

**FINANCIAL
REPORT AND
STATEMENT OF
ACCOUNTS
2024-25**

DRAFT

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INFORMATION ACCOMPANYING THE FINANCIAL STATEMENTS

NARRATIVE REPORT

The Statement of Accounts for Hastings Borough Council for the year ended 31st March 2025 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 2024-25 ("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 2024-25 are set out on the following pages. 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 award-winning pier the 90,600 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

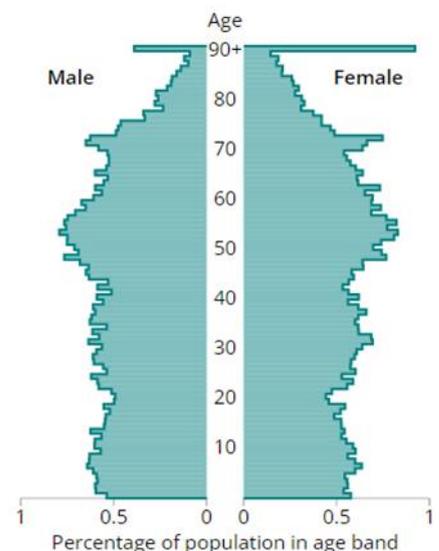
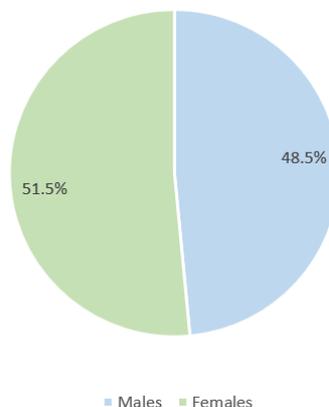
PHYSICAL FEATURES

- 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 2021 Mid-year Population Estimate produced by the Office for National Statistics was 90,622 and is broken down as follows:

	Population	Percentage
Males	44,146	48.5%
Females	46,850	51.5%
Total	90,996	100%



The split of the population between male and female by age is shown in the charts above

The registered electorate in March 2022 was 65,196.

COUNCIL TAX & BUSINESS RATING INFORMATION

Rateable value of business premises at 31 March 2025	£64,641,687
Council Tax Base (31 March 2025)	26,728
Council Tax at Band D - includes all preceptors (2024/25)	£2,437.47

EMPLOYEES

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

	NUMBER OF EMPLOYEES	
	2023-24	2024-25
Full time	253	263
Part time (full time equivalents)	44	47
Total	<u>297</u>	<u>310</u>

The direct cost of employment during the year was:

	2023-24	2024-25
	£'000	£'000
Wages and Salaries	10,938	12,042
National Insurance	1,048	1,156
Pension Contributions	<u>2,097</u>	<u>2,281</u>
Total	<u>14,083</u>	<u>15,479</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, as Full Council and are responsible for the adoption of the corporate plan, budget and the council's policy framework. 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

Cabinet members are appointed by the Leader and announced at Annual Council but can be dismissed/appointed anytime by the Leader. There are currently 7 members of cabinet (as at 31st March 2025), 6 of whom have portfolios of responsibilities related to Council services and one of whom is appointed Chair of the Charity committee and is a non-portfolio holder.

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 on a regular basis and is chaired by the Leader of the Council.

Charity Committee Hastings and St Leonards Foreshore Charitable Trust

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. 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 and a Protector. 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.

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 at least 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 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

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 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.

To date the company has purchased 7 properties which are mainly residential, comprising of self-contained flats and rooms with shared facilities. There are also some elements of commercial lettings. These properties are managed by a letting agent and let at market rents. The company is not currently actively acquiring additional properties.

There was a report that went to Cabinet on the 1st December 2025 regarding the future of the Housing company. The decision taken at Cabinet was to close the company down and transfer all assets into Hastings Council ownership. This decision will need to be verified at Full Council on the 14th January 2026.

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.

Local Government Reorganisation and Devolution

The Government White Paper on Devolution, published in December 2024, set out proposals for local government reorganisation (LGR) in England. Following the publication of the White Paper, Sussex and Brighton, alongside five other areas, were approved to be part of the Devolution Priority Programme (DPP). This programme enabled the areas in question to fast track both their plans for the creation of new Mayoral combined authorities and also for LGR.

Those areas included in the DPP were required to work collaboratively to submit to government, by 26 September 2025, proposals for the creation of unitary councils in their area. Alongside this, elections for a Mayor would then take place in May 2026 and lead to the creation of a new Mayoral Combined County Authority.

We are expecting to hear back from government on their preferred unitary council option in spring 2026, following further consultation over the winter.

In Sussex, the government chose to require East Sussex and Brighton to be treated as one area for the purposes of LGR. However, given the strong and well-established joint working relationships within the East Sussex locality, Leaders of the relevant six councils in East Sussex (the East Sussex councils) agreed to develop a joint proposal for a unitary council based on the East Sussex footprint.

An Interim Plan was submitted to Government on 21 March 2025 by the East Sussex councils, with a covering letter outlining that "Hastings wanted time to consult all of its residents and explore different geographies and governance structures as well as building the evidence base that would allow a truly bottom-up approach to creating new councils and ensure proper democratic representation".

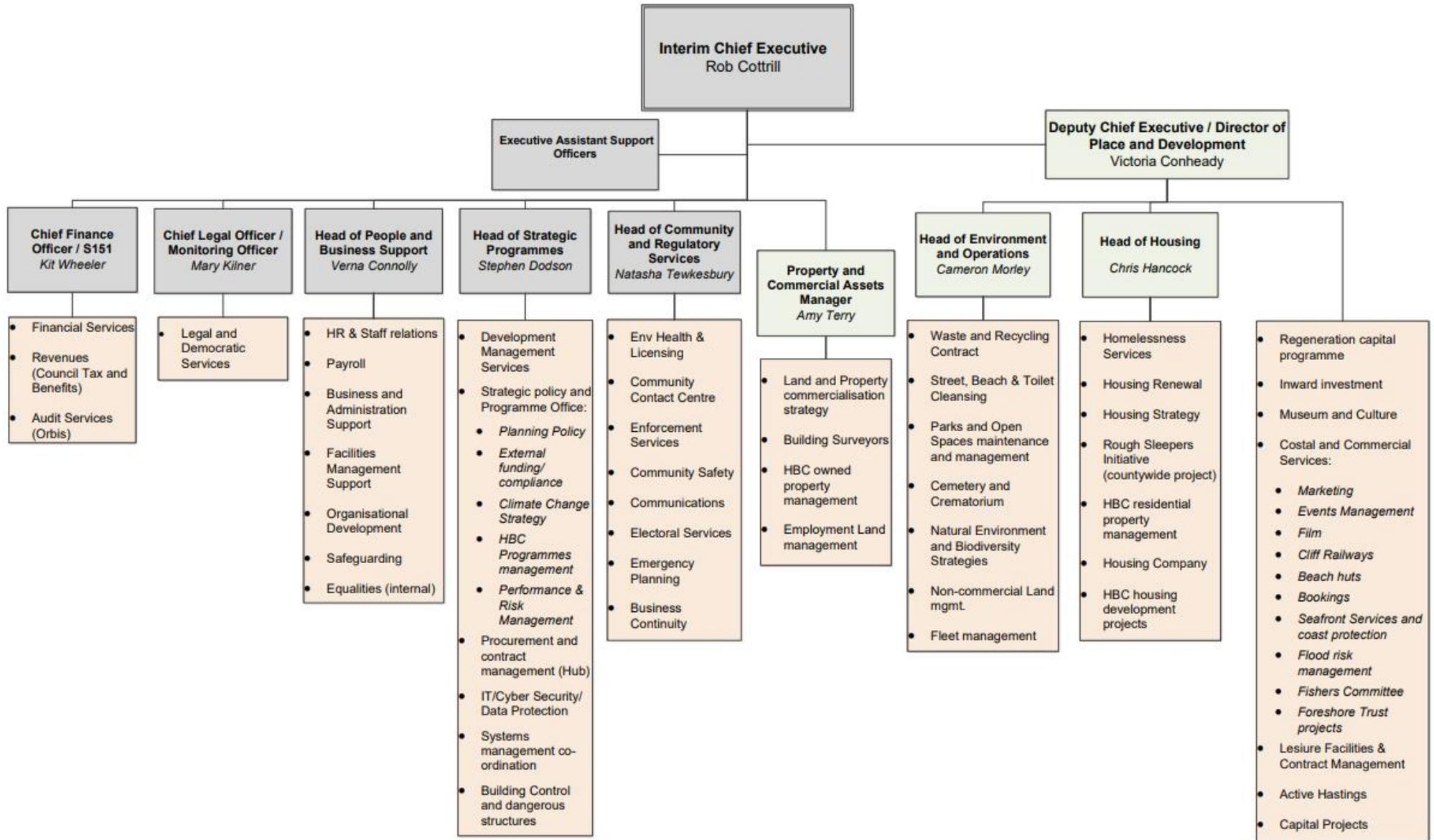
There was a Full Council Meeting held on the 24th September 2025 to discuss the relevant options available and the full report can be found at the following link. A final decision from Central Government is not expected until Spring 2026.

<https://www.hastings.gov.uk/devolution/what-LGR/>

Management Structure of the Council

The senior management structure as at 31st March 2025 is shown on the next page.

Draft



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 strategic direction and priorities.

The council publishes a Corporate Plan each year informing residents, businesses, and our staff about our vision, activities and priorities for improvements in the town. It shows how we will ensure our services are available to and accessible by all.

Over the past decade our funding from the government has significantly 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. Full details of the Corporate Plan: [Medium Term Financial Strategy 2024-25 to 2026-27](#) 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

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 increased inflation and continued delays to the government's spending review and 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 and is a key area of concern for the council. 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.

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 2024/25 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.

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 [Medium Term Financial Strategy](#) approved by Cabinet in November 2023, provided a projected MTFS position and action plan to ensure members were in a position to reduce the current year projected deficit and to produce a balanced budget for 2025/26. The MTFS was then subsequently updated within the [Budget Report](#) to Council in February 2025.

Given the need to plan for future years, the MTFS, identifies 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.

(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)

(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.

A detailed review of Earmarked Reserves was conducted in 2024/25 as part of a council wide approach to its financial management and to ensure that all funds are appropriately resourced moving forwards.

(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 latest report from the External Auditors based on the 2023/24 financial year highlighted some areas of improvement and many of those recommendations have been implemented in 2024/25, with continued commitment to a continuous cycle of refinement to further enhance accuracy and efficiency.

(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.

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 was introduced in 2022/23 and principles have been adopted in strategies since.

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 2024/25 was balanced by the use of reserves and more work is needed to identify further savings and efficiencies to balance the budget for future years – particularly given the impact of inflation and the increased cost of living on income levels, expenditure pressures and the additional impact on the Council’s limited reserves.

The table below, included with the 2025/26 budget report, shows the projected deficits in the years ahead.

Revenue Budget Forward Plan	2025-26 Projection £000's	2026-27 Projection £000's	2027-28 Projection £000's	2028-29 Projection £000's
Direct Service Expenditure	17,818	16,947	16,350	17,057
Less Planned Savings				
Identified Savings / Reductions (Appendix K)	(430)	(1,283)	0	0
Fees and Charges	0	210	210	210
Direct Service Expenditure (Net)	17,389	15,874	16,560	17,267
Funding Commitments:-				
Other:				
Contingency Provision	348	317	331	345
Gross Interest Payable	2,104	2,239	2,479	2,697
Gross Interest Received	(1,178)	(1,060)	(954)	(859)
Minimum Revenue Provision (excl. Inc Gen Adj)	1,010	1,572	1,548	1,630
Contribution to Reserves	1,511	650	650	650
Use of Earmarked Reserves	(2,877)	(1,000)	(1,000)	(1,000)
Net Council Expenditure	18,307	18,592	19,614	20,730
Taxbase	27,273	28,341	29,188	30,061
Council Tax	307.69	316.89	326.36	336.12
Funding				
From Collection Fund - Council Tax	(8,392)	(8,981)	(9,526)	(10,104)
From Collection Fund - Business Rates	(2,987)	(3,047)	(3,108)	(3,170)
Revenue Support Grant	(1,437)	(1,466)	(1,495)	(1,495)
PEPR Recycling Grant	(1,191)	0	0	0
CSP Recovery Grant	(445)	0	0	0
Domestic Abuse Safe accommodation Grant5	(35)	0	0	0
Homelessness Prevention Grant	(800)	0	0	0
New Homes Bonus	(4)	0	0	0
Employer National Insurance Contributions Grant	(185)	0	0	0
Transparency Code Grant	(8)	0	0	0
Electoral Integrity Grant	(8)	0	0	0
Tenant Satisfaction Measures Grant	(2)	0	0	0
Housing Benefit Admin Grant	(416)	400	400	400
NNDR (Surplus) / Deficit	68	0	0	0
NNDR Pooling	(286)	(286)	(286)	(286)
Business Rates Section 31 Grant	(1,927)	(1,966)	(1,966)	(2,005)
Council Tax Surplus	(222)	(222)	(222)	(222)
Contribution To General Fund	(18,278)	(15,568)	(16,203)	(16,883)
Funding Shortfall / (Surplus)	29	3,025	3,411	3,847
(Use of) / Trf to General Reserve Budget Gap / Unidentified Additional Savings Required	(29)	(3,025)	(2,589)	0
		0	(822)	(3,847)
Net Funding Shortfall / (Surplus)	0	0	0	0
General Reserve Balance (31st March)	5,614	2,589	0	0

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](#) was approved by Full Council in February 2024 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.

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.

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 investment to save initiatives. Learning from 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.

Churches, Charities and Local Authorities (CCLA) - Property and Diversified Income Fund

CCLA manage investments for charities, religious organisations, and the public sector. In February 2017, the Council invested £2,000,000 of its reserves in the CCLA Local Authority Property Fund with an aim to diversify its investments and seek to generate a better return. During the 2019/20 financial year the council invested £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 Property 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.

4. Performance Review

Revenue

The Council has continued to perform well despite continued budget cuts and pressure on services.

The summary table below shows the outturn for the year. The total direct service expenditure is £15.8m.

The 2024/25 Financial monitoring Quarter 4 outturn position was reported to Overview and Scrutiny Committee on 14th July 2025.

The following table compares the major elements of the budget against the outturn for General Fund services in 2024/25:

	2024-25 Original Budget	2024-25 Actual Outturn	Variance
	£000	£000	£000
Directorates			
Chief Finance Officer / S151 Officer	3,385	3,753	368
Chief Legal Officer / Monitoring Officer	1,005	915	(90)
Commercial Services & Development	745	290	(455)
Community and Regulatory Services	1,005	881	(124)
Environment and Operations	5,533	4,886	(647)
Housing	6,563	7,830	1,267
People and Business Support	853	811	(42)
Strategic Programmes	2,215	2,130	(85)
Property and Commercial Assets Manager	(5,242)	(5,744)	(502)
Contingencies	300	0	(300)
Direct Service Expenditure	16,361	15,752	(609)
Net Interest Payments	517	277	(240)
Loss on Investments	0	153	153
CTR - Energy Rebate	0	120	120
Other operating costs	966	959	(7)
Net Council Expenditure	17,844	17,261	(582)
Less Government Grant	(2,473)	(3,831)	(1,358)
Less retained business rates	(4,484)	(3,221)	1,263
Collection Fund Surplus	953	953	0
Council Tax	(7,985)	(7,985)	(0)
Net expenditure excluding reserve movements	3,855	3,177	(678)
Contributions to reserves	607	870	263
Revenue use of earmarked reserves	(3,665)	(4,047)	(382)
Transfer to/(from) Specific Reserve	(796)	0	796
Net budget (surplus)/deficit transferred to General Reserve	0	0	0

The 2024/25 Total Service Expenditure budget agreed by Council was £16.4m. This figure includes the contingency budget which was initially set at £300k.

Direct service expenditure is showing an underspend of £609k. The expenditure within Direct Service Expenditure is categorised by the Head of Service managing that area. Whilst there are numerous under and overspends the most significant variances were as follows:

Chief Finance Officer / S151 Officer

This area is showing an overspend of £368k after year-end adjustments but before the use of reserves to the sum of £414k. After use of reserves, this area is showing an underspend of £46k which is inclusive of the following variances:

- Senior Leadership Team is showing an overspend of £236.5k which largely relates to the unachieved PIER savings budgeted within the area.
- Finance and Insurance services is showing an underspend of £107.3k following use of reserves and vacancies throughout the financial year.
- Tax collection Costs is showing an underspend of £212k after final calculations have been completed.
- Revenues and Benefits Service is showing an overspend of £53k which largely relates to a compromise that was reached over a disputed invoice for the revenues system upgrade. However, this additional spend is fully covered by the Revenues & Benefits Reserve with no impact on the General Reserve balance. The service has offset this original impact throughout

the year with reduced staffing expenditure a result of multiple vacancies in the team. Recruitment and retention of staff have continued to see turnover within the service leading to reduced delivery of service.

- Dangerous Structures is showing a spend of £126,930 largely due to spend on projects relating to land stability issues in the Old Roar Gill and Caves Mews areas and covers bought in officer time allocated to this area of work, technical surveyors and legal costs incurred thus far. This spend is funded through £250,000 allocated from General reserves and the Green Investment fund (50/50) as agreed previously by Cabinet.

Chief Legal Officer / Monitoring Officer

This area is showing an underspend of £90k.

- Legal Division is showing an underspend of £52k. This was mainly due to legal fee savings of £25k, saving on agency costs £14k by reduced hours from an agency member and £9k received from recovery of costs incurred from the Housing Company together with careful monitoring and management of capacity and resources in the team.

Head of Commercial Services and Development

This area is showing an underspend of £455k.

- Cliff Railways: Is showing an overspend of £39k. The loss of income due to the late reopening of East Hill has been offset partially from the savings made on salaries, repairs, electricity and business rates.
- White Rock Theatre: Is showing an underspend of £47k due to a misallocation of budget under Grants Made, which was actually held throughout the year for potential repairs that were ultimately not required.
- Seafront is showing an underspend of £111k due to savings made in salaries £7k, repairs £34k, utilities £14k, supplies and services £10k and reimbursement received from FST £57k.

Head of Community and Regulatory Services

This area is showing an underspend of £124k.

- Local Licensing is showing an underspend of £90K due to an increase in income received particularly in Private hire, Street trading and Animal licensing.
- Parking is showing an overspend of £95K due FST recharge being £61k over budget and total parking income closing at £23k under budget after adjustments. Although the income received for the year is slightly lower than budgeted, the service has overall performed well, achieving a 7% (£191.6k) increase in income compared to last year. Increased cost of repairs and materials for the service also contributed to this overspend in addition to an increased contribution to the repair reserves.

Head of Environment and Operations

This area is showing an underspend of £647k.

- The Cemetery and Crematorium is showing an overspend of £73k. There was a £96k reduction in customers for direct cremations. This has been partially offset by a reduction in Gas and Electricity costs which has resulted in an underspend against budget of £46k. There have also been higher servicing and repairs costs for the cremators of £23k.
- Waste Services Management and Admin is showing an underspend of £98k due to twelve months slippage on the vacant Waste Services Manager post.
- Greenwaste is showing an underspend of £115k due to an increase in the number of customers that has generated surplus income.
- Parks and Gardens is showing an under spend of £65k, a reduction in spending on repairs has resulted in an underspend of £28k as a result of following HBC's spending controls focusing on H&S and statutory responsibilities. There are also savings on software of £10k and vehicles of £7k. The rental income and recovery of shared utilities costs generated an additional £13k.

Head of Housing

This outturn is showing an overspend of £1.3m.

- The main reason for this is a slower than expected reduction in the number of households living in privately procured temporary accommodation (PPTA). The net cost of this type of accommodation—after taking into account Housing Benefit subsidies and personal contributions from residents—was £1.7 million over budget. However, an additional £300k in Homelessness Reduction Grant was received during the year, which helped offset some of the pressure.
- Aside from temporary accommodation, the rest of the Housing Department's activities resulted in a positive variance of £123k.
- It was expected that there would be a faster decline in the use of PPTA than actually occurred. The target was to reduce the number of households in PPTA to 470 by year-end, but the actual number stands at 535. While reductions were achieved in six of the 12 months, these were offset by increases in other months.

Head of Strategic Programmes

This area is showing an underspend of £85k.

- Information Technology Division is reporting an underspend of £97k due to savings made in salaries from a vacant post not filed within the year as forecasted in addition to the capitalisation of certain costs related to the IT transformation project.

Property and Commercial Assets Manager

This area is showing an underspend of £502k.

- Factory Units is showing an underspend of £92k. There was an increase in rents of £70k due to additional micro units rented out. This is partially offset by additional costs for surveyors fees and agents fees of £31k. A higher premises insurance recharge is showing an additional £14k in costs and building repairs an additional £9k in costs. Backdated increases following rent reviews have resulted in additional income of £75k.
- Properties and Estates is showing an underspend of £224k. There was an overspend of £16k due to increased business rates costs for vacant properties. Insurance payout for flooding damage / repairs of £114k has been received. Chalet rents for the former bathing pool site are now showing here and account for an additional £51k though this is offset by a reduction in income showing on Chalets and Huts sites. Backdated income for Hornbye Fields (mast) has meant an additional £35k. A backdated rent review has resulted in an additional £63k. The vacant Unit 2b at Bexhill Road Retail Park will reduce income by £38k.
- Estates Services Management and Admin is showing an underspend of £58k due to anticipated twelve months slippage on the vacant Estates Surveyor post.

Council Tax

The balance on the Council Tax Collection Fund at 31 March 2025 was a surplus of £2,952,440, of which the Council's share was £437,029.

NNDR

The rateable value of business premises at 31 March 2025 was £64,641,687 compared to £65,220,816 at 31 March 2024.

Excluding multiple appeals there were 30 appeals outstanding, with a potential rateable value loss of £2.4m. 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 £20,563,383, which is £3,164,010 less than original forecast (NNDR1) of £23,727,393. The NNDR element of the Collection Fund has a deficit balance of £954k (the Council's share is £382k of the overall deficit).

Material Assets/Liabilities

The most significant expenditure on assets during the year was on housing. £3m on the Housing Acquisition Programme, £6.2m on Levelling Up Partnership temporary accommodation, £2m on Single Homelessness Accommodation programme & £3.9m on Local Authority Housing Fund.

No new material liabilities have been incurred during the financial year.

Pension

The net long term pension liability decreased slightly during the year, moving from a liability of £1.827m to a liability of £1.520m. 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.

2025/26 Budget

The table below summarises planned net expenditure on services for 2025/26, compared to 2024/25, 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 £3,854,781 is identified within the budget as being required from reserves to fund the 2024/25 deficit.

	2024-25 Original Budget	2025-26 Original Budget	Variance 2024-25 to 2025-26
	£000	£000	£000
Directorates			
Chief Finance Officer / S151 Officer	3,385	4,004	619
Chief Legal Officer / Monitoring Officer	1,005	1,045	40
Commercial Services & Development	745	782	37
Community and Regulatory Services	1,005	993	(12)
Environment and Operations	5,533	6,165	632
Housing	6,563	6,760	197
People and Business Support	853	909	56
Strategic Programmes	2,215	2,171	(44)
Property and Commercial Assets Manager	(5,242)	(5,439)	(197)
Contingencies	300	348	48
Direct Service Expenditure	16,361	17,738	1,377
Net interest payments	517	926	409
MRP	966	1,010	44
Revenue contribution to capital	0	0	0
Net Contribution to / (from) Reserves	(3,855)	(1,395)	2,460
Net Council Expenditure	13,989	18,279	4,290
Less Government Grant :-			
Revenue Support Grant	(1,309)	(1,437)	(128)
Other general Grants	(1,164)	(3,095)	(1,931)
Retained business rates	(4,484)	(5,132)	(648)
Collection Fund Surplus	953	(222)	(1,175)
Amount to be met by Council Tax Payers	7,985	8,392	408

End of Year Performance 2024/25

The charts on the following pages demonstrate how the council performed in 2024-25.

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

Key extracts from the performance management system are shown below. The graphs represent how progress is going against the 132 key activities and performance indicators targets that the council has set. A RAG (Red, Amber, Green) system is used to show if performance is on target or not.

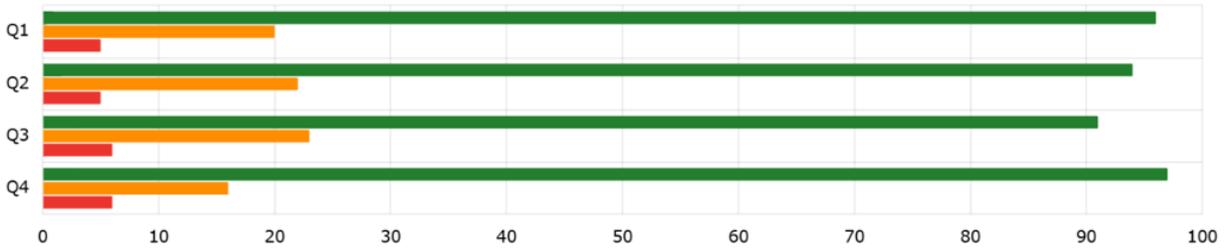


2024/2025

Number of measures

Overall performance per quarter

125



BREAKDOWN BY SERVICE AREA

ENVIRONMENT & PLACE

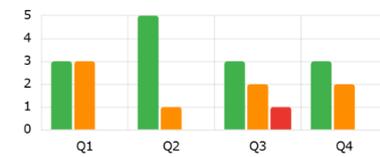
Cemetery & Crematorium



Parks & Open Spaces



Waste

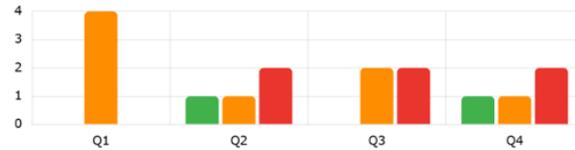


FINANCIAL SERVICES

Finance

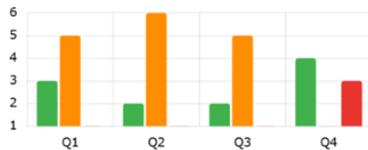


Revenue and Benefits



HOUSING & BUILT ENVIRONMENT

Homelessness Services



Housing Renewal



Strategic Housing



LEGAL & DEMOCRATIC SERVICES

Democratic Services



Legal

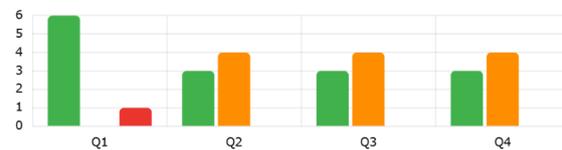


PEOPLE & BUSINESS SUPPORT

Business & Admin Support



HR & Staff Relations



COMMERCIAL SERVICES AND DEVELOPMENT

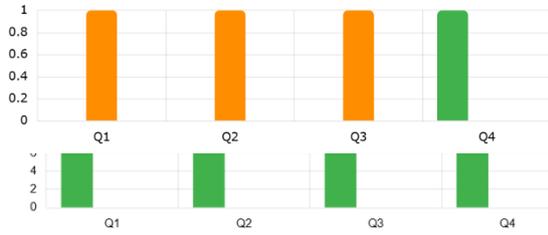
Leisure Services



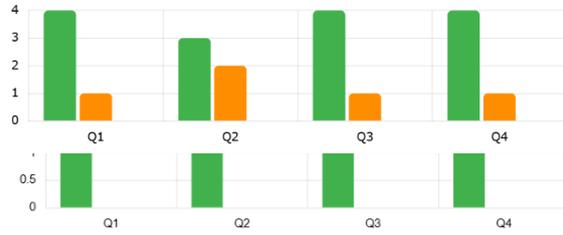
Commercial Culture & Tourism



Regeneration Capital Programme



Seafront Services and Coast Protection



Communications



Electoral Services

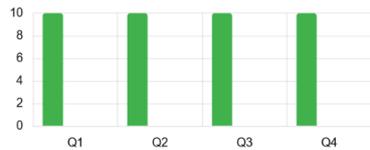


STRATEGIC PROGRAMMES

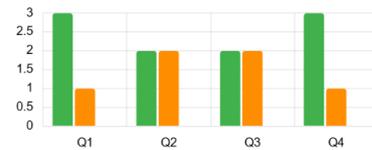
Strategic Programmes



ICT



Tackling Climate Change



Planning Policy



Planning Services

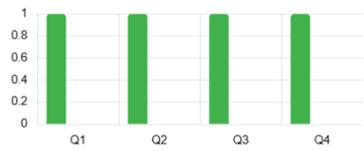


COMMUNITY & REGULATORY SERVICES

Environmental Health



Licensing



Contact Centre



Enforcement Services



Community Safety



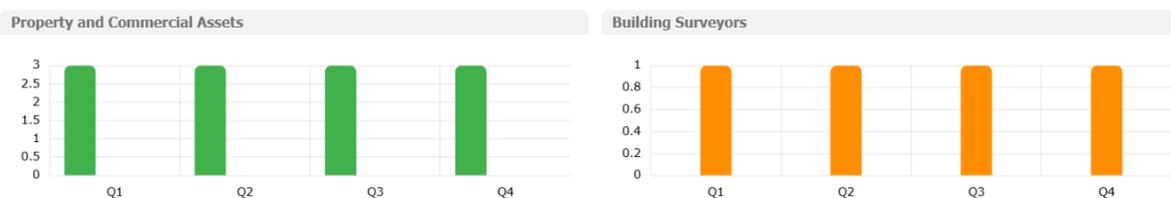
Communications



Electoral Services



PROPERTY AND COMMERCIAL ASSETS



Capital Expenditure

The Council spent £22,030,641 on capital projects during 2024/25, as summarised below:

Scheme	2024-25	2024-25	2024-25
	Revised Budget	Outturn	Variance
	£'000	£'000	£'000
Private Sector Renewal Support	15	26	11
Disabled Facilities Grant	2,351	2,334	(17)
Empty Homes Strategy	50	0	(50)
Restoration Pelham Crescent/ Pelham Arcade	120	0	(120)
Road above Pelham Arcade	580	0	(580)
Groyne Refurbishment	35	0	(35)
Work on Harbour Arm and New Groynes	224	103	(121)
Playgrounds Upgrade Programme	44	30	(14)
Energy - Solar Panels	500	0	(500)
Buckshole and Shornden Reservoirs	200	200	0
Priory Street Multi Storey Car Park	250	0	(250)
Energy Generation - Unallocated	1,000	0	(1,000)
Churchfields Business Centre	20	14	(6)
Development / Furbishment of Lacuna Place	45	45	0
Cornwallis Street Development	0	13	13
Next Steps Accommodation Pathway	194	29	(165)
Castleham Industrial Units	23	7	(16)
MUGA Refurbishments	46	8	(38)
TFC - Enterprise & employment infrastructure	0	17	17
TFC - Green low carbon skills & economy	952	132	(820)
TFC - Hastings Castle world heritage destination	500	14	(486)
TFC - Town to sea creative quarter	1,423	1,538	115
TFC - Town centre core	13	0	(13)
TFC - Town centre public realm & green connections	676	531	(145)
TFC - Town living	90	48	(42)
UK Shared Prosperity Fund (Capital)	31	0	(31)
Grounds Maintenance Equipment	199	115	(84)
Roof refurbishment Programme	0	13	13
East Hill Cliff Railway	780	37	(743)
Housing Acquisition Programme	4,746	3,035	(1,711)
Bexhill Road Retail Park	0	7	7
Food Waste Collection	0	189	189
IT Upgrade Programme	200	193	(7)
HAS_01 LUP - TA Acquisitions	3,350	6,280	2,930
HAS_02 Bexhill Road Development	60	407	347
HAS_03 BID Capital Projects	0	30	30
HAS_05 LUP Mobile Spaces for NPOs	105	118	13
LUP - Project Art Works	515	606	91
Single Homelessness Accommodation Programme (Cap) (SHAP)	1,432	2,005	573
Local Authority Hosuing Fund (LAHF 3) (Cap)	2,456	3,881	1,425
Waste Caddys	0	26	26
Asset Management R&R	500	0	(500)
Total	23,725	22,031	(1,694)

This capital expenditure was financed as shown below:-

	£'000
Capital receipts	607
Government grants and other contributions:	
towards assets	16,403
towards REFCUS	2,333
Borrowing	2,688
	22,031

Borrowing Facilities

Total loans outstanding owed to external sources for capital spending amount to £64.091m as at 31st March 2025. Under the Prudential Code for borrowing the Council's Capital Financing Requirement is £77.7m. The difference relates to the use of existing financial resources (internal borrowing) until such time as external borrowing is undertaken.

Reserves

The Council has set aside reserves for a number of purposes, including provision for the renewal and repair of equipment, maintenance of buildings, yet to be spent Government Grants and the financing of capital expenditure.

The balance on these reserves at 31st March 2025 is £13.84 million compared with £17.02 million at 31st March 2024. The movement on Earmarked Reserves is detailed in Note 12 of the accounts.

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.

The amounts credited to the General Fund are those estimated before the start of the financial year, including distributions of estimated surplus, or contributions towards estimated deficits. In accounting terms, however, the Council's share of the collectable debit (including adjustments to allowances for doubtful debts and appeals) are credited to the Comprehensive Income and Expenditure Statement (CIES). The difference between the cumulative amounts for statutory and accounting purposes forms the Collection Fund Adjustment Account (an unusable reserve) and the annual adjustment forms part of the accounting and financing adjustments.

Conclusion

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

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.

(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 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 on Local Authority Accounting and summarised in the notes on accounting policies.

Going Concern

These accounts have been prepared on a going concern basis. The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. The Code confirms that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Hastings Borough Council has taken over Management of Hastings Housing Company properties and are currently assessing future options. A full independent external review has been commissioned and is being carried out by the Council.

There was a report that went to Cabinet on the 1st December 2025 regarding the future of the Housing company. The decision taken at Cabinet was to close the company down and transfer all assets into Hastings Council ownership. This decision will need to be verified at Full Council on the 14th January 2026.

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

Draft

SERVICE MEASURES

2023-24		2024-25
	Numbers of:	
30,523	Museum visitors	33,662
4,087	East Hill Cliff Railway users	6,989
93,449	West Hill Cliff Railway users	74,711
19	Public Conveniences	19
146	Burials	177
81,734	Grave spaces	81,821
1,368	Cremations	1,275
3,933,901	Dustbins Emptied (Bin Equivalents)	3,940,029
8,987	Recycling tonnage	9,001
778	Planning Applications	655
2	Conservation Area Projects	2
259	Building Regulation Applications	211
521	Local Land Charges (full searches only)	1,080
2,103	Car Parking Spaces (Off-Street)	2,103
4,911	Penalty Charge Notices issued	5,632
1,546	Licences Issued	1,546
350	Food Hygiene Inspections	398
139	Health & Safety Inspections	133
65,263	Local Electorate	66,224
129	Number of Factory Units	129
270	Kilometres of Streets maintained within the Borough	270
1,919,139	Rental Income from Factory Units (£)	2,122,339

ANNUAL GOVERNANCE STATEMENT 2024/25

1. Executive Summary and Signatories

- 1.1. As outlined in this statement, **we have made progress in strengthening our governance arrangements during 2024/25**. However, there remain a number of **improvements required to maintain the effectiveness of the Council's corporate governance framework** as identified by the Senior Leadership Team, Internal Audit and External Audit.
- 1.2. The significant weaknesses identified in our governance arrangements over the past year are:
- The Local Code of Corporate Governance has not been updated for some time.
 - There are several key governance documents and procedures that have been found to be out of date, or not accessible by officers, Councillors and residents.
 - Cabinet did not formally consider or approve the Council's strategic risks in 2023/24.
 - Clear performance management processes for the Chief Executive and senior officers are not in place.
 - Cabinet has not received regular updates on the financial position of Hastings Housing Company and there should be a review of the purpose of the Company.
- 1.3. Last year Cabinet agreed a new [Risk Management Strategy](#), which sets out clear processes and procedures for monitoring and reporting risk. An experienced interim Chief Executive was appointed in November 2024 to support the Council in delivering its priorities around transformation and shared services, and a full independent expert-led review of the Hastings Housing Company has been commissioned to provide a clear evidence base for an informed decision on the future of the Company.
- 1.4. Over the coming year we will review and update our Local Code of Corporate Governance and ensure our key governance documents are fit for purpose. We are satisfied that the steps already taken, and those identified in the attached action plan, will address the weaknesses in our governance arrangements. The Senior Leadership Team will continue to monitor the effectiveness of the governance arrangements and are committed to a process of continual improvement.

**Leader of the Council,
Councillor Glenn Haffenden**

**Interim Chief Executive,
Robert Cottrill**

2. Corporate Governance at Hastings Borough Council

- 2.1. The International Framework for Good Governance in the Public Sector defines governance as '*the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*'
- 2.2. The Council's governance framework encompasses the systems, processes, culture, and values that guide our work and community engagement. It enables strategic oversight and ensures services are delivered effectively and efficiently. A key component is our internal control system, which helps manage risks and provides reasonable assurance that statutory duties, policies, and service delivery are being met.

What is the purpose of the Annual Governance Statement?

- 2.3. The Council has a responsibility to ensure there is an effective system of governance in place. Local authorities are required to produce an annual statement to demonstrate how well they comply with their Local Code of Corporate Governance and the principles of good governance. This statement explains to residents, councillors, officers, and other stakeholders how effective our governance arrangements have been in managing risks and delivering outcomes, and what steps are planned to address future governance challenges.
- 2.4. The Annual Governance Statement provides us with an opportunity to:
 - Assess how effectively our arrangements meet the principles of good governance in practice.
 - Consider if and how our governance arrangements support the achievement of the Council's aims and objectives.
 - Consider whether our governance arrangements, including all the core arrangements set out in our Local Code of Corporate Governance, are operating effectively and identify any areas for improvement over the coming year.

Our commitment to the principles of good governance

- 2.5. We recognise our responsibility to operate lawfully and uphold proper standards, ensuring public money is safeguarded, properly accounted for and used efficiently and economically. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in exercising its functions having regard to a combination of economy, efficiency and effectiveness.
- 2.6. Hastings Borough Council is committed to the CIPFA/SOLACE Good Governance Framework (2016), which provides a structured approach to embedding the core principles of good governance across all local authority functions. The Council's Local Code of Corporate Governance outlines the governance structures that have been put in place and explains how the principles of good governance are applied.
- 2.7. The principles of good governance, and the key elements and documents of the Council's governance framework and internal control environment, are briefly outlined below:
 - **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**
 - Constitution including decision-making processes and scheme of delegation to officers, committees and sub-committees
 - Clearly defined roles and responsibilities for statutory officers
 - Councillor and officer Codes of Conduct
 - Role of Standards Committee and the Independent Persons
 - Register of councillor's interests and declarations of interests at meetings
 - Officer register of interests
 - Declaration of gifts and hospitality
 - Protocol for relationships between councillors and officers
 - Mandatory training for Councillors on regulatory and quasi-judicial committees
 - Planning Protocol
 - Anti-Fraud and Anti-Corruption policies
 - Whistleblowing policy

- Mandatory data protection and GDPR training
 - Financial Operating Procedures
- **Principle B: Ensuring openness and comprehensive stakeholder engagement**
 - Weekly council newsletter to residents
 - My Hastings portal for residents to report issues, and access online services
 - Forward Plan of Cabinet decisions
 - Public question time at Full Council and Cabinet
 - Petition scheme
 - Public consultation on key issues such as the budget, Corporate Plan, Housing Strategy, Local Plan, by-laws and PSPOs
 - Consultation feedback is publicly reported to decision-makers
 - Commitment to plain English and readability in public documents
 - **Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**
 - 2025-2030 Corporate Plan
 - Medium Term Financial Strategy
 - Public consultation exercises
 - Quarterly financial and performance management reporting
 - Risk Management Strategy
 - Project Management Toolkit and Project Assessment Group
 - Policy implications identified in public reports to decision-makers
 - Performance management framework
 - **Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes**
 - Project Management Toolkit and options appraisals
 - Key policy implications identified and articulated in public reports to decision-makers
 - Corporate Risk Register
 - Monitoring of corporate complaints, feedback from external reviews and Ombudsman
 - Public consultation exercises
 - Work of Audit Committee and Overview & Scrutiny Committee
 - Robust internal review and approvals process for key decisions and projects
 - Quarterly financial and performance management reporting
 - Medium Term Financial Strategy
 - Capital Assurance Board, Capital Strategy and Asset Strategy
 - Internal and External auditor's recommendations
 - Performance management framework
 - Housing Taskforce
 - **Principle E: Developing the Authorities' capacity, including the capability of its leadership and individuals within it**
 - Councillor role profiles
 - Member Training and Development Group and annual councillor training programme
 - Regular training needs surveys to councillors
 - Councillor training dashboard hosts training resources, guides and videos
 - Regular committee training
 - Councillor-Officer Protocol
 - Councillor induction programme
 - Learning & Development Policy
 - E-Learning Platform

- Regular 1-1's identifying training and development needs for officers
- Compliance with CIPFA Statement on the Role of the Chief Finance Officer
- Commitment to the CIPFA Code of Practice on Good Governance for Local Authority Statutory Officers
- **Principle F: Managing risks and performance through robust internal control and strong public financial management**
 - Risk Management Group identify, review and mitigate strategic risks
 - Corporate Risk Register
 - Role of Audit Committee and Overview & Scrutiny
 - Individual risk registers for services and projects
 - The Financial Operating Procedures, Treasury Management Strategy and Capital Strategy support the management of financial risks
 - Internal Audit workplan
 - Business Continuity Plans
 - Cyber Security procedures
 - Responsible officers for health & safety, data protection, information risk, emergency planning and business continuity
 - Quarterly financial and performance monitoring
 - Financial and legal implications identified in reports for decision-makers
 - External auditors reports and recommendations
 - Reserves Policy
 - Performance management framework
 - Housing Taskforce
- **Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability**
 - Quarterly financial and performance management reports to Cabinet and Overview & Scrutiny Committee
 - Rigorous financial monitoring processes
 - Internal and External Audit reports
 - Councillor role profiles and the Constitution set out roles and responsibilities and encourage accountability
 - Role of Audit and Overview & Scrutiny Committee
 - Chief Executive and Senior Leadership Team appraisal process
 - Annual Governance Statement
 - Corporate report template requires key policy implications to be set out
 - Public question time at Full Council and Cabinet

3. Review of the Effectiveness of Our Governance Arrangements

- 3.1. The Council conducts an annual review of its governance arrangements, including internal controls and the effectiveness of Internal Audit.
- 3.2. The Council's [2025-2030 Corporate Plan](#) sets out the strategic objectives for the Council over the next five years. The Plan provides a clear sense of direction and purpose to the Council's operations, management and resource allocation. It's essential that we regularly review our governance to ensure we have arrangements in place, guided by the principles of good governance, to support the successful delivery of the Corporate Plan priorities and statutory responsibilities.
- 3.3. Assurance is gained through the following sources:
 - External Auditor reports, annual letter and governance report

- Work of Councillors through Cabinet, Audit, Overview & Scrutiny, Standards, Working Arrangements Group, and Full Council
- Risk management arrangements, including the maintenance and regular review of strategic risks by the Senior Leadership Team and service risks by management teams
- Head of Paid Service, Chief Finance Officer, and Monitoring Officer undertaking their statutory responsibilities
- The work of the Senior Leadership Team and senior managers who have primary responsibility for the development and maintenance of the internal control environment
- Financial and performance management data
- Senior Information Risk Officer (SIRO) and Senior Data Protection Officer
- External inspection and reviews and findings from statutory bodies and peers
- Work of the internal audit service including their quarterly progress reports, on-going action tracking arrangements and overall annual report and opinion
- Code of Conduct processes and annual review of complaints
- Financial controls and operating procedures
- Regular review of the effectiveness of the Constitution

Chief Internal Auditor's annual opinion

- 3.4. The Chief Internal Auditor must provide an overall opinion on the Council's internal control environment, risk management, and governance framework to support the Annual Governance Statement.
- 3.5. No assurance can ever be absolute; however, based on the internal audit work completed, the Chief Internal Auditor can provide **partial assurance that the Council has in place an adequate and effective framework of governance, risk management and internal control** for the period 1st April 2024 to 31st March 2025.
- 3.6. The Chief Internal Auditor noted a recurring issue, first identified in 2023/24: a lack of policies and procedural guidance in the areas reviewed. These are vital for ensuring consistent internal controls and maintaining business continuity. Guidance on developing policies and procedures has been shared with the Senior Leadership Team, and internal audit will continue working with colleagues to drive improvements in this area.
- 3.7. Given the issues identified, it is essential that management continue to recognise the need to take prompt and robust action in response to the findings arising from internal audit activities, in order to ensure an adequate control environment remains in place and to ensure that there is no future deterioration in the level of assurance.
- 3.8. The Chief Internal Auditor notes that, whilst not yet finalised, the corporate governance audit is likely to receive a partial assurance opinion, which will be an area management should ensure is addressed through the Annual Governance Statement.
- 3.9. The Chief Internal Auditor's Annual Report and opinion for 2024/25 can be read [here](#).
- 3.10. The Council notes the new CIPFA Code of Practice for the Governance of Internal Audit and the Internal Audit service have conducted a self-assessment against the requirements of the Code. Senior officers will be working with the Audit Committee to implement the necessary identified actions by the end of 2025/26 and the Council will need to explain how it complies with the new Code within the next Annual Governance Statement.

External Auditor's opinion

- 3.11. The Audit Committee considered the [External Auditor's Annual Report for 2023/24](#) in November 2024. The report highlighted a positive direction of travel in relation to financial sustainability, with no significant weaknesses identified, compared to two in the 2022/23 report.
- 3.12. However, three significant weaknesses were identified in relation to governance. The report noted the improvements made to the Internal Audit service mean this is no longer a significant weakness, but it was noted that during 2023/24 no formal reports regarding the strategic risk register were considered by the Audit Committee. A further area of weakness is the failure to carry out regular performance reviews of the

Chief Executive and senior officers. The External Auditor recommends this is addressed as a matter of priority.

- 3.13. The External Auditor concludes that the Council has not addressed the governance and financial issues relating to the Hastings Housing Company Ltd and it is recommended that a review of the company's future should be completed urgently.

Chief Finance Officer's comments

3.14. The Auditors have raised fair recommendations as part of their work and we welcome their support and expertise in addressing and highlighting areas of weakness that we need to improve.

3.15. We strive for excellence, and whilst good improvement has taken place, as demonstrated in section 4 of this report, we acknowledge that there is still some improvements to be made in this area.

3.16. My sincere thanks to all the officers and partners for their hard work and diligence in working collectively and collaboratively to date in order to make the required changes, and their proactive responses to the challenges that we face overall. As a result, I am confident that we can achieve our stated aims and targets.

Monitoring Officer's comments

3.17. I recommend adopting this revised format for the Annual Governance Statement to strengthen accountability, improve good governance and better address risk. I am not aware of any significant governance weaknesses beyond those already identified, but I am confident that the proposed actions in the Report will both address and support the effectiveness of our governance framework over the coming year.

4. How we Have Improved

4.1. Throughout the past year we have taken steps to address previously identified issues, as well as responded to concerns and risks as they became apparent, including:

- Amending monthly finance reports to identify risks and successes around agreed budget savings.
- Aligning 2025/26 performance management arrangements with new Corporate Plan priorities.
- Agreed and implemented a new Risk Management Strategy.
- Ensured compliance with the Constitution by reporting the use of special urgency procedures to Full Council on a six-monthly basis.
- Established an advisory Capital Assurance Board consisting of officers and councillors from all parties.
- Initiated a review of the Councillor Code of Conduct to ensure it remains robust in upholding standards of behaviour.
- Appointed deputy statutory officers to improve resilience, and agreed guidance, based on the Code of Good Practice for Statutory Officers, to provide clarity around roles and responsibilities of statutory officers.
- Sent reminders to Councillors of their requirements to regularly update their register of interests.
- Clarified the roles and responsibilities of the Independent Persons by including an Independent Person Protocol in the Constitution.
- Begun the process of appointing co-opted independent members to the Audit Committee, in line with CIPFA guidance.
- Introduced Councillor role profiles to encourage a wider understanding of the positions which attract a Special Responsibility Allowance (SRA) and improve accountability.
- Commissioned external training to support the Overview & Scrutiny Committee in effectively undertaking its functions.
- Commissioned external training on Councillor-Officer relations to ensure effective working relationships between senior officers and politicians.

5. 2025/26 Action Plan

- 5.1 This year's review has identified the following significant governance issues and areas for improvement which will be addressed over the coming year. The [Senior Leadership Team](#) will monitor the proposed actions to strengthen the governance arrangements and progress will be reported in the next statement.

Significant issues	Actions for 2025/26	Responsible officer
<p>1. Update Local Code of Corporate Governance</p> <p>Internal Audit identified the Council's Local Code of Corporate Governance is not comprehensive or robust to sufficiently detail the authority's governance arrangements.</p>	<p>A review will be undertaken of the Local Code of Corporate Governance to ensure that it demonstrates the policies and procedures the Council has put in place to meet the Principles of Good Governance.</p>	<p>Mary Kilner, Chief Legal Officer and Monitoring Officer</p>
<p>2. Key governance policies should be referenced in the Code of Corporate Governance and Annual Governance Statement</p> <p>There are a number of key governance policies and procedures underpinning the Principles of Good Governance which should be referenced in the Annual Governance Statement and Local Code of Corporate Governance. There is no formal register of key governance documents that includes document owners, review dates or updates.</p>	<p>The review of the Local Code of Corporate Governance will ensure that the key governance documents are referenced and that there is a formal register of key governance documents.</p>	<p>Mary Kilner, Chief Legal Officer and Monitoring Officer</p>
<p>3. Review key governance policies</p> <p>A number of key policies have been found to be out of date or not available on the Council's intranet or website. This can have a negative impact on the effectiveness of key policies and procedures and increases the risk of non-compliance or reputational damage.</p>	<p>The interim Chief Executive will lead a working group to review key governance policies over the coming year.</p>	<p>Robert Cottrill, Interim Chief Executive</p>

<p>4. Performance Management Arrangements for the Chief Executive</p> <p>The external auditor identified a significant risk in the failure to carry out regular performance management reviews of the Chief Executive.</p>	<p>The Council has put in place appraisal and performance guidance in accordance with the Joint Negotiating Council (JNC) for Chief Executive's and Local Government Association best practice. Dates for performance review meetings are being agreed.</p> <p>When recommending an extension of the interim Chief Executive's appointment the Employment Committee agreed that a three-month review should be conducted within the six-month extension period. The Committee also agreed that a structured review process should be implemented, with clear objectives and priorities, including housing, finance, shared services, and LGR.</p>	<p>Verna Connolly, Head of People and Business Support</p>
<p>5. Regular reporting on the financial position of Hastings Housing Company Ltd</p> <p>The external auditor identified a significant risk in relation to the regular reporting of the financial position of HHC Ltd and the need to review the purpose and future of HHC Ltd.</p>	<p>The Chief Finance Officer has confirmed to the Audit Committee that work is already underway to address the issues raised by the external auditor and an independent review of the Hastings Housing Company has been commissioned. The debt situation is complex, and the legal services team have been looking into the debt recovery process to pursue any outstanding monies owed to the company.</p> <p>A report on the future Hastings Housing Company will be considered by Cabinet imminently.</p>	<p>Kit Wheeler, Chief Finance Officer</p>
<p>Areas for improvement</p>	<p>Actions for 2025/26</p>	<p>Responsible officer</p>
<p>6. Update the Workforce Plan in light of the 2025-2030 Corporate Plan</p> <p>The external auditors identified that there is no current workforce plan or strategy in place.</p>	<p>The Interim Chief Executive and Deputy Chief Executive will work with the Head of People and Business Support and other senior managers to assess current and future workforce needs, ensuring the organisation can deliver the objectives set out in the Corporate Plan. This work will also consider the impact of Local Government Reorganisation on the authority's future skills requirements.</p>	<p>Robert Cottrill, Interim Chief Executive and Victoria Conheady, Deputy Chief Executive and Director of Place</p>
<p>7. The Fraud Risk Management Strategy should be reviewed</p> <p>The external auditor identified a weakness which is not considered significant, but they recommend a review of fraud risk should take place, as this has been identified as an area of non-compliance.</p>	<p>A review of the Fraud Risk Strategy and any supporting policies will be vital in providing the necessary assurance around risk prevention and identification.</p> <p>Discussions with other partners has already commenced with an early plan starting to formulate in relation to next steps and any non-compliance areas being updated accordingly.</p>	<p>Kit Wheeler, Chief Finance Officer</p>

<p>8. Improve capacity to monitor compliance with the officer Code of Conduct</p> <p>There is currently no visibility across the organisation of declarations under the Officer Code of Conduct and compliance with the Code.</p>	<p>We will be sending a new declaration form for conflicts, gifts and hospitality to all staff. The limit for declaring gifts has been increased to £20. Staff will be reminded of key requirements, such as declarations, registration of gifts and hospitality, and conflict of interest, through internal communications including staff emails and the senior managers forum.</p>	<p>Verna Connolly, Head of People and Business Support</p>
<p>9. Consider redeploying some resources to develop a single approach to implementing the full range of changes it must make in relation to external recommendations and internal priorities.</p> <p>External Auditor noted that there are a number of external and internal recommendations and priorities to deliver required improvements, however the pace of change in some areas is slow.</p>	<p>Officers are currently compiling a central document to understand the scale of what remains outstanding, this will then form the basis of a dedicated project board. LGR will add further to this list of recommendations.</p>	<p>Kit Wheeler, Chief Finance Officer</p>
<p>10. Put in place a system to record and monitor employee performance to ensure performance management is strengthened.</p> <p>The External Auditor notes that there are processes in place to monitor employee performance and support improvement, but there is no systemic approach to ensure this is carried out consistently and effectively across the council.</p>	<p>Current arrangements for monitoring employee performance will be reviewed to ensure consistency across the Council.</p>	<p>Verna Connolly, Head of People and Business Support</p>

Signed:

Councillor Glen Haffenden
Leader

Signed:

Robert Cottrill
Chief Executive

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 Chief Finance Officer.
- (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 FINANCE OFFICER

The chief finance 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 Finance Officer has:

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

The Chief Finance Officer has also:

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

I certify that 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 2025 and its income and expenditure for the year ended 31st March 2025.

Signed on behalf of Hastings Borough Council:

Kit Wheeler
Chief Finance Officer

Councillor Danuta Kean
Chair of the Audit Committee

Date:

Date:

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

Draft

CORE ACCOUNTING STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023-24			2024-25		
Gross	Income	Net	Gross	Income	Net
£'000	£'000	£'000	£'000	£'000	£'000
3,644	(2,567)	1,077	4,361	(2,918)	1,443
37,138	(33,652)	3,486	37,574	(34,759)	2,815
908	(78)	830	966	(47)	919
1,187	(281)	906	1,099	(249)	850
2,823	(728)	2,095	2,779	(536)	2,243
4,646	(2,955)	1,691	4,508	(3,231)	1,277
8,499	(3,424)	5,075	9,066	(3,814)	5,252
17,901	(10,437)	7,464	20,727	(12,088)	8,639
3,074	(6,836)	(3,762)	2,707	(7,242)	(4,535)
79,820	(60,958)	18,862	83,787	(64,884)	18,903
0	(67)	(67)	0	212	212
0	(67)	(67)	0	212	212
1,842	0	1,842	1,833	0	1,833
(635)	0	(635)	(503)	0	(503)
0	(1,858)	(1,858)	0	(1,556)	(1,556)
0	(61)	(61)	0	119	119
67	(79)	(12)	24	(48)	(24)
1,274	(1,998)	(724)	1,354	(1,485)	(131)
0	(7,838)	(7,838)	1	(8,264)	(8,263)
6,369	(8,486)	(2,117)	6,494	(9,062)	(2,568)
0	(2,100)	(2,100)	330	(1,846)	(1,516)
(2)	(1,838)	(1,840)	119	(2,260)	(2,141)
0	(5,051)	(5,051)	0	(17,448)	(17,448)
(6)	(937)	(943)	0	0	0
6,361	(26,250)	(19,889)	6,944	(38,880)	(31,936)
87,455	(89,273)	(1,818)	92,085	(105,037)	(12,952)
		(3,520)			(5,275)
		1,164			841
		(2,356)			(4,434)
		(4,174)			(17,386)

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
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2024-25								
1 April 2024	(500)	(17,020)	(17,520)	660	(11,014)	(27,874)	(121,849)	(149,723)
Movement in Reserves in 2024-25								
(Surplus)/deficit on the provision of services (accounting basis)	(12,953)	0	(12,953)	0	0	(12,953)	0	(12,953)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(4,434)	(4,434)
Total Comprehensive Income and Expenditure	(12,953)	0	(12,953)	0	0	(12,953)	(4,434)	(17,387)
Adjustments between accounting and funding basis under regulation - note 7	16,131	0	16,131	(660)	(1,103)	14,368	(14,426)	(58)
Net increase/decrease before transfers to Earmarked reserves	3,178	0	3,178	(660)	(1,103)	1,415	(18,860)	(17,445)
Transfers to/from Earmarked reserves - note 12	(3,177)	3,177	0	0	0	0	0	0
Other adjustments	(1)	0	(1)	0	0	(1)	0	(1)
(Increase)/Decrease in Year	0	3,177	3,177	(660)	(1,103)	1,414	(18,860)	(17,446)
Balance at 31 March 2025	(500)	(13,843)	(14,343)	0	(12,117)	(26,460)	(140,709)	(167,169)

	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
2023-24								
1 April 2023	(500)	(19,179)	(19,679)	(2,117)	(9,917)	(31,713)	(113,827)	(145,540)
Movement in Reserves in 2024-25								
(Surplus)/deficit on the provision of services (accounting basis)	(1,818)	0	(1,818)	0	0	(1,818)	0	(1,818)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(2,356)	(2,356)
Total Comprehensive Income and Expenditure	(1,818)	0	(1,818)	0	0	(1,818)	(2,356)	(4,174)
Adjustments between accounting and funding basis under regulation - note 7	3,976	0	3,976	2,777	(1,097)	5,656	(5,666)	(10)
Net increase/decrease before transfers to Earmarked reserves	2,158	0	2,158	2,777	(1,097)	3,838	(8,022)	(4,184)
Transfers to/from Earmarked reserves - note 12	(2,158)	2,159	1	0	0	1	0	1
(Increase)/Decrease in Year	0	2,159	2,159	2,777	(1,097)	3,839	(8,022)	(4,183)
Balance at 31 March 2024	(500)	(17,020)	(17,520)	660	(11,014)	(27,874)	(121,849)	(149,723)

BALANCE SHEET

31 March 2024		31 March 2025
£'000		£'000
173,582	Property, Plant and Equipment <i>Note 15</i>	193,638
16,669	Heritage Assets <i>Note 15</i>	16,679
310	Investment Properties <i>Note 15</i>	279
215	Intangible Assets <i>Note 15</i>	263
4,617	Long Term Investments <i>Note 18</i>	4,498
7,313	Long Term Debtors <i>Note 16</i>	7,283
202,706	LONG TERM ASSETS	222,640
5,000	Short Term Investments <i>Note 18</i>	10,209
0	Assets Held for Sale <i>Note 15</i>	591
46	Inventories	58
9,196	Short Term Debtors <i>Note 16</i>	10,467
10,576	Cash and Cash Equivalents <i>Cash Flow</i>	7,912
24,818	CURRENT ASSETS	29,237
(676)	Short Term Borrowing <i>Note 18</i>	(692)
(7,793)	Short Term Creditors <i>Note 17</i>	(6,598)
(1,552)	Provisions <i>Note 17</i>	(1,151)
(367)	Revenue Grants Received in advance <i>Note 17</i>	(1,340)
(58)	Capital grants received in advance <i>Note 17</i>	(7,606)
(10,446)	CURRENT LIABILITIES	(17,387)
(1,437)	Long Term Creditors <i>Note 17</i>	(2,401)
(64,090)	Long Term Borrowing <i>Note 18</i>	(63,398)
(1,827)	Net Pension Liability <i>Note 11</i>	(1,521)
(67,354)	LONG TERM LIABILITIES	(67,320)
149,724	NET ASSETS	167,170
(500)	General Fund <i>MIRS</i>	(500)
(17,020)	Earmarked reserves <i>Note 12</i>	(13,844)
660	Capital Receipts Reserve <i>MIRS</i>	0
(11,014)	Capital grants and contributions <i>MIRS</i>	(12,117)
(27,874)	USABLE RESERVES	(26,461)
(74,710)	Revaluation Reserve <i>Note 13</i>	(79,815)
225	Pooled Investment Funds Adjustment Account <i>Note 13</i>	190
(49,925)	Capital Adjustment Account <i>Note 13</i>	(62,727)
1,827	Pensions Reserve <i>Note 13</i>	1,520
210	Accumulated Absences Account <i>Note 13</i>	178
523	Collection Fund Adjustment Account <i>Note 13</i>	(55)
(121,850)	UNUSABLE RESERVES <i>Note 13</i>	(140,709)
(149,724)	TOTAL RESERVES	(167,170)

CASH FLOW STATEMENT

2023-24		2024-25
£'000		£'000
(14,293)	Taxation	(18,572)
(40,322)	Grants and Contributions	(38,695)
(24,513)	Sales of goods and rendering of services	(27,235)
(1,855)	Interest received	(2,153)
(98)	other receipts from operating activities	(936)
(81,081)	Cash inflows generated from operating activities	(87,591)
12,191	Cash paid to and on behalf of employees	13,206
32,694	Housing benefit payments	33,220
6,111	NNDR Tariff and levy payments	6,686
32,101	Cash paid to suppliers of goods and services	24,652
1,842	Interest paid	1,833
7,104	Other operating cash payments	11,802
92,043	Cash outflows generated from operating activities	91,399
10,962	Net cashflows from operating activities	3,808
(1,114)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,267)
11,266	Purchase of property, plant and equipment, investment property and intangible assets	19,671
(17,866)	Purchase of short-term and long-term investments	15,263
(5,000)	Proceeds from the sale of short-term and long-term investments	(10,208)
0	Capital Grants & Contributions	(12,117)
0	Capital Grants in Advance	(7,606)
(5,185)	Other receipts from investing activities	(4,636)
(17,899)	Net cashflows from investing activities	(900)
658	Repayments of short term and long-term borrowing	674
(243)	Changes in National Non-Domestic Rates balances held for preceptors	(1,025)
969	Changes in Council tax balances held for preceptors	665
0	Cash Payments for Reduction of Outstanding Lease Liabilities	(559)
1,384	Net cashflows from financing activities	(245)
(5,553)	Net (Increase) / decrease in cash and cash equivalents	2,663
5,023	Cash and Cash Equivalents 1 April	10,576
5,553	Change during the year	(2,663)
10,576	Cash and Cash Equivalents 31 March	7,913
31 March		31 March
2024		2025
40	Cash in hand	203
1,131	Bank balances	168
9,405	Cash equivalents	7,542
10,576	Totals	7,913

NOTES TO CORE FINANCIAL STATEMENTS

NOTES TO CORE FINANCIAL STATEMENTS (including accounting policies)

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

Changes to 2024-25 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 Statement of Accounts for the year ended 31 March 2025 have been prepared in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("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.

In 2024/25, the council changed its accounting policies to align with those in IFRS 16 Leases as adopted by the Code of Accounting Practice. In previous years, property, plant and equipment was only brought onto the Balance Sheet as an asset where the council secured substantially all the risks and rewards incidental to ownership of the leased item (finance leases).

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant service in the Comprehensive Income and Expenditure Statement over the term of the lease.

From 1 April 2024, an asset representing the right to use the item over the lease term will be recognised for all leases (except for those that are for low value items or whose term is less than one year). Liabilities are also recognised in the Balance Sheet for the obligations that the council has to pay rents for the rights acquired, discounted to their present value.

The transitional provisions of the Code are for the lease liability to be brought onto the Balance Sheet by adjusting the opening balances at 1 April 2024:

Liabilities for leases previously accounted for as operating leases, calculated as the present value of the remaining lease payments fixed at 1 April 2024, discounted by the Council's incremental borrowing rate at that date.

Right-of-use assets for the leased items, measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the Balance Sheet on 31 March 2024.

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

NOTE 2. ACCOUNTING POLICIES

2.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2024-25 financial year and its position at the end of 31 March 2025. 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 2024-25, 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:

- 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.

NOTES TO CORE FINANCIAL STATEMENTS

- 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.

Contingent assets and liabilities are disclosed in notes 16 & 17.

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 are 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 accrual's basis to the relevant service in the Comprehensive Income and Expenditure Statement at the earlier of the dates

NOTES TO CORE FINANCIAL STATEMENTS

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.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

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 is accounted for as a defined benefit scheme.

- 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 based on the indicative rate of return on high quality corporate bond (iBoxx Sterling Corporates AA Over 15 years 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 appropriate service segment in the CIES for which the employees worked;
- Past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the central costs segment in the CIES; and
- Net interest on the net defined benefit liability (asset) – the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements comprising:

- The return on plan assets: excluding amounts included in net interest on the net defined benefit liability, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
- Actuarial gains and losses: changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions reserve as Other Comprehensive Income and Expenditure.
- Effect of the Asset Ceiling – the limitation on the Council's ability to realise pensions assets through reductions in future employer's contributions as a result of minimum funding requirements.
- Contributions paid to the East Sussex pension fund: cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pensions fund or directly to pensioners in the year, not the amount calculated according to relevant accounting standards.

In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirement. 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.

NOTES TO CORE FINANCIAL STATEMENTS

- 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.

Once agreement has been reached Any event taking place after the accounts are authorised for issue is not reflected in the Statement of Accounts.

There was a report that went to Cabinet on the 1st December 2025 regarding the future of the Housing company. The decision taken at Cabinet was to close the company down and transfer all assets into Hastings Council ownership. This decision will need to be verified at Full Council on the 14th January 2026.

A link to the relevant meeting papers can be found at the following link:

[Modern Gov](#)

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.

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:

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised Cost;

NOTES TO CORE FINANCIAL STATEMENTS

- Fair Value through Profit or Loss ("FVPL"); and
- Fair Value through Other Comprehensive Income ("FVOCI").

The Council's business model is to hold investments to collect contractual cashflows. Financial assets are therefore classified as either:

- Amortised cost: financial assets whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (e.g. debtors, loans to other local authorities); or
- FVPL: financial assets whose contractual cash flow characteristics do not resemble a basic lending agreement because the cash flows don't arise on specified dates or comprise solely payments of principal and interest (e.g. The Council's investments in strategic pooled funds).

Financial assets measured at amortised cost:

Financial assets at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of the 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 CIES 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 CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the financing and investment income and expenditure line in the CIES.

Expected credit loss model:

"The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to the Council's lease receivables. Only lifetime losses are recognised for the Council's trade receivables (i.e. debtors).

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

Financial assets measured at FVPL:

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

The fair value measurements of these financial assets are based on the following techniques:

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

Inputs to fair value measurement techniques are categorised in accordance with the following three levels:

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

Any gains or losses that arise on 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 .

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.

NOTES TO CORE FINANCIAL STATEMENTS

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).

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.

NOTES TO CORE FINANCIAL STATEMENTS

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 and operates a de minimis level, so that all leases with a term of less than 1 year, or for assets valued at less than £10,000 are exempt from the new arrangements. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

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.

Peppercorn leases for nil or nominal consideration are those that do not include the provision of consideration but that in all other respects meet the definition of a lease.

The Council may also enter into an agreement which, while not itself a lease, nevertheless contains a right to use an asset in the same way as a lease. Such agreements are treated as finance leases or operating leases as set out below.

Where the Council uses or occupies an asset held under a finance lease, the asset is recognised as such in the appropriate line in the balance sheet, subject to the de minimis limit noted above. The value recognised is the fair value, or (if lower) the present value of the minimum lease payments. This value is offset on the balance sheet by a creditor or long-term liability for the leasing charge. The lease liability is initially measured at the present value of the unpaid lease payment at the lease commencement date, discounted using the interest rate implicit in the lease, or if this rate cannot be readily determined, by the Council's incremental borrowing rate.

Lease payments are apportioned between interest payable as the finance charge and the reduction of the outstanding liability. The finance charge is calculated to produce a constant periodic rate of interest on the remaining balance of the liability.

The Council is not required to raise Council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

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.

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.
- Right of Use Asset - an asset that represents a lessee's right to use a leased item over the duration of an agreed lease term.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to

NOTES TO CORE FINANCIAL STATEMENTS

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 (EUV). 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.
- Right of Use Assets – initial valuation is lease liability amount, plus any lease payments made to the lessor before the lease commencement date.

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.

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

NOTES TO CORE FINANCIAL STATEMENTS

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 – 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.
- Right of Use Assets - depreciated on a straight-line basis over the lease term.
- 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.

NOTES TO CORE FINANCIAL STATEMENTS

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:

- 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.
- 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.
- 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.

2.21 Value Added Tax (VAT)

VAT is included as an expense only to the extent that it is not recoverable from His 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

NOTES TO CORE FINANCIAL STATEMENTS

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 2024/25 Code.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2025/26:

- a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4

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

CIPFA/LASMC deferred implementation of IFRS 16 for local government to 1 April 2024 and it was mandatorily implemented in the Code for 2024/25. All transactions taking place in 2024/25 are accounted for wholly in accordance with new IFRS 16 accounting policies.

The changes introduced by IFRS 16 mean that operating leases where the Council is lessee, are reflected in the Balance Sheet based on the concept of 'right of use'.

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

NOTES TO CORE FINANCIAL STATEMENTS

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	£000s	£000s
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	112,469	118,195	119,706	121,249	127,777
Projected service cost	1,318	1,493	1,540	1,589	1,798
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	120,241	119,811	119,706	119,601	119,188
Projected service cost	1,540	1,540	1,540	1,540	1,540
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	127,436	121,185	119,706	118,257	112,763
Projected service cost	1,809	1,591	1,540	1,491	1,308
Adjustment to life expectancy assumptions	+ 1 Year		None		- 1 Year
Present value of total obligation	124,726		119,706		114,910
Projected service cost	1,600		1,540		1,482

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).

The Gross Book Value (GBV) of the Land and Buildings at 31 March 2025 was £157.2m. If the valuation estimate was 10% higher on those assets it would mean a GBV figure of £172.9m on the Balance Sheet. If the valuation estimate was 10% lower it would mean a GBV figure of £141.4m.

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 2025, the Council had a balance of sundry debtors of £1.8m. A review of balances indicated that an allowance for credit losses of 23.79% (£0.4m) 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 £0.4m to be set aside as an allowance.

The cost of living crisis and recently 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

Since the introduction of the Business Rate Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2024/25 and earlier financial years, in their proportionate share. A provision has been recognised as the best estimate that businesses have been overcharged based on the Valuation Office ratings list of appeals, the analysis of previous appeals and other known relevant information.

The Council maintains a provision for the impact of outstanding rating appeals and the council's share of the total business rate appeal provision of £2.4 million amounted to £0.96 million which has reduced the amount of income that is distributed from the Collection Fund to the council's General Fund. A 10% increase or decrease in the council's share of the provision would require an adjustment of £96k.

NOTES TO CORE FINANCIAL STATEMENTS

Allowance for the impact of rate appeals: The business rates rateable value at 31st March 25 was £64.6m. For every 1% successful reduction in the rateable value, it is equal to a cost of £646k multiplied by 40% (£258k) 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.

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.

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
935	142	1,077	Head of Community and Regulatory Services	881	562	1,443
4,234	(748)	3,486	Chief Finance Officer / S151 Officer	3,753	(938)	2,815
813	16	829	Chief Legal Officer / Monitoring Officer	915	4	919
813	93	906	Head of People and Business Support	811	39	850
1,974	122	2,096	Head of Strategic Programmes	2,130	113	2,243
339	1,352	1,691	Head of Commercial Services and Development	290	987	1,277
4,849	226	5,075	Head of Environment and Operations	4,886	366	5,252
7,320	144	7,464	Head of Housing	8,331	308	8,639
(5,491)	1,729	(3,762)	Property and Commercial Assets Manager	(5,744)	1,208	(4,536)
15,786	3,076	18,862	Cost of Services	16,253	2,649	18,902
(13,627)	(7,053)	(20,680)	Other Income and Expenditure	(13,172)	(18,682)	(31,854)
2,159	(3,977)	(1,818)	(Surplus) or Deficit before reserve movements	3,081	(16,033)	(12,952)
General Fund	Earmarked Reserves	Total		General Fund	Earmarked Reserves	Total
(500)	(19,179)	(19,679)	Opening balances	(500)	(17,020)	(17,520)
2,159	0	2,159	(Surplus) or Deficit	3,081	0	3,081
(2,159)	2,159	0	Transfer to (from) earmarked reserves	(3,177)	3,177	0
(500)	(17,020)	(17,520)	Closing balances	(596)	(13,843)	(14,439)

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
2024-25				
Head of Community and Regulatory Services	510	52	0	562
Chief Finance Officer / S151 Officer	0	(925)	(13)	(938)
Chief Legal Officer / Monitoring Officer	0	5	(1)	4
Head of People and Business Support	28	11	0	39
Head of Strategic Programmes	69	44	0	113
Head of Commercial Services and Development	949	36	2	987
Head of Environment and Operations	306	69	(9)	366
Head of Housing	262	58	(12)	308
Property and Commercial Assets Manager	1,203	5	0	1,208
Cost of Services	3,327	(645)	(33)	2,649
Other income and expenditure from the Expenditure and Funding Analysis	(18,164)	(503)	(612)	(19,279)
Net Difference	(14,837)	(1,148)	(645)	(16,630)

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.

2023-24					2024-25					
General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total	
£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement										
(53)	0	0	53	0	Amortisation Intangible Assets	(43)	0	0	43	0
(3,329)	0	0	3,329	0	Depreciation and impairment of non-current assets	(3,757)	0	0	3,757	0
(67)	0	0	67	0	Movements in value of Investment Properties	(31)	0	0	31	0
(1,047)	0	0	1,047	0	Gain or (loss) on disposal of non-current assets	(1,479)	0	0	1,479	0
1,114	(1,114)	0	0	0	Capital receipts to Usable Capital Receipts Reserve	1,267	(1,267)	0	0	0
5,051	0	(5,051)	0	0	Capital grants and contributions to Capital Grants Unapplied Reserve	17,448	0	(17,448)	0	0
(48)	0	0	48	0	Difference between accounting and statutory credit for Council Tax	24	0	0	(24)	0
593	0	0	(593)	0	Difference between accounting and statutory credit for Non-Domestic Rates	555	0	0	(555)	0
(8)	0	(1,762)	1,770	0	Revenue Expenditure Financed from Capital under Statute	(26)	0	(2,334)	2,360	0
(429)	0	0	429	0	Accumulated Absences	32	0	0	(32)	0
(72)	0	0	72	0	Movement in the fair value of financial instruments	34	0	0	(34)	0
1,369	0	0	(1,369)	0	Difference between accounting and statutory charge for pension costs	1,148	0	0	(1,148)	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement										
904	0	0	(904)	0	Statutory provision for the financing of capital investment	959	0	0	(959)	0
Other adjustments										
0	3,891	0	(3,891)	0	Capital expenditure financed from Capital Receipts	0	607	0	(607)	0
0	0	5,726	(5,726)	0	Capital expenditure financed from Capital grants and contributions	0	0	18,737	(18,737)	0
(2)	0	0	0	(2)	Other adjustments	0	0	0	0	0
3,976	2,777	(1,087)	(5,668)	(2)	Total	16,131	(660)	(1,045)	(14,426)	0

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 8. EXPENDITURE AND INCOME ANALYSED BY NATURE

2023-24 £'000		2024-25 £'000
14,597	Employee benefits expenses	15,770
61,198	Other service expenses	64,753
3,448	Depreciation, amortisation, impairment	3,831
1,842	Interest payments	1,833
6,369	NDR Tariff and levy	6,494
87,455	Total expenditure	92,682
(67)	(Gain) or loss on disposal of assets	212
(24,272)	Fees, charges and other service income	(27,930)
(1,919)	Interest and investment income	(2,033)
(16,323)	Income from taxation	(17,326)
(46,692)	Government grants and contributions	(58,557)
(89,273)	Total income	(105,634)
(1,818)	(Surplus) or Deficit on the Provision of Services	(12,952)

NOTE 9. FEES, CHARGES AND OTHER SERVICE INCOME

2023-24 £'000		2024-25 £'000
(3,214)	Head of Community and Regulatory Services	(3,843)
(3,834)	Chief Finance Officer / S151 Officer	(6,228)
(78)	Chief Legal Officer / Monitoring Officer	(47)
(281)	Head of People and Business Support	(249)
(591)	Head of Strategic Programmes	(495)
(1,699)	Head of Commercial Services and Development	(1,239)
(2,630)	Head of Environment and Operations	(2,849)
(5,030)	Head of Housing	(5,689)
(6,836)	Property and Commercial Assets Manager	(7,242)
0	Corporate Services and Governance	0
0	Operational Services:	0
(79)	Investment Properties	(48)
0	Other	0
(24,272)	Total fees, charges and other service income	(27,929)

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.

2023-24			2024-25		
Grants £'000	Contribs. £'000	Total £'000	Grants £'000	Contribs. £'000	Total £'000
(29,033)	0	(29,033)	(27,885)	0	(27,885)
(3,888)	0	(3,888)	(5,192)	0	(5,192)
0	0	0	0	0	0
(1,762)	0	(1,762)	(2,334)	0	(2,334)
(142)	(1,541)	(1,683)	(302)	(1,130)	(1,432)
(34,825)	(1,541)	(36,366)	(35,713)	(1,130)	(36,843)
Total within Cost of Services					
(1,309)	0	(1,309)	(1,517)	0	(1,517)
(144)	0	(144)	(19)	0	(19)
(920)	0	(920)	(11)	0	(11)
(673)	0	(673)	(471)	0	(471)
(16)	0	(16)	(82)	0	(82)
(872)	0	(872)	(1,731)	0	(1,731)
0	0	0	(7,306)	0	(7,306)
(5,051)	0	(5,051)	(17,448)	0	(17,448)
(8,985)	0	(8,985)	(28,585)	0	(28,585)
Total within Taxation and non-specific grant income					
(43,810)	(1,541)	(45,351)	(64,298)	(1,130)	(65,428)
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 (LGPS), administered locally by East Sussex County Council (ESCC): The scheme is a funded defined benefit scheme, meaning that the employees and council pay contributions into a Fund, calculated at a level intended to balance the pension liabilities with investment assets.

Within the responsibilities of the scheme administrator is the requirement to liaise and communicate with employing authorities that participate in the fund, ensure adequate record keeping in respect of each member of the fund, to calculate and pay appropriate benefits to members and to produce the required information to comply with disclosure requirements.

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.

Barnett Waddingham LLP, an independent firm of actuaries, provides the financial assessment of the council's Pension Fund. The calculations and advice given by Barnett Waddingham LLP in their actuarial report has been carried out in compliance with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC).

Transactions relating to Post-Employment Benefits

The cost of post-employment benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the council is required to make to its General Fund is based on the cash payable in the financial year rather than the earned post-employment benefits, so the real cost of post-employment benefits is reversed out of the General Fund balance to the pensions reserve via the MiRS.

NOTES TO CORE FINANCIAL STATEMENTS

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.

2023-24 £'000		2024-25 £'000
Comprehensive Income and Expenditure Statement		
1,642	Current Service Cost	2,008
18	Curtailments	0
1,660	Cost of Services	2,008
(635)	Net interest expense	(503)
(635)	Financing and Investment Income and Expenditure	(503)
1,025	Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	1,505
(3,608)	Return on plan assets, less included in interest expense	4,340
	Actuarial gains & losses:	
(1,571)	Changes in demographic assumptions	(338)
(1,610)	Changes in financial assumptions	(14,110)
7,431	Impact of Asset Ceiling	11,139
522	Other	(190)
1,164	Re-measurement of the net defined benefit liability	841
2,189	Total Comprehensive Income and Expenditure Statement	2,346
Movement in Reserves Statement		
1,025	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	1,505
(2,394)	Employer's pension contributions and direct payments to pensioners payable in the year	(2,653)
(1,369)	Total taken to Note 6	(1,148)
2023-24 £'000		2024-25 £'000
Reconciliation of Fair Value of Employer Assets (scheme Assets):		
134,189	Value of Assets at 1 April	140,252
6,974	Interest income on plan assets	6,812
637	Contributions by Members	687
2,394	Contributions by the Employer	2,653
3,608	Return on assets excluding amounts recognised in Other Comprehensive Income	(4,340)
(7,550)	Benefits Paid	(5,972)
140,252	Value of Assets at 31 March	140,092
2023-24 £'000		2024-25 £'000
Reconciliation of Defined Benefit Obligation (scheme Liabilities):		
(132,885)	Value of Liabilities at 1 April	(131,312)
(1,642)	Current Service Cost	(2,008)
(6,339)	Interest Cost	(6,309)
(637)	Contribution by Members	(687)
	Actuarial Gains and (Losses):	
1,571	Change in demographic assumptions	338
1,610	Change in financial assumptions	14,110
(407)	Other experience gains and (losses)	310
(18)	(Losses) and Gains on Curtailments	0
7,435	Benefits Paid	5,852
(131,312)	Value of Liabilities at 31 March	(119,706)

NOTES TO CORE FINANCIAL STATEMENTS

2023-24 £'000		2024-25 £'000
	Pensions Assets and Liabilities recognised in the Balance Sheet	
(131,312)	Present value of the scheme liabilities	(119,706)
140,252	Fair value of scheme assets	140,092
8,940	Net Asset(Unadjusted)	20,386
(10,767)	Asset ceiling adjustment for economic benefit	(21,906)
(1,827)	Net Liability at 31st March	(1,520)

Asset Ceiling

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

The council's net liability for future pension payments, after the asset ceiling adjustment and as estimated by the pension fund actuary, is £1.5 million 31 March 2025 (compared to a £1.8 million net liability 31 March 2024).

The closing position at 31 March 2025 is a net asset of £20.3 million (net asset of £8.9 million at 31 March 2024) before any adjustment for the asset ceiling. The council's chosen methodology, as advised to the actuary, assumes that it has no unconditional right to a refund from the Fund and therefore there is no economic benefit available in this form. The methodology assumes that economic benefit is available to the council as a reduction in future contributions; the asset ceiling therefore reflects the economic benefit that may be achieved through future contributions and has been calculated on this basis. The economic benefit available as a reduction in future contributions cannot be negative and is therefore restricted to the size of the net asset. The prior year position has been amended to reflect the impact of the asset ceiling.

The impact of the asset ceiling is shown in the table below:

2023-24 £'000		2024-25 £'000
3,336	Opening Impact of Asset Ceiling	10,767
7,431	Actuarial losses/(gains)	11,139
10,767	Closing Impact of asset ceiling	21,906

The actuaries calculation of the asset ceiling is as follows:

- There is no prospect of the council having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund.
- The council is a scheduled body and assumed to participate indefinitely.
- Primary contributions are considered to be a minimum funding requirement (MFR). The actuary has assumed the council can benefit from its negative secondary contributions. The appropriate period of assessment for the present value of the negative secondary contributions is the lesser of their expected participation period and the surplus spreading period.
- The MFR exceeds the current cost of accrual then the potential economic benefit from future contribution reductions is nil.
- The value of the asset ceiling is therefore nil. The impact of the asset ceiling is shown above.

Annual Contribution to fund

The contribution for 2024-25 is £2,653,000 compared with the actual contribution of £2,394,000 for 2023-24.

Plan Assets

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

31 March 2024		Asset Breakdown	31 March 2025	
£'000	%		£'000	%
96,281	69%	Equities	91,191	65%
20,872	15%	Bonds	24,617	18%
21,120	15%	Property	20,707	15%
1,979	1%	Cash	3,577	2%
140,252	100%	Total	140,092	100%

NOTES TO CORE FINANCIAL STATEMENTS

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 2024			31 March 2025		
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%	5.0%	UK	0.0%	7.0%	
0.0%	0.0%	Overseas	0.0%	0.0%	
		Corporate Bonds			
0.0%	9.0%	UK	0.0%	0.0%	
0.0%	0.0%	Overseas	0.0%	10.0%	
		Equities			
0.0%	0.0%	UK	0.0%	0.0%	
8.0%	36.0%	Overseas	8.0%	35.0%	
		Property			
0.0%	7.0%	All	0.0%	6.0%	
		Others			
0.0%	16.0%	Absolute return portfolio	0.0%	15.0%	
0.0%	8.0%	Private Equity	0.0%	7.0%	
0.0%	9.0%	Infrastructure	0.0%	8.0%	
0.0%	0.0%	Other	0.0%	0.0%	
0.0%	1.0%	Private Debt	0.0%	1.0%	
1.0%	0.0%	Cash/Temporary Investments	2.0%	0.0%	
		Net Current Assets			
0.0%	0.0%	Debtors	0.0%	0.0%	
0.0%	0.0%	Creditors	0.0%	0.0%	
9.0%	91.0%	Total	10.0%	89.0%	

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 2024. The main assumptions used in their calculations are:

2023-24		2024-25
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
20.9	Men	20.9
23.8	Women	23.9
	Longevity at 65 for future pensioners:	
21.9	Men	21.9
25.4	Women	25.4
2.90%	Rate of increase in salaries	2.90%
2.90%	Rate of increase in pensions	2.90%
4.90%	Rate for discounting scheme liabilities	5.75%

The estimation of the defined benefit obligation is sensitive to the actuarial assumption set out in the table above. The sensitivity analyses above 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.

Projected pension expense for the year to 31 March 2026

The following table is the projected amount to be charged to the CIES for the financial year to 31 March 2026 and the expected employer contributions in 2025/26:

	31 Mar 2026
	£'000
Service cost	1,540
Net interest on the defined liability / (asset)	17
Administration expenses	118
Total loss / (profit)	1,675

These projections are based on the assumptions as at 31 March 2025. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025.

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 2023	Movement 2023-24	Balance at 1 April 2024	Movement 2024-25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
(1) General Reserve	(8,423)	1,207	(7,216)	187	(7,029)
(2) Capital Reserve	(150)	0	(150)	0	(150)
(3) Renewal and Repairs Reserve	(1,656)	19	(1,637)	299	(1,338)
(4) Risk Management Reserve	(315)	5	(310)	(0)	(310)
(5) Information Technology Reserve	(274)	131	(143)	0	(143)
(6) On-Street Car Parking Surplus Reserve	(40)	0	(40)	0	(40)
(7) Section 106 Reserve (Revenue)	(426)	53	(373)	35	(338)
(8) Revenues & Benefits Reserve	(255)	140	(115)	53	(62)
(9) Countryside Stewardship Reserve	(28)	9	(19)	(40)	(59)
(10) Monuments in perpetuity	(46)	0	(46)	0	(46)
(11) Ore Valley Reserve	(250)	0	(250)	0	(250)
(12) Invest to save and efficiency Reserve	(87)	63	(24)	24	(0)
(13) Resilience and Stability Reserve	(900)	900	0	0	0
(14) Redundancy Reserve	(565)	0	(565)	131	(434)
(15) Safer Hastings Partnership Reserve	(98)	22	(76)	12	(64)
(16) Disabled Facilities Grant	(1,374)	0	(1,374)	0	(1,374)
(17) Housing Licensing reserve	(277)	0	(277)	(21)	(298)
(18) Community Housing Reserve	(11)	0	(11)	11	0
(19) Controlling Migration	(116)	0	(116)	0	(116)
(20) Towns Fund	(236)	(128)	(364)	(42)	(406)
(21) Section 31 - Grant Reserve	(3,652)	162	(3,490)	2,444	(1,046)
(22) White Rock Theatre Repairs Contribution	0	0	0	(50)	(50)
(23) Tennis Courts Reserve	0	(10)	(10)	(14)	(24)
(24) Green Investment Fund	0	(177)	(177)	81	(96)
(25) Local Forward Plan	0	(237)	(237)	66	(171)
Total	(19,179)	2,159	(17,020)	3,176	(13,844)

For Reserves with a balance as at 31st March 2025, 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 were historically shared with East Sussex County Council and are now fully managed by county. The remaining reserve balance is held for parking specific costs.
7. Section 106 reserve – these are the developers' contributions to be used to finance various projects.
8. Revenues & Benefits Reserve contains grants provided by the Government that will not be used to finance expenditure until after the end of the financial year.
9. Countryside Stewardship Reserve contains grants provided by the Government that will be used to finance expenditure in future years.
10. The Monuments in Perpetuity reserve has been set up to maintain burial plots at the Cemetery.
11. Ore Valley reserve has been set up to fund activity in the area.
12. Invest to save Reserve - To provide future funding for projects which will delivery savings but require upfront funding.

NOTES TO CORE FINANCIAL STATEMENTS

13. Resilience and Stability Reserve- To cushion the impact of fluctuations in various income streams including costs of Council tax reduction scheme.
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. Disabled Facility Grant - Funding for disabled adaptations. £2.2m was received in the year as a Capital Contribution and was used to fund the capital expenditure on Disabled facilities. The balance of £1.3m held in earmarked reserves will be moved to Capital contributions in 2025/26.
17. Housing Licensing - To smooth the impact of non-refundable license income received up-front but covering several years.
18. Community Housing – Government grant covering more than one year.
19. Controlling Migration – To support the impact of migration.
20. Towns Fund – To fund and support the Towns Deal.
21. 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.
22. White Rock Theatre Repairs – Annual Maintenance contribution for White Rock Theatre.
23. Tennis Courts Reserve – A reserve contributed to annually from fees collected at the tennis courts with the purpose of covering the expense of periodic resurfacing and repair costs when they occur.
24. Green Investment Fund – Funds set aside to fund future green initiatives and projects.
25. Local Forward Plan Reserve – To cover the cost of the Local Plan which needs refreshing at regular intervals and takes several years to update and renew.

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.

2024-25	Opening Balance	Comp- rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2025
	£'000	£'000	£'000	£'000
(i) Revaluation Reserve	(74,710)	(5,275)	517	(79,468)
(ii) Capital Adjustment Account	(49,925)	0	(13,649)	(63,574)
(iii) Pensions Reserve	1,827	841	(1,148)	1,520
(iv) Pooled Investment Funds Adjustment Account	225	(35)	0	190
(v) Accumulated Absences Account	210	0	(32)	178
(vi) Collection Fund Adjustment Account	523	0	(578)	(55)
Total	(121,850)	(4,469)	(14,890)	(141,209)

2023-24	Opening Balance	Comp- rehensive I&E	Accounting - Financing Adjust.	Balance 31 March 2024
	£'000	£'000	£'000	£'000
Revaluation Reserve	(72,069)	(3,520)	879	(74,710)
Capital Adjustment Account	(44,790)	0	(5,135)	(49,925)
Pensions Reserve	2,032	1,164	(1,369)	1,827
Pooled Investment Funds Adjustment Account	151	73	1	225
Accumulated Absences Account	(219)	0	429	210
Collection Fund Adjustment Account	1,068	0	(545)	523
Total	(113,827)	(2,283)	(5,740)	(121,850)

(i) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of Property, Plant and equipment and Heritage assets. 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.

2023-24	Revaluation Reserve	2024-25
£000		£000
(72,069)	Balance 1 April	(74,710)
(3,520)	Comprehensive Income & Expenditure: (Gain) or Loss on revaluation of assets	(5,275)
	Accounting / Financing Adjustments:	
473	Gain or (loss) on sale of non-current assets	24
405	Depreciation charged to Revaluation Reserve	146
1	Rounding	
(74,710)	Balance 31 March	(79,815)

NOTES TO CORE FINANCIAL STATEMENTS

(ii) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisation are charged to the Comprehensive Income & Expenditure Statement with reconciling postings from the Revaluation reserve to convert current value in existing use figures to a historical cost basis. The account is credited with amounts set aside by the Council as finance for the costs of acquisition, construction or enhancement.

The account contains accumulated gains and losses on Investment Properties. It also contains revaluation gains on Property, Plant & Equipment accumulated before 1 April 2007, the date when the Revaluation Reserve was created to hold such gains.

2023-24 £000	Capital Adjustment Account	2024-25 £000
(44,791)	Balance 1 April	(49,925)
	Accounting / Financing Adjustments:	
52	Write down Intangible Assets	43
3,329	Depreciation and impairment of non-current assets	3,757
67	Movements in value of Investment Properties	31
574	Gain or (loss) on sale of non-current assets	1,455
1,770	Revenue Expenditure Financed from Capital under Statute	2,360
(904)	Statutory provision for the financing of capital investment	(959)
(3,891)	Capital expenditure financed from Capital Receipts	(607)
(5,726)	Capital expenditure financed from Capital grants and contributions	(18,737)
(405)	Depreciation charged to Revaluation Reserve	(146)
0	Rounding	1
(49,925)	Balance 31 March	(62,727)

(iii) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and the funding of benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income & Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer contributions to the pension fund, or eventually pays any pensions for which it is directly responsible.

2023-24 £000	Pensions Reserve	2024-25 £000
2,032	Balance 1 April	1,827
	Comprehensive Income & Expenditure:	
1,164	Re-measurement of the net defined benefit liability	841
	Accounting / Financing Adjustments:	
(1,369)	Difference between accounting and statutory credit for pension costs	(1,148)
1,827	Balance 31 March	1,520

(iv) Pooled Investment Funds Adjustment Account

In compliance with IFRS 9, the cumulative variance between the nominal value and the fair value of pooled investments held at the end of each year is taken to the reserve account.

2023-24 £000	Pooled Investment Funds Adjustment Account	2024-25 £000
152	Balance 1 April	225
	Accounting / Financing Adjustments:	
72	Movement in fair value of financial instruments	(34)
1	Rounding	(1)
225	Balance 31 March	190

NOTES TO CORE FINANCIAL STATEMENTS

(v) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise on the General Fund Balance from accruing for compensated absences earned but not taken at the year end date of March 31st.

2023-24	Accumulated Absences Account	2024-25
£000		£000
(219)	Balance 1 April	210
	Accounting / Financing Adjustments:	
	Difference between accounting and statutory	
429	employment benefit	(32)
210	Balance 31 March	178

(vi) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income and non-domestic rates income in the Comprehensive Income & Expenditure Statement as it falls due from the council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2023-24	Collection Fund Adjustment Account	2024-25
£000		£000
1,068	Balance 1 April	523
	Accounting / Financing Adjustments:	
48	Difference between accounting and statutory credit for Council Tax	(24)
	Difference between accounting and statutory credit for Non-Domestic	
(593)	Rates	(554)
523	Balance 31 March	(55)

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.

2023-24				2024-25		
Fin. Lease	Other	Total		Fin. Lease	Other	Total
£'000	£'000	£'000		£'000	£'000	£'000
254	70,847	71,101	Opening Capital Financing Requirement	254	73,363	73,617
			Capital Investment			
0	11,258	11,258	Property, Plant and Equipment	0	19,578	19,578
0	10	10	Recognition Right of Use on transition	0	540	540
0	10	10	Intangible Assets	0	92	92
0	1,770	1,770	Revenue Expenditure Funded from Capital under Statute	0	2,360	2,360
			Sources of finance			
0	(3,891)	(3,891)	Capital receipts	0	(607)	(607)
			Government grants and other contributions:			
0	(3,965)	(3,965)	towards assets	0	(16,403)	(16,403)
0	(1,762)	(1,762)	towards REFCUS	0	(2,333)	(2,333)
0	3,420	3,420	Financed from loan	0	3,227	3,227
0	0	0	Repayments from debtors	0	0	0
0	(904)	(904)	Minimum Revenue Provision	0	(959)	(959)
254	73,363	73,617	Closing Capital Financing Requirement 31 March	254	75,631	75,885

NOTES TO CORE FINANCIAL STATEMENTS

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

31 March 2024				31 March 2025		
Fin. Lease £'000	Other £'000	Total £'000		Fin. Lease £'000	Other £'000	Total £'000
242	173,340	173,582	Property, Plant and Equipment	242	193,396	193,638
0	310	310	Investment Properties	0	279	279
0	215	215	Intangible Assets	0	263	263
0	0	0	Assets Held for Sale	0	591	591
0	16,669	16,669	Heritage assets	0	16,679	16,679
0	7,313	7,313	Long Term Debtors	0	7,283	7,283
0	164	164	Short Term Debtors	0	194	194
0	(74,710)	(74,710)	Revaluation Reserve	0	(79,468)	(79,468)
11	(49,936)	(49,925)	Capital Adjustment Account	11	(63,585)	(63,574)
0	(1)	(1)	Rounding	1	(1)	0
253	73,364	73,617		254	75,631	75,885

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. The closing values of outstanding loans to long-term debtors are shown below:

31 March 2024 £'000		31 March 2025 £'000
5,489	Hastings Housing Company Ltd	5,489
1,788	Southern Housing	1,788
5	The Source	5
64	Foreshore Trust	32
7,346		7,314

The annual and cumulative figures set aside are as follows:

2023-24				2024-25		
Fin. Lease £'000	Other £'000	Total £'000		Fin. Lease £'000	Other £'000	Total £'000
			Set aside to date			
953	10,901	11,854	Balance 1 April	953	11,805	12,758
0	904	904	MRP for the year	0	959	959
953	11,805	12,758	Balance 31 March	953	12,764	13,717
			Repaid to date			
(953)	(2,810)	(3,763)	Balance 1 April	(953)	(2,810)	(3,763)
(953)	(2,810)	(3,763)	Balance 31 March	(953)	(2,810)	(3,763)
0	8,995	8,995	Net set aside	0	9,954	9,954

NOTES TO CORE FINANCIAL STATEMENTS

NOTE 15. NON-CURRENT ASSETS AND ASSETS FOR SALE

PROPERTY, PLANT AND EQUIPMENT

2024-25	Land & Buildings	Vehicles Plant etc	Infra-structure	Comm. Assets	Surplus Props.	Under Construct.	Right of Use Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost:								
Opening value 1 April 2024	146,009	3,984	20,110	15,723	3,960	0	0	189,786
Recognition of Right of Use Assets	(5,609)	0	0	0	0	0	5,756	147
Additions	15,697	469	2,383	1,029	0	0	0	19,578
Disposals	(1,550)	0	0	0	0	0	0	(1,550)
Impairment losses	(481)	0	0	0	0	0	(1,348)	(1,829)
Impairment loss reversals	955	0	0	0	0	0	0	955
Reclassifications	959	0	0	0	(2,684)	1,134	0	(591)
Revaluations	1,173	0	0	0	724	0	2,797	4,694
Value 31 March 2025	157,153	4,453	22,493	16,752	2,000	1,134	7,205	211,190
Cumulative Depreciation:								
Opening value 1 April 2024	(1,912)	(2,351)	(11,651)	(289)	0	0	0	(16,203)
Adj Accum Depreciation	0	0	0	0	0	0	0	0
Charge for the year	(1,420)	(220)	(639)	0	0	0	(43)	(2,322)
Disposals	71	0	0	0	0	0	0	71
Impairment loss reversals	0	0	0	0	0	0	0	0
Reclassifications	46	0	0	0	0	0	(46)	0
Revaluations	857	0	0	0	0	0	46	903
Balance 31 March 2025	(2,358)	(2,571)	(12,290)	(289)	0	0	(43)	(17,551)
Net book value 31 March 2025	154,795	1,882	10,203	16,463	2,000	1,134	7,162	193,638

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 2025 and 31 March 2024 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	Vehicles Plant etc	Infra-structure	Comm. Assets	Surplus Props.	Under Construct.	Right of Use Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valued in:								
2020-21	29,085	0	0	0	0	0	0	29,085
2021-22	6,987	0	0	0	0	0	0	6,987
2022-23	11,541	0	0	0	0	0	0	11,541
2023-24	26,300	0	0	0	0	0	0	26,300
2024-25	80,882	0	0	0	2,000	0	7,162	90,044
Historic Cost	0	1,882	10,203	16,463	0	1,134	0	29,681
Net book value 31 March 2025	154,795	1,882	10,203	16,463	2,000	1,134	7,162	193,638

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.

NOTES TO CORE FINANCIAL STATEMENTS

CAPITAL COMMITMENTS

As at 31 March 2025, the council had entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2025/26 and future years. The total commitments at 31 March 2025 were £4.49m (similar commitments at 31 March 2024 were £119,000) made up as follows:-

	£'000
Construction of Modular accommodation Bexhill Rd	4,395
Love Hastings Ltd	29
Housing Acquisition Programme	18
Mobile Spaces for NPOs	15
Roof Refurbishment Programme	14
Churchfields Business Centre	13
	<u>4,484</u>

INVESTMENT PROPERTIES

Income and expenditure on Investment Properties was as follows:

2023-24		2024-25
£'000		£'000
(79)	Rental income from investment property	(48)
0	Direct operating expenses arising from investment property	0
67	Net (gains)/losses from fair value adjustments	24
		<u>(24)</u>
<u>(12)</u>	Total	<u>(24)</u>

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.

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

2023-24		2024-25
£'000		£'000
378	Balance at start of the year	310
(67)	Net gains/ (losses) from fair value adjustments	(31)
(1)	Other	0
		<u>279</u>
<u>310</u>	Balance at end of the year	<u>279</u>

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:

2023-24			2024-25		
Gross £'000	Amortised £'000	Net Total £'000	Gross £'000	Amortised £'000	Net Total £'000
831	(575)	256	841	(627)	215
0	(52)	(52)	0	(43)	(43)
10	0	10	92	0	92
841	(627)	214	933	(670)	264

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.

2023-24 £'000		2024-25 £'000	
16,650	Balance at start of the year	16,669	
0	Additions	0	
19	Revaluations	10	
0	Rounding	0	
16,669	Balance at end of the year	16,679	

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

31 March 2024 £000's		31 March 2025 £000's	
452	Turner Painting of Old Town	464	
2,342	Art Collection - General	2,412	
8,237	Art Collection - Other	8,227	
646	Ceramics Glass & Porcelain	627	
3,880	Misc. - Silver, books, manuscripts etc.	3,870	
658	Machinery, Equipment & other	632	
233	Civic Regalia	224	
103	Hastings Castle	103	
118	Coins	120	
16,669		16,679	

Assets Held For Sale

2023-24 £'000		2024-25 £'000	
450	Balance outstanding at start of year	0	
0	Additions	0	
0	Reclassified from Property Plant and Equipment	591	
(450)	Assets sold	0	
0	Balance at end of the year	591	

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 £442,000, for doubtful debts for trade accounts receivable, compared to £575,000 as at 31 March 2024.

31 March 2024		31 March 2025
£'000		£'000
	Amounts falling due within one year:	
1,931	Council taxpayers	1,999
1,068	NNDR taxpayers	1,141
3,301	Trade debtors	4,608
6,707	Other debtors	7,515
707	Prepayments	558
(4,520)	Allowance for Credit Losses	(5,356)
2	Rounding	0
9,196	Total short term debtors	10,467
1,788	Southern Housing Loan	1,788
32	Foreshore Trust - Long term Loan	0
3	Long term Loan - Receivable	3
5,489	Hastings Housing Company long term debtor	5,489
0	Cycle 2 Work Scheme	3
7,312	Amounts falling due after one year (all other bodies)	7,283
16,508	Total Debtors	17,750

No Group Debtors note has been provided with the Group Accounts. This is because the only material difference between the Council's Debtors and the Group is the debtor relating to Hastings Housing Company Ltd.

CONTINGENT ASSETS

There are no contingent assets.

NOTE 17. LIABILITIES

CREDITORS

NOTE 17. LIABILITIES

CREDITORS

31 March 2024		31 March 2025
£'000		£'000
	Amounts falling due within one year:	
31	NNDR - preceptors	(140)
154	NNDR - government	(700)
(111)	NNDR taxpayers	(329)
(697)	Council tax - preceptors	399
(218)	Council tax taxpayers	(213)
(2,380)	Trade creditors	(2,198)
(2,911)	Other creditors	(3,106)
(1,661)	Received in advance	(1,650)
(367)	Revenue Grant Received in Advance	(1,340)
(8,160)	Total short-term creditors	(9,278)
	Amounts falling due after one year:	
(1,136)	Council Tax preceptors share long term	(1,567)
(252)	Lease Liabilities - Finance Leases	(252)
0	Lease Liabilities - Operating Leases	(533)
(49)	Other creditors	(48)
(1,437)	Total Long-Term Creditors	(2,400)
(9,597)	Total Creditors	(11,678)

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 of 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 2023/24, 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 2024-25 for the legal fees relating to the Compulsory Purchase Order property claims.

	Balance at 1 April 2024	Additional Provisions made	Amounts used	Reversals	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Compulsory purchase order provision	(138)	0	0	0	(138)
Insurance Claim	(50)	0	0	0	(50)
NNDR provision for appeals - HBC element	(1,364)	(963)	1,364	0	(963)
Provision for Bad Debt - Rents	0	0	0	0	0
	(1,552)	(963)	1,364	0	(1,151)

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
- 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.

NOTES TO CORE FINANCIAL STATEMENTS

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 16th February 2022 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2024-25 was set at £140m. This is the maximum limit of external borrowings or other long-term liabilities.
- The Operational Boundary for 2024-25 was set at £135m. This is the limit beyond which external debt is not normally expected to exceed.
- 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 criterion 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 the Treasury Management Advisors, MUFG Corporate Markets (formerly known as Link Group). 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.

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 2024 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.

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 2024			Category	31 March 2025		
Amount	Expected Credit Loss	Estimated maximum exposure to default		Amount	Expected Credit Loss	Estimated maximum exposure to default
£'000	£'000	£'000		£'000	£'000	£'000
2,329	(575)	1,754	Other trade debtors	4,043	(442)	3,601
2,255	0	2,255	Trade receivables	1,477	0	1,477
4,584	(575)	4,009	Total	5,520	(442)	5,078

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.

NOTES TO CORE FINANCIAL STATEMENTS

Expected Credit Loss

	31 March 2025		
	12 month expected credit loss	Lifetime expected credit losses – simplified approach	Total
	£'000	£'000	£'000
Opening Balance as at 1 April 2024	0	(575)	(575)
Financial assets that have been derecognised	0	575	575
New financial assets originated or purchased	0	(442)	(442)
As at 31 March 2025	0	(442)	(442)

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.

The Council has the following exposure to credit risk at 31 March 2025:

Credit Risk Approach	Analysis	Credit risk rating	Gross carrying amount	Credit Risk Impairment Allowance	Net carrying amount
			£'000	£'000	£'000
12-month expected credit losses	Fitch, Moody's and Standard & Poor's Credit Ratings Services	A	69	0	69
	Assets held with other public sector bodies - no credit risk	N/A	17,750	0	17,750
Simplified approach	Trade debtors and other receivables	N/A	5,021	(442)	4,579
Other	Assets held at fair value through profit and loss	N/A	4,498	0	4,498
Simplified approach	Other loans to counterparties with no expected credit risk	N/A	7,280	0	7,280
	Cash balances	N/A	302	0	302
			34,920	(442)	34,478

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 2024		31 March 2025
£'000		£'000
19,575	Less than 1 year	22,690
11,929	Less than 5 years greater than 1 year	11,778
31,504	Total	34,468

Refinancing and Maturity risk

NOTES TO CORE FINANCIAL STATEMENTS

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.

31 March 2024 £'000		31 March 2025 £'000
(674)	Less than 1 year	(691)
(1,691)	Between 1 and 2 years	(1,676)
(5,078)	Between 3 and 5 years	(5,131)
(11,329)	Between 6 and 10 years	(11,426)
(45,990)	More than 10 years	(45,165)
<u>(64,762)</u>	Total	<u>(64,089)</u>

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

NOTES TO CORE FINANCIAL STATEMENTS

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	0
Increase in interest receivable on variable rate investments	(178)
	(178)
Impact on Surplus or Deficit on the Provision of Services	(178)

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.

FINANCIAL INSTRUMENT BALANCES

Financial Assets:

Financial assets are investments, cash equivalents and some debtors both long and short term.

Debtors not classified as financial instruments are statutory debtors, grant debtors and payments in advance.

31 March 2024			31 March 2025	
Book Value	Fair Value		Book Value	Fair Value
£'000	£'000		£'000	£'000
0	0	Available for sale financial asset	0	0
4,617	4,617	Fair Value through Profit and Loss	4,498	4,498
4,617	4,617	Long term Investments	4,498	4,498
5,000	5,000	Short Term Investments - at amortised cost	10,000	10,116
5,000	5,000	Short term Investments	10,000	10,116
2,255	2,255	Trade accounts receivable	1,477	1,477
2,329	2,329	Other debtors	3,447	3,447
(585)	(585)	Provision for impairment	(452)	(452)
3,999	3,999	Short Term Debtors - at amortised cost	4,472	4,472
1,788	1,788	Southern Housing	1,788	1,788
32	32	Foreshore Trust	0	0
3	3	The Source	3	3
5,489	5,489	Hastings Housing Company	5,489	5,752
7,312	7,312	Long Term Debtors at amortised cost	7,280	7,543
10,576	10,576	Cash and Cash Equivalents at amortised cost	7,912	7,912
31,504	31,504	Total Financial Assets	34,162	34,541

NOTES TO CORE FINANCIAL STATEMENTS

Financial Liabilities:

Financial liabilities are borrowing, creditors and long-term liabilities (excluding the pension fund liability). Creditors which are not classified as financial instruments are statutory creditors, grant creditors and receipts in advance.

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

31 March 2024			31 March 2025	
Book Value	Fair Value		Book Value	Fair Value
£'000	£'000		£'000	£'000
(64,090)	(46,574)	Public Works Loan board	(63,398)	(42,829)
(252)	(252)	Long Term Creditors	(786)	(786)
(64,342)	(46,826)	Long Term Liabilities	(64,184)	(43,615)
(676)	(674)	Short Term Loans	(692)	(691)
200	0	Adjust for interest on long term loans	180	0
(4,511)	(4,511)	Short Term Creditors	(3,480)	(3,480)
(4,987)	(5,185)	Short Term Liabilities	(3,992)	(4,171)
(69,329)	(52,011)	Total Financial Liabilities	(68,176)	(47,786)

Non-Financial Assets

Non-Financial Assets include Property, Plant and Equipment, Investment Properties and statutory debtors and payments in advance.

2023-24			2024-25	
£'000			£'000	
173,582	Property, Plant and Equipment		193,638	
16,669	Heritage Assets		16,679	
310	Investment Properties		279	
215	Intangible Assets		263	
0	Assets Held for Sale		591	
46	Inventories		58	
5,198	Short Term Debtors		10,967	
196,020	Total Non-Financial Assets		222,475	
(3,282)	Short Term Creditors		(6,598)	
(367)	Revenue Grants in Advance		(1,340)	
(1,552)	Provisions		(1,151)	
(58)	Capital grants received in advance		0	
(1,385)	Long Term Creditors		(2,401)	
(1,827)	Net Pension Liability		(1,521)	
(8,471)	Total Non-Financial Liabilities		(13,011)	

Prior Year adjustment to reclassify Revenue Grants in advance from Short Term Creditors

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:

2023-24			2024-25	
£'000			£'000	
	Interest receivable			
(1,858)	Interest from loans and receivables		(1,556)	
0	Other interest receivable		0	
(1,858)	Total Interest receivable		(1,556)	
	Interest payable			
1,842	Other interest payable and similar charges		1,833	
1,842	Total Interest payable		1,833	

NOTES TO CORE FINANCIAL STATEMENTS

Valuation Techniques for Fair Value

The fair values valuations have been provided by the Council's Treasury Management advisor, MUFG. 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, MUFG 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.

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 MUFG from the market on 31st March 2025, 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.

There has been no change in the approach to valuation techniques.

Financial Instruments within the Group

No Financial instruments note has been provided with the Group Accounts. This is because the only material difference between the Council's Financial Instruments and the Group is the debtor relating to Hastings Housing Company Ltd.

NOTES TO CORE FINANCIAL STATEMENTS

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

2023-24	2024-25
£'000	£'000
(1,818) (Surplus) or deficit on the provision of services	(21,058)
(2,425) Depreciation of Property Plant and Equipment	(2,322)
(905) Impairment of Property Plant and Equipment	(934)
(52) Amortisation of Intangible Assets	(43)
1,369 Pension Fund adjustments	1,148
133 Revaluation Gains on Investments	(153)
(67) Movements in the market value of Investment Properties	(31)
(1,047) 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	(1,479)
(72) FVPL Financial Instrument Reversal	34
Changes in level of revenue accruals:	
(4) Long Term Debtors	2
(44) Inventories	11
(459) Short Term Debtors	1,834
10,036 Short Term Creditors	176
0 Short Term Borrowing	0
152 Provisions	304
1,114 Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,267
5,051 Capital Grant & Contributions	25,054
10,962	3,810
Net cash flows from Operating Activities	3,810

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)	Com-pensation for loss of office	Benefits in Kind (e.g. lease cars)*	Pension Contributions**	Total Remuneration
	£'000	£'000	£'000	£'000	£'000
Financial Year: 2024-25					
Chief Executive	125	0	8	17	150
Chief Finance Officer (S151 Officer)	88	0	0	18	106
Deputy Chief Executive/Director of Place	95	0	0	19	114
Chief Legal Officer - Solicitor to the Council	83	0	0	17	100
Property and Commercial Assets Manager	71	0	0	14	85
Head of People and Business Support	67	0	0	0	67
Head of Environment and Operations	77	0	0	16	93
Head of Housing	80	0	0	16	96
Head of Community and Regulatory Services	79	0	0	16	95
Head of Strategic Programmes	77	0	0	16	93
Total	842	0	8	148	998

NOTES TO CORE FINANCIAL STATEMENTS

Post holder information (Post title)	Salary (Inc. fees & Allowances) £'000	Com- pensation for loss of office £'000	Benefits in Kind (e.g. lease cars)* £'000	Pension Contributions** £'000	Total Remuneration £'000
Financial Year: 2023-24					
Chief Executive	121	0	8	26	154
Chief Finance Officer (S151 Officer)	83	0	0	17	100
Deputy Chief Executive/Director of Place	78	0	0	16	94
Chief Legal Officer - Solicitor to the Council	81	0	0	16	97
Property and Commercial Assets Manager	68	0	0	14	82
Head of People and Business Support	66	0	0	0	66
Head of Environment and Operations	73	0	0	15	87
Head of Housing	46	0	0	9	55
Head of Community and Regulatory Services	73	0	0	15	88
Head of Strategic Programmes	73	0	0	15	88
Total	760	0	8	143	911

* 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.

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.

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

2023-24	2024-25
8	8
7	7
2	2
3	3
5	5
2	2
2	2
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
1	1
30	30

NOTES TO CORE FINANCIAL STATEMENTS

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 2 employees in 2024-25, incurring costs of £122,477. In comparison it terminated the contracts of 0 employees in 2023-24, incurring costs of £0. Termination costs are charged to the Council's Comprehensive Income and Expenditure Statement in the year when the employment was terminated.

The total severance payment made in 2023/24 was £257,249 out of which £236,502 was shown in 2022-23 as it was already recognised on accrual basis and the remaining £20,747 was shown in 2023/24.

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

2023-24				Banding	2024-25			
Number of exit packages			Cost		Number of exit packages			Cost
Compuls. Redund.	Other departures	Total exit packages	Total £		Compuls. Redund.	Other departures	Total exit packages	Total £
0	0	0	0	£0 - £20,000	0	0	0	0
0	0	1	20,747	£20,001 - £40,000	0	0	0	0
0	0	0	0	£40,001 - 60,000	0	1	1	54,621
0	0	0	0	£60,001 - 80,000	1	0	1	67,856
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	1	20,747		1	1	2	122,477

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:

2023-24		2024-25	
£'000		£'000	
5,867	Not later than one year	5,257	
14,845	Later than one year and not later than five years	12,130	
85,043	Later than five years	82,275	
105,755		99,662	

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 2024-25 contingent rents of £556,570 were receivable by the Council (£399,940 in 2023-24).

Council acting as Lessee – Right-Of-Use Assets

Accounting for Leases under IFRS 16 Leases was mandatorily implemented in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for 2024/25. All transactions taking place in 2024/25 are accounted for wholly in accordance with new IFRS 16 accounting policies.

The majority of the work involved in implementing IFRS 16 related to applying a new accounting treatment to property, plant and equipment held by the council (as a lessee) under operating leases. All material leases with more than a year to run have been converted to a finance lease treatment, bringing a liability onto the balance sheet for outstanding rents payable, matched with a right-of-use asset costed at the amount of the liability. The council has a small number of property leases and vehicles leases which are captured by the new lease accounting requirements.

NOTES TO CORE FINANCIAL STATEMENTS

The definition of a lease has been extended to include arrangements where only peppercorn rents are payable. Although these arrangements have no actual lease liabilities, authorities are required to recognise right-of-use assets for them and if material, they will need to be brought onto the balance sheet at a valuation. The council has a small number of peppercorn leases which have a material value.

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. A Government grant of £21k was received for the Financial year 2023/24 to assist with local audit fees.

2023-24		2024-25
£'000		£'000
166	External audit services	183
40	Other services	48
(21)	Local Audit Fees Grant received	0
<u>185</u>		<u>231</u>

NOTE 24. MEMBERS ALLOWANCES

2023-24		2024-25
£'000		£'000
306	Members Allowances	313
14	Conferences, Training and Travelling Expenses	10
<u>320</u>		<u>323</u>

NOTE 25. RELATED PARTY TRANSACTIONS

The council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council, or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council. In this context, related parties include Central Government, Elected Members of the council and officers of the council.

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).

Hastings Housing Company Ltd

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

During 2017/18 the Council established a wholly owned Housing Company limited by share - Hastings Housing Company Ltd. The company was 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. Various options are currently being considered regarding the future of Hastings Housing Company.

As at the 31st March 2025 HHC Ltd owed the Council £5.5m resulting from a number of long-term market rate capital loans granted by the Council. HHC Ltd also owed the Council £285k in relation to interest payments on the capital loan.

NOTES TO CORE FINANCIAL STATEMENTS

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. Six current members are also members of East Sussex County Council.

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.

Organisation	2024-25	
	Paid to (Supplier)	Received From (Customer)
	£,000	£,000
Hastings Housing Company	0	24
Eastbourne Borough Council	375	113
Lewes District Council	13	44
Emmaus Hastings	5	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 2024/25 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 £1.9m and expenditure of £1.6m, giving a net figure of £300k within the council's own accounts. The net income was mainly in respect of car parking and seafront entertainment.

NOTE 26. EXCEPTIONAL ITEMS

There were no exceptional items in this financial year.

NOTES TO CORE FINANCIAL STATEMENTS

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

2023-24			2024-25			
Gross	Income	Net	Gross	Income	Net	
£'000	£'000	£'000	£'000	£'000	£'000	
79,820	(61,271)	18,549	Operational Services:	83,287	(64,884)	18,403
79,820	(61,271)	18,549	Cost of Services	83,287	(64,884)	18,403
0	(67)	(67)	(Gain) or loss on sale of assets	0	212	212
0	(67)	(67)	Other operating expenditure	0	212	212
1,842	0	1,842	Interest payable and similar charges	1,833	0	1,833
(635)	0	(635)	Net interest on defined pension liabilities	(503)	0	(503)
0	(1,596)	(1,596)	Interest receivable and similar income	0	(697)	(697)
0	(61)	(61)	Movement in the fair value of financial instruments	0	119	119
130	(381)	(251)	Income and expenditure in relation to investment properties and changes in their fair value	353	(391)	(38)
1,337	(2,038)	(701)		1,683	(969)	714
0	(7,838)	(7,838)	Council Tax Income	0	(8,264)	(8,264)
6,369	(8,486)	(2,117)	Non domestic rates	6,494	(9,062)	(2,568)
0	(2,100)	(2,100)	Revenue Support Grant	330	(1,846)	(1,516)
(3)	(1,838)	(1,841)	Other non-ringfenced government grants	120	(2,260)	(2,140)
0	(5,051)	(5,051)	Capital grants and contributions	0	(17,448)	(17,448)
(6)	(937)	(943)	Covid Grants	0	0	0
6,360	(26,250)	(19,890)		6,944	(38,880)	(31,936)
87,517	(89,626)	(2,109)	(Surplus) or Deficit on Provision of Services	91,914	(104,521)	(12,607)
		(3,520)	(Surplus) or Deficit on revaluation of non-current assets			(5,275)
		1,164	Remeasurement of the net defined benefit pension liability			841
		(2,356)	Other Comprehensive Income and Expenditure			(4,434)
		(4,465)	Total Comprehensive Income and Expenditure			(17,041)

NOTES TO CORE FINANCIAL STATEMENTS

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
2024-25	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	(503)	(17,020)	(17,523)	660	(11,014)	(27,877)	(121,847)	(149,724)	(1,002)	(150,726)
Movement in Reserves in 2024-25										
(Surplus)/deficit on the provision of services (accounting basis)	(12,593)	0	(12,593)	0	0	(12,593)	0	(12,593)	(15)	(12,608)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(4,434)	(4,434)	1,188	(3,246)
Total Comprehensive Income and Expenditure	(12,593)	0	(12,593)	0	0	(12,593)	(4,434)	(17,027)	1,173	(15,854)
Adjustments between group accounts and authority accounts	(859)	0	(859)	0	0	(859)	0	(859)	859	0
Adjustments between accounting and funding basis under regulation - note 7	16,131	0	16,131	(660)	(1,103)	14,368	(14,426)	(58)	58	0
Net increase/decrease before transfers to Earmarked reserves	2,679	0	2,679	(660)	(1,103)	916	(18,860)	(17,944)	2,090	(15,854)
Transfers to/from Earmarked reserves - note 12	(3,177)	3,177	0	0	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0	1	1	0	1
(Increase)/Decrease in Year	(498)	3,177	2,679	(660)	(1,103)	916	(18,859)	(17,943)	2,090	(15,853)
Balance at 31 March 2025	(1,001)	(13,843)	(14,844)	0	(12,117)	(26,961)	(140,706)	(167,667)	1,088	(166,579)

NOTES TO CORE FINANCIAL STATEMENTS

	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
2023-24										
Balance at 1 April 2023	(500)	(19,179)	(19,679)	(2,117)	(9,917)	(31,713)	(113,825)	(145,538)	(717)	(146,255)
Movement in Reserves in 2023-24										
(Surplus)/deficit on the provision of services (accounting basis)	(1,558)	0	(1,558)	0	0	(1,558)	0	(1,558)	(553)	(2,111)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(2,356)	(2,356)	(4)	(2,360)
Total Comprehensive Income and Expenditure	(1,558)	0	(1,558)	0	0	(1,558)	(2,356)	(3,914)	(557)	(4,471)
Adjustments between group accounts and authority accounts	(262)	0	(262)	0	0	(262)	0	(262)	262	0
Adjustments between accounting and funding basis under regulation - note 7	3,976	0	3,976	2,777	(1,097)	5,656	(5,667)	(11)	11	0
Net increase/decrease before transfers to Earmarked reserves	2,156	0	2,156	2,777	(1,097)	3,836	(8,023)	(4,187)	(284)	(4,471)
Transfers to/from Earmarked reserves - note 12	(2,159)	2,159	0	0	0	0	0	0	0	0
Other adjustments	0	0	0	0	0	0	1	1	0	1
(Increase)/Decrease in Year	(3)	2,159	2,156	2,777	(1,097)	3,836	(8,022)	(4,186)	(284)	(4,470)
Balance at 31 March 2024	(503)	(17,020)	(17,523)	660	(11,014)	(27,877)	(121,847)	(149,724)	(1,002)	(150,726)

NOTES TO CORE FINANCIAL STATEMENTS

GROUP BALANCE SHEET

Group 31 March 2024	HBC 31 March 2025	Group 31 March 2025
£'000	£'000	£'000
173,582	193,638	193,638
16,669	16,679	16,679
6,829	279	6,798
215	263	263
4,617	4,498	4,498
1,824	7,283	1,793
203,736	222,640	223,669
LONG TERM ASSETS		
5,000	10,209	10,208
0	591	591
46	58	58
8,938	10,467	9,646
10,677	7,912	8,010
24,660	29,237	28,513
CURRENT ASSETS		
(943)	(692)	(659)
(7,856)	(6,598)	(6,685)
(367)		(1,340)
(1,814)	(1,151)	(1,402)
(58)	(7,606)	(7,606)
(11,039)	(16,047)	(17,692)
CURRENT LIABILITIES		
(1,437)	(2,401)	(2,401)
(64,089)	(63,398)	(63,364)
(1,827)	(1,521)	(1,520)
(67,353)	(67,320)	(67,285)
LONG TERM LIABILITIES		
150,004	168,510	167,205
NET ASSETS		
(500)	(500)	(500)
(279)	0	(32)
(17,020)	(13,844)	(13,844)
660	0	0
(11,014)	(12,117)	(12,117)
(28,153)	(26,461)	(26,493)
USABLE RESERVES		
(74,710)	(79,815)	(79,815)
225	190	190
(49,924)	(62,727)	(62,731)
0	0	0
1,827	1,520	1,520
0	0	0
210	178	179
523	(55)	(55)
(2)	0	0
(121,851)	(140,709)	(140,712)
UNUSABLE RESERVES		
(150,004)	(167,170)	(167,205)
TOTAL RESERVES		

NOTES TO CORE FINANCIAL STATEMENTS

GROUP CASHFLOW STATEMENT

2023-24 £'000		2024-25 £'000
(14,293)	Taxation	(18,571)
(40,322)	Grants and Contributions	(38,695)
(24,343)	Sales of goods and rendering of services	(26,735)
(1,922)	Interest received	(1,556)
(134)	other receipts from operating activities	(1,878)
(81,014)	Cash inflows generated from operating activities	(87,435)
12,206	Cash paid to and on behalf of employees	13,206
32,694	Housing benefit payments	33,220
6,111	NNDR Tariff and levy payments	6,686
31,947	Cash paid to suppliers of goods and services	25,496
1,842	Interest paid	1,833
7,132	Other operating cash payments	10,705
91,932	Cash outflows generated from operating activities	91,146
10,918	Net cashflows from operating activities	3,711
(1,114)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,267)
11,266	Purchase of property, plant and equipment, investment property and intangible assets	19,671
(17,866)	Purchase of short-term and long-term investments	15,263
(5,000)	Proceeds from the sale of short-term and long-term investments	(10,208)
(5,185)	Other receipts from investing activities	(24,360)
(17,899)	Net cashflows from investing activities	(901)
0	Cash receipts from short term and long term borrowing.	0
658	Repayments of short term and long term borrowing	674
(243)	Changes in National Non-Domestic Rates balances held for preceptors	(1,025)
969	Changes in Council tax balances held for preceptors	665
0	Cash Payments for Reduction of outstanding Lease liabilities	(559)
1,384	Net cashflows from financing activities	(245)
(5,597)	Net (Increase) / decrease in cash and cash equivalents	2,565
5,088	Cash and bank balances 1 April	10,685
5,597	Change during the year	(2,565)
10,685	Cash and bank balances 31 March	8,120
40	Cash in hand	312
1,240	Bank balances	266
9,405	Cash equivalents	7,542
10,685	Totals	8,120

NOTES TO CORE FINANCIAL STATEMENTS

GROUP NOTES

The only note where there is a material difference between group and single entity is Investment Properties. This note is shown below:

GROUP NOTE 1. INVESTMENT PROPERTIES

Income and expenditure on Investment Properties was as follows:

2023-24		2024-25	
Group		Group	
£'000		£'000	
(380)	Rental income from investment property	(389)	
(2)	Direct operating expenses arising from investment property	(2)	
76	Net (gains)/losses from fair value adjustments	24	
<u>(305)</u>	Total	<u>(367)</u>	

2023-24		2024-25	
Group		Group	
£'000		£'000	
6,886	Balance at start of the year	6,886	
0	Purchases	0	
(76)	Net gains/(losses) from fair value adjustments	(31)	
<u>6,810</u>	Balance at end of the year	<u>6,855</u>	

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 an accrual's 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.

2023-24 £'000		2024-25 £'000
	<u>Council Tax</u>	
	INCOME	
(64,269)	Income from Council Taxpayers	(68,191)
	EXPENDITURE	
	Precepts and demands on Collection Fund	
44,840	East Sussex County Council	47,531
6,351	Sussex Police and Crime Commissioner	6,760
2,763	East Sussex Fire and Rescue Authority	2,873
7,679	Hastings Borough Council	7,985
	Apportionments of previous year surplus	
1,349	East Sussex County Council	1,677
191	Sussex Police and Crime Commissioner	253
73	East Sussex Fire and Rescue Authority	110
207	Hastings Borough Council	255
	Bad & Doubtful Debts	
94	Write offs of uncollectable income	581
1,410	Provision for uncollectable income-addition / (reduction)	557
(163)	S13 A(1) C – Discretionary Council Tax Reduction in liability	(3)
64,794		68,579
525	Movement on Fund Balance - (surplus) / deficit	388
	FUND BALANCE FOR COUNCIL TAX	
(3,865)	Balance brought forward	(3,340)
525	(Surplus) / deficit for year	388
(3,340)	Balance carried forward	(2,952)

Non-Domestic Rates

INCOME

(19,663)	Income from Ratepayers	(21,989)
(2,146)	Transitional Protection payments	(340)
	Apportionments of previous year deficit	
(2,024)	Government	(1,668)
(364)	East Sussex County Council	(272)
(40)	East Sussex Fire and Rescue Authority	(30)
(1,620)	Hastings Borough Council	(1,208)
(25,857)	Total	(25,507)

EXPENDITURE

Precepts and demands on Collection Fund

11,748	Government	11,800
2,115	East Sussex County Council	2,124
235	East Sussex Fire and Rescue Authority	236
9,398	Hastings Borough Council	9,440
	Bad & Doubtful Debts	
26	Write offs of uncollectable income	615
267	Provision for uncollectable income-addition / (reduction)	(60)
	Impairments resulting from appeals	
837	Write offs	837
(382)	Provision for uncollectable income-addition / (reduction)	(1,001)
130	Transfer to General Fund - Cost of Collection Allowance	128
24,374		24,119
(1,483)	Movement on Fund Balance - (surplus) / deficit	(1,388)

FUND BALANCE FOR DON-DOMESTIC RATES

3,823	Balance brought forward	2,340
(1,483)	(Surplus) / deficit for year	(1,388)
2,340	Balance carried forward	952

COLLECTION FUND BALANCE

2023-24		2024-25
£'000		£'000
(41)	Balances brought forward	(999)
(958)	(Surplus) / deficit for year	(1000)
(999)	Balance - (surplus) / deficit carried forward	(1,999)

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, 50% is paid to central government, 9% to the County Council, and 1% to the Fire Authority, while this council retains 40%. The amount retained is transferred to the General Fund, but this is offset by a tariff paid to central government.

The full multiplier for 2024-25 was 54.6p, compared to 51.2p for 2023-24, and the small business multiplier was 49.9p compared with 49.9p in 2023-24. The rateable value of business premises at 31 March 2025 was £64.7m compared to £65.2m at 31 March 2024.

NOTE 2. COUNCIL TAX BASE

Band & Value	Number of Chargeable Properties	Relationship to Band D	Annual Amount £
Band A - up to £40,000	8,990.83	6/9	5,996.40
Band B - over £40,000 up to £52,000	8,922.64	7/9	6,939.80
Band C - over £52,000 up to £68,000	6,444.03	8/9	5,728.00
Band D - over £68,000 up to £88,000	4,979.74	-	4,979.74
Band E - over £88,000 up to £120,000	2,103.56	11/9	2,571.00
Band F - over £120,000 up to £160,000	784.15	13/9	1,132.70
Band G - over £160,000 up to £320,000	192.00	15/9	320.00
Band H - over £320,000	14.50	18/9	29.00
	32,431.45		27,696.64
	Collection Rate		
Council Tax Base and amount originally expected for 2024-25	96.50%		26,728
East Sussex County Council			47,530,670
Sussex Police and Crime Commissioner			6,759,778
East Sussex Fire and Rescue Authority			2,872,993
Hastings Borough Council			7,985,257
			65,148,698

NOTE 3. SURPLUSES & DEFICITS

In accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) code of practice, surpluses and deficits arising from the collection of Council Tax and Business 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.

2023-24			2024-25	
Council Tax £'000	NNDR £'000		Council Tax £'000	NNDR £'000
		Balance brought forward		
0	1,912	Government	0	1,171
(2,836)	344	East Sussex County Council	(2,433)	211
(402)	0	Sussex Police & Crime Commissioner	(345)	0
(165)	38	East Sussex Fire Authority	(149)	23
(462)	1,529	Hastings Borough Council	(413)	937
(3,865)	3,823	(Surplus) / Deficit	(3,340)	2,342
		Movement on fund balance		
0	(741)	Government	0	(695)
403	(133)	East Sussex County Council	375	(125)
57	0	Sussex Police & Crime Commissioner	5	0
16	(15)	East Sussex Fire and Rescue Authority	32	(13)
49	(592)	Hastings Borough Council	(24)	(555)
525	(1,481)	(Surplus) / Deficit	388	(1,388)
		Balance carried forward		
0	1,171	Government	0	476
(2,433)	211	East Sussex County Council	(2,058)	86
(345)	0	Sussex Police & Crime Commissioner	(340)	0
(149)	23	East Sussex Fire and Rescue Authority	(117)	10
(413)	937	Hastings Borough Council	(437)	382
(3,340)	2,342	(Surplus) / Deficit	(2,952)	954

NOTE 4. BALANCES HELD FOR EACH AUTHORITY

	Government £'000	ESCC £'000	Police £'000	Fire £'000	Hastings BC £'000	Total £'000
Balances as at 31 March 2025						
1: Council Tax						
Arrears	0	12,788	1,828	770	2,108	17,494
Impairment Allowance for doubtful debts	0	(9,712)	(1,388)	(585)	(1,601)	(13,287)
Overpayments	0	(1,295)	(185)	(78)	(213)	(1,771)
Prepayments	0	(661)	(95)	(40)	(109)	(905)
(Surplus)/deficit	0	(2,058)	(340)	(117)	(437)	(2,952)
Totals	0	(938)	(180)	(50)	(252)	(1,420)
2: Non-Domestic Rates						
Arrears	1,466	264	0	29	1,173	2,933
Impairment allowance for doubtful debts	(1,028)	(185)	0	(21)	(823)	(2,057)
Overpayments	(252)	(45)	0	(5)	(201)	(503)
Prepayments	(159)	(29)	0	(3)	(128)	(319)
Provision for losses on appeals	(1,204)	(217)	0	(24)	(963)	(2,409)
(Surplus)/deficit	477	86	0	10	382	954
Totals	(700)	(126)	0	(14)	(560)	(1,401)
Balances as at 31 March 2024						
1: Council Tax						
Arrears	0	11,966	1,702	723	2,010	16,402
Impairment Allowance for doubtful debts	0	(9,287)	(1,321)	(561)	(1,560)	(12,730)
Overpayments	0	(1,299)	(185)	(79)	(218)	(1,781)
Prepayments	0	(471)	(67)	(28)	(79)	(645)
(Surplus)/deficit	0	(2,433)	(345)	(149)	(414)	(3,340)
Totals	0	(1,524)	(216)	(94)	(261)	(2,094)
2: Non-Domestic Rates						
Arrears	2,192	395	0	44	1,754	4,384
Impairment allowance for doubtful debts	(1,366)	(246)	0	(27)	(1,093)	(2,732)
Overpayments	(111)	(20)	0	(2)	(89)	(222)
Prepayments	(28)	(5)	0	(1)	(22)	(56)
Provision for losses on appeals	(1,705)	(307)	0	(34)	(1,364)	(3,409)
(Surplus)/deficit	1,171	211	0	23	937	2,342
Totals	154	28	0	3	123	307

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, which 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.

LESSEE

An entity that holds an agreement that allows the use of an asset for a period of time in exchange for a payment or series of payments.

LESSOR

An entity that leases an asset to a lessee.

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 need's basis.

RIGHT OF USE ASSET

In IFRS 16 lease accounting, an asset that represents a lessee's right to use a leased item over the duration of an agreed lease term.

UNUSABLE RESERVES

These are reserves, including those offsetting non-current assets and the negative reserve that offsets the long-term pension liability, which 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.