analysed into the following components:

- Service cost, comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the service 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. Past service costs include the cost of curtailments, which are normally linked to an event giving rise to a post-employment benefit. Past service costs are debited to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement

NOTES TO CORE FINANCIAL STATEMENTS

- net interest on the defined liability – the change to the net pension liability that arises from the passage of time during the year. This is charged to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.
- contributions by scheme participants, which increase plan liabilities, but correspondingly increase plan assets, and are therefore not reflected in the Comprehensive Income and Expenditure Statement
- remeasurements – changes in the present value of the net pensions liability, resulting from:
 - the return on plan assets, excluding the amounts included in net interest.
 - experience adjustments (the differences between the previous actuarial assumptions and what has actually occurred).
 - the effects of changes in actuarial assumptions
- benefits paid, which reduce plan assets, but correspondingly reduce its liabilities, and are therefore not reflected in the Comprehensive Income and Expenditure Statement
- contributions paid to the East Sussex County Council Pension Fund – the employer's contributions to the pension fund for the financial year, chargeable to the General Fund, but not accounted for as an expense.

Statutory provisions require the Council to charge the General Fund balance with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. 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. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of contributions paid rather than as benefits are earned by the employee.

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.

2.7 Events after the Balance Sheet date

Events after the Balance Sheet Date are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the Statement of Accounts is authorised for issue. There are potentially two types of events:

- If they provide evidence of conditions that existed at the end of the reporting period, the Statement of Accounts is amended to reflect these events.
- If they are indicative of conditions that arose after the reporting period, the Statement of Accounts is not amended. If, however, an event would have a material effect, a disclosure is made in the notes to the accounts, outlining the event and its estimated financial effect.

Any event taking place after the accounts are authorised for issue is not reflected in the Statement of Accounts.

2.8 Exceptional Items

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

2.9 Fair Value

The Council measures some of its non-financial assets (surplus assets and investment properties, and its financial asset classified as fair value through profit and loss) at fair value at each reporting date. The Council also discloses fair values for financial assets and liabilities categorised as loans and receivables. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction at the year end. The fair value measurement assumes that the transaction takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market.

The Council measures the asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that they act in their economic best interest.

NOTES TO CORE FINANCIAL STATEMENTS

When measuring the fair value, the Council takes into account the market participants' ability to generate economic benefits by using the asset or liability in its highest or best use, or by selling it to another party that would use the asset or liability for its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques for assets and liabilities that are measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the year end
Level 2	Inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly
Level 3	Unobservable inputs for the asset or liability

2.10 Financial instruments

Financial Liabilities

The term "financial liability" covers contractual obligations to deliver or exchange financial assets to another entity. The Council's financial liabilities include loans taken out with the Public Works Loan Board, and also some amounts included within short term and long-term creditors, which come within the category of "Other Financial Liabilities".

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Financial Assets

The term "financial asset" covers cash and beneficial contractual rights to receive or exchange cash or liabilities. The Council invests in two types of financial assets:

- Financial assets held at amortised cost - assets that are held solely for the repayment of principal and interest where the Council's objectives are achieved by collecting contractual cash flows.
- Financial instruments held at fair value through profit and loss – assets whose fair value may change over the lifetime of the asset.

The Council's balance sheet includes the following groups of financial assets:

- Trade debtors are recorded as invoices issued to individuals or other entities, for which immediate payment is required. The balance awaiting collection ("Trade accounts receivable") is included in the balance sheet under "short term debtors".
- Cash held in current or call accounts, together with investments for periods of less than three months, is included in the balance sheet under "cash and cash equivalents".
- Long term loans to Optivo for £1,788,000 and Hastings Housing company Ltd for £5,490,000 are included in the balance sheet under long term debtors.
- Loans to the Foreshore Trust and The Source totalling £136,700 (partly long term and partly short term). These loans are either at, or at the equivalent to the PWLB rate of interest, which is equal to the same rate as the Council borrows money, but less than the market rate that the Foreshore Trust would otherwise need to borrow at. Although this constitutes a "soft loan", the accounting adjustments would be immaterial, and the Council does not apply them as permitted by the accounting Code.

NOTES TO CORE FINANCIAL STATEMENTS

- Investments taken out for periods of between three months and one year are included in the balance sheet as “short term investments”.

Investments taken out for periods of longer than one year are included in the balance sheet as “long term investments”.

Financial Assets held at Amortised Cost

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

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

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

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

Financial Assets Measured at Fair Value through Profit and Loss

Financial assets measured at fair value through profit and loss (FVPL) are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. The fair value measurements of the financial assets are based on the following techniques:

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

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

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

Assets are maintained in the Balance Sheet at fair value. The Council currently holds an investment in a property fund valued at £2.212m at 31 March 2022 and the fair values are based on the quoted market price. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services

Pooled investment funds such as this are subject to Statutory Instrument 1207/2018 which dictates that changes in the fair value of the investment are reversed out of the General Fund and accumulated in an unusable reserve – the Pooled Investment Fund Adjustment Account – until the investment is recognised.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CI&ES, along with any accumulated gains or losses previously recognised in the Pooled Investment Fund Adjustment Account.

NOTES TO CORE FINANCIAL STATEMENTS

2.11 Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, we recognise government grants and third-party contributions and donations as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and that the grants and contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as receipts received in advance (either current or long-term). When conditions are satisfied the grant or contribution is credited to the Comprehensive Income and Expenditure Statement.

Grants and contributions towards specific services for revenue purposes are credited against the appropriate line in the Cost of Services, but if grants and contributions are not related to specific services they are credited as Taxation and Non-Specific Grant Expenditure and Income, along with all grants and contributions receivable towards investment in non-current assets. As these capital grants and contributions are not properly credited to the General Fund, an equivalent appropriation is made from the General Fund into the Capital Grants Unapplied Reserve, which is set aside for the financing of capital investment. When it has been applied for financing, it is transferred to the Capital Adjustment Account.

2.12 Heritage Assets

The Council's Heritage Assets are as follows:

- A collection of heritage assets at its museums
- The mayor's Civic Regalia
- Hastings Castle
- Hastings Caves

The above assets are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. However, because of the historic nature of the assets and lack of comparable market values the Council does not consider that reliable cost or valuation information can be obtained for the castle and caves. Consequently, the Council does not recognise the value of these Heritage Assets on the Balance Sheet, other than the capitalisation of annual expenditure to enhance the assets.

Where possible, Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment.

Valuation

The Museum collections and civic regalia are reported in the Balance Sheet at market value as approximated by insurance valuation which is based on market values. There is a periodic programme of valuations and the items in the collection are valued by an external valuer. The assets in the categories above are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The insurance values are reviewed on an annual basis to ensure there have been no material changes.

Valuation gains and losses are accounted for in accordance with the general policies on revaluation of property, plant and equipment - see note 2.17 (Property, Plant and Equipment).

Impairments

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the policies on impairment of property plant and equipment - see note 2.17 (Property, Plant and Equipment).

NOTES TO CORE FINANCIAL STATEMENTS

2.13 Income from Council Tax and Non-Domestic Rates

The council tax and Non-Domestic Rates (NDR) income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

2.14 Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance.

However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

2.15 Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or a number of payments, the right to use an asset (property, plant and equipment, investment properties, non-current assets available for sale or intangible assets) for an agreed period of time. A finance lease is a lease that transfers substantially all of the risks and rewards incidental to ownership to the lessee. Any lease that does not come within the definition of a finance lease is accounted for as an operating lease.

The Council has a number of leasing agreements, acting both as lessee (paying for the use of assets) and as lessor (receiving money for the use of assets).

The Council reviews all of its leases to determine how they stand against various criteria which distinguish between finance and operating leases. In undertaking this review, however, the Council operates a de minimis level, for assets or class of directly related assets valued at less than £50,000 are treated within the accounts as an operating lease.

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

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

Although the Council acts as a lessee, as outlined above, the amounts involved are immaterial.

The Council does not act as a lessor for any finance leases. Income from operating leases is recognised on a straight-line basis over the lease term, unless they can be otherwise apportioned in line with the benefits provided.

2.16 Prior period adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes to accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. When a change is made, it is applied retrospectively (unless stated otherwise); by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative figures for the prior period.

NOTES TO CORE FINANCIAL STATEMENTS

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

2.17 Property, Plant and Equipment

Definition and Categories

Property, plant and equipment consists of assets that have physical substance and are held for use in the provision of services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year. They exclude assets which are held purely for investment purposes (Investment properties), assets which the Council is actively seeking to sell (Assets available for sale), and assets coming within the definition of Heritage Assets (2.12 above). Property, plant and equipment is made up of the following categories:

- Land and buildings – properties owned by the Council, other than those in another category shown below, or Investment Properties.
- Vehicles, plant and equipment – individual items or groupings of items which are purchased from capital resources.
- Infrastructure, which for this Council consists of sea defences, and some footways, lighting and bus stops.
- Community assets – properties such as parks, which are used for the community as a whole, with no determinable market value in their present use, and which are not likely to be sold.
- Surplus assets – individual properties which the Council has determined to be surplus to operational requirements, but which are not actively being marketed.
- Assets under construction – capital expenditure on an asset before it is brought into use.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that secures but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged to the Comprehensive Income and Expenditure Account as an expense when it is incurred. Assets valued at less than £50,000 are not included on the balance sheet, provided that the total excluded has no material impact.

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:

- Land and buildings – current value, usually based on the market value for the existing use (EUUV). Some specialised properties, where the valuer cannot identify a market for the asset, are instead valued on the basis of depreciated replacement cost (DRC).
- Vehicles, plant and equipment – current value, for which depreciated historic cost is normally used as a proxy.
- Infrastructure – depreciated historic cost
- Community Assets – historic cost or insurance value when first recognised as fixed assets
- Surplus assets - fair value, based on market value for the best and highest use in its existing condition, taking account, for example, of any planning consents at the balance sheet date
- Assets under construction – historic cost

Revaluation

We revalue assets included in the Balance Sheet at current value when there may have been material changes in the value, but as a minimum every five years. Asset values are also reviewed each year to ensure that the balance sheet values are not materially misstated as a result of changes in asset values during the 5-year rolling programme. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the Income and Expenditure Account where they arise from the reversal of an impairment loss previously charged to a service revenue account. Reductions in value are charged to the Revaluation Reserve, up to the amount held for that asset in the Revaluation Reserve, or otherwise to the Comprehensive Income and Expenditure Statement.

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.

NOTES TO CORE FINANCIAL STATEMENTS

The revaluation exercise also involves a review and update to expected asset lives.

Impairment

The values of each category of assets and of material individual assets 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 as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written off against that balance.
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down to the relevant service line in the Comprehensive Income and Expenditure Statement.

Where impairment is subsequently reversed, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for the depreciation that would have been charged if the loss had not been recognised.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continued use, it is reclassified as an Asset Held for Sale. The asset is revalued in its existing use immediately before its reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains to fair value are recognised only up to the amount of any losses previously recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to property plant and equipment and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. An equivalent transfer is made to the General Fund to the Capital Adjustment Account to eliminate the impact on the General Fund, and any revaluation gains accumulated for the asset in the Revaluation Reserve are also transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. These are credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement, but an equivalent appropriation is made from the General Fund to the Capital Receipts Reserve. There is a legal requirement that sale proceeds held in this reserve can only be used to reduce debt or to finance capital expenditure.

In some cases, the receipt of income from asset disposals is delayed until a future financial year. In such cases a credit is made to the unusable Deferred Capital Receipts Reserve, matched by a long-term or short-term debtor. When the income is received, the debtor is written down and a transfer is made from the Deferred Capital Receipts Reserve to the Capital Receipts Reserve.

Depreciation

Depreciation is provided for on all assets with a determinable finite life 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 bases:

- Land – not subject to depreciation
- Buildings – straight-line allocation over the life of the property as estimated by the valuer, taking account of newly assessed lives where properties were revalued as at 1 April (between 15 and 60 years)
- Vehicles, plant and equipment – is depreciated on a straight-line basis over the expected life of the asset as advised by a suitably qualified officer (between 5 and 20 years)
- Infrastructure – is depreciated on a straight-line basis over the expected life of the asset
- Community assets – not subject to depreciation
- Surplus assets - straight-line allocation over the life of the property as estimated by the valuer (35-40 years).
- Assets under construction – not subject to depreciation

NOTES TO CORE FINANCIAL STATEMENTS

Where new assets are acquired or brought into use, depreciation is charged from the start of the following year. Depreciation is charged for the full final year when assets are sold.

Depreciation is charged to the Cost of Services in the Comprehensive Income and Expenditure Statement, but this is not a proper charge against the General Fund. A transfer is therefore made from the Capital Adjustment Account to the General Fund to reverse the impact.

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.

2.18 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. 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 as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed, either wholly or partially, and credited back to the relevant services.

Provisions may sometimes relate to income, where the Council has collected income in a previous financial year and has a quantifiable liability to repay some or all of it. In the particular case of the provision for losses arising from rating appeals, the whole of the provision is included in the Collection Fund Income and Expenditure Statement, but only the Council's 40% share of the liability is included in the Balance Sheet.

Apart from this particular case, where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), it is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

2.19 Reserves

The Council maintains two groups of reserves, usable and unusable.

Usable reserves comprise the following:

- Capital Receipts Reserve: proceeds from the sales of non-current assets are initially credited to the Income and Expenditure Account, but legally can only be used to finance capital expenditure, and so are transferred to the Capital Receipts Reserve and afterwards used for this specific purpose.
- Capital Grants Unapplied: The Council receives grants and contributions towards capital expenditure, and, where repayment conditions are not present or no longer apply, they are credited to the Income and Expenditure Account and immediately transferred into the Capital Grants Unapplied Reserve until required to finance capital investment.
- Earmarked Reserves: The Council may set aside earmarked reserves to cover specific projects or contingencies. These are transferred from the General Fund, and amounts are withdrawn as required to finance such expenditure. The expenditure itself is charged to the appropriate line in the Comprehensive Income and Expenditure Statement. There are no legal restrictions on the use of earmarked reserves, and unspent balances can be taken back to the General Fund in the same way.
- General Fund: this represents all other usable reserves, without legal restrictions on spending, which arise from annual surpluses or deficits.

Unusable Reserves consist of those which cannot be used to finance capital or revenue expenditure:

- Deferred Capital Receipts: in some cases (particularly former housing stock disposed of, where the purchaser financed the transaction through a mortgage from the Council) an asset is disposed of, but the income cannot be collected immediately. The Council maintains records for a long-term debtor, offset by a balance in the Deferred

NOTES TO CORE FINANCIAL STATEMENTS

Capital Receipts Account. When the income is received the debtor is written down and a transfer is made between this account and the Capital Receipts Reserve.

- Revaluation Reserve: this consists of accumulated gains on individual items of Property, Plant and Equipment and Heritage Assets. The Reserve contains only gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date were consolidated into the balance on the Capital Adjustment Account. The balance is reduced when assets with accumulated gains are:
 - revalued downwards or impaired and the gains are lost
 - used in the provision of services and the gains are consumed through depreciation, or
 - disposed of and the gains are realised.
- Capital Adjustment Account: This receives credits when capital is financed from the General Fund or from the Capital Receipts and Capital Grants Unapplied reserves and receives debits to offset depreciation and other charges relating to capital which are not chargeable against the General Fund. The account contains revaluation gains accumulated on non-current assets before 1 April 2007, the date on which the Revaluation Reserve was created to hold such gains.
- Pensions Reserve: The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes the employer's contributions to the pension fund (including payments relating to unfunded benefits). The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.
- Accumulated Absences Reserve: this contained the difference between the statutory and accounting liability for the cost of accumulated absences: the cost was properly chargeable to the Comprehensive Income and Expenditure Statement, but not to the General Fund.
- Financial Instruments Adjustment Account: this represented the difference between the accounting and legislative charges for finance costs. For this Council this reflected discounts received in previous years when restructuring PWLB loans: the final adjustments were made as scheduled during 2017-18, so that the balance sheet value is zero.
- Collection Fund Adjustment Account: this represents the differences arising from the recognition of Council tax income and Non-Domestic Rates in the Comprehensive Income and Expenditure Statement as they fall due from payers, compared with the statutory arrangements for paying across amounts from the Collection Fund to the General Fund.
- Available for Sale Financial Instruments Reserve: For 2017/18 and previous years, this contains the gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:
 - revalued downwards or impaired and the gains are lost.
 - disposed of and the gains are realised.The reserve was abolished as a result of the introduction of IFRS 9 – Financial Instruments and the opening balance was transferred to the Pooled Investment Fund Adjustment Account.
- Pooled Investment Fund Adjustment Account: this contains the gains made by the Council arising from increases in the value of its pooled investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:
 - revalued downwards or impaired and the gains are lost.
 - disposed of and the gains are realised.

2.20 Revenue Expenditure Financed from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset, is 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, so there is no impact on the level of Council Tax.

Similarly, income received and accounted for as grants and contributions towards this category of capital expenditure is credited as income to the relevant service account, but a transfer from the Capital Adjustment Account reverses the credit and the impact on Council Tax.

NOTES TO CORE FINANCIAL STATEMENTS

2.21 Value Added Tax (VAT)

VAT is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income.

2.22 Group Accounts – Recognition of Group Entities and Basis of Consolidation

Group Accounts will be prepared in accordance with IFRS 10 (consolidated financial statements) and IFRS 12 (disclosure of interest in other entities), where it is considered that the Council has a material interest in subsidiaries. Group Accounts will be prepared on the basis of a full consolidation of the financial transactions and balances of the Council and a relevant subsidiary. Any gains and losses arising from a subsidiary will be fully reflected in the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cash Flow Statement within the Group column. Group accounts will be prepared using consistent accounting policies. Where intra-group transactions occur they will be removed in the consolidation.

2.23 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The calculated amounts for amortisation and impairment are charged to the Cost of Services in the Comprehensive Income and Expenditure Account,

Amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

2.24 Write-off policy

As a general rule, except in cases of hardship, low value debt or cases where recovery is prevented by law, all recovery processes will be attempted before a debt is considered for write-off. The Council recognises that there will be cases where it is not practical for the recovery process to continue because either the debtor has absconded, or the costs of recovery are greater than the value of the debt outstanding.

2.25. Accounting Standards That Have Been Issued But Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2021/22 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would, therefore result in an impact on disclosures spanning two financial years.

Accounting changes that are introduced by the 2022/23 Code are:

- IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year). IFRS 16 Leases. The standard replaces IAS 17 and it redefines classification and measurement of leases, bringing the majority of leases onto the balance sheet. Intended to recognise the “right of use” of the asset and the “lease liability”. There are significant changes for lessees with additional disclosure requirements. CIPFA/LASAAC have deferred implementation of IFRS16 for local government to 1 April 2024
- Annual Improvements to IFRS Standards 2018–2020. The annual IFRS improvement programme notes 4 changed standards:
 - IFRS 1 (First-time adoption) – amendment relates to foreign operations of acquired subsidiaries transitioning to IFRS
 - IAS 37 (Onerous contracts) – clarifies the intention of the standard
 - IFRS 16 (Leases) – amendment removes a misleading example that is not referenced in the Code material

NOTES TO CORE FINANCIAL STATEMENTS

- o IAS 41 (Agriculture) – one of a small number of IFRSs that are only expected to apply to local authorities in limited circumstances.

These changes are not expected to have a material impact on the Council's single entity statements or group statements.

NOTE 3. CRITICAL JUDGEMENTS

As outlined in Note 25, the Council acts as the sole trustee for the Hastings and St Leonards Foreshore Charitable Trust. The scheme is so constituted as to prevent the Council from obtaining any benefit from the Trust's activities and no group accounts are produced. Further details of the Foreshore Trust are given in Note 25 (Related Party Transactions).

NOTE 4. ASSUMPTIONS MADE ABOUT FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION AND UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Pensions Accounting

The estimate of the pension liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes to retirement ages and mortality rates. A firm of consulting actuaries, Barnett Waddingham, is engaged to provide the Council with expert advice about the assumptions to be applied. Details of these assumptions are included in Note 11. The effect on the liability for changes to assumptions are summaries in the table below:

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	174,440	177,526	180,669
Projected service cost	3,747	3,841	3,937
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	177,695	177,526	177,358
Projected service cost	3,843	3,841	3,839
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	180,476	177,526	174,626
Projected service cost	3,936	3,841	3,748
Adjustment to life expectancy assumptions	+ 1 Year	None	- 1 Year
Present value of total obligation	186,260	177,526	169,216
Projected service cost	4,021	3,841	3,668

These assumptions are listed in Note 11 and are re-assessed every year. Changes in any one assumption would be affected by changes in others, so that the effect of a number of changes would be a complex calculation.

Property, Plant and Equipment

The council's external valuers provide a full valuation of all properties every 5 years. On an annual basis they provide desktop valuations as at 31st March for the entire Council's investment portfolio, and for its operational portfolio where there has been material movement since the last full valuation.

Valuations of property depend on various assumptions, as set out in detail in Note 2.17 above. In particular, the valuers have to determine:

- The estimated life of the building
- Whether or not there is a market for the property in its existing use, which means that they could value at such a market value (EUV). If there is no such market, properties are valued at Depreciated Replacement Cost (DRC).

NOTES TO CORE FINANCIAL STATEMENTS

The outbreak of Covid-19 has impacted global financial markets and as at the revaluation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement.

Valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the Property, Plant and Equipment valuation than would normally be the case.

The Gross Book Value (GBV) of the Land and Buildings at 31 March 2022 was £126.7m. If the valuation estimate was 10% higher on those assets it would mean a GBV figure of £139.4m on the Balance Sheet.

Investment Properties

The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property.

Allowances for impairment of debt

The policies for assessing allowances for impairment of debt are outlined in Note 2.2 above. All of these allowances are based on assessments of the Council's ability to recover debt over future years, and are therefore a matter of judgement, based largely on past performance. As part of the allowances for Council Tax and Non-Domestic Rates relate to other authorities and the Government (also outlined in Note 2.2), the assessment that this Council makes also impacts on the debtors and creditors established for these bodies.

Allowance for debts: At 31 March 2022, the Council had a balance of sundry debtors of £1.8m. A review of balances indicated that an allowance for credit losses of 19.0% (£0.346m) was appropriate. However, in the current economic climate it is not fully certain whether such an allowance may be sufficient. If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts, for example, would require an additional £0.346m to be set aside as an allowance.

The economic impact of the Covid-19 pandemic and spiralling inflation has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.

Allowance for the impact of rating appeals

The Council maintains a provision for the impact of outstanding rating appeals. There are two elements to this provision relating to the 2010 list and the 2017 list of appeals. Outstanding appeals are assessed on the basis of reductions in rateable value on appeals already settled.

Allowance for the impact of rate appeals: The business rates rateable value at 31/3/2022 was £62.4m. For every 1% successful reduction in the rateable value, it is equal to a cost of £624k multiplied by 40% (£249.6k) to the Council (for a single year).

NOTE 5. EVENTS AFTER THE BALANCE SHEET DATE

There were no material events after the balance sheet date that impacted on the view of the Council's finances contained in this set of accounts.

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 6. EXPENDITURE AND FUNDING ANALYSIS

This note shows how the accounting and financing adjustments make up the difference between the outturn report and the Comprehensive Income and Expenditure Statement.

2020-21				2021-22		
Net expenditure chargeable to the General Fund	Adjustments between funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure chargeable to the General Fund	Adjustments between funding and accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
3,051	13,321	16,372	Corporate Services and Governance	2,182	(399)	1,783
9,978	3,708	13,686	Operational Services	9,570	2,626	12,196
13,029	17,029	30,058	Cost of Services	11,752	2,227	13,979
(26,437)	2,462	(23,975)	Other Income and Expenditure	(11,409)	(4,034)	(15,443)
0	0	1	Rounding	0	0	(1)
(13,408)	19,491	6,084	(Surplus) or Deficit before reserve movements	343	(1,807)	(1,465)
General Fund	Earmarked Reserves	Total		General Fund	Earmarked Reserves	Total
(501)	(17,539)	(18,040)	Opening balances	(500)	(30,947)	(31,447)
(13,408)	0	(13,408)	(Surplus) or Deficit	343	0	343
13,408	(13,408)	0	Transfer to (from) earmarked reserves	(343)	343	0
1	0	1	Rounding	0	0	0
(500)	(30,947)	(31,447)	Closing balances	(500)	(30,604)	(31,104)

NOTES TO CORE FINANCIAL STATEMENTS

An analysis of the accounting and financing adjustments are shown in the table below, and they are also shown in detail in Note 7.

	Adjustments between Funding and Accounting Basis			
	Capital and Assets	Pensions	Other	Total
	£'000	£'000	£'000	£'000
2021-22				
Corporate Services and Governance	(295)	(85)	(19)	(399)
Operational Services:	816	1,805	5	2,626
Cost of Services	521	1,720	(14)	2,227
Other income and expenditure from the Expenditure and Funding Analysis	(6,075)	901	1,140	(4,034)
Net Difference	(5,554)	2,621	1,126	(1,807)

	Adjustments between Funding and Accounting Basis			
	Capital and Assets	Pensions	Other	Total
	£'000	£'000	£'000	£'000
2020-21				
Corporate Services and Governance	13,554	(93)	(140)	13,321
Operational Services:	2,137	1,715	(144)	3,708
Cost of Services	15,691	1,622	(284)	17,029
Other income and expenditure from the Expenditure and Funding Analysis	(3,932)	982	5,412	2,462
Net Difference	11,759	2,604	5,128	19,491

NOTES TO CORE FINANCIAL STATEMENTS

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

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

	General Fund Balance £'000	Capital Receipts reserve £'000	Capital grants unapplied £'000	Unusable Reserves £'000	Total £'000
2021-22					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortisation Intangible Assets	(79)	0	0	79	0
Depreciation and impairment of non-current assets	(397)	0	0	397	0
Movements in value of Investment Properties	(181)	0	0	181	0
Gain or (loss) on disposal of non-current assets	0	0	0	0	0
Capital receipts to Usable Capital Receipts Reserve	60	(60)	0	0	0
Capital grants and contributions to Capital Grants Unapplied Reserve	4,274	0	(4,274)	0	0
Difference between accounting and statutory credit for Council Tax	316	0	0	(316)	0
Difference between accounting and statutory credit for Non-Domestic Rates	(1,776)	0	0	1,776	0
Revenue Expenditure Financed from Capital under Statute	(44)	0	(1,275)	1,319	0
Accumulated Absences	4	0	0	(4)	0
Movement in the fair value of financial instruments	330	0	0	(330)	0
Difference between accounting and statutory charge for pension costs	(2,621)	0	0	2,621	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment	1,668	0	0	(1,668)	0
Capital expenditure financed from revenue	254	0	0	(254)	0
Other adjustments					
Capital expenditure financed from Capital Receipts	0	60	0	(60)	0
Capital expenditure financed from Capital grants and contributions	0	0	3,346	(3,346)	0
Other adjustments	(1)	0	0	3	2
Total for 2021-22	1,807	0	(2,203)	398	2

NOTES TO CORE FINANCIAL STATEMENTS

	General Fund Balance £'000	Capital Receipts reserve £'000	Capital grants unapplied £'000	Unusable Reserves £'000	Total £'000
2020-21					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortisation Intangible Assets	(99)	0	0	99	0
Depreciation and impairment of non-current assets	(15,564)	0	0	15,564	0
Movements in value of Investment Properties	(222)	0	0	222	0
Gain or (loss) on disposal of non-current assets	0	0	0	0	0
Capital receipts to Usable Capital Receipts Reserve	3	(3)	0	0	0
Capital grants and contributions to Capital Grants Unapplied Reserve	2,652	0	(2,652)	0	0
Difference between accounting and statutory credit for Council Tax	(140)	0	0	140	0
Difference between accounting and statutory credit for Non-Domestic Rates	(5,250)	0	0	5,250	0
Revenue Expenditure Financed from Capital under Statute	(29)	0	(1,109)	1,138	0
Accumulated Absences	275	0	0	(275)	0
Movement in the fair value of financial instruments	(13)	0	0	13	0
Difference between accounting and statutory charge for pension costs	(2,604)	0	0	2,604	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment	1,500	0	0	(1,500)	0
Capital expenditure financed from revenue	0	0	0	0	0
Other adjustments					
Capital expenditure financed from Capital Receipts	0	3	0	(3)	0
Capital expenditure financed from Capital grants and contributions	0	0	2,247	(2,248)	(1)
Other adjustments	0	0	0	1	1
Total for 2020-21	(19,491)	0	(1,514)	21,005	0

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 8. EXPENDITURE AND INCOME ANALYSED BY NATURE

2020-21		2021-22
£'000		£'000
16,524	Employee benefits expenses	17,011
84,455	Other service expenses	65,758
15,884	Depreciation, amortisation, impairment	657
1,845	Interest payments	1,831
5,728	NDR Tariff and levy	5,596
124,436	Total expenditure	90,853
(3)	(Gain) or loss on disposal of assets	(60)
(13,600)	Fees, charges and other service income	(20,039)
(729)	Interest and investment income	(1,021)
(16,759)	Income from taxation	(14,743)
(87,261)	Government grants and contributions	(56,455)
(118,352)	Total income	(92,318)
6,084	(Surplus) or Deficit on the Provision of Services	(1,465)

NOTE 9. FEES, CHARGES AND OTHER SERVICE INCOME

2020-21		2021-22
£'000		£'000
(4,374)	Corporate Services and Governance	(7,362)
(9,169)	Operational Services:	(12,544)
(58)	Investment Properties	(65)
1	Other	(68)
(13,600)	Total fees, charges and other service income	(20,039)

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 10. GRANTS AND CONTRIBUTIONS

The table below outlines Government grants and other external contributions accounted for within the Comprehensive Income and Expenditure Statement.

2020-21			2021-22		
Grants	Contribs.	Total	Grants	Contribs.	Total
£'000	£'000	£'000	£'000	£'000	£'000
(31,826)	0	(31,826)	(29,491)	0	(29,491)
(3,987)	0	(3,987)	(6,444)	0	(6,444)
0	(123)	(123)	0	(79)	(79)
(1,109)	0	(1,109)	(1,275)	0	(1,275)
(196)	(1,485)	(1,681)	(154)	(10,591)	(10,745)
(37,118)	(1,608)	(38,726)	(37,364)	(10,670)	(48,034)
Total within Cost of Services					
(1,004)	0	(1,004)	(1,010)	0	(1,010)
(356)	0	(356)	(385)	0	(385)
0	0	0	(163)	0	(163)
(3,201)	0	(3,201)	(1,121)	0	(1,121)
(555)	0	(555)	(768)	0	(768)
(199)	0	(199)	(173)	0	(173)
(125)	0	(125)	(1,812)	0	(1,812)
(2,652)	0	(2,652)	(4,274)	0	(4,274)
(8,092)	0	(8,092)	(9,706)	0	(9,706)
Total within Taxation and non-specific grant income					
(45,210)	(1,608)	(46,818)	(47,070)	(10,670)	(57,740)
Total grants and contributions					

NOTE 11. DEFINED BENEFIT PENSION SCHEMES

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

The Council participates in the Local Government Pension Scheme, administered locally by East Sussex County Council: this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. The Council also previously incurred some liabilities for unfunded pensions, resulting from the award of added years' entitlements to members of staff taking early retirement. This liability, which is included in the total net liability reported in the table below, stood at £2,101,000 at 31 March 2022, (£2,259,000 at 31 March 2021) and the Council made payments totalling £170,000 in 2021-22 (£175,000 in 2020-21), as part of the overall payments reported below.

Under the Local Government Pension Scheme retirement benefits are based on the employee's final salary / career average earnings and are increased each year in line with the Consumer Price Index.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement.

The table below shows separately the movements in the assets and liabilities.

NOTES TO CORE FINANCIAL STATEMENTS

2020-21		2021-22
£'000		£'000
	Comprehensive Income and Expenditure Statement	
3,875	Current Service Cost	4,001
211	Curtailments	0
4,086	Cost of Services	4,001
982	Net interest expense	901
982	Financing and Investment Income and Expenditure	901
5,068	Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	4,902
(22,252)	Return on plan assets, less included in interest expense	(12,670)
	Actuarial gains & losses:	
(2,400)	Changes in demographic assumptions	0
32,887	Changes in financial assumptions	(5,609)
(1,905)	Other	461
6,330	Re-measurement of the net defined benefit liability	(17,818)
11,398	Total Comprehensive Income and Expenditure Statement	(12,916)
	Movement in Reserves Statement	
5,068	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	4,902
(2,464)	Employer's pension contributions and direct payments to pensioners payable in the year	(2,281)
2,604	Total taken to Note 6	2,621
£'000	Reconciliation of Fair Value of Employer Assets (scheme Assets):	£'000
114,123	Value of Assets at 1 April	134,526
1,721	Interest income on plan assets	2,658
592	Contributions by Members	588
2,464	Contributions by the Employer	2,281
22,252	Return on assets excluding amounts recognised in Other Comprehensive Income	12,670
(6,626)	Benefits Paid	(6,200)
134,526	Value of Assets at 31 March	146,523
£'000	Reconciliation of Defined Benefit Obligation (scheme Liabilities):	£'000
(151,389)	Value of Liabilities at 1 April	(180,726)
(3,875)	Current Service Cost	(4,001)
(2,703)	Interest Cost	(3,559)
(592)	Contribution by Members	(588)
	Actuarial Gains and (Losses):	
2,400	Change in demographic assumptions	0
(32,887)	Change in financial assumptions	5,609
2,033	Other experience gains and (losses)	(374)
(211)	(Losses) and Gains on Curtailments	0
6,498	Benefits Paid	6,113
(180,726)	Value of Liabilities at 31 March	(177,526)
(46,200)	Net Liability at 31st March	(31,003)

NOTES TO CORE FINANCIAL STATEMENTS

Annual Contribution to fund

The estimated contribution for 2022-23 is £2,013,360 compared with the actual contribution of £2,281,000 for 2021-22.

Plan Assets

The plan's assets consist of the following categories, showing the value of assets and the percentage of the total.

31 March 2021		Asset Breakdown	31 March 2022	
£'000	%		£'000	%
101,971	75%	Equities	107,918	74%
20,145	15%	Bonds	23,550	16%
10,122	8%	Property	12,223	8%
2,288	2%	Cash	2,832	2%
134,526	100%	Total	146,523	100%

We received the following information from the East Sussex Pension Fund regarding the detail of their assets as at 31 March, representing the percentages of the total Fund held in each asset class (split by those that have a quoted market price in an active market, and those that do not).

31 March 2021			31 March 2022	
Quoted Prices in Active Markets	Prices Not Quoted in Active Markets		Quoted Prices in Active Markets	Prices Not Quoted in Active Markets
%	%		%	%
		Index Linked Government Securities		
0.0%	3.1%	UK	0.0%	3.0%
0.0%	0.0%	Overseas	0.0%	0.0%
		Corporate Bonds		
0.0%	10.6%	UK	0.0%	9.0%
0.0%	0.0%	Overseas	0.0%	0.0%
		Equities		
0.0%	0.0%	UK	0.0%	0.0%
0.0%	44.4%	Overseas	5.0%	38.0%
		Property		
0.0%	7.5%	All	0.0%	8.0%
		Others		
0.0%	23.2%	Absolute return portfolio	0.0%	22.0%
0.0%	8.2%	Private Equity	0.0%	8.0%
0.0%	0.3%	Infrastructure	0.0%	3.0%
0.0%	1.0%	Other	0.0%	1.0%
0.0%	0.0%	Private Debt	0.0%	1.0%
1.3%	0.0%	Cash/Temporary Investments	2.0%	0.0%
		Net Current Assets		
0.4%	0.0%	Debtors	0.0%	0.0%
0.0%	0.0%	Creditors	0.0%	0.0%
1.7%	98.3%	Total	7.0%	93.0%

NOTES TO CORE FINANCIAL STATEMENTS

Actuarial Assumptions

Liabilities have been assessed on an actuarial basis using the projected unit method. An estimate of the pensions that will be payable has been prepared by Barnett Waddingham LLP, an independent firm of actuaries, being based on the latest full valuation of the scheme as at 31 March 2019. The main assumptions used in their calculations are:

2020-21		2021-22
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.1	Men	21.2
23.7	Women	23.8
	Longevity at 65 for future pensioners:	
21.9	Men	22.0
25.0	Women	25.1
2.85%	Rate of increase in salaries	3.30%
2.85%	Rate of increase in pensions	3.30%
2.00%	Rate for discounting scheme liabilities	2.60%

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

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 12. EARMARKED RESERVES

The table below shows the balances for earmarked reserves, and the transfers made to or from the General Fund.

	Balance at 1 April 2020	Movement 2020-21	Balance at 1 April 2021	Movement 2021-22	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000
(1) General Reserve	(7,551)	(2,243)	(9,794)	96	(9,698)
(2) Capital Reserve	(150)	0	(150)	0	(150)
(3) Renewal and Repairs Reserve	(1,556)	(73)	(1,629)	158	(1,471)
(4) Risk Management Reserve	(315)	0	(315)	0	(315)
(5) Information Technology Reserve	(122)	(125)	(247)	41	(206)
(6) On-Street Car Parking Surplus Reserve	(40)	0	(40)	0	(40)
(7) Section 106 Reserve (Revenue)	(533)	68	(465)	47	(418)
(8) Government Grants Reserve	(639)	129	(510)	89	(421)
(9) Monuments in perpetuity	(46)	0	(46)	0	(46)
(10) Ore Valley Reserve	(250)	0	(250)	0	(250)
(11) Invest to save and efficiency Reserve	(169)	25	(144)	17	(127)
(12) Resilience and Stability Reserve	(600)	(400)	(1,000)	0	(1,000)
(13) Transition Reserve	(253)	253	0	0	0
(14) Redundancy Reserve	(664)	(1)	(665)	0	(665)
(15) Safer Hastings Partnership Reserve	(96)	8	(88)	(12)	(100)
(16) First World War Reserve	2	(2)	0	0	0
(17) Carry-forwards	(977)	(93)	(1,070)	137	(933)
(18) Clinical Commissioning Group	(260)	260	0	0	0
(19) Revenue Hardship Fund	(80)	0	(80)	0	(80)
(20) Disabled Facilities Grant	(2,186)	812	(1,374)	0	(1,374)
(21) Syrian Resettlement Programme	(21)	0	(21)	4	(17)
(22) Selective Licensing Reserve	(604)	460	(144)	0	(144)
(23) Housing Licensing reserve	(358)	(54)	(412)	22	(390)
(24) Community Housing Reserve	(71)	36	(35)	(20)	(55)
(25) Controlling Migration	0	(116)	(116)	0	(116)
(26) Towns Fund	0	0	0	(236)	(236)
(27) Section 31 - Grant Reserve	0	(12,354)	(12,354)	0	(12,354)
Rounding	0	2	2	0	2
Total	(17,539)	(13,408)	(30,947)	343	(30,604)

For Reserves with a balance at as 31st March 2022 the reasons for maintaining these earmarked reserves are shown below:

1. The General Reserve is used to support revenue spending.
2. The Capital Reserve is earmarked to support capital spending.
3. The Renewal and Repairs Reserve is maintained for the purchase of vehicles, plant, equipment and the repair and redecoration of property.
4. The Risk Management Reserve is used to cover excesses on claims and certain small risks. The object is to minimise insurance premiums providing sufficient cover. It is also a reserve in respect of future MMI insurance liabilities.
5. The Information Technology Reserve is for the purpose of financing the purchase of computing equipment and computer systems required by the Council.
6. On-street car parking surpluses are shared with East Sussex County Council. Shares will be spent on traffic management and transportation issues within the borough.
7. Section 106 Reserve – these are the developers' contributions to be used to finance various projects.

NOTES TO CORE FINANCIAL STATEMENTS

8. Government Grants and Contribution Reserve contains the equivalent amount of grants provided by the Government or contributions from other bodies during the financial year that will not be used to finance expenditure until after the end of the financial year.
9. The Monuments in Perpetuity reserve has been set up to maintain burial plots at the Cemetery.
10. Ore Valley reserve has been set up to fund activity in the area.
11. Invest to save Reserve - To provide future funding for projects which will delivery savings but require upfront funding.
12. Resilience and Stability Reserve- To cushion the impact of fluctuations in business rates income and costs of Council tax reduction scheme.
13. Transition Reserve is the sum put aside to cushion the impact of significant grant reduction in future years.
14. Redundancy Reserve - sum put aside to help meet expected redundancy costs arising in future years.
15. Safer Hastings Partnership - is specifically earmarked to reduce crime, disorder and anti-social behaviour in neighbourhoods and on the streets.
16. First World War Project - A five year project to research locally and commemorate the first world war through outreach to the community and exhibitions.
17. Carry-forwards - To fund specific Revenue expenditure originally budgeted for in the current year.
18. Clinical Commissioning Group - To fund Health projects aimed at enabling Lifestyle and behavioural change in Hastings.
19. Revenue Hardship Fund - To support cases of Hardship relating to Council Tax.
20. Disabled Facility Grant - Funding for disabled adaptations.
21. Syrian Resettlement Programme Reserve - Funding received to support Syrian resettlement programme.
22. Selective Licensing – To smooth the impact of non-refundable license income received up-front but covering several years.
23. Housing Licensing - To smooth the impact of non-refundable license income received up-front but covering several years.
24. Community Housing – Government grant for us over more than one year.
25. Controlling Migration – To support the impact of migration.
26. Towns Fund – To fund and support the Towns Deal
27. Section 31 Grant Reserve – Grant received that will be needed in future years to fund deficits on the Collection Fund caused by government policy changes granting new reliefs.

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 13. UNUSABLE RESERVES

Unusable reserves are held for various purposes as set out in the Accounting Policies (see Note 2.19 above). The tables below summarise the movements in the balances of the reserves, and movements on the individual reserves are then shown in more detail.

2021-22	Opening Balance	Comp- rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2022
	£'000	£'000	£'000	£'000
Deferred capital receipts	0	0	0	0
Revaluation Reserve	(71,792)	(268)	429	(71,631)
Capital Adjustment Account	(32,947)	0	(3,780)	(36,727)
Pensions Reserve	46,200	(17,818)	2,621	31,003
Pooled Investment Funds Adjustment Account	117	(329)	0	(212)
Accumulated Absences Account	(275)	0	(4)	(279)
Collection Fund Adjustment Account	4,827	0	1,461	6,288
Available for sale reserve	0	0	0	0
Rounding	1	0	(1)	0
Total	(53,869)	(18,415)	726	(71,558)

2020-21	Opening Balance	Comp- rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2021
	£'000	£'000	£'000	£'000
Deferred capital receipts	0	0	0	0
Revaluation Reserve	(55,679)	(16,429)	316	(71,792)
Capital Adjustment Account	(45,903)	0	12,956	(32,947)
Pensions Reserve	37,266	6,330	2,604	46,200
Pooled Investment Funds Adjustment Account	104	13	0	117
Accumulated Absences Account	0	0	(275)	(275)
Collection Fund Adjustment Account	(563)	0	5,390	4,827
Available for sale reserve	0	0	0	0
Rounding	0	0	0	0
Total	(64,775)	(10,086)	20,991	(53,870)

NOTES TO CORE FINANCIAL STATEMENTS

Deferred Capital Receipts

2020-21		2021-22
£000		£000
0	Balance 1 April	0
	Accounting / Financing Adjustments:	
0	Deferred receipts from asset disposals	0
0	Deferred receipts received to Capital Receipts Reserve	0
0	Balance 31 March	0

Revaluation Reserve

2020-21	Revaluation Reserve	2021-22
£000		£000
(55,679)	Balance 1 April	(71,792)
	Comprehensive Income & Expenditure:	
(16,429)	(Gain) or Loss on revaluation of assets	(268)
	Accounting / Financing Adjustments:	
316	Depreciation charged to Revaluation Reserve	428
0	Rounding	1
(71,792)	Balance 31 March	(71,631)

Capital Adjustment Account

2020-21	Capital Adjustment Account	2021-22
£000		£000
(45,903)	Balance 1 April	(32,947)
	Accounting / Financing Adjustments:	
99	Write down Intangible Assets	79
15,564	Depreciation and impairment of non-current assets	397
222	Movements in value of Investment Properties	181
1,138	Revenue Expenditure Financed from Capital under Statute	1,319
(1,500)	Statutory provision for the financing of capital investment	(1,668)
0	Capital expenditure financed from revenue	(254)
(3)	Capital expenditure financed from Capital Receipts	(60)
(2,248)	Capital expenditure financed from Capital grants and contributions	(3,346)
(315)	Depreciation charged to Revaluation Reserve	(427)
(1)	Rounding	(1)
(32,947)	Balance 31 March	(36,727)

Pensions Reserve

2020-21	Pensions Reserve	2021-22
£000		£000
37,266	Balance 1 April	46,200
	Comprehensive Income & Expenditure:	
6,330	Re-measurement of the net defined benefit liability	(17,818)
	Accounting / Financing Adjustments:	
2,604	Difference between accounting and statutory credit for pension costs	2,621
46,200	Balance 31 March	31,003

NOTES TO CORE FINANCIAL STATEMENTS

Accumulated Absences Account

2020-21 £000	Accumulated Absences Account	2021-22 £000
0	Balance 1 April	(275)
	Accounting / Financing Adjustments:	
(275)	Difference between accounting and statutory employment benefit	(4)
(275)	Balance 31 March	(279)

Collection Fund Adjustment Account

2020-21 £000	Collection Fund Adjustment Account	2021-22 £000
(563)	Balance 1 April	4,827
	Accounting / Financing Adjustments:	
140	Difference between accounting and statutory credit for Council Tax	(316)
5,250	Difference between accounting and statutory credit for Non-Domestic Rates	1,776
0	Rounding	1
4,827	Balance 31 March	6,288

Available for sale assets reserve

2020-21 £000	Available for Sale Asset Reserve	2021-22 £000
0	Balance 1 April	0
0	Adoption of IFRS 9	0
	Accounting / Financing Adjustments:	
	Comprehensive Income & Expenditure:	
0	(Gain)/loss on revaluation of available for sale financial assets	0
0	Balance 31 March	0

Pooled Investment Funds Adjustment Account

2020-21 £000	Pooled Investment Funds Adjustment Account	2021-22 £000
104	Balance 1 April	117
	Accounting / Financing Adjustments:	
13	Movement in fair value of financial instruments	(330)
0	Rounding	1
117	Balance 31 March	(212)

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 14. CAPITAL EXPENDITURE AND CAPITAL FINANCING

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

2020-21			2021-22			
Fin. Lease £'000	Other £'000	Total £'000		Fin. Lease £'000	Other £'000	Total £'000
254	66,118	66,372	Opening Capital Financing Requirement 1 April	254	72,429	72,683
<i>Capital Investment</i>						
0	8,504	8,504	Property, Plant and Equipment	0	3,295	3,295
0	419	419	Investment Properties	0	0	0
0	0	0	Intangible Assets	0	0	0
0	0	0	Assets Held for Sale	0	0	0
0	0	0	Heritage assets	0	0	0
0	0	0	Long and short-term loan - Housing Company	0	0	0
0	1,138	1,138	Revenue Expenditure Funded from Capital under Statute	0	1,319	1,319
<i>Sources of finance</i>						
0	(3)	(3)	Capital receipts	0	(60)	(60)
Government grants and other contributions:						
0	(1,138)	(1,138)	towards assets	0	(2,071)	(2,071)
0	(1,109)	(1,109)	towards REFCUS	0	(1,275)	(1,275)
0	0	0	Sums set aside from revenue and reserves	0	(254)	(254)
0	0	0	Rounding	0	1	1
0	7,811	7,811	Financed from loan	0	955	955
0	0	0	Repayments from debtors	0	0	0
0	(1,500)	(1,500)	Minimum Revenue Provision	0	(1,668)	(1,668)
254	72,429	72,683	Closing Capital Financing Requirement 31 March	254	71,716	71,970

The opening and closing Capital Financing Requirements are made up of the following balance sheet items:

31 March 2021			31 March 2022			
Fin. Lease £'000	Other £'000	Total £'000		Fin. Lease £'000	Other £'000	Total £'000
242	151,948	152,190	Property, Plant and Equipment	242	155,599	155,841
0	1,363	1,363	Investment Properties	0	377	377
0	393	393	Intangible Assets	0	314	314
0	0	0	Assets Held for Sale	0	0	0
0	16,002	16,002	Heritage assets	0	16,322	16,322
0	7,420	7,420	Long Term Debtors	0	7,415	7,415
0	53	53	Short Term Debtors	0	58	58
0	(71,792)	(71,792)	Revaluation Reserve	0	(71,632)	(71,632)
11	(32,958)	(32,947)	Capital Adjustment Account	11	(36,737)	(36,726)
1	0	1	Rounding	1	0	1
254	72,429	72,683		254	71,716	71,970

NOTES TO CORE FINANCIAL STATEMENTS

The Council has to set money aside as a Minimum Revenue Provision (MRP) to reduce the CFR. Before 1 April 2007 commutation rules meant that this Council was not obliged to set aside an annual MRP. Since then the Council has set aside a sum equivalent to 4% of the 1 April 2007 balance of the CFR, plus the impact of capital expenditure financed from loan in subsequent years.

The CFR includes some long and short term debtors, as the advances have been financed from capital resources. The CFR is reduced as repayments are made.

31 March 2021		31 March 2022
£'000		£'000
5,752	Hastings Housing Company Ltd	5,505
1,788	Amicus Horizon / Optivo	1,788
11	The Source	11
126	Foreshore Trust	126
<hr/>		<hr/>
7,677		7,430

The annual and cumulative figures set aside are as follows:

2020-21				2021-22		
Fin. Lease £'000	Other £'000	Total £'000		Fin. Lease £'000	Other £'000	Total £'000
			Set aside to date			
953	6863	7,816	Balance 1 April	953	8,363	9,316
0	1500	1,500	MRP for the year	0	1,668	1,668
<hr/>	<hr/>	<hr/>	Balance 31 March	<hr/>	<hr/>	<hr/>
953	8,363	9,316		953	10,031	10,984
			Repaid to date			
(953)	(2,810)	(3,763)	Balance 1 April	(953)	(2,810)	(3,763)
0	0	0	Net debt movement against set aside	0	0	0
<hr/>	<hr/>	<hr/>	Balance 31 March	<hr/>	<hr/>	<hr/>
(953)	(2,810)	(3,763)		(953)	(2,810)	(3,763)
<hr/>	<hr/>	<hr/>	Net set aside	<hr/>	<hr/>	<hr/>
0	5,553	5,553		0	7,221	7,221

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 15. NON-CURRENT ASSETS AND ASSETS FOR SALE

PROPERTY, PLANT AND EQUIPMENT

2021-22	Land & Buildings	Vehicles Plant etc	Infra-structure	Comm. Assets	Surplus Props.	Under Construct.	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:							
Opening value 1 April 2021	123,118	3,532	16,698	13,352	8,102	83	164,884
Additions	2,600	110	247	338	0	0	3,295
Disposals	0	0	0	0	0	0	0
Impairment losses	(941)	0	0	0	(136)	0	(1,077)
Impairment loss reversals	2,492	0	0	0	0	0	2,492
Reclassifications	805	0	0	0	0	0	805
Revaluations	(1,300)	0	0	0	546	0	(754)
Value 31 March 2022	126,774	3,642	16,945	13,690	8,512	83	169,645
Cumulative Depreciation:							
Opening value 1 April 2021	(490)	(1,934)	(9,982)	(289)	1	0	(12,694)
Adj Accum Depreciation	0	0	0	0	0	0	0
Charge for the year	(1,234)	(153)	(426)	0	0	0	(1,813)
Disposals	0	0	0	0	0	0	0
Impairment loss reversals	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Revaluations	702	0	0	0	0	0	702
Balance 31 March 2022	(1,022)	(2,087)	(10,408)	(289)	1	0	(13,805)
Net book value 31 March 2022	125,752	1,555	6,537	13,401	8,513	83	155,840

2020-21	Land & Buildings	Vehicles Plant etc	Infra-structure	Comm. Assets	Surplus Props.	Under Construct.	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:							
Opening value	114,904	3,480	16,668	13,162	8,183	83	156,480
Additions	8,264	52	30	158	0	0	8,504
Disposals	0	0	0	0	0	0	0
Impairment losses	(14,635)	0	0	0	0	0	(14,635)
Impairment loss reversals	737	0	0	0	0	0	737
Reclassifications	73	0	0	32	(105)	0	0
Revaluations	13,774	0	0	0	24	0	13,798
Value 31 March 2021	123,118	3,532	16,698	13,352	8,102	83	164,884
Cumulative Depreciation:							
Opening value	(1,651)	(1,753)	(9,515)	(289)	(4)	0	(13,212)
Adj Accum Depreciation	86	0	0	0	0	0	86
Charge for the year	(1,103)	(181)	(467)	0	0	0	(1,752)
Disposals	0	0	0	0	0	0	0
Impairment loss reversals	0	0	0	0	0	0	0
Reclassifications	(5)	0	0	0	5	0	0
Revaluations	2,184	0	0	0	0	0	2,184
Balance 31 March 2021	(490)	(1,934)	(9,982)	(289)	1	0	(12,694)
Net book value 31 March 2021	122,628	1,598	6,716	13,063	8,103	83	152,190

NOTES TO CORE FINANCIAL STATEMENTS

The Council's properties categorised as Other Land and Buildings and Surplus Properties are subject to regular revaluations, which are phased over 5 years, but with an annual review to ensure that there are no material understatements or overstatements. The revaluations at both 31 March 2021 and 31 March 2022 were carried out by Wilkes Head & Eve LLP, a professional firm of valuers, in line with the principles set out in Note 2.17.

The assets were valued over financial years as follows:

	Land & Buildings £'000	Vehicles Plant etc £'000	Infra-structure £'000	Comm. Assets £'000	Surplus Props. £'000	Under Construct. £'000	Total £'000
Valued in:							
2017-18	5,252	0	0	0	0	0	5,252
2018-19	3,314	0	0	0	0	0	3,314
2019-20	8,123	0	0	0	0	0	8,123
2020-21	30,946	0	0	0	0	0	30,946
2021-22	76,747	0	0	0	8,513	0	85,260
Historic Cost	1,369	1,555	6,537	13,401	0	83	22,944
Net book value 31 March 2022	125,751	1,555	6,537	13,401	8,513	83	155,839

The Council's surplus properties consist of various parcels of land which are surplus to operational requirements, but which are not yet being actively marketed. There are no quoted prices for identical assets, but there are values available for similar assets, so it has been possible to value them at Level 2 of the Fair Value hierarchy (see Note 2.9 above), both at the start and end of the financial year.

INVESTMENT PROPERTIES

The movements in the values of investment properties are shown below:

2020-21 £'000	2021-22 £'000
(58) Rental income from investment property	(65)
2 Direct operating expenses arising from investment property	181
222 Net gains/(losses) from fair value adjustments	0
166 Total	116

The Council's Investment Properties consist of commercial properties let at market rents. There are no quoted prices for identical properties, and no significant observable values for similar properties. Values have therefore been assessed under Level 3 of the Fair Value hierarchy (see Note 2.9 above), both at the start and end of the financial year. They are measured using the income approach, by means of the discounted cash flow method, where the discounted cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. In all cases the highest and best use for these assets is their current use.

Income and expenditure on Investment Properties was as follows:

2020-21 £'000	2021-22 £'000
1,166 Balance at start of the year	1,363
419 Purchases	0
(222) Net gains/ (losses) from fair value adjustments	(181)
0 Reclassified	(805)
1,363 Balance at end of the year	377

NOTES TO CORE FINANCIAL STATEMENTS

INTANGIBLE ASSETS

The Council accounts for its software as intangible assets. The annual movements in the balance sheet figures for intangible assets are shown below:

2020-21			2021-22		
Gross £'000	Amortised £'000	Net Total £'000	Gross £'000	Amortised £'000	Net Total £'000
815	(323)	492	831	(444)	388
0	(120)	(120)	0	(79)	(79)
16	0	16	0	0	0
831	(444)	388	831	(523)	309

HERITAGE ASSETS

The assets are preserved in ways appropriate to their nature and condition, and details of them are kept by the requisite department for control purposes and to allow periodic insurance valuations. Where possible the items are displayed in the town's museums or are open to the public such as the Castle and Caves. Items of Civic Regalia are used on public display where circumstances permit. Changes to valuations of Heritage assets were advised by Gorrings LLT Fine Arts Auctioneers and Valuers of 15 North Street Lewes East Sussex, BN7 2PD.

2020-21		2021-22	
£'000		£'000	
15,555	Balance at start of the year	16,002	
0	Additions	0	
448	Revaluations	320	
(1)	Rounding	0	
16,002	Balance at end of the year	16,322	

Heritage assets with balance sheet values have been subdivided by the following major categories:

31 March 2021		31 March 2022	
£000's		£000's	
424	Turner Painting of Old Town	432	
2,197	Art Collection - General	2,241	
7,964	Art Collection - Other	8,121	
624	Ceramics Glass & Porcelain	637	
3,739	Misc. - Silver, books, manuscripts etc.	3,814	
636	Machinery, Equipment & other	649	
212	Civic Regalia	217	
99	Hastings Castle	101	
107	Coins	110	
16,002		16,322	

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 16. DEBTORS AND CONTINGENT ASSETS

DEBTORS

The table below analyses the balance sheet figures between different types of debt. The Council has made an allowance for impairment of £346,000, for doubtful debts for trade accounts receivable, compared to £543,000 as at 31 March 2021.

31 March 2021		31 March 2022
£'000		£'000
	Amounts falling due within one year:	
176	Council taxpayers	299
60	NNDR taxpayers	110
4,745	Trade debtors	4,283
4,380	Other debtors	6,694
279	Prepayments	365
(1,563)	Allowance for Credit Losses	(1,230)
<u>8,077</u>	Total short term debtors	<u>10,521</u>
0	NNDR preceptors and government	0
7,418	Other debtors	7,383
<u>7,418</u>	Amounts falling due after one year (all other bodies)	<u>7,383</u>
<u>15,495</u>	Total Debtors	<u>17,904</u>

CONTINGENT ASSETS

There are no contingent assets.

NOTE 17. LIABILITIES

CREDITORS

31 March 2021		31 March 2022
£'000		£'000
	Amounts falling due within one year:	
727	NNDR - preceptors	1,275
3,635	NNDR - government	6,377
(410)	NNDR taxpayers	(306)
(378)	Council tax - preceptors	783
(254)	Council tax taxpayers	(186)
(9,484)	Trade creditors	(2,278)
(1,160)	Other creditors	(996)
(2,648)	Received in advance	(16,453)
0	Rounding	1
<u>(9,972)</u>	Total short-term creditors	<u>(11,783)</u>
	Amounts falling due after one year:	
0	NNDR Government share long term	0
0	NNDR LG preceptors share long term	0
(465)	Council Tax preceptors share long term	(2,665)
(253)	Deferred Liability - Finance Leases	(253)
(48)	Other creditors	(48)
<u>(766)</u>	Total Long-Term Creditors	<u>(2,966)</u>
<u>(10,738)</u>	Total Creditors	<u>(14,749)</u>

NOTES TO CORE FINANCIAL STATEMENTS

PROVISIONS

Due to the localisation of Business Rates, which became effective from 1 April 2013, the Council has set aside a provision for any potential liabilities as a result of Business Rate payers' appeals against rateable valuations. The Council is responsible for a 40% share of this liability, the Ministry for Housing, Communities and Local Government 50%, East Sussex County Council for 9% and the East Sussex Fire and Rescue Authority for 1%. The provision includes an amount for appeals lodged to date but yet to be determined by the Valuation Office Agency (VOA) plus an amount for appeals expected but not yet lodged with VOA which has been estimated. It is expected that the majority of appeals will be settled by the VOA by 2022/23, but the Council cannot be certain as to when the appeals will be resolved because the timing of resettlement depends on the VOA.

The Council has not made any further provisions in 2021-22 for the legal fees relating to the Compulsory purchased property claims.

	Balance at 1 April 2021	Additional Provisions made	Amounts used	Reversals	Balance at 31 March 2022
	£'000	£'000	£'000	£'000	£'000
Compulsory purchase order provision	(465)	0	191	136	(138)
Insurance Claim	(50)	0	0	0	(50)
NNDR provision for appeals - HBC element	(1,656)	(2,485)	2,740	0	(1,401)
	(2,171)	(2,485)	2,931	136	(1,589)

CONTINGENT LIABILITIES

Municipal Mutual Insurance Limited

MMI (Municipal Mutual Insurance Limited), a previous insurer of the Council and one that underwrote up to 95% of the insurance risks for local authorities in the early 1990's ceased underwriting in 1992 having suffered substantial losses. The Council and most of MMI's public sector members elected to participate in a 'Scheme of Arrangement' effectively becoming 'Scheme Creditors'. This potentially results in the Council having to pay back part of all claims that have been settled on behalf of Hastings BC since 1993 following the Scheme of Arrangement being triggered. The value of this potential liability is unknown and hard to quantify.

NOTE 18. FINANCIAL INSTRUMENTS NATURE AND EXTENT OF 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 be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates movements

Overall procedures for managing risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services 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 CIPFA Treasury Management Code of Practice
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations / standing orders/constitution

NOTES TO CORE FINANCIAL STATEMENTS

- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing
 - Its maximum and minimum exposures to fixed and variable rates
 - Its maximum and minimum exposures to 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.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. 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 after each year, as is a mid-year update.

The annual Treasury Management strategy which incorporates the prudential indicators was approved by Council on 10th February 2020 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2020-21 was set at £115m. This is the maximum limit of external borrowings or other long-term liabilities.
- The Operational Boundary was expected to be £100m. This is the expected level of debt and other long-term liabilities during the year.
- The maximum amounts of fixed and variable interest rate exposure were set at 100% and 100% based on the Council's net debt.

These policies are implemented by a central treasury team. The Council maintains written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed annually.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial criteria is applied. The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to security of its investments. The key elements are the security of capital and the liquidity of investments.

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

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The annual Investment Strategy for 2021-22 was approved by Full Council on 17 February 2021 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2022 that this was likely to crystallise. The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions.

NOTES TO CORE FINANCIAL STATEMENTS

The Council reviews trade debtors on a regular basis, and made a 100% provision against specific debts, 50% for those over 90 days overdue, and 10% for those less than 10 days. This is modified by excluding public sector bodies and adjusting for debts where a payment plan is in place.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

31 March 2021				31 March 2022		
Amount	Bad Debt Provision	Estimated maximum exposure to default	Category	Amount	Bad Debt Provision	Estimated maximum exposure to default
£'000	£'000	£'000		£'000	£'000	£'000
3,741	(543)	3,198	Other trade debtors	2,970	(346)	2,624
1,889	0	1,889	Trade receivables	1,834	0	1,834
5,630	(543)	5,087	Total	4,804	(346)	4,458

All other trade debtors are due to be received within one year, while trade payables are due to be paid in less than one year.

Expected Credit Loss

	31 March 2022		Total
	12 month expected credit loss	Lifetime expected credit losses – simplified approach	
	£'000	£'000	£'000
Opening Balance as at 1 April 2021	0	(507)	(507)
Financial assets that have been derecognised	0	(185)	(185)
New financial assets originated or purchased	0	346	346
Amounts written off	0	0	0
Changes in models/risk parameters	0	0	0
As at 31 March 2022	0	(346)	(346)

12-month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

NOTES TO CORE FINANCIAL STATEMENTS

The Council has the following exposure to credit risk at 31 March 2022:

Credit Risk Approach	Analysis	Credit risk rating	Gross carrying amount £'000	Credit Risk Impairment Allowance £'000	Net carrying amount £'000
12-month expected credit losses	Fitch, Moody's and Standard & Poor's Credit Ratings Services	A	14,940	0	14,940
	Assets held with other public sector bodies - no credit risk	N/A	9,984	0	9,984
Simplified approach	Trade debtors and other receivables	N/A	4,804	(346)	4,458
Other	Assets held at fair value through profit and loss	N/A	5,184	0	5,184
Simplified approach	Other loans to counterparties with no expected credit risk	N/A	7,382	0	7,382
	Cash balances	N/A	975	0	975
			43,269	(346)	42,923

Liquidity risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets is as follows:

31 March 2021		31 March 2022	
£'000		£'000	
27,610	Less than 1 year	30,357	
12,140	Less than 5 years greater than 1 year	12,566	
<u>39,750</u>	Total	<u>42,923</u>	

Refinancing and Maturity risk

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

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

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of financial liabilities is set out below. The amounts included are the payments to extinguish the liability, rather than the undiscounted future cash flows.

NOTES TO CORE FINANCIAL STATEMENTS

31 March 2021 £'000	31 March 2022 £'000
(611) Less than 1 year	(642)
(671) Between 1 and 2 years	(658)
(2,115) Between 3 and 5 years	(3,041)
(5,752) Between 6 and 10 years	(6,643)
(56,152) More than 10 years	(55,079)
(65,301) Total	(66,063)

Market Risk

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances).
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.

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

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	10
Increase in interest receivable on variable rate investments	(162)
Impact on Surplus or Deficit on the Provision of Services	(152)

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

Price risk - The Council, excluding the pension fund and external fund managers, does not generally invest in equity shares or marketable bonds.

Foreign Exchange risk – the Council has a bank account denominated in Euros to deal with payments and receipts with the Euro countries, and therefore has a small risk of loss to movements in exchange rates.

NOTES TO CORE FINANCIAL STATEMENTS

FINANCIAL INSTRUMENT BALANCES

The long-term investment is categorised as an asset available for sale, while the short term investments are all included within the category of "loans and receivables".

31 March 2021			31 March 2022	
Book Value	Fair Value		Book Value	Fair Value
£'000	£'000		£'000	£'000
0	0	Available for sale financial asset	0	0
4,722	4,722	Fair Value through Profit and Loss	5,184	5,184
4,722	4,722	Long term Investments	5,184	5,184
5,000	5,003	Loans and Receivables - at amortised cost	9,968	9,984
0	0	Provision for impairment	0	0
0	0	Less accrued interest	19	0
5,000	5,003	Short term Investments	9,987	9,984
1,889	1,889	Trade accounts receivable	1,834	1,834
3,741	3,741	Other debtors	2,970	2,970
(543)	(543)	Provision for impairment	(346)	(346)
5,087	5,087	Short Term Debtors - at amortised cost	4,458	4,458
1,788	1,788	Amicus Horizon loan	1,788	1,788
126	126	Foreshore Trust	95	95
4	4	Staff car loans	2	2
11	11	The Source	8	8
5,489	5,489	Hastings Housing Company	5,489	5,489
7,418	7,418	Long Term Debtors at amortised cost	7,382	7,382
17,523	11,984	Cash and Cash Equivalents	15,912	11,984
39,750	34,214	Total Financial Assets	42,923	38,992

NOTES TO CORE FINANCIAL STATEMENTS

The Council's borrowings are liabilities carried at amortised cost, and the details are set out below.

31 March 2021			31 March 2022	
Book Value £'000	Fair Value £'000		Book Value £'000	Fair Value £'000
(64,063)	(67,170)	Public Works Loan board	(65,421)	(66,924)
(253)	(253)	Long Term Creditors	(253)	(253)
<u>(64,316)</u>	<u>(67,423)</u>	Long Term Liabilities	<u>(65,674)</u>	<u>(67,177)</u>
(628)	(627)	Short Term Loans	(643)	(642)
(350)	0	Adjust for interest on long term loans	(350)	0
(10,090)	(10,090)	Short Term Creditors	(2,910)	(2,910)
<u>(11,068)</u>	<u>(10,717)</u>	Short Term Liabilities	<u>(3,903)</u>	<u>(3,552)</u>
<u>(75,384)</u>	<u>(78,140)</u>	Total Financial Liabilities	<u>(69,577)</u>	<u>(70,729)</u>

Interest Receivable and Payable

The table below sets out the interest receivable and payable for the year related to financial assets and liabilities, reconciled to the amounts included in the Comprehensive Income and Expenditure Statement:

2020-21 £'000		2021-22 £'000
	Interest receivable	
(521)	Interest from loans and receivables	(543)
(1)	Other interest receivable	(16)
<u>(522)</u>	Total Interest receivable	<u>(559)</u>
	Interest payable	
(4)	Interest on long term borrowing	0
1,848	Other interest payable and similar charges	1,830
1	Rounding	1
<u>1,845</u>	Total Interest payable	<u>1,831</u>

Valuation Techniques for Fair Value

The fair values valuations have been provided by the Council's Treasury Management advisor, Link Asset Services. This uses the Net Present Value (NPV) approach, which provides an estimate of the value of payments in the future in today's terms. This is a widely accepted valuation technique commonly used by the private sector. The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e. equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same, although for complex structures it is sometimes difficult to obtain the rate for an instrument with identical features in an active market. In such cases, Link Assets Services has used the prevailing rate of a similar instrument with a published market rate, as the discount factor.

The fair value calculations for these financial instruments are in line with level 2 of the hierarchy outlined in accounting policy 2.9 above (Inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly).

For loans from the PWLB, valued in line with level 2, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.

NOTES TO CORE FINANCIAL STATEMENTS

The purpose of the fair value disclosure is primarily to provide a comparison with the carrying value in the Balance Sheet. Since this will include accrued interest as at the Balance Sheet date, the calculations also include accrued interest in the fair value calculation. This figure is calculated up to and including the valuation date.

The rates quoted in this valuation were obtained by Link Asset Services from the market on 31st March, using bid prices where applicable.

Fair Value through Profit and Loss assets are valued in line with Level 1 (quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the year end) with regard to the fair value hierarchy.

NOTE 19. RECONCILIATION BETWEEN THE SURPLUS/DEFICIT ON THE PROVISION OF SERVICES AND THE CASH FLOWS FROM OPERATING ACTIVITIES

2020-21		2021-22
£'000		£'000
6,084	(Surplus) or deficit on the provision of services	(1,465)
(1,666)	Depreciation of Property Plant and Equipment	(1,814)
(13,898)	Impairment of Property Plant and Equipment	1,416
(99)	Amortisation of Intangible Assets	(79)
(2,604)	Pension Fund adjustments	(2,621)
220	Revaluation Gains on Investments	132
(222)	Movements in the market value of Investment Properties	(181)
0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
(13)	FVPL Financial Instrument Reversal	330
	Changes in level of revenue accruals:	
(16)	Long Term Debtors	(3)
0	Short Term Investments	(19)
(1)	Long Term Creditors	0
8	Inventories	8
(2,575)	Short Term Debtors	2,412
(7,512)	Short Term Creditors	(6,261)
0	Short Term Borrowing	0
65	Provisions	582
3	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	60
2,652	Capital Grant & Contributions	4,274
(3)	Rounding	1
(19,577)	Net cash flows from Operating Activities	(3,228)

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 20. EMPLOYEE REMUNERATION

The table below shows the remuneration of senior management. The figures include where appropriate amounts receivable in relation to returning officer duties.

Post holder information (Post title)	Salary (Inc. fees & Allowances) £	Benefits in Kind (e.g. lease cars)* £	Pension Contributions** £	Total Remuneration £
Financial Year: 2021-22				
Director of Corporate Resources and Governance	117,648	7,611	21,588	146,847
Assistant Director of Finance and Revenues (Section 151 Officer)	109,157	0	17,476	126,633
Assistant Director of Regeneration	78,722	0	13,662	92,384
Assistant Director of Environmental Services	44,807	0	7,754	52,561
Assistant Director of Housing	78,429	0	13,662	92,091
Total	428,763	7,611	74,142	510,516
Financial Year: 2020-21				
Director of Corporate Resources and Governance	113,938	7,611	20,908	142,456
Assistant Director of Finance and Revenues (Section 151 Officer)	96,431	0	16,978	113,410
Assistant Director of Regeneration	77,079	0	13,427	90,506
Assistant Director of Environmental Services	57,636	0	10,040	67,676
Assistant Director of Housing	77,079	0	13,427	90,506
Total	422,163	7,611	74,779	504,553

* Lease car costs shown in benefits in kind above are based on P11D values provided to HMRC and do not necessarily reflect the actual costs borne by the council.

** This includes pension strain costs where applicable. The strain costs are reflected in the figures on a cash basis but in fact are paid into the fund on a monthly basis as a 1% enhanced charge to the employer.

The table below shows the number of employees in the year whose remuneration was greater than £50,000. For this purpose remuneration means amounts paid to or receivable by an employee, and includes sums due by way of expenses allowance (so far as these sums are chargeable to United Kingdom income tax), and the estimated monetary value of any other benefits received by an employee otherwise than in cash. It includes compensation payments, but excludes employer's pension contributions. This table shows total remuneration paid to individual employees for the year, whereas the detailed tables above show remuneration against the relevant senior post. In some cases a particular post may be held by more than one employee during the course of the year, and conversely an employee may hold more than one post.

NOTES TO CORE FINANCIAL STATEMENTS

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

2020-21		2021-22
6	£50,000 - £54,999	6
3	£55,000 - £59,999	2
2	£60,000 - £64,999	3
1	£65,000 - £69,999	1
1	£70,000 - £74,999	3
5	£75,000 - £79,999	3
0	£80,000 - £84,999	1
0	£85,000 - £89,999	0
0	£90,000 - £94,999	0
1	£95,000 - £99,999	0
0	£100,000 - £104,999	0
0	£105,000 - £109,999	1
0	£110,000 - £114,999	0
0	£115,000 - £119,999	0
1	£120,000 - £124,999	0
0	£125,000 - £129,999	1
20		21

NOTE 21. TERMINATION BENEFITS AND EXIT PACKAGES

Termination benefits include lump sum payments to departing employees, enhancements to retirement benefits, and salaries paid to the end of a notice period, but when the employee ceases to provide services to the Council. We accrue for such payments at the point when a decision is made to terminate employment, rather than when the benefits fall due for payment. These payments are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement.

The Council terminated the contracts of 4 employees in 2021-22, incurring costs of £26,133. In comparison it terminated the contracts of 6 employee in 2020-21, incurring costs of £102,272. Termination costs are charged to the Council's Comprehensive Income and Expenditure Statement in the year when the employment was terminated.

The number of employees of the Council whose exit packages were within the following ranges were:

2020-21					2021-22			
Number of exit packages			Cost		Number of exit packages			Cost
Compuls. Redund.	Other departures	Total exit packages	Total £	Banding	Compuls. Redund.	Other departures	Total exit packages	Total £
0	1	1	10,012	£0 - £20,000	3	1	4	26,133
3	2	5	92,260	£20,001 - £40,000	0	0	0	0
0	0	0	0	£40,001 - 60,000	0	0	0	0
0	0	0	0	£100,000 - £120,000	0	0	0	0
3	3	6	102,272		3	1	4	26,133

NOTE 22. LEASES

COUNCIL ACTING AS LESSOR – OPERATING LEASES

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

- for economic development purposes
- to provide suitable affordable accommodation for local businesses.
- for the provision of community services, and leisure services

The future minimum lease payments receivable under non-cancellable leases in future years are:

NOTES TO CORE FINANCIAL STATEMENTS

2020-21 £'000		2021-22 £'000
4,743	Not later than one year	4,272
14,607	Later than one year and not later than five years	12,855
80,011	Later than five years	75,793
99,361		92,920

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2021-22 contingent rents of £352,425 were receivable by the Council (£386,227 in 2020-21).

NOTE 23. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Council's external auditors.

2020-21 £'000		2021-22 £'000
36	External audit services	36
12	Other services	9
48		45

NOTE 24. MEMBERS ALLOWANCES

2020-21 £'000		2021-22 £'000
315	Members Allowances	328
5	Conferences, Training and Travelling Expenses	5
320		334
32	Number of Councillors	32
£9,989	Average sum per Councillor	£10,433

NOTE 25. RELATED PARTY TRANSACTIONS

Definition

The term "related party" covers any relationship between the Council and body or individual, where one of the parties can exercise significant influence over the policies and decisions of the other.

Central Government

The central government provides significant amounts of the Council's funding and determines its statutory framework. Details of transactions with central government are shown in the Comprehensive Income and Expenditure Statement, the Cash Flow Statement, and notes 10 (Grants and Contributions), 16 (Debtors and Contingent Assets) and 17 (Liabilities).

NOTES TO CORE FINANCIAL STATEMENTS

East Sussex Pension Scheme

The Council participates in the East Sussex Pension Scheme, making annual contributions to the East Sussex Pension Fund as set out in Note 11. Although the scheme is administered by East Sussex County Council, the pension fund is a separate entity.

Hastings Housing Company Ltd

During 2017/18 the Council established a wholly owned Housing Company limited by share - Hastings Housing Company Ltd. The company has been designed to initially acquire, develop and deliver housing for both market rent, and to provide sub market housing, with the potential to undertake development in the future. A key objective of the Housing Company is: To acquire existing or newly built property with a view to letting these to local people at market or submarket rents.

Members and Senior Officers

All members and senior officers are required to complete an annual return, disclosing the details of any interest of themselves and their close family members, which might have an impact on their activities on behalf of the Council.

Members of the Council have direct control over the Council's financial and operating policies. The Council also nominates members to sit on outside bodies. Four current members are also members of East Sussex County Council. £473,000 (£473,000 2019-20) was paid to Hastings and St Leonards Foreshore Charitable Trust of which some members are Trustees. Repayments were made on the remaining annuity loan which was advanced as £300,000 during 2015/16, £215,100 of which was outstanding at 31 March 2021. There were no other interests in any related party transactions during the year. The register of Member's Interest is held at the Town Hall and is open to public inspection. For all the organisations listed in the table below the relationship to the organisation was that the member or senior officer was in a position of general control or management.

2020-21		Organisation	2021-22	
Paid to (Supplier)	Received From (Customer)		Paid to (Supplier)	Received From (Customer)
£,000	£,000		£,000	£,000
72	8	Education Futures Trust	130	9
0	15	St Marys in the Castle	3	9
190	0	Love Hastings	173	0
0	0	Idolrich Theatre Rotto Puppet Company	1	0
22	0	In 2 Play CIC	0	0

Hastings and St Leonards Foreshore Trust

The Council acts as the sole trustee for the Hastings and St Leonards Foreshore Charitable Trust. The trusteeship scheme is so constituted as to prevent the Council from obtaining any benefit from the Trust's activities.

During the year 2021/22 the Trust accrued net income resulting from the activities recorded in the Council's accounts. The net results of the Trust were made up of income of £1,281,000 and expenditure of £778,000, giving a net figure of £503,000 within the council's own accounts (£607,000 in 2020/21).

The net income was mainly in respect of car parking and seafront entertainment.

Hastings Housing Company Ltd

Hastings Housing Company Ltd (HHC Ltd) is a wholly owned subsidiary of the Council.

During the year the Council recharged HHC Ltd £721 (£6,700 2020/21) in relation to officer time spent working on Housing Company business and £283,489 (£263,000 2020/21) in relation to interest on outstanding loans.

As at the 31st March 2022 HHC Ltd owed the Council £5,489,000 (£5,489,000 2020/21) resulting from a number of long-term market rate capital loans granted by the Council. HHC Ltd also owed the Council £283,489 (£263,000 2020/21) in relation to interest payments on the capital loan.

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 26. EXCEPTIONAL ITEMS

There were no exceptional items in this financial year.

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GROUP ACCOUNTS

INTRODUCTION

As set out in the narrative report above, Hastings Housing Company Ltd is a wholly owned subsidiary of the Council, and group accounts are therefore prepared to combine the accounts of the Council and Hastings Housing Company Ltd. Transactions and indebtedness between the Council and the company have been eliminated in the preparation of these accounts.

The purpose of the main accounting statements is as set out in the accounting statements above for the Council alone.

The accounting Code of Practice requires the same disclosures to be made for group accounts as for the Council's own accounts. However, the impact of the Hastings Housing Company figures on the group totals is immaterial, other than for those notes included.

GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2020-21			2021-22			
Gross	Income	Net		Gross	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
53,785	(37,413)	16,372	Corporate Services and Governance	39,519	(37,736)	1,783
28,944	(15,257)	13,686	Operational Services:	32,727	(20,532)	12,196
<u>82,729</u>	<u>(52,670)</u>	<u>30,058</u>	Cost of Services	<u>72,246</u>	<u>(58,268)</u>	<u>13,979</u>
0	(3)	(3)	(Gain) or loss on sale of assets	0	(60)	(60)
<u>0</u>	<u>(3)</u>	<u>(3)</u>	Other operating expenditure	<u>0</u>	<u>(60)</u>	<u>(60)</u>
1,845	0	1,845	Interest payable and similar charges	1,831	0	1,831
982	0	982	Net interest on defined pension liabilities	901	0	901
0	(257)	(257)	Interest receivable and similar income	0	(275)	(275)
(220)	13	(207)	Movement in the fair value of financial instruments	0	(462)	(462)
257	(360)	(103)	Income and expenditure in relation to investment properties and changes in their fair value	205	(395)	(190)
<u>2,864</u>	<u>(604)</u>	<u>2,260</u>		<u>2,937</u>	<u>(1,132)</u>	<u>1,805</u>
0	(7,004)	(7,004)	Council Tax Income	0	(7,523)	(7,523)
5,726	(9,755)	(4,028)	Non domestic rates	5,596	(7,220)	(1,624)
0	(1,004)	(1,004)	Revenue Support Grant	0	(1,010)	(1,010)
0	(1,076)	(1,076)	Other non-ringfenced government grants	0	(2,959)	(2,959)
0	(2,652)	(2,652)	Capital grants and contributions	0	(4,274)	(4,274)
<u>5,726</u>	<u>(21,491)</u>	<u>(15,764)</u>		<u>5,596</u>	<u>(22,986)</u>	<u>(17,390)</u>
<u>91,319</u>	<u>(74,768)</u>	<u>16,551</u>	(Surplus) or Deficit on Provision of Services	<u>80,779</u>	<u>(82,446)</u>	<u>(1,666)</u>
	(16,429)		(Surplus) or Deficit on revaluation of non-current assets			(268)
	0		Impairment losses on non-current assets charged to the revaluation reserve			0
	0		Valuation (gains) / losses on available for sale financial assets reserve			0
	6,330		Remeasurement of the net defined benefit pension liability			(17,818)
	<u>(10,099)</u>		Other Comprehensive Income and Expenditure			<u>(18,086)</u>
	<u>6,452</u>		Total Comprehensive Income and Expenditure			<u>(19,752)</u>

GROUP MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Ear-marked Reserves	Total General Fund	Capital Receipts reserve	Capital grants unapplied	Total usable reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Reserves of Subsidiary	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2021-22										
Balance at 1 April 2021	(500)	(30,947)	(31,447)	0	(3,544)	(34,991)	(53,869)	(88,860)	80	(88,780)
Movement in Reserves in 2021-22										
(Surplus)/deficit on the provision of services (accounting basis)	(1,181)	0	(1,181)	0	0	(1,181)	0	(1,181)	(306)	(1,487)
Other Comprehensive Income and Expenditure	1	0	1	0	0	1	(18,087)	(18,086)	1	(18,085)
Total Comprehensive Income and Expenditure	(1,180)	0	(1,180)	0	0	(1,180)	(18,087)	(19,267)	(305)	(19,572)
Adjustments between group accounts and authority accounts	(284)	0	(284)	0	0	(284)	0	(284)	284	0
Adjustments between accounting and funding basis under regulation - note 7	1,807	0	1,807	0	(2,203)	(396)	398	2	(2)	0
Net increase/decrease before transfers to Earmarked reserves	343	0	343	0	(2,203)	(1,860)	(17,689)	(19,549)	(23)	(19,572)
Transfers to/from Earmarked reserves - note 12	(343)	343	0	0	0	0	0	0	0	0
(Increase)/Decrease in Year	0	343	343	0	(2,203)	(1,860)	(17,689)	(19,549)	(23)	(19,572)
Balance at 31 March 2022	(500)	(30,604)	(31,104)	0	(5,747)	(36,851)	(71,558)	(108,409)	57	(108,352)

	General Fund Balance	Ear-marked Reserves	Total General Fund	Capital Receipts reserve	Capital grants unapplied	Total usable reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Reserves of Subsidiary	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2020-21										
Balance at 1 April 2020	(501)	(17,539)	(18,040)	0	(2,030)	(20,070)	(64,774)	(84,844)	83	(84,761)
Movement in Reserves in 2020-21										
(Surplus)/deficit on the provision of services (accounting basis)	6,348	0	6,348	0	0	6,348	0	6,348	(268)	6,080
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(10,100)	(10,100)	0	(10,100)
Total Comprehensive Income and Expenditure	6,348	0	6,348	0	0	6,348	(10,100)	(3,752)	(268)	(4,020)
Adjustments between group accounts and authority accounts	(265)	0	(265)	0	0	(265)	0	(265)	265	0
Adjustments between accounting and funding basis under regulation - note 7	(19,491)	0	(19,491)	0	(1,514)	(21,005)	21,005	0	0	0
Net (increase)/decrease before transfers to Earmarked reserves	(13,408)	0	(13,408)	0	(1,514)	(14,922)	10,905	(4,017)	(3)	(4,020)
Transfers to/from Earmarked reserves - note 12	13,408	(13,408)	0	0	0	0	0	0	0	0
Rounding	1	0	1	0	0	1	0	0	0	0
(Increase)/Decrease in Year	1	(13,408)	(13,407)	0	(1,514)	(14,921)	10,905	(4,017)	(3)	(4,020)
Balance at 31 March 2021	(500)	(30,947)	(31,447)	0	(3,544)	(34,991)	(53,869)	(88,861)	80	(88,781)

GROUP BALANCE SHEET

HBC 31 March 2021	Group 31 March 2021		HBC 31 March 2022	Group 31 March 2022
£'000	£'000		£'000	£'000
152,190	152,190	Property, Plant and Equipment	155,840	155,840
16,002	16,002	Heritage Assets	16,322	16,322
1,363	6,833	Investment Properties	377	5,846
393	393	Intangible Assets	314	314
4,722	4,722	Long Term Investment	5,184	5,184
7,418	1,929	Long Term Debtors	7,383	1,893
182,088	182,069	LONG TERM ASSETS	185,420	185,399
5,003	5,003	Short Term Investments	9,984	9,984
71	71	Inventories	78	78
8,077	7,934	Short Term Debtors	10,521	10,456
17,523	17,653	Cash and Cash Equivalents	15,912	16,006
30,674	30,661	CURRENT ASSETS	36,495	36,524
(628)	(628)	Short Term Borrowing	(643)	(643)
(9,972)	(10,004)	Short Term Creditors	(11,783)	(11,818)
(2,171)	(2,187)	Provisions	(1,589)	(1,619)
(101)	(101)	Capital grants received in advance	(101)	(101)
(12,872)	(12,920)	CURRENT LIABILITIES	(14,116)	(14,181)
(766)	(766)	Long Term Creditors	(2,966)	(2,966)
(64,063)	(64,063)	Long Term Borrowing	(65,421)	(65,421)
(46,200)	(46,200)	Net Pension Liability	(31,003)	(31,003)
(111,029)	(111,029)	LONG TERM LIABILITIES	(99,390)	(99,390)
88,861	88,781	NET ASSETS	108,409	108,352
(500)	(500)	General Fund	(500)	(500)
0	79	Retained Earnings in Subsidiary	0	57
(30,947)	(30,947)	Earmarked reserves	(30,604)	(30,604)
0	0	Capital Receipts Reserve	0	0
(3,544)	(3,544)	Capital grants and contributions	(5,747)	(5,747)
(34,991)	(34,912)	USABLE RESERVES	(36,851)	(36,794)
(71,792)	(71,792)	Revaluation Reserve	(71,631)	(71,631)
118	118	Pooled Investment Funds Adjustment Account	(212)	(212)
(32,947)	(32,947)	Capital Adjustment Account	(36,727)	(36,726)
46,200	46,200	Pensions Reserve	31,003	31,003
(275)	(275)	Accumulated Absences Account	(279)	(280)
4,826	4,827	Collection Fund Adjustment Account	6,288	6,288
(53,870)	(53,869)	UNUSABLE RESERVES	(71,558)	(71,558)
(88,861)	(88,781)	TOTAL RESERVES	(108,409)	(108,352)

GROUP CASHFLOW STATEMENT

Hastings Borough Council 2020-21	Group 2020-21		Hastings Borough Council 2021-22	Group 2021-22
£'000	£'000		£'000	£'000
(17,720)	(17,720)	Taxation	(13,684)	(13,684)
(87,011)	(87,011)	Grants and Contributions	(50,379)	(50,379)
(12,776)	(12,776)	Sales of goods and rendering of services	(33,496)	(33,496)
(622)	(622)	Interest received	(578)	(578)
255	255	other receipts from operating activities	(32)	(32)
(117,874)	(117,874)	Cash inflows generated from operating activities	(98,169)	(98,169)
10,973	10,973	Cash paid to and on behalf of employees	11,137	11,137
31,269	31,269	Housing benefit payments	29,030	29,030
5,583	5,583	NNDR Tariff and levy payments	5,739	5,739
7,779	7,776	Cash paid to suppliers of goods and services	25,704	25,740
1,845	1,845	Interest paid	1,832	1,832
40,848	40,848	Other operating cash payments	21,499	21,499
98,297	98,294	Cash outflows generated from operating activities	94,941	94,977
(19,577)	(19,580)	Net cashflows from operating activities	(3,228)	(3,192)
(3)	(3)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(60)	(60)
8,922	8,922	Purchase of property, plant and equipment, investment property and intangible assets	3,295	3,295
220	220	Purchase of short-term and long-term investments	5,132	5,132
(2,872)	(2,872)	Other receipts from investing activities	(4,406)	(4,406)
6,267	6,267	Net cashflows from investing activities	3,961	3,961
0	0	Cash receipts from short term and long term borrowing.	(2,000)	(2,000)
611	611	Repayments of short term and long term borrowing	627	627
7,022	7,022	Changes in National Non-Domestic Rates balances held for preceptors	3,290	3,290
137	137	Changes in Council tax balances held for preceptors	(1,039)	(1,039)
7,770	7,770	Net cashflows from financing activities	878	878
(5,540)	(5,543)	Net (Increase) / decrease in cash and cash equivalents	1,611	1,647
11,983	12,250	Cash and bank balances 1 April	17,523	17,653
5,540	5,403	Change during the year	(1,611)	(1,647)
17,523	17,653	Cash and bank balances 31 March	15,912	16,006
31 March 2021			31 March 2022	
113	113	Cash in hand	104	104
2,413	2,413	Bank balances	10,789	10,789
14,997	15,127	Cash equivalents	5,019	5,113
17,523	17,653	Totals	15,912	16,006

GROUP NOTES

The notes where there is a material difference between group and single entity are Financial Instruments and Investment Properties. These are shown below:

GROUP NOTE 1. FINANCIAL INSTRUMENTS

HBC 31 March 2021	Group 31 March 2021		HBC 31 March 2022	Group 31 March 2022
Book Value £'000	Book Value £'000		Book Value £'000	Book Value £'000
0	0	Available for sale financial asset	0	0
4,722	4,722	Fair Value through Profit and Loss	5,184	5,184
4,722	4,722	Long term Investments	5,184	5,184
5,000	5,000	Loans and Receivables - at amortised cost	9,968	9,968
0	0	Provision for impairment	0	0
0	0	Less accrued interest	19	19
5,000	5,000	Short term Investments	9,987	9,987
1,889	1,889	Trade accounts receivable	1,834	1,834
3,741	3,741	Other debtors	2,970	2,970
(543)	(543)	Provision for impairment	(346)	(346)
5,087	5,087	Short Term Debtors - at amortised cost	4,458	4,458
1,788	1,788	Amicus Horizon loan	1,788	1,788
126	126	Foreshore Trust	95	95
4	4	Staff car loans	2	2
11	11	The Source	8	8
5,489	(0)	Hastings Housing Company	5,489	(0)
7,418	1,929	Long Term Debtors at amortised cost	7,382	1,893
17,523	17,653	Cash and Cash Equivalents	15,912	16,006
39,750	34,391	Total Financial Assets	42,923	37,527

The group's borrowings are liabilities carried at amortised cost, and the details are shown below:

31 March 2021 Book Value £'000	31 March 2021 Book Value £'000		31 March 2022 Book Value £'000	31 March 2022 Book Value £'000
(64,063)	(64,063)	Public Works Loan board	(65,421)	(65,421)
(253)	(253)	Long Term Creditors	(253)	(253)
(64,316)	(64,316)	Long Term Liabilities	(65,674)	(65,674)
(628)	(628)	Short Term Loans	(643)	(643)
(350)	(350)	Adjust for interest on long term loans	(350)	(350)
(10,090)	(10,090)	Short Term Creditors	(2,910)	(2,910)
(11,068)	(11,068)	Short Term Liabilities	(3,903)	(3,903)
(75,384)	(75,384)	Total Financial Liabilities	(69,577)	(69,577)

GROUP NOTE 2. INVESTMENT PROPERTIES

The movement in the values of investment properties are shown below:

2020-21 HBC	2020-21 Group		2021-22 HBC	2021-22 Group
£'000	£'000		£'000	£'000
(58)	(363)	Rental income from investment property	(65)	(395)
2	5	Direct operating expenses arising from investment property	181	180
222	222	Net gains/(losses) from fair value adjustments	0	0
166	(136)	Total	116	(215)

Investment Properties consist of commercial properties let at market rents. There are no quoted prices for identical properties, and also no significant observable values for similar properties. Values have therefore been assessed under Level 3 of the Fair Value hierarchy (see Note 2.9 above), both at the start and end of the financial year. They are measured using the income approach, by means of the discounted cash flow method, where the discounted cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. In all cases the highest and best use for these assets is their current use.

Income and expenditure on Investment Properties was as follows:

2020-21 HBC	2020-21 Group		2021-22 HBC	2021-22 Group
£'000	£'000		£'000	£'000
1,166	6,634	Balance at start of the year	1,363	6,831
419	4,819	Purchases	0	0
(222)	(222)	Net gains/ (losses) from fair value adjustments	(181)	(181)
1,363	11,231	Balance at end of the year	1,182	6,650

COLLECTION FUND INCOME AND EXPENDITURE STATEMENT AND NOTES

COLLECTION FUND INCOME & EXPENDITURE ACCOUNT

These accounts represent the transactions of the Collection Fund (accounting separately for income relating to council tax and Non-Domestic Rates) which is a statutory fund separate from the main accounts of the Council, although this Council's share of it is included in the Balance Sheet. The account has been prepared on the accruals basis. The costs of administering collection are accounted for in the General Fund, offset by a cost of collection allowance for rate collection, retained before allocating the net income between the precepting authorities.

2020-21 £'000		2021-22 £'000
	<u>Council Tax</u>	
	INCOME	
(54,460)	Income from Council Taxpayers	(58,036)
	EXPENDITURE	
	Precepts and demands on Collection Fund	
39,086	East Sussex County Council	39,716
5,237	Sussex Police and Crime Commissioner	5,528
2,503	East Sussex Fire and Rescue Authority	2,506
7,094	Hastings Borough Council	7,104
	Apportionments of previous year surplus	
291	East Sussex County Council	473
40	Sussex Police and Crime Commissioner	42
18	East Sussex Fire and Rescue Authority	37
50	Hastings Borough Council	103
	Bad & Doubtful Debts	
695	Write offs of uncollectable income	64
1,695	Provision for uncollectable income-addition / (reduction)	(165)
(1,177)	S13 A(1)9 C	(28)
55,532		55,380
1,072	Movement on Fund Balance - (surplus) / deficit	(2,656)
	FUND BALANCE FOR COUNCIL TAX	
(1,457)	Balance brought forward	(385)
1,072	(Surplus) / deficit for year	(2,656)
(385)	Balance carried forward	(3,041)

2020-21 £'000		2021-22 £'000
	<u>Non-Domestic Rates</u>	
	INCOME	
(9,922)	Income from Ratepayers	(18,866)
102	Transitional Protection payments	9
	Apportionments of previous year deficit	
(216)	Government	(400)
(23)	East Sussex County Council	93
(1)	East Sussex Fire and Rescue Authority	26
(155)	Hastings Borough Council	(137)
(10,215)	Total	(19,275)
	EXPENDITURE	
	Precepts and demands on Collection Fund	
10,580	Government	11,416
1,904	East Sussex County Council	2,055
212	East Sussex Fire and Rescue Authority	228
8,464	Hastings Borough Council	9,133
	Bad & Doubtful Debts	
12	Write offs of uncollectable income	266
961	Provision for uncollectable income-addition / (reduction)	290
	Impairments resulting from appeals	
837	Write offs	837
116	Provision for uncollectable income-addition / (reduction)	(639)
130	Transfer to General Fund - Cost of Collection Allowance	130
23,216		23,716
13,001	Movement on Fund Balance - (surplus) / deficit	4,441
	FUND BALANCE FOR DON-DOMESTIC RATES	
(766)	Balance brought forward	12,235
13,001	(Surplus) / deficit for year	4,441
12,235	Balance carried forward	16,676
	COLLECTION FUND BALANCE	
2020-21		2021-22
£'000		£'000
(2,223)	Balances brought forward	11,850
14,073	(Surplus) / deficit for year	1,785
11,850	Balance - (surplus) / deficit carried forward	13,635

NOTE 1. INCOME FROM BUSINESS RATES (NDR)

The Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate. From the amount collected 25% is paid to central government, 26% to the County Council, and 5% to the Fire Authority, while this council retains 44%. The amount retained is transferred to the General Fund, but this is offset by a tariff paid to central government.

The full multiplier for 2021-22 was 51.2p, compared to 51.2p for 2020-21, and the small business multiplier was 49.9p compared with 49.9p in 2020-21. The rateable value of business premises at 31 March 2022 was £62,377,655 compared to £62,909,149 at 31 March 2021.

NOTE 2. COUNCIL TAX BASE

Band & Value	Number of Chargeable Properties	Relationship to Band D	Annual Amount
			£
Band A - up to £40,000	8,431.35	6/9	5,623.30
Band B - over £40,000 up to £52,000	8,477.05	7/9	6,593.30
Band C - over £52,000 up to £68,000	6,215.20	8/9	5,524.60
Band D - over £68,000 up to £88,000	5,121.10	-	5,121.10
Band E - over £88,000 up to £120,000	1,821.25	11/9	2,226.00
Band F - over £120,000 up to £160,000	784.75	13/9	1,133.50
Band G - over £160,000 up to £320,000	190.50	15/9	317.50
Band H - over £320,000	16.50	18/9	33.00
	31,057.70		26,572.30
	Collection Rate		
Council Tax Base and amount originally expected for 2021-22	96.80%		25,722
East Sussex County Council share			39,715,797
Sussex Police and Crime Commissioner			5,527,915
East Sussex Fire and Rescue Authority			2,506,094
Hastings Borough Council share			7,103,645
			54,853,451

NOTE 3. SURPLUSES & DEFICITS

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

2020-21			2021-22	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
		Balance brought forward		
0	(74)	Government	0	6,117
(1,056)	(302)	East Sussex County Council	(277)	1,101
(121)	0	Sussex Police & Crime Commissioner	(17)	0
(73)	(34)	East Sussex Fire Authority	(23)	122
(207)	(356)	Hastings Borough Council	(67)	4,894
<u>(1,457)</u>	<u>(766)</u>	(Surplus) / Deficit	<u>(384)</u>	<u>12,234</u>
		Movement on fund balance		
0	6,191	Government	0	2,221
779	1,403	East Sussex County Council	(1,932)	400
104	0	Sussex Police & Crime Commissioner	(297)	0
50	156	East Sussex Fire and Rescue Authority	(112)	45
140	5,250	Hastings Borough Council	(316)	1,776
<u>1,073</u>	<u>13,000</u>	(Surplus) / Deficit	<u>(2,657)</u>	<u>4,442</u>
		Balance carried forward		
0	6,117	Government	0	8,338
(277)	1,101	East Sussex County Council	(2,209)	1,501
(17)	0	Sussex Police & Crime Commissioner	(314)	0
(23)	122	East Sussex Fire and Rescue Authority	(135)	167
(67)	4,894	Hastings Borough Council	(383)	6,670
<u>(384)</u>	<u>12,234</u>	(Surplus) / Deficit	<u>(3,041)</u>	<u>16,676</u>

NOTE 4. BALANCES HELD FOR EACH AUTHORITY

	Government	ESCC	Police	Fire	Hastings BC	Total
	£	£	£	£	£	£
Balances as at 31 March 2022						
1: Council Tax						
Arrears	0	9,392,483	1,309,373	578,509	1,639,816	12,920,181
Impairment Allowance for doubtful debts	0	(7,057,343)	(983,839)	(434,681)	(1,232,129)	(9,707,992)
Overpayments	0	(1,064,490)	(148,397)	(65,565)	(185,847)	(1,464,299)
Prepayments	0	(623,734)	(86,953)	(38,418)	(108,897)	(858,002)
(Surplus)/deficit	0	(2,209,485)	(314,079)	(134,995)	(382,653)	(3,041,212)
Totals	0	(1,562,569)	(223,895)	(95,150)	(269,710)	(2,151,324)
2: Non-Domestic Rates						
Arrears	1,552,408	279,433	0	31,048	1,241,926	3,104,815
Impairment allowance for doubtful debts	(1,380,248)	(248,445)	0	(27,605)	(1,104,199)	(2,760,497)
Overpayments	(253,251)	(45,585)	0	(5,065)	(202,601)	(506,502)
Prepayments	(128,726)	(23,171)	0	(2,575)	(102,981)	(257,454)
Provision for losses on appeals	(1,751,164)	(315,210)	0	(35,023)	(1,400,931)	(3,502,328)
(Surplus)/deficit	8,338,019	1,500,843	0	166,760	6,670,415	16,676,036
Totals	6,377,036	1,147,865	0	127,540	5,101,629	12,754,070

	Government	ESCC	Police	Fire	Hastings BC	Total
	£	£	£	£	£	£
Balances as at 31 March 2021						
1: Council Tax						
Arrears	0	8,789,226	1,223,345	554,606	1,572,058	12,139,235
Impairment Allowance for doubtful debts	0	(7,148,411)	(994,965)	(451,070)	(1,278,578)	(9,873,024)
Overpayments	0	(1,420,292)	(197,686)	(89,621)	(254,036)	(1,961,635)
Prepayments	0	(655,597)	(91,250)	(41,369)	(117,261)	(905,477)
(Surplus)/deficit	0	(277,578)	(17,754)	(23,780)	(66,985)	(386,097)
Totals	0	(712,652)	(78,310)	(51,234)	(144,802)	(986,998)
2: Non-Domestic Rates						
Arrears	1,470,139	264,625	0	29,403	1,176,111	2,940,278
Impairment allowance for doubtful debts	(1,368,553)	(246,340)	0	(27,371)	(1,094,842)	(2,737,106)
Overpayments	(478,392)	(86,111)	0	(9,568)	(382,714)	(956,785)
Prepayments	(34,716)	(6,249)	0	(694)	(27,773)	(69,432)
Provision for losses on appeals	(2,070,500)	(372,690)	0	(41,410)	(1,656,400)	(4,141,000)
(Surplus)/deficit	6,117,451	1,101,141	0	122,349	4,893,961	12,234,902
Totals	3,635,429	654,376	0	72,709	2,908,343	7,270,857

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.

AMORTISATION

The practice of reducing the value of intangible assets to reflect their reduced worth over time.

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 EXPENDITURE

Expenditure on the provision and improvements of non-current assets, including assets that are not directly owned by the Council (see below for Revenue Expenditure Financed from Capital Under Statute).

CAPITAL RECEIPTS

The proceeds from the sale of non-current assets.

CASH EQUIVALENTS

Cash equivalents are investments that mature three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

COMMUNITY ASSETS

Assets such as parks that the Council intends to hold in perpetuity, that have no determinable useful life, and which may have restrictions on their disposal.

CREDITORS

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

CONTINGENT

An asset or liability can be contingent. This means that 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 scheme under which benefits are payable under regulations, in which 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, obsolescence through technological or other changes.

EARMARKED RESERVES

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

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.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

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 e.g. swaps and embedded derivatives.

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 include Revenue Support Grant and Housing Benefit subsidy.

HERITAGE ASSETS

These are assets which are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

IMPAIRMENT

A reduction in the value of an asset, whether from physical or economic causes, or because of a reduction in the market price.

INFRASTRUCTURE ASSETS

A category of Property, Plant and Equipment, covering inalienable assets, expenditure on which is recoverable only by continued use of the asset created. An example is the sea wall and promenade.

INTANGIBLE ASSETS

Identifiable non-monetary assets such as software licences.

INVESTMENT PROPERTIES

Property held solely to earn rentals or for capital appreciation or both.

LEASES

An agreement whereby the lessor conveys to the lessee, in return for a payment or a number of payments, the right to use an asset for an agreed period of time.

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, the Sussex Police and Crime Commissioner 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; similarly the statutory share of Non-Domestic Rates that are payable to the Government, County Council and the Fire Authority.

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.

PROPERTY PLANT AND EQUIPMENT (PPE)

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

PUBLIC WORKS LOAN BOARD (PWLB)

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Under statute some expenditure is allowed to be treated as capital for financing purposes but does not result in the acquisition of a non-current asset for the Council.

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 SUPPORT GRANT

A Government grant distributed to local authorities to augment income raised by charges for services, council tax and non-domestic rates. It is centrally determined on a needs basis.

UNUSABLE RESERVES

These are reserves, including those offsetting non-current assets and the negative reserve that offsets the long-term pension liability, that are not immediately available for use to support revenue or capital expenditure.

USABLE RESERVES

These reserves are available to support the Council's expenditure, although the Capital Receipts Reserve and the Capital Grants and Contributions Reserve may only be used for capital purposes.

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Agenda Item 5



Report To:	Cabinet
Date of Meeting:	07/11/22
Report Title:	UK Shared Prosperity Fund (UKSPF)
Report By:	Pranesh Datta, Economic Development Manager
Key Decision:	Yes
Classification:	Open

Purpose of Report

To advise cabinet of UK Shared Prosperity Fund (UKSPF), Investment plan and seek delegated authority to implement the programme, subject to government approval (expected early November 2022). A summary of the submission to government is provided in Appendix 1.

Recommendation(s)

1. To seek delegated authority to the Managing Director or relevant nominee, in consultation with the Leader to:
 - Sign Memorandum of Understanding with Department of Levelling Up Housing and Communities (DLUHC)
 - Sign any relevant service level agreement with delivery partners
 - Allocate the UKSPF to eligible costs in line with the funding scheme aims and investment plan (see Appendix 1 – below)

Reasons for Recommendations

1. To ensure that the government's UK Shared Prosperity Fund (UKSPF) is used to best effect in Hastings and particularly the targeted area identified.

Introduction

1. This report seeks; delegated authority for the Managing Director or relevant nominee, to commence spend of the UKSPF in line with the council's UKPSF Investment plan.

UKSPF

2. The UKSP fund is one of a suite of grant programmes to support the government's levelling up programme. It is closely linked to the levelling up white paper and focusses more on revenue grants rather than the other larger capital grant schemes such as the Levelling up and towns fund programmes.
3. The fund replaces the European Structural and Investment Fund and forms part of the government's Levelling Up agenda. The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. There are three investment priorities: communities and place, support for local businesses and people and skills. Full details can be found here: [UK Shared Prosperity Fund: prospectus](#)
4. Rather than competitive grants programme all lower tier authorities have been allocated an amount across 3 years, with a combination of revenue and capital elements.
5. Hastings Borough Council has been allocated £1,000,000 from the UKSPF fund across 3 years, in line with other lower tier authorities in the South East. The council is responsible for delivering an investment plan for approval by the UK government, and for delivery of the fund thereafter, and will be expected to act as accountable body to include all management, administration, and governance of the programme.
6. The government has encouraged working collaboratively with local partners to deliver the investment plan and prevent duplication of provision. The investment can be used across a range of activities however must relate to any of the three priorities below, all which link to various missions detailed in the Levelling Up White Paper:
 - i. Communities and Place
 - ii. Supporting Local Businesses
 - iii. People and Skills (also being delivered nationally in 2022/23 & 2023/24 by "Multiply")
7. The council consulted the Hastings Local Strategic Partnership (LSP) and other stakeholders to develop the Investment plan and submitted to government at the end of July 2022. The expectation is for the plan to be approved by DLUHC in early November 2022.
8. The Government also launched the Levelling Up Parks Fund in early August 2022. A submission has been made for the fund of up to £85,000 (to be spent by the end of financial year) towards improving parks and open spaces in the Broomgrove (Lower Super Output Area 0005A) area. The neighbourhood was specifically identified by the government as needing investment and where officers determined such a project could be delivered. Officers have also asked the government to align the two initiatives together.
9. Management Allowance of 4% within UKSPF will be used to cover HBC internal support costs.

Hastings Investment Plan Proposal

10. The investment plan will support to a greater or larger extent the following Investment Priorities:

- i. Communities and place
- ii. Supporting local business
- iii. People and skills

Communities and Place

11. The investment plan identified the following opportunities within Communities and Place, which could be taken forward as projects/ activities:

- The focus of investment will primarily be in one of the most deprived neighbourhoods in the Borough (Broomgrove) with a holistic approach to improving health and wellbeing and economic inequalities. The area was also identified by the government for investment under its Levelling Up Parks Fund (see item 8 above). The UKSPF programme is also being targeted towards Broomgrove to ensure meaningful and visible benefits are delivered to residents living in that neighbourhood as far as possible.
- Learn from engagement and partnerships from successful programmes such as ESIF Community Led Local Development CHART and Big Local that have been delivered in the most deprived areas of town.
- Nurture the multiple partnerships that exist in our town - public, private, and community-led organisations and working collaboratively with housing associations, voluntary sector, public health bodies and cross-council departments to tackle deep-rooted problems in the targeted area.
- Adopt a whole systems approach to health equity, wellbeing, and prosperity
- Work with community centres to support services and access to affordable healthy food and positively respond to the cost-of-living crisis
- Enhance key green spaces in the most deprived neighbourhoods – focusing on community led design to create playful landscapes – encouraging play and learning for all ages and encourage wider use by hosting creative, holistic activities within the space
- Recognise the importance of green space in health and wellbeing outcomes
- Harness the creativity and heritage of the town to inspire and animate through community engagement interventions
- Support community organisation resilience in the face of the rising cost of living crisis

Supporting Local Business

12. The investment plan identified the following opportunities within Supporting Local Business, which could be taken forward as projects/ activities:
- Promote networking, collaboration, and best practice to bring businesses together and share knowledge transfer
 - Deliver active outreach within the most deprived wards
 - Build on our strongest sectors including manufacturing, construction, and creative industries
 - Support local businesses, entrepreneurs, communities, and individuals, recognising that entrenched disadvantage in particular places reinforce itself, and that individual success stories can inspire the local community
 - Support business growth- pre-start up, start up and growth stages
 - Identify employment trends (including self-employment and enterprise) opportunities for local people, making sure the current market fulfils the needs for supply and demand for local jobs and that this supports the wider supply chain
 - Specific entrepreneurial support within local economic sectors (e.g., Creative industries, leisure, tourism, and social enterprise)
 - Build on existing localised business support
 - It is recognised some business support activities may need to be on a borough wide basis. This is employment opportunities relates to where people work rather just live. A proportion of the fund could therefore contribute towards a service on helping to retain and expand existing business in the whole borough.

People and Skills

13. The investment plan identified the following opportunities within People and Skills, which could be taken forward as projects/ activities:
- Build on foundations of programmes such as CHART CLLD (Hastings and Rother EU funded employment support programme) to support those furthest from the labour market with wrap-around support, helping to foster trust and create pathways to skills/ employment
 - Nurture the multiple partnerships that exist in our town - public, private, and community-led organisations and working collaboratively with housing associations, the voluntary sector, public health bodies and cross-council departments to tackle deep-rooted problems
 - Adopt a community led approach to skills and learning, which uses the whole systems approach
 - Recognise positive health and wellbeing outcomes as key to skills pathways

- Focus on building trust and dismantling barriers to skills/ employment through confidence building, volunteering, improving health and wellbeing and working as a team.
- Valuing enrichment activities and volunteering as the first step in engagement to skills progression

14. Appendix 1 - UKSPF Investment Plan Summary – sets out in summary the planned expected types of interventions which responds to the types of outputs and outcomes set by the programme. An indicative budget is also set out responding to the cashflow expected to be released by the programme.

Government budget allocation on an annual basis

15. Each allocation will comprise both revenue and capital funding. For Hastings the allocations are as follows:

Core UKSPF	Total	Capital
2022-23	£90,022	Min 10% £9,022
2023-24	£180,044	Min 13% £23,405
2024-25	£729,935	Min 20% £145,98
M&A 4%	@ £13,333 per year + £20,000 one off initial set up cost	

Timeframes of the programme

16. Are as follows:

- The investment plan will be approved from November 2022 onwards.
- There is no allocation for 'people and skills' until year three.
- Delivery is from April 2022 so can proceed at risk prior to government approval.
- Contracting and commissioning in Nov- January 22/23.
- Proposed projects will commence February – March 2023.
- Programme ends March 2025

Timetable of Next Steps

17. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Approval of	Approval from	Nov 2022	Pranesh Data

Investment Plan	DLUHC Sign MoU Allocation of funds	Nov 2022 Nov 2022	
Contracting & Commissioning projects	Recruitment of Officer / M&A Commissioning process Projects Start	Nov / Dec 2022 Nov- January 22/23 February – March 2023	Pranesh Datta

Wards Affected

Baird (Broomgrove)

Policy Implications

Reading Ease Score: 44.8

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Y
Crime and Fear of Crime (Section 17)	Y
Risk Management	N
Environmental Issues & Climate Change	Y
Economic/Financial Implications	N bringing additional funding into to the council
Human Rights Act	N
Organisational Consequences	fund includes officer capacity to oversee compliance/ coordinate programme in addition to 4% M&A
Local People's Views communities to shape interventions	Y included opportunities for local partners and
Anti-Poverty deprived wards	Interventions will focus on one of the most
Legal Service Level Agreement for any delivery partner arrangements	Legal will require signing of MoU and possible

Additional Information

Appendix 1 - UKSPF Investment Plan – Summary

Introduction

The UKSPF Fund is one of a suite of grant programmes to support the government's levelling up programme. It is closely linked to the levelling up white paper and focusses more on revenue grants rather than the other larger capital grant schemes such as the Levelling up and towns fund programmes.

The fund replaces the European Structural and Investment Fund and forms part of the government's Levelling Up agenda. The primary goal of the UKSPF is to build pride in place and increase life chances across the UK. There are three investment priorities: communities and place, support for local businesses and people and skills. Full details can be found here: [UK Shared Prosperity Fund: prospectus - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/644444/UK_Shared_Prosperty_Fund_prospectus.pdf)

Background

Hastings Borough Council has been allocated £1,000,000 from the UKSPF fund across 3 years, in line with other lower tier authorities in the South East. The council is responsible for delivering an investment plan for approval by the UK government, and for delivery of the fund thereafter, and will be expected to act as accountable body to include all management, administration and governance of the programme.

The council has submitted an investment plan to DULHC, which broadly set out the strategic interventions, opportunities, and challenges, and budget profile. The Investment plan does not detail any specific projects, and the investment plan and financial breakdown can be amended after submission. This report summaries the investment plan and is subject to change and development following DULHCs assessment and feedback, and community engagement.

Hastings Investment Plan Proposal

The investment plan will support the following Investment Priorities:

- Communities and place
- Supporting local business
- People and skills

Communities and Place

The investment plan identified the following opportunities within Communities and Place, which could be taken forward as projects/ activities:

- Focus on the most deprived neighbourhoods in the Borough with a holistic approach to improve health and economic inequalities (Broomgrove).
- Learn from engagement and partnerships from successful programmes such as ESIF Community Led Local Development CHART and Big Local that have been delivered in the most deprived areas of town

- Nurture the multiple partnerships that exist in our town - public, private, and community-led organisations and working collaboratively with housing associations, voluntary sector, public health bodies and cross-council departments to tackle deep-rooted problems
- Adopt a whole systems approach to health equity, wellbeing, and prosperity
- Work with community centres to support services and access to affordable healthy food and positively respond to the cost-of-living crisis
- Enhance key green spaces in the most deprived neighbourhoods – focusing on community led design to create playful landscapes – encouraging play and learning for all ages and encourage wider use by hosting creative, holistic activities within the space
- Recognise the importance of green space in health and wellbeing outcomes
- Harness the creativity and heritage of the town to inspire and animate through community engagement interventions
- Support community organisation resilience in the face of the rising cost of living crisis

Supporting Local Business

The investment plan identified the following opportunities within Supporting Local Business, which could be taken forward as projects/ activities:

- Promote networking, collaboration, and best practice to bring businesses together and share knowledge transfer
- Deliver active outreach within the most deprived wards
- Build on our strongest sectors including manufacturing, construction, and creative industries
- Support local businesses, entrepreneurs, communities, and individuals, recognising that entrenched disadvantage in particular places reinforce itself, and that individual success stories can inspire the local community
- Support business growth- pre-start up, start up and growth stages
- Identify employment trends (including self-employment and enterprise) opportunities for local people, making sure the current market fulfils the needs for supply and demand for local jobs and that this supports the wider supply chain
- Specific entrepreneurial support within local economic sectors (e.g., Creative industries, leisure, tourism, and social enterprise)
- Build on existing localised business support

People and Skills

The investment plan identified the following opportunities within People and Skills, which could be taken forward as projects/ activities:

- Build on foundations of programmes such as CHART CLLD to support those furthest from the labour market with wrap-around support, helping to foster trust and create pathways to skills/ employment
- Nurture the multiple partnerships that exist in our town - public, private, and community-led organisations and working collaboratively with housing associations, the voluntary sector, public health bodies and cross-council departments to tackle deep-rooted problems
- Adopt a community led approach to skills and learning, which uses the whole systems approach
- Recognise positive health and wellbeing outcomes as key to skills pathways
- Focus on building trust and dismantling barriers to skills/ employment through confidence building, volunteering, improving health and wellbeing and working as a team.
- Valuing enrichment activities and volunteering as the first step in engagement to skills progression

Interventions & Outputs/ Outcomes

Note: Draft outputs only- subject to change and development following DULHCs assessment and feedback, and community engagement

COMMUNITIES AND PLACE INVESTMENT PRIORITY	<p>E3: Creation of and improvements to local green spaces, community gardens</p> <p>E6: Support for local arts, cultural, heritage and creative activities</p> <p>E12: Investment in community engagement schemes to support community involvement in decision making in local regeneration</p>	<ul style="list-style-type: none"> ○ Neighbourhood improvements ○ local events ○ volunteering opps supported ○ Organisations receiving non-financial support ○ People reached 	<ul style="list-style-type: none"> ○ Increased users of facilities / amenities • ○ Improved perception of facilities/amenities • • ○ Improved engagement numbers
SUPPORTING LOCAL BUSINESS INVESTMENT PRIORITY	E24: Funding for new and improvements to existing training hubs, business support offers, 'incubators' and accelerators' for local enterprise (including social enterprise)	<ul style="list-style-type: none"> ○ Businesses receiving non-financial support 	<ul style="list-style-type: none"> ○ Jobs created ○ Jobs safeguarded ○ Number of organisations engaged in new knowledge transfer activity
PEOPLE AND SKILLS INVESTMENT	E35: Activities such as enrichment and volunteering to improve opportunities and	<ul style="list-style-type: none"> ○ People supported to participate in 	<ul style="list-style-type: none"> ○ Increased number of people familiarised with employers'

PRIORITY	promote wellbeing.	education <ul style="list-style-type: none"> • 	<ul style="list-style-type: none"> ○ expectations, including, standards of behaviour in the workplace ○ Fewer people facing structural barriers into employment and into skills provision
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Budget

Funding Profile	2022-23	2023-24	2024-25	Total
UKSPF Allocation	£90,022	£180,044	£729,934	£1,000,000

Budget – Interventions

Note: Draft budget only- subject to change and development following DULHCs assessment and feedback, and community engagement:

Investment Priority	Intervention	UKSPF Allocation
Communities & Place	E3: Creation of and improvements to local green spaces	£315,000
Communities & Place	E6: Local arts, cultural, heritage & creative activities	£120,000
Communities & Place	E12: Community engagement schemes, local regeneration	£350,000
Local Business	E24: Training hubs, business support offers, incubators & accelerators	£115,000
People & Skills	E35: Enrichment & volunteering activities	£100,000
Allocation Totals		£1,000,000

Capital / Revenue Split

Allocation Summary		UKSPF Allocation Total Expenditure by Investment					C&P		LB		P&S		Total	
Funding Period:		Communities & Place	Local Businesses	People & Skills	£ Fund Total	% Fund Total	Cap%	Rev%	Cap%	Rev%	Cap%	Rev%	Cap%	Rev%
1	2022/23	£90,022	£0	£0	£90,022	9%	22%	67%	0%	0%	0%	0%	22%	67%
2	2023/24	£145,044	£35,000	£0	£180,044	18%	17%	90%	0%	100%	0%	0%	14%	92%
3	2024/25	£549,934	£80,000	£100,000	£729,934	73%	49%	51%	0%	100%	0%	100%	37%	63%
		£785,000	£115,000	£100,000	£1,000,000	100%								

Officer to Contact

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Agenda Item 6



Report to: Cabinet

Date of Meeting: 7 November 2022

Report Title: Proposal to gate a footpath in Baird Ward and agree the relevant public space protection order.

Report By: Natasha Tewkesbury, Customer services, Communications and Emergency Planning Manager

Purpose of Report

To authorise the gating of a footpath in Baird ward seriously affected by anti-social behaviour under powers contained in the Antisocial Behaviour, Crime and Policing Act 2014.

Recommendation(s)

- 1) That cabinet authorises the customer services, communications and emergency planning manager in conjunction with the Chief Legal Officer, to implement the statutory legal process required to gate the public right of way (ESCC Ref; No 232) described in the report by varying the existing gating order that is already in place for the public right of ways: ESCC Refs: Nos. 94, 97 and 175.

Reasons for Recommendations

As a result of long standing serious anti-social behaviour affecting a public right of way in Baird ward (No 232), the council has been asked to consider gating it using powers set out in the Antisocial Behaviour Crime and Policing Act 2014 to restrict general access.

To enable the gating of the footpath proposed, approval is sought to vary and extend the existing Public Space Protection Order already in place for other gated footpaths.

Introduction

1. The Public Right of Way Number 232, between Hoad's Wood Road and Pilot Road has been at the centre of antisocial behaviour, littering and criminal damage in Baird ward for many years.
2. Residents have asked the council and police on many occasions to take steps to deal with the crime and antisocial behaviour associated with this footpath. Antisocial behaviour reported includes: noise and shouting, arson, public defecation, fly-tipping, graffiti, dog fouling, litter accumulations, and serious criminal and other property damage (including the use of a firearm).
3. Increased patrols by police and council wardens, as well as the use of re-deployable CCTV cameras can only be a temporary solution and has been tried several times with no long standing affect. Gating this footpath is a more permanent and effective measure to stop the antisocial behaviour.
4. Gating has been used on public rights of way subject to antisocial behaviour in Hastings since March 2021.
5. Support for safe and usable streets including the need to address community safety issues, is regularly found in planning national design guides, and is a recognised part of environmental design practice.

Alley gating implementation and the legal framework

6. Section 61 of the Anti-Social Behaviour Crime and Policing Act 2014 allows the Council to vary a Public Space Protection Order (PSPO) already in force by increasing the restricted area or by altering prohibitions or requirements, or adding a new one. Therefore the legislation provides for the inclusion of gates prohibiting general access to a further passageway by way of a variation of the existing PSPO.
7. Section 60 of the Anti-Social Behaviour Crime and Policing Act 2014 Act provides the council with the ability to extend a PSPO by a maximum of 3 years if there are reasonable grounds to that the extension is necessary to prevent the occurrence or recurrence of the activity that the PSPO sought to prohibit.
8. Section 59(2) and (3) of the 2014 Act requires the following conditions are met:
 1. That activities carried on in the passageway have had a detrimental effect on the quality of life of those in the locality or are likely to do so.
 2. That the effect, or likely effect, of that activity
 - a. is, or is likely to be of a persistent or continuing nature,
 - b. is, or is likely to be, such as to make the activity unreasonable, and
 - c. justifies the restrictions imposed.
9. Evidence is required to support the extension of the PSPO beyond the original 3 year duration and to include a footpath not previously gated as per the above conditions.
10. Section 64 of the 2014 Act, which deals with restrictions over a public right of way over a highway confirms that you must also consider the following in the proposed gating:
 - a) the likely effect of making the order on the occupiers of any adjoining or adjacent properties.
 - b) Likely effect of making the order on other persons in the locality

c) Reasonably convenient alternative routes

Consultation process

11. There is considerable evidence of ongoing crime, disorder and antisocial behaviour associated with the Public Right of Way (PROW), Number 232, between Hoad's Wood Road and Pilot Road from residents, the council, land-owners and police before the consultation took place.
12. Statutory consultees for the proposed gating are the Highways Authority (East Sussex County Council (ESCC) Public Rights of Way Unit), Sussex Police, local councillors and any resident or land-owner on or near the PROW likely to use it.
13. The formal public consultation took place from 2 August to 2 September 2022. The Community Safety Manager also chaired two local public meetings, the first requested by Cllr Turner, was attended by ward councillors and the community safety portfolio councillor to discuss the antisocial behaviour issues associated with this footpath. Over 20 residents attended the first meeting in March 2022 and expressed the need for greater policing, as well as the need to gate this and possibly other footpaths in the area. A follow-up drop-in session in June 2022 was held to review police interventions. The Community Safety Manager has been actively working with residents, Cllr Turner, local police and Optivo Housing in the vicinity of this footpath for a long time and there is strong support for this proposal.

Consultation summary

14. Anonymised detailed feedback received from the consultation can be found in Appendix 1.
15. Residents - a small number of local residents responded but overwhelming supported the gating of the footpath and detailed the nature and impact of the antisocial behaviour which takes place in the footpath and the effect on them.
16. Sussex Police - responded supporting the gating proposals, as the PROW has been the focus of considerable amounts of crime and antisocial behaviour throughout recent months and plays a role in linking other areas of antisocial behaviour in the ward and surrounding area.
17. ESCC Public Rights of Way service - object to the proposal to gate the footpath for a number of reasons. The serious incidents mentioned by the service are not thought to fall within the scope of the type of persistent ASB problems the PSPO gating powers were intended to address. It is also suggested that the use of motorbikes illegally on the path should be dealt with by enforcement or other measures rather than closure of the footpath. They are also concerned that the evidence of incidents and/or crime reports did not support the case for a PSPO as the proportionate measure but did acknowledge that it was difficult to quantify the extent to which the paths themselves contribute to the antisocial behaviour and crime issues locally.
18. ESCC public rights of way service also suggest the 2 properties exposed to the footpath would need to consider measures instead of the gating. The character of the footpath and its general location does not distinguish it from other paths in the area. Nor any reason why it should be particularly susceptible to problems of anti-social behaviour. In this respect, the proposal to gate it risks setting a very difficult precedent for the protection of the public's access to other paths. It is obviously

crucial that incidents which are attributable to identifiable individuals do not prompt restrictions which limit the freedom of the law-abiding majority.

19. ESCC also suggest that the practical implications of gating the path should also be considered. The PSPO would have to be reviewed after three years. The path would therefore need to remain physically available and capable of being reinstated. Since no access is gained to properties from the path, the only use of it would be by the adjoining residents for the occasional maintenance of boundary fences and hedges. Problems of litter and fly tipping may occur and the path must be secure. The gates would also be out of keeping with the neighbourhood.

Recommendations

20. It is essential that the council follows the legal provisions set out in the Antisocial Behaviour, Crime and Policing Act 2014, and any associated statutory guidance. This primarily relates to the need for proper consultation, including with specified statutory consultees which has been completed.
21. Appendix 2 shows the location of the footpath and the proposed gates and the alternative route.
22. The responses of the consultation are in support of gating the footpath apart from the ESCC Rights of Way Team who have objected to the proposal to gate any PROW.
23. The Antisocial Behaviour, Crime and Policing Act 2014 does contain provisions enabling local councils to gate alleys, therefore the ESCC objections don't necessarily mean the footpath should not be gated. The council must consider the evidence and determine if this is sufficient to extend the PSPO to include the footpath in question between Hoad's Wood Road and Pilot Road in Baird Ward.
24. The consultation responses and evidence of continuing antisocial behaviour and incidents taking place in the footpath meet the conditions of the Anti-Social Behaviour Crime and Policing Act 2014 as detailed above in paragraph 8.
25. It is also possible for the council to offer some reassurance to the ESCC Rights of Way Team in as much as:-
 - suitable management of the gated alleys will be provided by local residents.
 - the gating order's status will be reviewed in line with at least the statutory requirement of every 3 years.
26. Planning guidance has been sought. Feedback states that there are no restrictions associated with the installation of gates on this footpath.
27. The recommendation is that the Public Right of Way, Number 232, between Hoad's Wood Road and Pilot Road is gated.
28. The existing Public Space Protection Order for gated footpaths would be varied and extended to add this footpath. The draft proposed PSPO is attached at appendix 3.

POLICY IMPLICATIONS

Equalities or community cohesiveness

29. Clearly if the gating of the footpath is implemented it could be argued that people who are no longer able to use the footpath are being discriminated against.

However, access will be afforded to all those who need continued access because they live in the properties backing onto the alleys.

30. A reduction in the crime and anti-social behaviour associated with the withdrawal of unfettered access to the footpath is likely to result in improved community cohesiveness amongst the micro-community retaining access because they live and/or work in properties backing onto the alleys.

Crime and fear of crime

31. A reduction in the crime and anti-social behaviour associated with the withdrawal of unfettered access to the footpath is highly likely to result in reduced fear of crime in the immediate area.

Risk Management

32. None

Environmental Issues

33. So long as the council's street cleansing service are provided with keys to the footpath, it is likely to be easier to maintain and no longer be a fly-tipping and litter hotspot.

Economic/Financial Implications

34. The cost of the gates ,estimated at approximately £4K, will be covered by the current community safety revenue budget. Ongoing management and maintenance will be the responsibility of local residents adjoining the footpath

Organisational Consequences

35. None

Wards Affected

Baird, Central St Leonards and Castle

Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	Yes
Risk Management	No
Environmental Issues	Yes
Economic/Financial Implications	No
Human Rights Act	Yes
Organisational Consequences	No
Local People's Views	Yes
Anti-Poverty	No

Additional Information

Appendices

Appendix 1 – anonymised feedback from the consultation on the gating proposals

Appendix 2 – Map of footpath

Appendix 3 – Draft proposed variation of gating PSPO

Officer to Contact

John Whittington – Community Safety Manager

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DRAFT

Appendix 1. Proposal to gate footpath - anonymised consultation feedback (Aug-Sept 2022)

Local Resident in Baird - Hoads Wood Road

As a resident adjacent to this footpath I would welcome the closure of this footpath. For years there have been issues with groups causing a nuisance from using the pathway as a motor bike track to target practice at resident's windows with BB guns. Low level nuisance is using the space as a dog toilet and the disposal of dog poop bag. Groups are also using the footpath as a place to drink and then throwing the cans and rubbish into gardens adjacent to the path.

Local Resident in Baird - Hoads Wood Road

In response to the above proposal, I would like to advise that I fully support the gating of said footpath. Having been on the receiving end of the anti-social behaviour I cannot stress the importance of this enough!

Local Resident in Baird - Hoads Wood Road

While I understand there have been problems with antisocial behaviour in this area and the gating of this footpath would be good for the surrounding residents, there has also been for many many years antisocial behaviour on the footpath between Linley Drive and Hoads Wood Road. An incident this year resulted in a bin being set alight at the Hoads Wood end which then caught a residents fence alight and the emergency services had to put it out. Groups of youths we're also caught loitering in people's driveways. The residents of **redacted** have also been intimidated by youths using this footpath.

You can guarantee that any trouble in this part of the road stems from this footpath.

Please could a consultation also be put forward to consider a much needed gating on this footpath too?

Local Resident Pilot Road

I live at **redacted** and my boundary runs directly along this footpath.

If I may add my comments at this late stage it would be that I fully support the closure of this pathway. It is a constant source of anxiety for me and my family due to the antisocial behaviour that takes place here.

For starters, our property had a break in back in 2016. The thieves entered our property over the fence from the Baird pathway, broke into our property (where they were heard by our neighbour and police were called) and the thieves escaped down this alleyway. They were not caught, but my neighbour saw one keeping lookout at the top of the pathway. We have had to spend a lot of money fixing our broken door and window. We have also had to spend out on an alarm system and security cameras just to feel safe in our property.

On top of this we have heard foul language, motorbikes riding up and down the path, youths throwing stones at local drunks (some of which fly over the fence and one narrowly missed my head), graffiti, litter, urination, I have been personally heckled through the fence, my children have been spoken to by strangers and people generally hang around there at night time.

This pathway does not serve any purpose but than to promote antisocial behaviour.

You would have my full support if you gated this pathway.

Appendix 1. Proposal to gate footpath - anonymised consultation feedback (Aug-Sept 2022)

Local Resident Pilot Road

In reference to the closure of this passageway by gates I would fully support this action.

This passageway has been an ongoing issue for my family since we moved into our property at **redacted** 10 years ago.

The number of incidences that have been reported to the Council, East Sussex highways and the local police is vast over this time period. These incidences have not been limited to a few residents but affecting the whole community around Pilot Road and Hoads Wood Road. Many of the incidents have been serious both from a safety point but also financially from damage and cleaning up.

The below are just some of the ongoing and past incidences that have had a direct impact on me and my family.

Brick wall at the top of the passageway belonging to us kicked down (now removed, **redacted**)

Teenagers constantly spraying graffiti on metal lamp posts.

Graffiti cans dumped in bushes.

Mopeds/bikes/scooters going up and down the passageway

Taxi drivers pulling up and urinating in the passageway.

Teenagers urinating in the passageway.

Drug paraphernalia in bushes.

Public exposure through the bushes of an obscene nature urinating while my daughter was in garden by older man.

Cider cans and broken glass constantly thrown in the hedges and up the passageway

Kids running up and down hitting the fence of **redacted** making the dog bark.

Dog fouling daily (the smell is awful when in the garden)

Hedges being pulled on so they are largely ruined leaving holes.

Disgusting language and shouting which is ruining family life for us and the children.

Stolen items (I assume) papers, bags, tools etc dumped in the middle as its a blind spot.

Attempted break in at **redacted** from blind spot in passageway.

I have notified various departments over the years with photos, times and concerns so this should all be on record.

Furthermore, I want to add that this has completely ruined my enjoyment of my garden especially during 2020 and 2021 in which the incidences during lockdown were unbearable and we couldn't even use the garden.

I can't speak directly for other residents but I do know that they are also very upset and concerned too and have also logged these with the local authority and police. There are many elderly residents in the immediate area too who are concerned about the passageway and incidences but fear reprisals from direct contact with in particular the younger ones.

Appendix 1. Proposal to gate footpath - anonymised consultation feedback (Aug-Sept 2022)

Whilst it's been a very long road to get to where we are now I am hopeful that we can finally resolve these years of misery and feel safe in our homes.

Local resident

I am aware of what is described as a "consultation" where there is an intention to install a gate at each end of this 64-metre public right of way (PROW) HAS 232. It is unfortunate that it has been chosen not to include further details of the actual "anti-social behaviour" that prevents any opportunity to make meaningful comments.

What is important for members to the cabinet who peruse the submitted comments is that it is essential for the Community Safety Department to endeavour to ensure that all aspects of this PSPO Gating order are carried out and respect all required planning procedures. It must be established if the proposed development is of a type that requires a planning application to HBC. A planning application will offer an opportunity for consultees to make appropriate comments and planners to include required conditions before action is taken to erect gates.

The Community Safety department may need to be reminded that it is essential to follow required procedures and avoid casual and slipshod methods of working and that all procedures occur in the appropriate order so that retrospective planning applications do not occur.

Redacted

Sussex Police – Hastings & Rother

I am emailing with regards to the proposal to gate the footpath between Hoad's Wood Road and Pilot Road (HAS 232/1).

As the Neighbourhood Policing Team Sergeant for the area I am in favour of the proposal to gate the footpath. I believe by gating said footpath it will reduce ASB/Crime; consequently improving the quality of life for those who live close by.

Data demonstrates that ASB/Crime is occurring in the surrounding area and this footpath is often used as a cut through for offenders. That said, the footpath itself is frequently the catalyst of ASB/Crime with reports of damage and public order being reported.

Anecdotally, I believe there are far more issues that go unreported. I have attended 2 community meetings this year and local residents have complained about noise, damage, public order, abuse, drug dealing, the use of motorbikes and ASB that occur on or around the footpath. They often do not report it as they wither feel it is too low level to report, it is over relatively quickly, or, that nothing will/can be done.

Appendix 1. Proposal to gate footpath - anonymised consultation feedback (Aug-Sept 2022)

By gating this footpath we will block off a 'hidden' spot for drug dealing and the gathering of persons out of sight for them to often be a nuisance (noise/litter/throwing of objects causing damage). It will also deny the use to those responsible for the ASB/Crime – these people will cause problems and then use the footpath as an easy escape route or use it for easy access to neighbouring roads.

The footpath itself is not significant in nature and the closure will not cause any undue delays to the journey of pedestrians.

ESCC Public Right of Way Service.

PROPOSED GATING ORDER (PSPO) – PUBLIC FOOTPATH HASTINGS 232

Thank you for consulting us on the Borough Council's consideration of a PSPO to gate the public footpath running between Pilot Road and Hoads Wood Road. I am only able to respond on the basis of the limited information provided in support of this order. My comments here will not necessarily take full account of the history of problems which the Community Safety Team may be aware of. However, I would take the view that substantive evidence is fundamental to any case for a PSPO and that the evidence should show both that the path itself is facilitating the problems and that other reasonable measures to address the issues have been attempted.

I am aware of two very serious incidents, where an air rifle was discharged from the path at a window and a bin fire was started alongside the path. I would suggest that incidents of this kind do not fall within the scope of the type of persistent ASB problems the PSPO gating powers were intended to address. It would clearly not be a proportionate or reasonable approach to respond to incidents of such a serious criminal nature by closing the highway on which they occur. I am also aware of past issues with motorbike use on the footpath and of problems with litter. Use of the path by motorbikes has the potential to cause significant disturbance and distress to residents, as well as being an obvious safety concern. But the problem is presumably confined to a select number of individuals, who would be driving not only on the footpath but on the highways to reach the path. The issue warrants targeted enforcement, for example the confiscation of bikes, rather than the closure of the footpath which is being used illegally. If enforcement has been tried and has been ineffective, the installation of motorbike inhibitors or other restrictive furniture would be a more proportionate response than closing the path to all public use.

I would suggest that problems with litter cannot reasonably be grounds for the application of a gating order. On recent inspection there was a very small amount of litter on the footpath. Typical unfortunately of that you could find on any urban path or footway. Other reports of incidents in the area do not appear to relate to the footpath or be facilitated by the path. For example, damage to walls and cars. Again, I recognise that the documented accounts of issues I have seen is unlikely to amount to a complete record of the nuisance residents have been subjected to. But it is essential that a gating order is supported by documented evidence of incidents and/or crime reports which identify specific issues associated with the path and support the case for a PSPO as the proportionate measure.

The rear aspects of two properties on Hoads Wood Road are exposed to the footpath, which no doubt does expose those properties in particular to any activity on the path. Both properties have low hedging, which is relatively unusual from properties adjoining public footpaths. It should not be the case of course that the owners should need to make changes to protect themselves against nuisance

Appendix 1. Proposal to gate footpath - anonymised consultation feedback (Aug-Sept 2022)

behaviour. But it is perhaps an unavoidable necessity to consider a privacy fence in such a location. In terms of the character of the footpath and its general location, there is nothing which obviously distinguishes it from other paths in the area. Nor any reason why it should be particularly susceptible to problems of anti-social behaviour. In this respect, the proposal to gate it risks setting a very difficult precedent for the protection of the public's access to other paths. It is obviously crucial that incidents which are attributable to identifiable individuals do not prompt restrictions which limit the freedom of the law-abiding majority.

I am aware that some action has been taken by the Police targeted at individuals in the area. The criteria for applying a gating order cannot simply be a question of whether the closure of a path would cause significant inconvenience to the public. There has to be scrutiny of the nature of the issues affecting the path and consideration of other means of addressing those issues. In this case, there appears to be insufficient evidence to show that the path is the cause of the problems in the area and no real evidence to show that more proportionate deterrents have been attempted. For example, notes from a public meeting in June 2021 record that police-managed re-deployable CCTV was not being considered because there had been a significant reduction in ASB levels. Whilst the meeting was more than a year ago, my understanding is that the PSPO is being considered in response to activity which dates back over several years. I note that the Police support the order, but I would have to contend that the reasoning for not considering CCTV last year undermines the case for the Borough Council to consider a PSPO .

This particular path has existed for at least 120 years. The bar for closing any highway to the public clearly ought to be a high one.

Sufficient that the prevention of the problems associated with it justifiably outweighs depriving the public from using it. The application of gating orders where the evidence does not exist to show that a path is the cause of the problems, or in circumstances where other less restrictive measures should be deployed, risks undermining the powers and setting an unsustainable precedent.

I am not satisfied that there is sufficient evidence to support a PSPO in this case and I would have to question whether the Borough Council can be reasonably satisfied that an order is justifiable.

For the reasons outlined above we must object to the proposal. Notwithstanding our view of the case for an order, I would suggest that the practical implications of gating the path should also be considered. As you are aware, a PSPO would not have the effect of extinguishing the public right of way and would need to be reviewed after a maximum period of three years. The path would therefore need to remain physically available and capable of being reinstated. Since no access is gained to properties from the path, the only use of it would be by the adjoining residents for the occasional maintenance of boundary fences and hedges. In effect, the path would become a gated void, and this would have the potential to attract its own problems. For example, it could become a dumping ground for litter and fly tipping. The path would also be difficult to gate securely, particularly between the boundary hedges of the properties on Hoads Wood Road. Without robust gates, again the path would potentially be vulnerable to other problems. Substantial gates and security fencing would also be likely to have a stark appearance, out of keeping with the neighbourhood. I would stress that these practical considerations are, however, secondary to our view of the case for the order.

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**Gating PSPO
Hoads Wood Road - Pilot Road
Hastings**

- Proposed Gate Location
- Alternative Route
- Public Right of Way

Date: Oct 2022

Scale: 1:1,250

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The Anti-Social Behaviour, Crime and Policing Act 2014

The Public Spaces Protection Order (No 3) Hastings Borough Council 2021

In exercise of the power under Section 59 of the Anti-Social Behaviour, Crime and Policing Act 2014 ('the Act') being satisfied that the conditions set out in Section 59 of the Act have been met.

Hastings Borough Council (in this Order called 'the Authority') hereby makes the following Order.

This Order came into effect on 1st March 2021. This Order was varied and extended on _____ and is effective for a period of 3 years from _____.

BY THIS ORDER

1. REQUIREMENTS AND PROHIBITIONS

The effect of the Order is to impose the following requirements and prohibitions at the relevant times within the relevant areas as shown in the enclosed plans:-

Section A: Valentines Passage (Plan 1)

- i. The public right of way over the footpath known as Valentines Passage in St Leonards-on-Sea as coloured red on Plan 1 is restricted at all times every day by the installation of gates as indicated on Plan 1.
- ii. All persons except for those noted at sub-paragraph (iii) are prohibited from accessing Valentines Passage where access has been restricted by the installed gates.
- iii. The following persons are exempt from the prohibition in sub-paragraph (ii):
 - a. The owners and occupiers of the properties adjoining Valentines Passage.
 - b. Police, fire service or ambulance personnel whilst going about their duties.
 - c. Officers of East Sussex County Council and officers of the Authority where access is necessary for carrying out their duties and powers.
 - d. Statutory undertakers and their agents with prior written authorisation from the Authority where access is necessary for carrying out works or repairs or maintenance at Valentines Passage, the nearby highways or adjoining properties.
- iv. The Authority will be responsible for the installation of the gates at Valentines Passage authorised by this order.
- v. An alternative route is available as indicated by a green line on Plan 1.

Section B: Footpath between Laser Lane and Kings Road (Plan 2)

- i. The public right of way over the footpath between Laser Lane and Kings Road in St Leonards-on-Sea as coloured red on Plan 2 is restricted at all times every day by the installation of gates as indicated on Plan 2.
- ii. All persons except for those noted at sub-paragraph (iii) are prohibited from accessing the footpath between Laser Lane and Kings Road where access has been restricted by the installed gates.
- iii. The following persons are exempt from the prohibition in sub-paragraph (ii):
 - a. The owners and occupiers of the properties adjoining the gated footpath between Laser Lane and Kings Road.
 - b. Police, fire service or ambulance personnel whilst going about their duties.
 - c. Officers of East Sussex County Council and officers of the Authority where access is necessary for carrying out their duties and powers.
 - d. Statutory undertakers and their agents with prior written authorisation from the Authority where access is necessary for carrying out works or repairs or maintenance of the footpath between Laser Lane and Kings Road, the nearby highways or adjoining properties.
- iv. The Authority will be responsible for the installation of the gates at the footpath between Laser Lane and Kings Road authorised by this order.
- v. An alternative route is available as indicated by a green line on Plan 2.

Section C: 18 Havelock Road cut-through to Priory Square (Plan 3)

- i. The public right of way over the footpath between Havelock Road and Priory Square in Hastings Town Centre as coloured red on Plan 3 is restricted at all times every day by the erection of a gate at both ends of the footpath as indicated on Plan 3.
- ii. All persons except for those noted at sub-paragraph (iii) are prohibited from accessing the footpath between Havelock Road and Priory Square where access has been restricted by the installed gates.
- iii. The following persons are exempt from the prohibition in sub-paragraph (ii):
 - a. The owners and occupiers of the properties adjoining the gated footpath between Havelock Road and Priory Square.
 - b. Police, fire service or ambulance personnel whilst going about their duties.
 - c. Officers of East Sussex County Council and officers of the Authority where access is necessary for carrying out their duties and powers.
 - d. Statutory undertakers and their agents with prior written authorisation

from the Authority where access is necessary for carrying out works or repairs or maintenance at the footpath between Havelock Road and Priory Square, the nearby highways or adjoining properties.

- iv. The Authority will be responsible for the installation of the gates at the footpath between Havelock Road and Priory Square authorised by this order.
- v. An alternative route is available as indicated by a green line on Plan 3.

Section D: Footpath between Hoads Wood Road and Pilot Road (Plan 4)

- i. The public right of way over the footpath between Hoads Wood Road and Pilot Road in Hastings as coloured red on Plan 4 is restricted at all times every day by the erection of a gate at both ends of the footpath as indicated on Plan 4.
- ii. All persons except for those noted at sub-paragraph (iii) are prohibited from accessing the footpath between Hoads Wood Road and Pilot Road where access has been restricted by the installed gates.
- iii. The following persons are exempt from the prohibition in sub-paragraph (ii):
 - e. The owners and occupiers of the properties adjoining the gated footpath between Hoads Wood Road and Pilot Road.
 - f. Police, fire service or ambulance personnel whilst going about their duties.
 - g. Officers of East Sussex County Council and officers of the Authority where access is necessary for carrying out their duties and powers.
 - h. Statutory undertakers and their agents with prior written authorisation from the Authority where access is necessary for carrying out works or repairs or maintenance at the footpath between Hoads Wood Road and Pilot Road, the nearby highways or adjoining properties.
- iv. The Authority will be responsible for the installation of the gates at the footpath between Hoads Wood Road and Pilot Road authorised by this order.
- v. An alternative route is available as indicated by a green line on Plan 4.

2. AUTHORISED PERSON

For the purpose of the above requirements and prohibitions an 'Authorised Person' means a constable, a police community support officer or a person so authorised by the Authority.

3. OFFENCES

- (a) It is an offence under Section 67(1) of the Act for a person, without reasonable excuse to:

- i. Do anything that the person is prohibited from doing by this Public Spaces Protection Order, or
 - ii. To fail to comply with a requirement to which the person is subject under this Public Spaces Protection Order.
- (b) A person guilty of an offence under Section 67(1) of the Act is liable on summary conviction to a fine not exceeding level 3 on the standard scale.

4. FIXED PENALTY

- (a) An Authorised Person may issue a fixed penalty notice (FPN) of up to £100 to anyone he or she has reason to believe has committed an offence as described above.
- (b) A FPN is a notice offering the person to whom it is issued the opportunity of discharging any liability to conviction for the offence by payment of a fixed penalty to a local authority specified in the notice.
- (c) Where a person is issued with a notice under this Paragraph in respect of an offence;
 - i. No proceedings may be taken for the offence before the end of the period of 14 days following the date of the notice, and
 - ii. The person may not be convicted of the offence if the person pays the fixed penalty before the end of that period.
- (d) A FPN will give reasonably detailed particulars of the circumstances alleged to constitute the offence, it will state the period during which proceedings will not be taken for the offence; it will specify the amount of fixed penalty; it will state the name and address where payment should be made and specify the permissible methods of payment.

THE COMMON SEAL of HASTINGS BOROUGH COUNCIL

Was hereunto affixed the

Authorised Signatory

Agenda Item 7



Report To: Cabinet

Date of Meeting: Monday 7th November 2022

Report Title: Climate change strategy and action plan refresh

Report By: Victoria Conheady, Assistant Director Regeneration and Culture

Key Decision: Y

Classification: Open

Purpose of Report

In February 2019, the Council declared a climate emergency and committed to 'make Hastings carbon neutral by 2030'. In March 2020 the Council published its initial response setting out a 2-year action plan and strategy. This report sets out the next phase of the climate change strategy and action plan, setting out a pathway and set of actions to work towards delivering net zero emissions.

Recommendation(s)

- 1. To approve the adoption of the Climate Change Strategy and Action Plan to work towards delivering net-zero carbon emissions for the borough by 2030**

Reasons for Recommendations

1. The report presents a refreshed draft Climate Change Strategy and Action Plan building upon the achievements of the 2020-2022 strategy and action plan.

Introduction

1. The Climate Change Strategy and Action Plan is brought for approval and is attached at Appendix 1 and 2
2. The development of the action plan has been aligned with national legislation and policy including the diverse range of new policy announcements since 2020, including The Net Zero Strategy: Build Back Better, and new evidence published by the Committee on Climate Change and Intergovernmental Panel on Climate Change.
3. The plan continues to respond to the analysis and evidence developed by [AECOM](#). In addition, the action plan has been written in collaboration with colleagues across the council to ensure that the actions are honest, feasible and realistic and reflect the work that the whole council is doing or planning to do to tackle climate change and prepare for the inevitable impacts of a changing climate.
4. Using the Citizen Lab digital platform, local peoples views and thoughts were also sought and these are reflected in the action plan . Some highlights of the comments we received from local people are : creating more wildlife habitats, planting trees, creating more wildflower areas to support pollinators, supporting local food growing, using recycled rain water in public toilets, support home insulation at scale, promote car free days and install more faster EV infrastructure.

The Council has an important role to play in the way it delivers, develops policy and programmes and attracts new funding to the town in delivering this strategy and action plan (and all other council strategies). However, with council budgets more constrained than ever, our capacity and resources to deliver the level of ambition becomes more challenging. This will result in the climate change team working with all service areas to ensure future climate resilience and reduction in emissions actions are planned for within existing resources.

The Climate Change Strategy

5. As has been discussed in previous reports, in reality the target of net zero by 2030 is unlikely to be reached due to central governments targets of 2050 being out of alignment with our targets. This said, we will be working to achieve as much as possible to set the town in the direction of net zero in the coming years. The scale and pace of change needed and the level of investment required should not be underestimated.
6. The delivery of net zero can only be reached through collaboration, partnership working and action at local, regional, national and international levels of all governments and organisations.
7. The strategy and action plan presented here will build on the work that started in 2020 to meet the climate emergency vision.
8. We will continue to lobby government and regional stakeholders for the levels of investment needed to deliver the 2030 vision and work with partners and businesses, engage residents and local communities in taking action too.

The Action Plan themes

9. In developing the refresh of this strategy and action plan we have undertaken a gap analysis of the current strategy themes, reviewed published documents and strategies, taken account of the work Climate Emergency UK has completed in reviewing all Council strategies and

feedback from the community. We have continued to use the modelling work that was developed by AECOM to inform the action plan.

10. This review has resulted in the addition of 4 new themes which are highlighted below along with the original strategic themes.

- Communication, partnership working and influencing others
- Governance and decision making
- Renewable energy and heat
- Homes and the built environment
- Sustainable and low carbon transport
- Biodiversity, green infrastructure and nature recovery

new themes

- Food
- Waste and the circular economy
- Water
- Adaptation and resilience

11. The additional thematic areas reflect other sources of carbon emissions that arise from our collective consumption of goods and services, the need to plan for the impacts of a changing climate, and the important role food and water play in tackling climate change.

Highlights of proposed actions

Theme 1 Communication, Lobbying, partnership working and influencing others

12. We will continue to promote and keep the councils climate change web pages up to date and create a brand to support our communication about climate change.
13. Work with local partners, government departments and regional organisations to encourage climate action within their own organisation and share best practice and knowledge, securing funding to support specific projects and actions.

Theme 2 Governance and decision making

14. Investigate climate change/eLearning opportunities that may be provided through the councils existing current learning portal to increase staff awareness of climate change
15. Work in partnership with neighbouring local authorities to update our sustainable procurement policy

Theme 2 Renewable energy and heat

16. Ensure the council purchase green electricity for its operational assets

17. continue to identify opportunities to install solar panels on council owned buildings

Theme 4 Reducing energy demand from homes and the built environment

18. Continue to work in partnership to develop a strategic approach to make all tenures of housing in the borough more energy efficient
19. Support the delivery of the Green construction, energy and vehicle training centre at East Sussex College (Ore Campus)

Theme 5 Transport these measures will help to reduce emissions from transport

20. Introduce a cycle to work scheme to encourage staff to commute to work and meetings by cycling
21. Work in partnership with ESCC to deliver the Local transport Plan (LTP4) and to deliver on-street Electric vehicle charging infrastructure

Theme 6 Biodiversity, green infrastructure and nature recovery

22. Develop an in house grounds maintenance service and new service specification to manage the towns parks and open spaces
23. Increase wildflower and pollinator planting where suitable providing habits for insects

Theme 7 Food

24. Support local food growing through Local Plan policies
25. Support local food growing initiatives by making suitable council owned land available

Theme 8 Reducing emissions from waste and supporting a circular economy

26. Compost parks and open space waste arisings, creating a mulch/ compost to reapply to our land
27. Support local reuse and repair schemes which divert waste for disposal, for example Freegle, repair cafes, library of things, Hastings Furniture Service, local charity shops etc

Theme 9 Water

28. Complete the new Local Plan and ensure that planning policies and guidance reflect strategic goals for water minimisation
29. Work with Southern Water to secure renewed afresh water and sewage infrastructure

Theme 10 Adaptation and resilience

30. Ensure the blue green infrastructure plans and biodiversity net gain build future climate resilience for the town through natural capital solutions and carbon offsetting

Economic / financial implications

31. Dedicated staff resources have been allocated to the climate emergency including a full time Tackling Climate Change Programme Manager and until May 2022 an Energy Development and Delivery Project Manager, who is now in a new role but allocates a % of time to climate

change work such as delivering the roof top solar programme. In addition, officer time was allocated from a project officer role for the last 6 months.

32. However, all service areas and officers from across the council have a role to play in delivering the climate emergency action plan, which is reflected in the revised document presented here.

Legal

33. The Climate Change Act 2008 and 2050 Target Amendment Order 2019 is the basis for the UKs approach to tackling and responding to climate change and imposes obligations on Local Authorities to reduce emission of carbon dioxide (CO_{2e}) and that climate risks are prepared for.

Options

34. Do nothing- note the content of the report and the Climate Change Strategy and action plan but take no further action. This option is likely to be hugely detrimental to the council's climate ambitions and ultimate success.
35. Agree and adopt the draft Climate Change Strategy and Action Plan

Conclusions

36. The Council has acted since the climate emergency was declared to understand the boroughs carbon emissions (current and future trends) and to gain a better understanding and identify the steps needed to take the council and the town on a pathway to net zero.
37. To achieve this ambition will require national policy interventions and funding as well as a change in all of our behaviours coupled with technology advances. Transitioning away from the use of fossil fuels to heat and light our homes and businesses, decarbonise transport and reduce our energy demand are major energy transitions that will take time and investment.

Timetable of Next Steps

38. Please include a list of key actions and the scheduled dates for these:

Action	Key milestone	Due date (provisional)	Responsible
Present the draft climate change strategy and action plan to cabinet for approval	Cabinet approve and adopt the strategy	7 th November 2022	Managing Director Assistant Director of Regen & Culture Tackling Climate Change Programme Manager
Finalise design of the document and update HBC	Climate Change web pages updated	Jan 2023	Tackling Climate Change Programme Manager

climate change pages	A designed version of the strategy published		
Annual report to cabinet on the progress of the action plan	For noting and monitoring purposes	October 2023	Tackling Climate Change Programme Manager

Wards Affected

(All Wards);

Policy Implications

Reading Ease Score:

Have you used relevant project tools?: Y/N

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Y
Crime and Fear of Crime (Section 17)	N
Risk Management	Y
Environmental Issues & Climate Change	Y
Economic/Financial Implications	Y
Human Rights Act	N
Organisational Consequences	Y
Local People's Views	Y
Anti-Poverty	Y
Legal	Y

Additional Information

Appendix 1 Climate Change Strategy
Appendix 2 Climate strategy action plan .

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Climate Change Strategy 2022

1 Introduction

1.1 In July 2019 the Council declared a climate emergency and in response developed a Climate Change Strategy and a two-year Action plan. The declaration committed us to working with partners and the community to becoming carbon net zero and fully climate resilient by 2030 ahead of the government's legally binding target of 2050. This declaration to transition our town to net zero ahead of the government's legal target demonstrates our ambition, makes the case for rapid change and enable a faster and fairer transition.

1.2 Our ability to reach this ambition is impacted by a range of factors including government funding and changing strategy direction. The Council of course can play its part and continues to do so in the way it delivers its services, develops policy and programmes and attracts new funding to the town. However, with council budgets more constrained than ever, our capacity and resources to deliver the climate change strategy are even more challenging than when we declared the climate emergency.

1.3 While financial implications are at the core of our decision making, climate considerations are now also a key focus to ensure we reach our carbon neutral targets. All our report writing templates include a climate implications section to ensure we have considered the environmental impact of our work.

1.4 This Plan has been written in collaboration with colleagues across the council to ensure that the actions are honest, feasible and realistic, while also pushing us to make changes and improvements to our services and our work with the communities of Hastings.

2.0 The Vision

2.1 Our vision is by 2030 we will have a net zero carbon and fully resilient council and through working in partnership we will have enabled the borough as a whole to progress to net zero and become a green and resilient town.

to make Hastings climate neutral by 2030.

2.2 We accept and acknowledge that we have a huge amount of work ahead of us to meet our ambition of becoming net zero carbon and climate resilient town by 2030 and that we will be doing this set against ongoing financial resource uncertainty.

2.3 However, the town's collective and creative response to the Coronavirus Pandemic showed how fast we can all act together and enable massive change when faced with an urgent and common threat. There is enormous enthusiasm, skill, knowledge and commitment in our local communities to help us meet our challenges. We need to work together to translate this urgency to tackling the climate change and ecological emergency.

2.4 The council is committed to taking a leading role on achieving net zero by 2030. We are working hard to reduce our directly controllable emissions to as low as possible and will develop long term options to invest in solutions to reduce the remaining carbon emissions (offsetting) as part of our approach to nature recovery. We have also committed to support and work with others to make the borough net zero carbon by 2030 though this target will be much harder to achieve. We will use our influence and lobbying function and we will of course lead by example. We will work in partnership with the community to break down current barriers and enable delivery of projects

3 Working together locally

3.1 We can only deliver our ambition by working with others in the public, private and voluntary and community sectors across the borough and further afield. Only by working in partnership, delivering funded initiatives and changing behaviour, do we have the opportunity to make significant progress towards this 2030 target.

4 Regional partnership and networks

4.1 A diverse range of partnerships and networks already exist and will be developed to further both the borough's and region's net zero aims. New partnerships will emerge to further specific objectives and ambitions. A list of existing partnerships is shown in Appendix 1 – it is not an exhaustive list merely illustrative of the breadth and commitment of local partners to work together.

4.2 In addition, the borough is home to a diverse range of individuals, organisations, schools, charities, social enterprises and businesses that are committed to improving the local environment, reducing poverty, increasing skills, reducing carbon emissions and pollution and improving the natural environment.

4.3 Local initiatives include (not an exhaustive list): Transition Town Hastings; Hastings Urban Bikes; Energise Sussex Coast; the Bohemia Walled Garden; Alexandra Park Greenhouse project; Friend of Alexandra Park and The County Park as well as a range of organisations that choose to come and deliver projects in the borough such as Sussex Wildlife Trust; Groundwork Trust.

5 How Policy supports our strategy

5.1 Policy and legislation are crucial enablers of action at a local level. There are a range of global, national, regional and local policies setting guidance and targets and sometimes associated funding for tackling climate change. Since the publication of the 2020 strategy there have been a number of key national policy announcements that support the delivery of our climate change ambitions. These are listed in Appendix 2 and a few key policies are cited below.

National

5.2 During and following the pandemic the government has made a range of climate-related announcements. National policy changed rapidly in the run up

to the United Nations Climate Summit, known as COP26, held in Glasgow in 2021. At COP26 the commitments from all countries who signed up to the Paris Agreement were reviewed and the [Glasgow Climate Pact](#) was drafted.

5.3 In December 2020 the UK Committee on Climate Change (CCC) published its [Sixth Carbon Budget](#) and provided specific scenarios and recommendations for transition to net zero for each sector.

5.3 In 2021 the Government published its [Net Zero Strategy](#) Build Back Greener which outlines how the UK will manage its carbon budgets and sets out the UK's vision for a decarbonised economy by 2050.

5.4 The [Environment Act 2021](#) recognises the negative impact that climate change is having on biodiversity and the benefits that the natural environment can provide in mitigating overheating and flooding. The Act also contains powers to overhaul how we manage waste, with a focus on treating waste as a resource and creating a circular economy. as well as policies about air quality and water resources.

5.5 [The Economics of Biodiversity: The Dasgupta Review](#) detailing how our economies, livelihoods and wellbeing all depend on our most precious asset – nature

6 Regional

6. 1 Energy Strategy for the South East [Energy South2East](#)

6.2 East Sussex [Environment Strategy 2020](#) and The [Local Transport Plan](#)

7 Local

Climate action has been identified as a key priority in the Council's [Corporate Plan](#) – 'minimising environment and climate harm in all that we do' and is being integrated into other plans and strategies. For example, the [Local Plan](#) which can provide lasting resilience to the impacts of climate change through the implementation of local policy and well-designed development considering future climate impacts.

8 Evidence base updates

8.1 since the initial declaration several new bodies of both international and national evidence have been published. Most notably the three reports published by the IPCC and 2 reports from the UK's CCC (see Appendix 3 for further details).

International

8.2 [The Intergovernmental Panel on Climate Change \(IPCC\)](#) released three landmark reports in 2022 focusing on the urgent need to adapt and mitigate the impacts of the climate crisis as part of its '6th Assessment Cycle' which followed on for their 2021 report

‘Climate Change 2021; the Physical Science Basis’ presented evidence of the impact of human activity on global temperatures and the effect this is having on every region on the Earth.

‘Climate Change 2022: Impacts, Adaptation and Vulnerability’ report focusing on the natural and socio-economic impacts of climate change highlighting the risks posed by tipping points.

‘Climate Change 2022: Mitigation of climate change’ which examines the urgent actions needed to reduce greenhouse gas emissions in line with the goals of the Paris Agreement.

8.3 These reports support the fundamental reasons why tackling climate change internationally, nationally, and locally is so important. The report stresses that ***‘without immediate and deep emissions reductions, limiting global warming to 1.5°C is beyond reach’***.

8.4 Whilst the reports from the IPCC make for sobering reading they are a call to action at the pace and scale demanded by the evidence and to prepare for the unavoidable impacts that can no longer be prevented.

National

8.5 the UK’s Climate Change Committee have published two reports – Independent assessment of [UK Climate Risk Assessment](#) (as part of this five year Climate Change Risk Assessment (used to inform the 3rd UK Climate Change Risk Assessment CCRA3) and the second is their **2022 Progress Report to Parliament** on reducing emissions.

The UK climate Risk Assessment assesses 61 risks and opportunities from climate change to England including to business, infrastructure, housing the natural environment, our health and risks from the impacts of climate change internationally.

9 The Towns carbon footprint

9.1 UK emissions are published by Government annually, by borough and district, two years in arrears. These are shown in Appendix 4. From this it can be seen that Hastings’ total emissions have reduced in line with both England and the county, as have per capita (per resident) emissions and emissions by sector, suggesting reductions continue to be largely influenced by national factors.

9.2 appendix 4 – see that emissions have continued to reduce (although this excludes the emissions from everything we individually buy).

9.3 appendix 4 demonstrates that the largest proportion of emissions arise from the use of energy in our homes, followed by road transport and non-domestic buildings.

10 The pathway to net zero

10.1 In developing the refresh of this strategy and action plan we have undertaken a gap analysis of the current strategy themes, reviewed published documents and strategies, taken account of the work Climate Emergency UK has completed in reviewing all Council strategies and feedback from the community. We have continued to use the modelling work that was developed by AECOM to inform the action plan.

11 Adapting to Climate Change.

11.1 Building climate resilience within the borough through adapting to the impacts of climate change, for example, preventing homes from overheating whilst at the same time preventing further emissions of CO₂ which will make the effects worse.

11.2 UK Climate Projections 2018 [UKCP headline findings - Met Office](#) which are based on the latest climate science contains and analysis of historical information and future projections for the UK, covering both land and the marine environment. They are broadly consistent with the 2009 projections and show an increased chance of warmer, wetter winters and hotter, drier summers along with an increase in the frequency and intensity of extremes.

11.3 The latest State of the UK Climate report [State of the UK Climate 2019: International Journal of Climatology: Vol 40, No S1 \(wiley.com\)](#) shows several indicators consistent with expected effects of a warming climate.

12 Strategic Action areas

12.1 Our 10 strategic themes have now been identified and are highlighted below:

- Communication, Lobbying, partnership working and influencing others
- Governance and decision making
- Renewable energy and heat
- Homes and the built environment
- Sustainable and low carbon transport
- Biodiversity, green infrastructure and nature recovery
- Food
- Waste and the circular economy
- Water
- Adaptation and resilience

12.2 The action plan takes us a step closer to our net zero ambitions for the borough and builds on the work that has been completed to date. As new policy announcements are made, and funding becomes available, the council, local partners and organisations working in the town will seek to secure this funding to support our ambition to become a green and resilient town. We will need to remain flexible as well as ambitious so that we can adapt to changes in national policy, funding and technologies.

Appendix 1

The [Sussex Local Nature Partnership](#) aims to work across all sectors and organisations to secure the healthiest ecological system possible thereby protecting and enhancing the natural environment and all that it gives us. The partnership will lead our work across the county to develop Local Nature Recovery Strategies.

The [Clean Growth Platform](#) is the southeast regional hub for clean growth – providing support and advice to local businesses.

[Warm East Sussex](#) is the county wide energy efficiency partnership working to eliminate fuel poverty, securing government funding to deliver projects to improve the energy efficiency of the local housing stock.

[The Hastings Local Strategic Partnership](#) brings together leaders from the public, private/business, community and voluntary sector to work together to address common issues in the town, raise awareness of one another's activities and work together for the positive good of all those who live, work and visit here

[Hastings Chamber of Commerce, East Sussex — Let's Do Business](#) support local business on their journey to net zero

Appendix 2

Climate Change Act. The UK government has set a legally binding target of achieving net zero emissions by 2050.

This is in line with international goals set by the United Nations; interim targets to net zero by 2050: a 68% reduction on 1990 emissions by 2030 and a 78% reduction by 2035.

Agreements that were made at COP26 [UN Climate Change Conference \(COP26\)](#)

Transport Decarbonisation Plan [Transport decarbonisation plan - GOV.UK \(www.gov.uk\)](#) sets out the government's commitments and the actions needed to decarbonise the entire transport system in the UK and follows on from Decarbonising Transport Setting the challenge

UK Electric vehicle infrastructure strategy setting out the vision and action plan for electric vehicle charging infrastructure within the United Kingdom

Bus Back Better [Bus back better - GOV.UK \(www.gov.uk\)](#) Its central aim is to get more people travelling by bus

Energy White paper: powering our net zero future [Energy white paper: Powering our net zero future - GOV.UK \(www.gov.uk\)](#) setting out how the UK will clean up its energy system and reach net zero emissions by 2050.

British Energy Security Strategy [British energy security strategy - GOV.UK \(www.gov.uk\)](#) building on the 10 point plan for a green industrial revolution and the Net Zero Strategy.

Heat and Buildings Strategy

[Heat and buildings strategy - GOV.UK \(www.gov.uk\)](#) sets out how we will decarbonise our homes and our commercial, industrial and public sector buildings by 2050.

Nature Recovery green paper: protected sites and species [Nature Recovery Green Paper: Protected Sites and Species - Defra - Citizen Space](#) to address the fact that the UK is one of the most nature depleted countries in the world. Over the last 50 years, much of the UK's wildlife-rich habitat has been lost or degraded, and many of our once common species are in long-term decline.

The Agriculture Bill [Landmark Agriculture Bill becomes law - GOV.UK \(www.gov.uk\)](#) sets out how farmers and land managers in England will be rewarded in the future with public money for “public goods” – such as better air and water quality, thriving wildlife, soil health, or measures to reduce flooding and tackle the effects of climate change, under the Environmental Land Management scheme.

Treasury net zero review exploring the key issues as the UK decarbonises [Net Zero Review Final Report - GOV.UK \(www.gov.uk\)](#) .

UK infrastructure bank Bill [New Bill to set up UK Infrastructure Bank announced in Queen's speech - GOV.UK \(www.gov.uk\)](#) set up to support the governments national infrastructure strategy [National Infrastructure Strategy - GOV.UK \(www.gov.uk\)](#) .

UK Hydrogen Strategy [UK hydrogen strategy - GOV.UK \(www.gov.uk\)](#) sets out the approach to developing a thriving low carbon hydrogen sector in the UK to meet our increased ambition for 10GW of low carbon hydrogen production capacity by 2030.

Appendix 3 International

The Intergovernmental Panel on climate change (IPCC) released three landmark reports in 2022 focusing on the urgent need to adapt and mitigate the impacts of the climate crisis as part of its ‘6th Assessment Cycle’ which followed on for their 2021 report.

‘**Climate Change 2021; the Physical Science Basis**’ presented evidence of the impact of human activity on global temperatures and the effect this is having on every region on the Earth.

‘Climate Change 2022: Impacts, Adaptation and Vulnerability’ report focusing on the natural and socio-economic impacts of climate change highlighting the risks posed by tipping points.

‘Climate Change 2022: Mitigation of climate change’ which examines the urgent actions needed to reduce greenhouse gas emissions in line with the goals of the Paris Agreement.

These reports support the fundamental reasons why tackling climate change internationally, nationally, and locally is so important.

The **Physical science** report present evidence of the changes that are already happening across the different region of the world, including reporting on the concentrations of methane and carbon dioxide which are at the highest levels than at any time, global surface temperatures and sea level rise.

Impacts adaptation and vulnerability – reported the impacts of these physical changes, and the urgent need to adapt to and mitigate them and the vulnerability of both people and nature. The report stresses the need for climate justice and highlights existing widespread impacts from a changing climate system, such as worsening floods, fires, droughts and storms and warns that even if we manage to limit warming to 1.5⁰C we will still see increasingly extreme weather, becoming more frequent. There is explicit reference to the effect of climate impacts on health and to the natural world.

Mitigation of climate change report focuses on the urgent action needed to mitigate the impacts of the climate crisis. It warns that greenhouse gas emissions must begin to fall immediately with a 48% reduction in CO₂ emissions by 2030, reaching net zero by the early 2050s, and with methane emissions falling by a third by 2030.

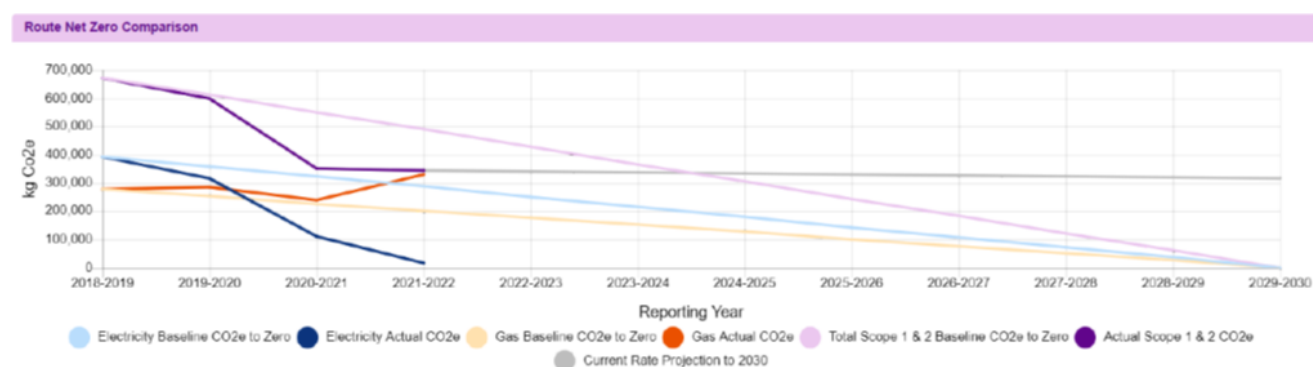
The report stresses that ***‘without immediate and deep emissions reductions, limiting global warming to 1.5⁰C is beyond reach’***.

Nationally, the UK’s Climate Change Committee have published two reports – Independent assessment of [UK Climate Risk Assessment](#) as part of this 5 year Climate Change Risk Assessment (used to inform the 3rd UK Climate Change Risk Assessment CCRA3) and the second is their **2022 Progress Report to Parliament** on reducing emissions.

The UK climate Risk Assessment assesses 61 risks and opportunities from climate change to England including to business, infrastructure, housing the natural environment, our health and risks from the impacts of climate change internationally.

Appendix 4 – Council and Borough Emissions Monitoring Council Emissions

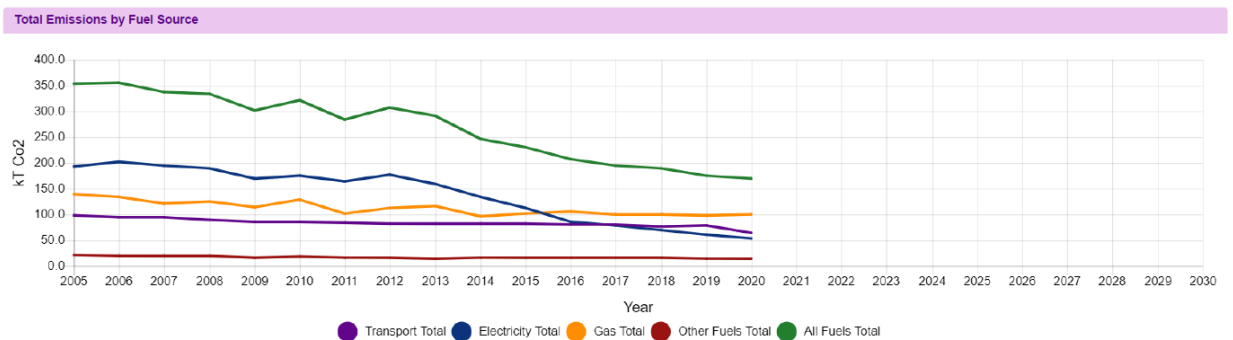
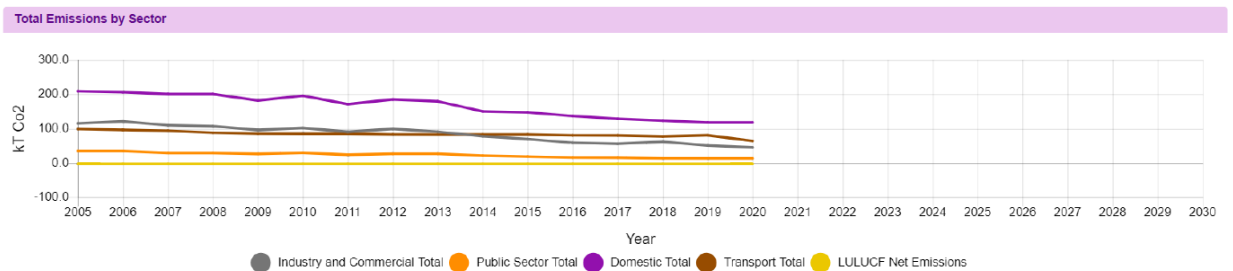
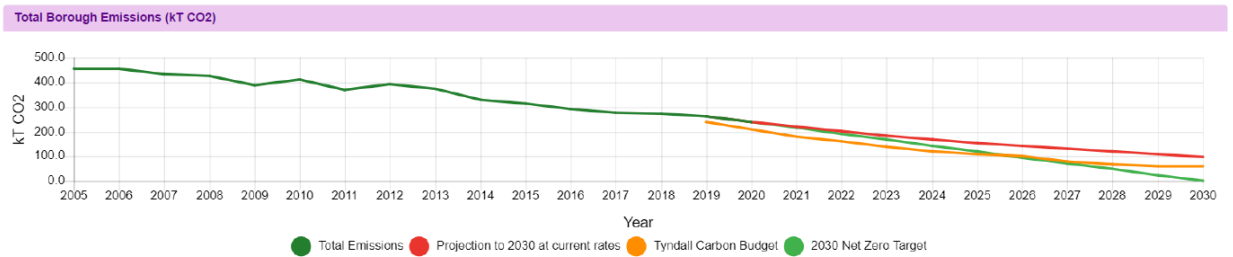
1. Emissions are split into three main categories, called Scopes, these are 1, 2 and 3.
2. Scope 1 emissions are direct emissions from sources, for example gas burned on site for heating.
3. Scope 2 emissions are indirect emissions from sources, for example electricity used on site, and the council's fleet mileage.
4. Scope 3 emissions are indirect emissions resulting from the council's activities, for example mileage on sub-contractor vehicles (waste fleet), outsourced projects, and water usage.
5. Since declaring a climate emergency in 2019 the council has set a baseline of emissions in the financial year 2018-2019 and has tracked the Scope 1 and 2 emissions of the council's operated buildings for each of the following financial years.
6. The baseline emissions for FY 2018-19 were 672,323 kg CO₂e.
7. The emissions resulting from council operated buildings in FY 2020-21 were 345,916 kg CO₂e, this represents a reduction in emissions from the FY2018-19 baseline of 48.5%.
8. The main proportion of this reduction was the council's decision in 2020 to procure electricity from renewable energy sources only.
9. The graph below shows the trend of the reductions, along with the linear route to net zero for each measure as well as a projection to 2030 based on current rates of reductions. Whilst we have made a big step in reducing our electricity emissions due to the renewable energy purchase, the projection clearly shows that we need to continue with our efforts to reduce our overall emissions to 2030.



Borough Wide Emissions

10. The UK annual greenhouse gas emissions statistics are published by BEIS (Business, Energy and Industrial Strategy) and records go back to 2005. These are on an 18-month delay and published for the calendar year, the latest figures are up to 2020.
11. BEIS regularly update the data calculation methodology and the types of emissions recorded, some of these are backdated to 2005.

12. The most recent update has separated out the emissions of the public sector from the main industrial and commercial sectors.
13. The data includes sector and fuel type, and so we can investigate not only sectors (domestic housing, commercial, transport and public sector) but also fuel type (gas, electric, transport and other).
14. The latest figures for calendar year 2020 show total emissions of 239.63 kT CO₂e (2005 base was 454.35 kT CO₂e), this is a drop of 47% since 2005 and 8% compared to 2019 levels.
15. The main factors in the reduction has been the decarbonisation of the electricity grid, however a significant reduction compared to 2019 was in transport emissions.
16. One point of caution in viewing these figures this year is that the reporting year was heavily influenced by lockdowns due to COVID, and so significant reductions may have been caused by external factors and we may see an increase in levels for next year.
17. The graphs below show the trend lines for total emissions, sector emissions and fuel type. As well as projections to 2030 for the Tyndall carbon budget (information on this can be found at <https://carbonbudget.manchester.ac.uk/reports/E07000062/>), our target route to Net Zero by 2030 and projection to 2030 based on current reductions.



Climate Change Strategy Acton Plan 2022

Time frames **and** **Priority**
short 2022-2024 low
med 2023 -2027 medium
long 2027-2030 high

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
1. Communication, Lobbying, partnership working					
HBC corporate actions					
1.1	Create a brand/image for Climate Change communications and use with all comms to do with behaviour change, engagement and positive environmental impacts	Encourage others to take climate and environmental action Increased visibility of Council's climate actions	Officer resources & time including Climate Change & Communication teams	Short Med	Branding developed by March 2023
1.2	Keep the Council's climate change web pages up to date and continue to develop media to engage new audiences and keep people and organisations engaged	Raised awareness of climate change and actions you can take at home, in your business etc	Can be delivered using existing resources Communication team and Climate Change team with support from all services	Short High	Ongoing Provide a monthly update in the council's newsletter
Actions by the council to enable the borough to become net zero carbon by 2030					

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
1.3	Continue to share the climate strategy and action plan with partners and work with Government departments, SELEP, the Energy Hub, ESCC and other regional and local organisations to identify existing and forthcoming funding to support specific projects and actions.	Investment in climate change action plan commitments in order to meet certain KPIs	Can be delivered using existing resources	Short – Long High	Ongoing
1.4	Keep the Climate Change and Environment Communications and Engagement Plan up to date reflecting local, regional, national and international environmental campaigns	Raised awareness of environment and climate change issues	Can be delivered using existing resources Communication and climate change team with support from all services	Short High	Annual environmental campaigns are promoted throughout the year
2 Governance and decision making					
HBC corporate actions					
2.1	To reflect the climate action the council is planning to take, meet with all council service areas and engage with HBC staff to update the action plan	Climate emergency is integrated across all service areas, policies strategies and projects	Within existing resources Climate change team	Short High	By Nov 2022
2.2	Provide staff and councillor training on the council's climate change strategy	It will be clear to cllrs, officers and the public the climate change	Within existing resources Officer time	Short High	staff training 2023+ Cllrs 2023

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
	and action plan to ensure our decisions take into account climate change implications	consequences of all decisions			
2.3	Investigate climate/carbon E-learning opportunities available through the councils current learning portal that could be mandatory for all staff	All staff will increase their environmental awareness to enable carbon reduction in their work and private life	Within existing resources – HR team	Short High	March 2023 and ongoing
2.4	Update job descriptions to include climate change as part of the standard result area for all jobs incorporating climate change into the Council's behavioural framework	Climate change becomes a core job requirement for all roles. Increased climate change awareness amongst staff and requirements with service provisions	Within existing resources - HR team	Short Med	Within 2022/2023 and ongoing
2.5	Set up green champions network for interested staff to support the council's climate change work	Increased awareness, engagement and support to deliver the climate emergency and reduce the Councils and boroughs greenhouse gas emissions	Officer resources to develop, instigate and maintain and engage the whole organisation Climate Change team & Communication	Med Med	Establish a staff climate change action group to develop and implement ideas during 2023/24
2.6	Prepare an annual report to cabinet each March and 6 monthly update report in October providing an	Cllrs are kept informed and up to date about progress being made to deliver the climate change action plan	Can be delivered Within existing resources	Short High	Ongoing Annual report and 6 monthly update reports

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
	update about the action plan and information about the towns and the council's carbon emissions.				
Actions by the council to enable the borough to become net zero carbon by 2030					
2.7	Working in partnership with Rother District Council, Wealden District Council and the East Sussex Procurement Hub update the council's sustainable procurement policy to ensure our supply chain for goods and services contributes to net zero	Reduced emissions from procurement.(scope3) Increased local spend and resulting improved community wealth Supports value for money and the wider economic, social and environmental benefits	Can be delivered within existing resources Procurement Hub and climate change team	Short High	Updated policy by Q1 2023/34 Procurement Hub to provide Training for all staff that procure goods and services during 2023/24
3 Renewable and low carbon energy (power and heat)					
HBC corporate actions					
3.1	Continue to identify further opportunities to install solar PV on council owned buildings and large 3 rd party roofs in the borough	Help to support the council and businesses to reduce their carbon emissions and operational costs	Within existing resources and agreed budget	Short High	2022/23 for first phase
3.2	Ensure the council purchases green electricity for its operational assets e.g. Muriel Matters House	Continue to minimise the council's Scope 2 emissions through renewable energy electricity	Within existing resources Head of Finance with support from	Short and ongoing	Notify by March 2023 next round of procurement

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
			climate change team		
Actions by the council to enable the borough to become net zero carbon by 2030					
3.3	Identify opportunities/sites for onshore wind turbines and other renewable energy schemes within the refresh of the Local Plan	Increase supply of local renewable energy, creating greater local energy security and supporting the decarbonisation of the energy system	Local Plan Policy team Existing resources and working with partner organisations e.g. Rother District Council	Short and ongoing Med	2022/23 and ongoing
3.4	Work with UK Power Network (UKPN) to support the transition to a smart grid capable of meeting the requirements of a carbon-neutral Hastings; develop a greater understanding of local grid constraints so that investment in EV infrastructure and development of new renewable & low carbon energy assets can be achieved	Reduction in carbon emissions	Existing resources including Planning Policy, climate change team	Long Med	Ongoing
3.5	Enable community energy schemes and explore the potential for micro-grids in housing developments on council land	Community energy schemes are supported to deliver projects locally	Within existing resources Estates, Planning, Housing and Climate	Short – long Med	Ongoing

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
		Increase in community owned local energy generation	Change and Legal teams		
3.6	Ensure Local Plan policies deliver strategic energy infrastructure developments, transport and housing that seek to support the transition to a carbon-neutral Hastings and the decarbonisation of the electricity grid.	The transition to net zero for the town is supported through planning policy	Existing resources Planning Policy team and Climate Change team	long	2030
3.7	Working in partnership with 'Your Energy Sussex' and local authorities across East and West Sussex continue to promote 'Solar Together Sussex', and similar initiatives to encourage the uptake of renewable and low carbon technologies in owner occupier homes	Increased energy security Increased in local energy generation Reduced carbon emissions from local homes Reduced fuel poverty Support local supply chain	In partnership with YES and ESCC – within existing resources Climate change and communication team	Short Med	Ongoing – annual
3.8	Investigate the potential for low carbon heat networks in large scale redevelopment and new development projects taking advantage of govt funding for feasibility	Town wide carbon emissions reduced	Govt funding – HNDU and HNIP Within existing resources	Med – long Med	2023+

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
	studies and capital infrastructure				
4 Reducing energy demand from homes and the built environment The existing building stock accounts for 75% of existing CO2 emissions – reducing demand for electricity and heating could reduce borough-wide emissions by 30%. Retrofitting and improving the energy efficiency of all tenures of existing housing (owner occupied, private rented, and social housing) will be required to meet net zero					
HBC corporate actions					
4.1	Review the Council's estate to understand the current carbon/ energy performance of its assets and develop a long-term asset management plan and associated carbon reduction plan for council assets to ensure the council assets meet EPC requirements EPC C by 2025 for new tenant and 2018 for existing tenants.	This will ensure that our assets are energy efficient and meet landlord EPC requirements Reduced carbon emissions Improved energy efficient stock	Resources will need to be identified and secured from govt funding schemes e.g. psds for any identified improvements to assets.	Med -Long	2024+
4.2	Undertake further energy /carbon efficient retrofits of Council operational buildings if cost-effective to do so e.g. LED lighting at MMH	Reduced carbon emission and energy bills from council buildings	Within existing resources and invest to save budget following business case	Short Med	2023+
Actions by the council to enable the borough to become net zero carbon by 2030					

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
4.3	Complete housing stock condition survey (waiting for the census data to be released for housing)	Provides baseline information to inform housing strategy and long-term planning for retrofitting the existing housing stock.	And within existing resources	Short	2022/23
4.4	Use the Housing stock condition survey to inform the decisions about a future HMO licensing scheme and continue to take action to address category 1 hazards for excess cold, damp and mould in the private rented housing.	Reduced health inequalities from poor quality housing Reduced carbon emissions from housing sector	HMO licensing tbc Funding and staffing will need to be provided if a similar scheme is to be continued in the borough beyond the funding available Within existing resources	Short High	Ongoing and 2023+
4.5	Share the findings of the BEIS funded MEES project which targeted EPC F and G rated private rented stock to inform the approach the council will take to enforcing future EPC standards of EPC C for new tenancies by 2025 and existing tenants by 2028.	Adequate resources in place to support housing work Improved housing stock and living conditions Reduced carbon emissions from private rented housing	Resources tbc	Short High	Tbc

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
4.6	Develop and implement the actions defined in the Hastings Housing strategy TBA	Housing standards in the private rented sector Improve Reduced fuel poverty reduced health inequalities	Housing Strategy to be developed Housing team	Short High	2023/24
4.7	Work in partnership with other local authorities, private and social landlords through East Sussex Housing Officers Group (ESHOG) and East Sussex Energy Partnership to develop a strategic approach to decarbonise all tenures of housing	Carbon emissions are reduced as far as practicably possible from housing Reduced fuel poverty and improved health outcomes	Local partnerships e.g. ESHOG and ESEP Within existing resources Fuel poverty coord, housing and climate team working with public health and housing strategic leads.	Short -long High	Ongoing
4.8	Work in collaboration with East Sussex Housing Officers Group (ESHOG) and East Sussex Energy Partnership and others to develop bids for the local authority delivery strands of the Governments Home Upgrade Grants and other associated funding schemes such as the Social Housing decarbonisation scheme	Public and private sector housing can access funds to help retrofit and improve energy efficiency Worst energy performing homes are improved and EPC rating of local housing increases Reduced risk of cold, damp and mouldy homes Improved health outcomes	As funding becomes available Fuel poverty coord, housing and climate change team	Short – Med High	2022+

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
4.9	Support and facilitate access to the Warm Homes East Sussex scheme	Fuel poverty in the borough reduces Those most vulnerable benefit from energy efficient advice and measures and other support as required Improved health outcomes	Within existing resources Fuel poverty coordinator and comms teams and ESEP	Short - long high	Ongoing
4.10	Continue to promote guidance from Historic England about how to improve the energy efficiency and climate resilience of the local historic housing stock and create conservation and design guidance for the local plan	5000 properties in the borough are in conservation areas or a listed property	Within existing resources Conservation and design team	Short High	2023+
4.11	Deliver the Town Living Towns Fund project	12 Retrofitted, affordable homes Reduced fuel poverty Worst energy performing homes are improved and EPC rating of local housing increases Best practice example of how to retrofit Grade 2 listed property	Phase 1 – 5 homes by March 2026 Housing and Towns Fund Programme team	Med High	2022-2026
4.12	Influence new housing developments on council	All new homes are designed and built to be as low		Short –Long	2023+

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
	land to make sure new housing developed is as low carbon as technically feasible and affordable	carbon and energy efficient and as possible within budgets available			
4.13	Support the 'Partnerships for people and place' project researching the challenges of retrofitting/improving the energy efficiency of the private rented stock – a partnership project with ESCC, CAB1066 BEIS and DHLUC	Findings of the research shared with partners	Within existing resources Fuel poverty, housing and climate change team	Short med	2023
4.14	Support the delivery of the Green construction, energy and vehicle training centre Towns Fund project at the Ore Campus ESCG	New green skills training centre open and course running Increase in green skills and job opportunities	By March 2026 Towns fund programme team	Med high	Courses start in 2023
5 Transport					
HBC corporate actions					
5.1	Continue to review the Council's fleet and identify opportunities for fleet replacement with zero and ultra low carbon vehicles and the use of electric bikes. Install associated	Reduced carbon emissions and improved air quality EV Vehicle fleet being procured <ul style="list-style-type: none"> wardens and parking service 1 van, 2 cars EV ordered 	Fleet manager and parking services manager Fleet vehicles ordered Fleet charging infrastructure at	Short and medium high	Ongoing

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
	work place charge points for electric fleet	<ul style="list-style-type: none"> IT and leisure – one Van ordered 	Carlisle base installed other sites to follow		
5.2	Introduce a cycle to work scheme to encourage more active travel for staff Reviewing other actions to support this such as a secure bike store and potential battery charging for EV bikes.	Gradual modal shift to reduce private vehicle travel and sustainable travel becoming the norm Increase number of staff commuting to work and meetings by bike Improved physical and mental well being	Existing Officer resources, HR and Finance	Short High	To have scheme set up for all staff to apply to by Dec 2022
Actions by the council to enable the borough to become net zero carbon by 2030					
5.3	Continue to keep under review off-street car parking fees and consider the introduction of an emission-based scheme to encourage the switch to cleaner, more efficient vehicles.	Improved air quality Reduced emissions from vehicles	Within existing resources Parking and finance team	Short Med	Ongoing By 2030
5.4	Work in partnership with ESCC to deliver new cycling and walking initiatives as detailed in the East Sussex Local Cycling & Walking Infrastructure Plan (LCWIP) and seek	Additional cycling and walking routes Increased active travel opportunities Improved health and well being Improved air quality	Can be delivered using existing resources Planning policy, climate change and regeneration teams	Short – long High	Ongoing

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
	opportunities for funding.				
5.5	Work in partnership with ESCC to deliver on-street EV charging infrastructure and where technically feasible the off street EV charging infrastructure	Increased charging infrastructure for electric vehicles Improved air quality Reduced emissions form transport	Can be delivered using existing resources Parking services, planning and climate change teams	Short med long Med	Ongoing
5.6	Work in partnership with ESCC to develop the Local Transport Plan (LTP4) to inform the transport policies and priorities for the county and future investment including meeting net zero carbon	Improved air quality More active travel options Reduced reliance on the car	Can be delivered using existing resources Planning, economic development, regeneration, parking and climate change teams	Short High	Complete by winter 2023
5.7	Ensure all new housing developments provide infrastructure for electric vehicles, active travel and car sharing options	The decarbonisation of transport is supported Improved air quality	Within existing resources	Short Med	Ongoing
5.8	Encourage the use of public transport by visitors to Hastings and those attending the towns events to reduce the need to travel by car	Improved air quality	Within existing resources	Short Med	Ongoing
	Convert Biffa waste fleet to HVO from April 2-23	Reduction in Co2 emissions from waste fleet by 85-90%	Pricing tbc	Short High	April 2023 and ongoing
6 Biodiversity, green infrastructure and nature recovery					

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
<p>Nature and ecosystems play a huge role in regulating the climate, absorbing carbon and can help us to adapt to and mitigate climate change. Biodiversity and ecosystems are a crucial part of our effort to combat climate change and working with nature brings multiple benefits.</p>					
<p>HBC corporate actions</p>					
6.1	Develop an in house Grounds maintenance service and new service specification to manage the town's parks and open spaces	Greater control over maintenance specification Enhance local biodiversity	Within available resources	Short High	Nov 2023
6.2	Improve and reduce mowing practices on the council's land, in parks and open spaces and grass verges	Increase in biodiversity and habitat for insects Reduction in waste arisings from mowing	Within available resources	Short high	Ongoing with more influence from Nov 2023
6.3	Reduce the use of chemicals on council's land and lobby ESCC to do the same	Improved habitat for insects Increase in biodiversity	Within available resources	Short high	ongoing with more influence from Nov 2023
6.4	Increase wildflower and pollinator planting where suitable	Improved habitat for insects	Within available resources	Short High	ongoing with more influence from Nov 2023
6.5	Continue to develop sustainable planting schemes within parks and open spaces, seafront beds and decorative	Reduction in waste arisings from annual planting schemes Reduced need for watering Increase in biodiversity	Within available resources	Short – Long High	ongoing with more influence from Nov 2023

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
	planters to reduce the need to replant annual plants and conserve water				
6.6	Continue to manage the Cemetery grounds to allow for minimal mowing and maintenance whilst enabling public access to the site and plant new trees as part of the Queens Green Canopy project in the century Grounds	Increased biodiversity Reduction in waste arisings from mowing	Crematorium and Cemetery management Within existing resources	Short Low	Ongoing with more influence from Nov 2023
Actions by the council to enable the borough to become net zero carbon by 2030					
6.7	Working in partnership with Surrey Wildlife Trust to deliver the blue green infrastructure strategy and biodiversity net gain study to inform the local plan policy	Increased climate resilience Improved health and well-being through greater resilience to extreme heat and flooding	Within existing resources Planning policy, natural resources and climate change team	Short High	To inform the local plan policy Dec 2023
6.8	Prepare the council for biodiversity net gain and potential off-site provision creating an understanding of where the delivery of nature-based solutions and habitat improvements can be achieved within the borough – develop a pipeline of projects for	Improved local habitats Increased resilience to climate change impacts	Within existing resources Planning policy, natural resources and climate change team	Short – Long High	To inform local plan policy Dec 2023

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
	biodiversity net gain and 'offsetting'				
6.9	Complete the open spaces study to inform the local plan about the amount, value and quality of open space to see if it will match future population levels of demand for access.	Access to open spaces Improves health and well being	Within existing resources Planning policy team	Short Med	To inform local plan policy Dec 2023
6.10	Provide support and advice to potential tree planting projects as required to help to ensure the native species are planted in the right place/habitat.	Carbon capture Improved biodiversity	Within existing resources	Short – long low	Ongoing
6.11	Review land holdings for possible biodiversity and nature based climate solutions (as part of the council's strategic asset mngt review)	Partnership projects created Increase in biodiversity Improved health and well being	Within existing resources	Short Med	2022+
6.12	Continue work with community group and organisations e.g. Education Futures Trust, Speckled Wood, Ground Work Trust, Green House Project, Bohemia Walled Garden, the Garden Town Team	Increased awareness of climate change and the local environment Enhanced biodiversity New skills for green jobs	Within existing resources	Short Med	Ongoing

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
6.13	Expand the sustainable land management practices at Hastings Country Park, to include regenerative agriculture approaches including the creation of woodland pasture	Increased biodiversity through an increase in woodland pasture through the repurposing of arable land	Within existing resources Apply for new ELMS grant scheme 2024 onwards	Short – long Med	Apply for new ELMS grant scheme 2024 onwards
6.14	Continue to provide volunteer opportunities within the management of our parks and open spaces so that local people can gain new green skills	Increased environmental awareness Increased green skills	Within existing resources	Short – long Low	ongoing
6.15	Work in partnership with ESCC and the garden town team to deliver the public realm and green connections towns fund project to green the town centre and improve active travel choices in the town centre	Increased biodiversity Increase climate resilience Increased cycling and walking Improved health and well being	TF budget £3.4m Towns fund programme team Match funding required	Med Med	March 2026

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
6.16	Support the delivery of the Broadening Futures Together – partnership project between Plumpton College & Education Futures Trust (EFT) to providing opportunities to gain green skills in land management	Increased green skills	T Fund budget Within existing resources Towns Fund programme	Short High	Courses delivered 2022/23 onwards
<p>7 Food land must be managed to provide food (and building materials) as well as managed to preserve biodiversity. Agriculture systems are threatened with reduced productivity due to a decline in the number and variety of plants and animals in the agricultural (and surrounding) environment Agricultural greenhouse gas emissions are responsible for 10% of total UK GHG emissions; emissions from agriculture can be reduced by changing the mix of food we eat.</p>					
HBC corporate actions					
7.1	Support local food growing through Local Plan policies	protect and enhance green spaces and increase opportunities for allotments and food growing spaces through the green infrastructure network.	Within existing resources	Med Med	ongoing
7.2	Support and promote the Hastings sustainable fishing fleet e.g. through the fish fayres and Hastings fish brand	Decrease carbon footprint by encouraging residents and hospitality businesses to buy local, sustainable fish which can be indicated by the fish brand logo and promoted at fish Fayres.	Within existing budget and resources. The fish brand is set up and website maintained by 1066 Country.	Long Med	ongoing

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
Actions by the council to enable the borough to become net zero carbon by 2030					
7.3	Support local food growing initiatives by making Suitable council owned land available	More residents can access local food and grow their own	Can be delivered using existing resources	Med Med	2023+
7.4	Support the local Hastings and Rother food partnership funded by ESCC	Create local food security Increase local food production and distribution Increased food security and reduced food poverty	Can be delivered using existing resources	Short – Long Med	Ongoing
7.5	Support initiatives that promote or enable low carbon and nature-friendly farming locally e.g. roof top farming, Town Grown Food growers' network	Increase and educate number of residents able to grow their own food. This will decrease food miles, enable more cheap, healthy food options and increase biodiversity	Can be delivered using existing resources	Long Med	Ongoing
7.6	Continue the support of community orchards through the provision of land where resources such as water are nearby e.g. Church Wood Community Orchard, Brembrook Road and The Bowl	Creates additional, local, free food resources and engage and educate residents in community growing.	Can be delivered using existing resources/grants and support to the voluntary sector partnerships	Long Med	Ongoing
8 Reducing emissions from waste and supporting a circular economy The best way to reduce emissions from waste is to produce less. While consuming less, reusing, upcycling, recycling, and recovering materials and energy are ways to manage our waste. Emissions from waste management activities such as collection and disposal of waste also create emissions, but form a relatively small proportion of emissions from waste as a whole.					

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
HBC corporate actions					
8.1	Working in partnership review waste & recycling service provision to align them with the requirements of increasing recycling and decreasing residual waste especially as the requirements of the Environment Act and food waste collections become clearer	Increased recycling rates	Within available resources Financial implications of Env Act requirements will be considered separately Waste mngt team	Short High	Ongoing
8.2	Working in partnership complete the fleet review to produce pathway to zero carbon RCV (refuse collection vehicle) fleet	Plan in place to deliver zero carbon waste and recycling fleet ULEV and alternative low carbon fuels identified	Can be delivered using existing resources waste mngt teams	Short and med High	Complete vehicle trials 2022/23
8.3	Deliver on zero carbon RCV fleet	Zero carbon fleet achieved	Financial implications to be assessed separately at the time	Long med	2030
8.4	Compost parks and open space waste arisings, creating a mulch/ compost to reapply to our land	Reduced need to buy compost Reduced waste for disposal Improved soil condition	Can be delivered using existing resources		

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
Actions by the council to enable the borough to become net zero carbon by 2030					
8.5	Support local reuse and repair schemes which divert waste for disposal, for example Freecycle, Freecycle, repair cafes, library of things, Hastings Furniture Service, local charity shops etc.	Encourages a local circular economy and these schemes provide the most help and benefit to people in greater need	Can be delivered using existing resources	Short High	Ongoing
8.6	Support local community composting schemes to allow those without a garden or allotment to recycle and compost their food waste	Reduces organic waste added to landfill which will reduce methane emissions. Compost can be used to improve soil and promote healthy plant growth and reduce need to buy compost	Can be delivered using existing resources	Short Low	Ongoing
8.7	Promote the Christmas tree recycling scheme which collects trees and turns them into a compostable material for use in the parks.	Less dumped Christmas trees Recycle green waste into compost	Can be delivered using existing resources	Short Med	Ongoing
<p>9 Water Climate change is already affecting water access for people around the world, causing more severe droughts and floods. Increasing global temperatures are one of the main contributors to this problem. Climate change impacts the water cycle by influencing when, where, and how much precipitation falls</p>					
HBC corporate actions					

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
9.1	Once asset management plan is completed for non-domestic buildings ensure water consumption is addressed in all of the council's assets	Preservation of water resources Water wastage is minimised, and costs saved	Resources to be identified	Med Med	2024+
Actions by the council to enable the borough to become net zero carbon by 2030					
9.2	Complete the new Local Plan and ensure that planning policies and guidance reflect our strategic goals for water minimisation	New development is low carbon, energy and water efficient and is resilient to future climate change	Can be delivered using existing resources	Short high	Dec 2023
9.3	Ensure planning policy reflects the need to avoid substantial development on flood plain	Essential flood plain is retained and flood risk is minimised	can be delivered using existing resources	Short High	Dec 2023
9.4	Work in partnership with the Environment Agency and the Southeast coastal group to explore the options viable to manage the risks posed by sea level rise and coastal erosion	Shore line management plan in place Reduced risk of coastal flooding Minimise vulnerability and provide resilience to flooding and coastal change	Partnership working delivered using existing resources	Med High	Ongoig
	Update the Strategic flood risk assessment – level 1 to inform local plan policies in light of new guidance from the env agency	Minimise vulnerability and provide resilience to flooding and coastal change	can be delivered using existing resources	Short High	Ongoing Dec 2023

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
<p>10 Adaptation and resilience the climate is changing so we need to plan for and be prepared for a certain level of climate breakdown. We can limit CO2 but we cannot mitigate its effects entirely. We will need to adapt to social and economic disruption caused by climate change. Our vulnerabilities and risks include rising sea level, impacts on land use, warmer wetter winters, more intense storms and severe summer heatwaves.</p>					
HBC corporate actions					
10.1	Ensure the blue green infrastructure plans and biodiversity net gain build future climate resilience for the town through natural capital solutions and carbon offsetting	Building community climate resilience to heat waves and flooding	Can be delivered in existing resources Planning policy, biodiversity and climate change team	Short - Long High	Dec 2-023 and ongoing
10.2	Continue to adapt the planting schemes in our parks and open spaces in response to hotter drier summers and more intense winter rainfall and wetter winters.	Increase resilient planting Increase in biodiversity	Within existing resources P& O Spaces team	Short – Long High	Ongoing
Actions by the council to enable the borough to become net zero carbon by 2030					
10.3	Ensure our coastline is protected from sea level rise through the delivery of the Shoreline Management Plan and the council's coastal protection	The councils statutory flood risk management responsibilities are met Increased community resilience to climate change Minimise vulnerability and	Defra flood defence funding Within existing resources Foreshore team	Short – Long High	Ongoing

Ref	Action	Outcome and co-benefits	Resources and action owner	Timeframe/priority	Target/KPI
	programme supported through govt funding	provide resilience to flooding and coastal change			
10.4	Carry out annual recycling of beach shingle as required to protect the coastline	Beaches are sustained and the coastline is protected Minimise vulnerability and provide resilience to flooding and coastal change	Within existing resources long term Financial implications to be assessed separately at the time	Short – long High	Ongoing
10.5	Working in partnership with Sussex Nature partners to develop a Sussex Nature Recovery Strategy to ensure the future resilience and adaptation of local habitats	Sussex and Hastings is a place where people and nature thrive	Within existing resources	Short – long Med	2023 - 2030 and beyond

Agenda Item 9

To Councillor Patmore
Chair of Overview and Scrutiny Committee

ACCESS TO INFORMATION RULES

KEY DECISIONS

RULE 26.20 –general exceptions.

NOTICE is hereby given under Rule 26 of the Access to Information Rules contained in the Council's Constitution that the following key decision will be taken at Cabinet on: -

Cabinet: 7th November 2022			
Procurement and Renewal of Hybrid Mail Solution			
<u>Decision</u>	<u>Consultation and Timetable</u>	<u>Working Papers and files</u>	<u>Responsible Officer / Portfolio Holder</u>
To request approval for the renewal of the corporate hybrid mail solution.	N/A	Report to Cabinet	Jane Hartnell, Managing Director Councillor Judy Rogers

Signed
Chief Legal Officer

Dated

Note:

Rule 26.20 General Exception

If a matter which is likely to be a key decision has not been included in the forward plan, then subject to Rule 26.21 (special urgency), the decision may still be taken if:

- (a) the decision must be taken by such a date that it is impracticable to defer the decision until it has been included in the next forward plan and until the start of the first month to which the next forward plan relates;
- (b) the Chief Legal Officer has informed the chair of a relevant overview and scrutiny committee, or if there is no such person, each member of that committee in writing, by notice, of the matter to which the decision is to be made; and
- (c) the Chief Legal Officer has made copies of that notice available to the public at the offices of the Council; and

(d) at least five clear days have elapsed since the Chief Legal Officer complied with (b) and (c).

Where such a decision is taken collectively, it must be taken in public.

Agenda Item 10



Report to: CABINET – Part 1

Date of Meeting: 7th November 2022

Report Title: Procurement and renewal of Hybrid Mail Solution

Report By: Stephen Dodson, Transformation and Programmes Manager

Purpose of Report

To request approval from Cabinet for the renewal of the corporate hybrid mail solution for Revenues and Benefits Service and other areas of the Council to maintain productivity and continuation of savings.

Recommendation(s)

- 1. That Cabinet approves the procurement of a hybrid mail solution**
- 2. To extend the hybrid mail solution with our existing supplier through the East Sussex Procurement Hub via the appropriate framework to continue the provision of hybrid mail.**
- 3. To give delegated authority to the Managing Director in consultation with the Lead Member for Organisation to complete the procurement process and appoint the successful vendor.**

Reasons for Recommendations

The existing hybrid mail solution used by the Revenues and Benefits service expires on the 16 November 2022 and needs to be extended to maintain our postal and electronic communications.

The use of the existing supplier has been extremely successful and has reduced the organisations spend per year on postage and mail services prior to their appointment.

The ESPO Framework allows for direct award to the existing supplier without the need for a full tender exercise and due diligence shows that they provide best value.

Introduction

- 1. The council currently corresponds with many residents annually, particularly for council tax billing. Without hybrid mail costs involved in doing this includes the cost**

of paper and photocopiers, as well as labour costs to print out envelopes, sort and frank letters.

2. The move to a hybrid mail solution in 2017 enables staff to send a digital copy of correspondence to the service provider from a desk top computer through a secure network. The offsite hybrid mail provider then prints, addresses envelopes, and delivers – either as paper or electronically mail items.
3. This negates the need for internal time-consuming manual handling of mail items and is necessary for large bulk physical or electronic mail outs.
4. The existing hybrid mail solution, which has been in operation since November 2017 has been extremely successful in realizing the original savings and has brought both direct savings and increased efficiencies to the Revenues and Benefits services in postal communications since its introduction.
5. Hybrid mail solutions provide high quality value for money, off-site postal and email solutions and by extending this to other service areas further efficiencies and productivity have been gained.
6. Savings in labour time and costs have also been gained, for example, Revenues and Benefits service's use of the existing hybrid mail solution has made significant labour savings.

Procurement

7. The existing arrangement with our hybrid mail provider expires on the 16 November 2022 and we would wish to extend the contract for a further three years.
8. East Sussex Procurement Hub have advised that we can directly award the contract to our existing supplier without the need for a full tender exercise using the ESPO Framework Lot 7 Hybrid Mail, Digital and Transformational Communications.

Policy Implications

9. **Equalities and Community Cohesion.** The hybrid mail solution enables the council to communicate in the way the customer wishes to be communicated with either electronically or by physical mail.
10. **Risk Management:** Our existing system will cease to function by 16th November which means that we need to extend our existing contract through the appropriate direct award framework.
11. **Environmental Issues.** The more mail that can be done electronically reduces the need for paper, ink and transport thus reducing carbon emissions.
12. **Economic/Financial implications.** The council has the budget for this statutory service. The continuation of the contract will ensure that we are providing the most cost-effective way of contacting residents.
13. **Organisational Consequences.** The Hybrid mail system facilitates hybrid working and maintains the council's high standard of digital communications at the lowest cost.

Wards Affected

All

Policy Implications

Please identify if this report contains any implications for the following:

Equalities and Community Cohesiveness	Yes
Crime and Fear of Crime (Section 17)	No
Risk Management	YES
Environmental Issues	YES
Economic/Financial Implications	YES
Human Rights Act	NO
Organisational Consequences	YES
Local People's Views	NO
Anti-Poverty	NO

Additional Information

Officer to Contact

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Agenda Item 12

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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