Rother District Council

FINANCIAL REPORT AND STATEMENT OF ACCOUNTS

2014/15

CONTENTS

FOREWORD BY THE CHIEF FINANCIAL OFFICER

The purpose of this foreword is to provide an easily understandable guide to the most significant matters reported in the accounts. The pages that follow are Rother District Council's accounts for the year 2014/15, and include:

- **Statement of Accounting Policies** - this explains the basis of the figures in the accounts. The accounts can be properly appreciated only if the policies that have been followed in dealing with material items are explained.

- **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 on the provision of services line shows the true economic cost of providing the Council's services, which is shown in greater detail in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting. The net increase or decrease before transfers to earmarked reserves line shows the statutory General Fund Balance before any discretionary transfers from earmarked reserves is made by the Council.

- **Comprehensive Income and Expenditure Statement** – this shows the Council's actual financial performance for the year. The Statement shows the accounting cost in the year of providing the services in accordance with generally accepted accounting practices rather than the amount to be funded from taxation. The Council raises taxation to cover expenditure in accordance with regulations and this may be different to the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- **Balance Sheet** - this is fundamental to the understanding of the Council's year-end financial position. The Balance Sheet shows the value as at the Balance Sheet date of the Assets and Liabilities recognised by the Council. Net Assets of the Council are matched by the Reserves held by the Council. Reserves are reported in two categories; Reserves that are usable (i.e. those reserves that the Council can spend on services subject to maintaining a prudent level of reserves and any statutory limitations on their use), and Reserves that are unusable e.g. reserves that hold unrealised gains and losses such as the Revaluation Reserve.

- **Cash Flow Statement** – this shows the changes in the cash and cash equivalents of the Council. 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 shows the extent to which operations of the Council are funded by way of taxation, grant income or income from recipients of services. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the future delivery of services (i.e. cash funds that are not immediately needed can be invested to make a return for the Council).

- **Collection Fund Statement** – this reflects the statutory obligation for Rother District Council as the Billing Authority to maintain a separate Collection Fund. The Statement shows the transactions of the Council in relation to the collection from taxpayers and distribution to local authorities (precepting) of Council tax and the collection and distribution of non-domestic rates to the Government and precepting authorities

Presentation of the 2014/15 Statement of Accounts

Efforts have been made to present information in a format that is easy to read and understand, whether you are a local taxpayer, Councillor or Council employee. I am, however, required by law to set the accounts out in a certain way. Further information about the accounts presented in this Statement is available from the Resources Directorate of the Council.

Financial Summary 2014/15

The Council's annual spending is categorised as being either Revenue or Capital. Revenue spending is generally on the day-to-day provision of services. Capital expenditure, by contrast, is on items that have a life beyond one year.

Revenue

The General Fund expenditure is met primarily by Government grants and Council Taxpayers. The financial performance of the Council's General Fund services in 2014/15 resulted in a surplus of £412,000. The main variations are discussed below:

(i) Employee Costs – £17,500
The Council's salary budgets have been proactively managed during the year and overall costs are marginally higher than budgeted. This does however include £38,000 of temporary staffing costs incurred to deal with customer contact following changes brought in with the new refuse collection contract in June 2014.

(ii) Premises Costs – £110,700
Additional expenditure has been incurred above the original revenue budget including such areas as Bexhill seafront, parks and open spaces and car parks. This additional expenditure has largely been met from earmarked reserves.

(iii) Supplies and Services - £107,500
Expenditure of £80,000 was incurred relating to joint East Sussex Council Tax reviews of single person and other discounts. This work has achieved additional Council Tax income in the current and future years and potentially additional New Homes Bonus. Spend of approximately £80,000 has been incurred in settling claims brought by private land search companies relating to the free provision of environmental information. This follows the 2010 decision by the Ministry of Justice and the Department for Communities and Local Government that charging a fee for a personal search of the local land charges register was incompatible with the Environmental Information Regulations 2004 and the underlying 2003 EU Directive. Some funding has previously been received from the Government in order to mitigate the cost of any claims.

Additional costs have been incurred on regeneration projects, albeit offset by additional income as indicated below. ICT have underspent in the region of £150,000 relating to software licences and maintenance costs. This underspend is linked to the delivery of the essential maintenance programme referred to on page 7 below.

(iv) Third Party Payments – (£245,000)
The first year costs for the new street cleansing and waste collection contract were approximately £150,000 under the original estimate. This largely was as a result of lower than budgeted inflation and savings on the contingency provision within the contract. Other underspends include the revenue contribution to the Community Grants scheme not being required in full.

(v) Housing Benefits – (£283,000)
Based on pre audited figures, the final housing benefit costs and expected government subsidy suggest a net overspend in the region of £340,000 compared to the original estimate. To give context this compares to an overall benefit spend of £30m for the year. This overspend has however been more than offset by £620,000 of identified overpayments that are now being recovered.

(vi) Income (excluding Housing Benefit Subsidy and overpayments) – (£806,000)
Additional income has been generated across a number of services. This includes an extra £328,000 from the very successful take up of the chargeable garden waste service. The budget had been originally based on 7,500 households whereas in fact take up has been closer to 20,000. Extra income of approximately £200,000 has been achieved for regeneration, sports & events and community based projects that have been used to support expenditure on these discreet projects. Car Park income was £48,000 higher than budgeted. The print services generated an additional £10,000 of income and Legal Services have recovered approximately £20,000 in costs arising from legal action.

The surplus of £412,000 has been transferred to the Medium Term Financial Strategy Reserve as shown in Note 5 to the accounts.

Use of Reserves

Overall Useable Reserves have increased by £452,000 (£412,000 earmarked, £40,000 capital receipts/capital grants). Total Useable reserves now total £11.9m made up of £8.6m of earmarked revenue reserves and £3.3m of capital receipts and capital grants. Details of the Councils reserves are shown in note 5 to the accounts.

The following table shows the overall year-end financial position for the General Fund Revenue account:

Service Area	2014-15 Final Budget	2014-15 Actual	2014-15 Variation
	£	£	£
Culture and Related Services	2,948,210	2,830,604	(117,606)
Environmental Services	4,808,950	4,015,161	(793,789)
Planning and Development	1,607,480	1,676,167	68,687
Highways and Transportation	(601,590)	(669,568)	(67,978)
Housing General Fund	1,056,400	685,174	(371,226)
Corporate and Democratic Core	2,746,220	2,610,337	(135,883)
Central Services to the Public	972,520	925,448	(47,072)
Support Services	32,150	(209,760)	(241,910)
Other Operating Income and Expenditure	(1,608,070)	(157,298)	1,450,772
Net Cost of Services	**11,962,270**	**11,706,266**	**(256,004)**
Funded by:			
Revenue Support Grant	(2,461,630)	(2,462,250)	(620)
Business Rates Retention	(1,959,900)	(1,169,677)	790,223
Business Rates - Section 31 Grants		(847,483)	(847,483)
New Homes Bonus	(1,024,000)	(1,031,977)	(7,977)
Other Non Ring Fenced grants	(73,000)	(205,654)	(132,654)
Council Tax including special expenses	(6,443,740)	(6,401,805)	41,935
Total Funds	**(11,962,270)**	**(12,118,846)**	**(156,576)**
Surplus for the Year	**0**	**(412,580)**	**(412,580)**

Collection Fund

The Collection Fund is operated by Rother District Council (RDC) on behalf of East Sussex County Council (ESCC), RDC, Sussex Police & Crime Commissioner and all of the Parish and Town Councils within the RDC area. The Fund receives its income from two sources, local taxpayers and business rate payers and meets the demands of the precepting authorities and the Government.

Council Tax

The Council is required, when setting the local tax level, to levy a charge sufficient to recover any anticipated deficit brought forward on the fund at the start of the year and conversely to make any adjustments on any brought forward surpluses. The Collection Fund was in surplus for the year by £365,000 as at 31 March 2015, Rother's share of which is £48,000. This will form part of the future adjustments to Council Tax bills with ESCC receiving the largest part of the surplus. The provision for bad debt methodology remains as in previous years without modification. It is felt at this time it remains robust enough to deal with the current economic climate and the final collection rate of 98.65% is marginally better than the target rate of 98.5%.

Business Rates

This is the second year of the new Business Rate Retention Scheme where the Council now has a direct relationship to the financial risk associated with the collection of business rates. Previously business rates were collected by the Council on behalf of the Government who then pooled them and returned a proportion as part of the annual grant settlement. Under the new scheme, the Council retains notionally 40% of the £16m tax collected but this is reduced significantly by a tariff of £4.47m payable to the Government. The Council also received additional grants totalling nearly £850,000 in lieu of the foregone business rate income following a number of concessions granted by the Government in 2014. The concessions included additional small business rate relief, retail shops relief and the cap on the increase in the business rate multiplier to 2%. The net position is that of the £16m business rates collected, the Council retains approximately £m.

Provisions for rating appeals currently outstanding now stands at £947,900 following the settlement of a significant number of appeals by the Valuation Office Agency. The outstanding appeals relate to the 2010 revaluation which at the end of March was closed and no further backdated appeals can be submitted. This caused a last minute rush of appeals which has meant the provision at 31 March 2015 has only reduced by £80,000 on the previous year.

Overall the Business Rate Collection Fund was in surplus by £1,010,000 for the year. Taking account of the brought forward deficit of £869,000, the surplus balance at 31 March 2015 was therefore £141,000. In accordance with the Business Rate Retention Scheme, Rother will retain approximately £56,000 of the surplus. As with Council Tax this will be adjusted through the 2016/17 budget although a surplus had been expected when setting the 2015/16 budget.

Capital

The Council has actively managed its capital spending and resources and achieved a spend of £2.2m (see note 22) against a final programme of £3.1m. This represents 69% of the programme. The main variations are detailed below:

(i) Community Grants Scheme – £29,000
The Capital Programme contains half the funding available for the scheme, the remainder being within the revenue budget from earmarked reserves. As such this over commitment on capital will be met from the provision in the revenue budget.

(ii) Land Swap – Purchase of former Bexhill High School site – (£1,084,600)
The finalisation of the land swap with East Sussex County Council has been delayed and will now take place during 2015/16.

(iii) Disabled Facility Grant – (£40,000)
The Council has fully assessed all applications and committed the capital programme provision for 2014/15, but due to the volume of work just under £40,000 of schemes were not delivered by the Council's delivery partner by 31 March 2015. These schemes will be completed in 2016.

(iv) Waste Containers - £488,730
The Council purchased significantly more waste containers in 2014/15 on behalf of the Waste Partnership than was expected. The Council received contributions of £624,000 from the partner councils with the balance being met from the Council's own resources. This completes the procurement of bins for all partners for the mobilisation of the contract which totalled £2.8m.

(v) IT Essential Maintenance Programme – (£276,000)
The profile of the IT essential maintenance programme was uncertain when the provision was approved by Members hence the underspend for the year. Officers have however progressed well with the project which is due to complete by 2016.

Future Capital Programme

At the end of March 2015, the Council had £3.347m of capital resources remaining made up of £2.481m capital receipts and £0.866m of capital grants. Capital receipts are made up of two elements, housing capital receipts (£1.285m) and other capital receipts (£1.196m). Since the transfer of the housing stock in 1998, housing capital receipts have been ring fenced to fund any Council contribution to disabled facility grants and to support housing related schemes.

The revised programme commits £790,000 of the Council's other capital receipts leaving just £406,000 available. Therefore any major new capital investment will be reliant on future asset disposals and/or external financing through a combination of grants and borrowing.

Corporate Plan

The Council's Corporate Plan identifies a number of projects that will require capital resources to achieve implementation which will need to be considered in detail as they come forward. Overall the projects will require funding in the order of £20m with the majority expected to come from external sources. Depending on the success of attracting external funding the Council may have to use its own resources or if affordable borrowing.

Next Wave
The Council has been working to agree the final costs for the reconstruction of the Colonnade in Bexhill which was part of the £5.6m Next Wave project. The contractor, Neilcott Construction Limited (NCL), had made application for additional costs approaching £1m, due to delays and other issues preventing the completion of the contract. The Council's contract administrator, HTA, have recently finalised their review of costs that should be paid. At the same time the Council has also sought to ensure that the contractor cannot make any further claims and a final payment of £150,000 has been agreed with NCL. This brings the total cost of this contract to £3,734,104 gross of liquidated damages with a total capital cost of the Next Wave project to £5.8m.

Fairlight Cove Coast Protection Scheme
The Council has received confirmation from the Environment Agency that its application for funding for a second coastal protection scheme at Fairlight Cove, valued at £2.9m, has received outline approval subject to the outcome of a feasibility study. The cost of the study is expected to be £30,000 and will attract EA funding of £26,000 with £4,000 being contributed from the Council's own resources. Should the scheme go ahead, the Council would not be contributing to any capital works with funding being £2.746m from the Environment Agency and £150,000 from Fairlight Parish Council/Fairlight Preservation Trust.

Pensions

Accounting regulations require Councils to show any deficit or surplus on the Pension Fund within the balance sheet. The Council's share of the Pension Fund administered by East Sussex County Council was assessed at 31 March 2015 by the actuary as a deficit of £32.851m, as compared with a deficit of £26.322m at 31 March 2014 (see note 25). This represents a liability incurred now which is payable over many years in the future as pensionable employees retire.

Land and Property values

The Council carried out a market and impairment revaluation of its land and property holdings as at the 31 March 2015. The revaluation was undertaken by the District Valuation Service and including investment properties the Council's land and property assets were valued at £24.1m excluding assets under construction. This represents an increase of £0.5m since 31 March 2014. These movements are explained in more detail in notes 9 and 10.

Outlook for 2015/16

The Council has developed its Medium Term Financial Strategy (MTFS) to align with the Corporate Plan. It is likely that in the short term reserves will continue to be used to meet the effects of the financial climate in balancing the revenue budget. The surplus achieved in 2014/15 on the General Fund of £868,000 is broadly in line with the level of savings/additional income assumed in the 2015/16 revenue budget. This therefore suggests that these savings are achievable. For 2015/16, the Council froze its Council Tax opting to take the Council Tax freeze grant from the Government. Future Council Tax policy will need to be considered later in the year once the next local government settlement is announced. At this time it is hoped that the Council will be much clearer as to the future direction of Government funding for 2016/17 onwards.

Conclusion

The production of the Statement of Accounts takes a great deal of effort and this year the Council has worked hard to complete their production ahead of the 30 June deadline. I would therefore like to take this opportunity to recognise the hard work and dedication of my Finance team and also to thank colleagues in the rest of the Council for their support and assistance in ensuring the accounts were prepared on time.

The coming year will no doubt present substantial challenges to both the Council and its residents but the changes being made to the way the Council operates will ensure residents need is placed at the forefront of the Council's decision making to ensure Rother remains a great place to live, work and study.

Presentation of Accounts

In preparing the accounts for 2014/15, the Council has followed the code of Practice on Local Authority Accounting published by the Chartered Institute of Public Finance and Accountancy (CIPFA). This Code establishes a framework of best practice that the preparers of local authority accounts are expected to follow.

STATEMENT OF RESPONSIBILITIES

The following statements are made in accordance with recommended practice:

The Council's Responsibility

The Council is required:

- 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. At Rother District Council this officer is the Service Manager - Finance and Welfare.

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

- approve the Statement of Accounts.

The Service Manager - Finance and Welfare (as the Chief Financial Officer) Responsibility

The Service Manager - Finance and Welfare is responsible for the preparation of the Council's statement of accounts, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Service Manager - Finance and Welfare has:
- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the local authority Code.

The Service Manager - Finance and Welfare has also:
- kept proper accounting records that were up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Financial Officer Certificate

I certify that I have fulfilled my responsibilities noted above and that the accounts set out on pages 14 to 63 give a true and fair view of the financial position of the Council as at 31 March 2015 and its income and expenditure for the year ended 31 March 2015.

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Robin Vennard
Service Manager - Finance and Welfare
30 June 2015

Approval of Accounts

The accounts were presented to the Audit Committee on the 30 September 2015 and were authorised by the Chairman of the Committee Councillor Martin Mooney.

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Councillor Martin Mooney
Chairman of Audit Committee
30th September 2015

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

Opinion on the Council's financial statements

We have audited the financial statements of Rother District Council for the year ended 31 March 2015 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

This report is made solely to the members of Rother District Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Financial Officer and auditor

As explained more fully in the Statement of the Responsibilities, the Chief Financial Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Financial Officer; and the overall presentation of the financial statements. In addition, we read the financial and non-financial information in the Foreword by the Chief Financial Officer to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of Rother District Council as at 31 March 2015 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Opinion on other matters

In our opinion, the information given in the Foreword by the Chief Financial Officer for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We have nothing to report in respect of the following other matters which the Code of audit practice for local government bodies (March 2010) requires us to report to you if:

- we have been unable to satisfy ourselves that the annual governance statement meets the disclosure requirements set out in the guidance 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 or is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

Conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

Respective responsibilities of the Council and auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Scope of the review of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Council has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Rother District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015.

Certificate of completion of the audit

We certify that we have completed the audit of the accounts of Rother District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Leigh Lloyd-Thomas
For and on behalf of BDO LLP, Appointed Auditor

London, UK

30 September 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	**Total Usable Reserves £'000**	**Unusable Reserves - *Note 16* £'000**	**Total Authority Reserves £'000**
Balance at 31 March 2013	**1,000**	**8,531**	**2,362**	**1,450**	**13,343**	**17,020**	**30,363**
Movement in reserves during 2013/2014							
Deficit on the provision of services	(5,120)				**(5,120)**		**(5,120)**
Other Comprehensive Income and Expenditure						**(3,928)**	**(3,928)**
Total Comprehensive Income and Expenditure	**(5,120)**	**0**	**0**	**0**	**(5,120)**	**(3,928)**	**(9,048)**
Adjustments between accounting basis and funding basis under regulations - *Note 4*	4,823		(11)	(539)	**4,273**	**(4,273)**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**(297)**	**0**	**(11)**	**(539)**	**(847)**	**(8,201)**	**(9,048)**
Transfers to/from Earmarked Reserves - *Note 5*	297	(297)			**0**		**0**
Increase/Decrease in 2013/2014	**0**	**(297)**	**(11)**	**(539)**	**(847)**	**(8,201)**	**(9,048)**
Balance at 31 March 2014 carried forward	**1,000**	**8,234**	**2,351**	**911**	**12,496**	**8,819**	**21,315**
Movement in reserves during 2014/2015							
Deficit on the provision of services	(167)				**(167)**		**(167)**
Other Comprehensive Income and Expenditure						**(3,945)**	**(3,945)**
Total Comprehensive Income and Expenditure	**(167)**	**0**	**0**	**0**	**(167)**	**(3,945)**	**(4,112)**
Adjustments between accounting basis and funding basis under regulations - *Note 4*	579		130	(45)	**664**	**(664)**	**0**
Net Increase/Decrease before Transfers to Earmarked Reserves	**412**	**0**	**130**	**(45)**	**497**	**(4,609)**	**(4,112)**
Transfers to/from Earmarked Reserves - *Note 5*	(412)	412			**0**		**0**
Increase/Decrease in 2014/2015	**0**	**412**	**130**	**(45)**	**497**	**(4,609)**	**(4,112)**
Balance at 31 March 2015 carried forward	**1,000**	**8,646**	**2,481**	**866**	**12,993**	**4,210**	**17,203**

COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2013-2014 GROSS EXPEND. Restated	2013-2014 GROSS INCOME Restated	2013-2014 NET EXPEND. Restated		2014-2015 GROSS EXPEND.	2014-2015 GROSS INCOME	2014-2015 NET EXPEND.
£'000	£'000	£'000	**SERVICES**	£'000	£'000	£'000
2,682	(1,348)	1,334	Central Services to the Public	**2,150**	**(1,143)**	**1,007**
5,483	(266)	5,217	Cultural & Related Services	**3,400**	**(275)**	**3,125**
8,487	(2,860)	5,627	Environmental & Regulatory Services	**6,563**	**(2,193)**	**4,370**
3,216	(1,340)	1,876	Planning & Development Services	**2,764**	**(942)**	**1,822**
539	(1,305)	(766)	Highways & Transport Services	**648**	**(1,307)**	**(659)**
32,416	(31,024)	1,392	Housing Services	**32,071**	**(31,304)**	**767**
2,443	(13)	2,430	Corporate & Democratic Core	**2,095**	**(13)**	**2,082**
198	0	198	Non-Distributed Costs	**42**	**0**	**42**
55,464	(38,156)	17,308	**Cost of Services**	**49,733**	**(37,177)**	**12,556**
1,336	(282)	1,054	Other Operating Income & Expenditure - *Note 6*	**1,459**	**(466)**	**993**
4,026	(3,450)	576	Financing & Investment Income & Expenditure - *Note 7*	**4,088**	**(3,665)**	**423**
4,737	(18,555)	(13,818)	Taxation & Non-Specific Grant Income - *Note 8*	**5,179**	**(18,984)**	**(13,805)**
65,563	(60,443)	5,120	**Deficit on Provision of Services**	**60,459**	**(60,292)**	**167**
0	(780)	(780)	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets - *Note 16*	**47**	**(1,671)**	**(1,624)**
39	0	39	Impairment losses on non-current assets charged to the revaluation reserve	**0**	**0**	**0**
0	0	0	Surplus on revaluation of available for sale financial assets - *Note 11*	**0**	**(38)**	**(38)**
5,487	(818)	4,669	Remeasurements of the net defined benefit liability - *Note 25*	**11,818**	**(6,211)**	**5,607**
5,526	(1,598)	3,928	**Other Comprehensive Income & Expenditure**	**11,865**	**(7,920)**	**3,945**
71,089	(62,041)	9,048	**Total Comprehensive Income & Expenditure**	**72,324**	**(68,212)**	**4,112**

BALANCE SHEET

31 March 2014 £'000		31 March 2015 £'000	31 March 2015 £'000
	LONG-TERM ASSETS		
27,839	Property, plant and equipment - *Note 9*	28,633	
8,629	Investment property - *Note 10*	9,316	
82	Intangible assets	53	
1,079	Long-term investments- *Note 11*	1,117	
97	Long-term debtors	80	
37,726	**Total Long-Term Assets**		**39,199**
	CURRENT ASSETS		
1,000	Short-term investments - *Note 12*	8,250	
14	Inventories	9	
4,702	Short-term debtors - *Note 13*	3,625	
9,561	Cash and cash equivalents - *Note 14*	5,123	
15,277	**Total Current Assets**		**17,007**
53,003	**Total Assets**		**56,206**
	CURRENT LIABILITIES		
(3,995)	Short-term creditors - *Note 15*	(4,825)	
(411)	Provisions	(379)	
(4,406)	**Total Current Liabilities**		**(5,204)**
48,597	**Total Assets Less Current Liabilities**		**51,002**
	LONG-TERM LIABILITIES		
(26,322)	Defined pension scheme liability - *Note 25*	(32,851)	
(960)	Capital grants receipts in advance - *Note 24*	(948)	
(27,282)	**Total Long-Term Liabilities**		**(33,799)**
21,315	**Net Assets**		**17,203**
	FINANCED BY:		
	Usable Reserves		
1,000	General fund balance	1,000	
8,234	Earmarked reserves - *Note 5*	8,646	
2,351	Capital receipts reserve	2,481	
911	Capital grants unapplied account	866	
	Unusable Reserves - *Note 16*		
5,585	Revaluation reserve	7,086	
0	Available for sale financial instruments reserve	38	
29,910	Capital adjustment account	29,825	
80	Deferred capital receipts reserve	70	
(26,322)	Pension reserve	(32,851)	
(273)	Collection fund adjustment account	179	
(161)	Accumulated absences adjustment account	(137)	
21,315	**Total Reserves**		**17,203**

Signed: Dated:

Service Manager - Finance and Welfare

CASH FLOW STATEMENT

This statement summarises the inflows and outflows of cash and cash equivalents arising from transactions with third parties for operating investing and financing activities.

2013-2014 £'000 Restated		**2014-2015 £'000**
	OPERATING ACTIVITIES	
(9,588)	Taxation	**(9,913)**
(39,216)	Grants (Including DWP Subsidy)	**(40,185)**
(14,860)	Sales of goods and rendering of services	**(12,881)**
(175)	Interest received	**(123)**
(821)	Other receipts from operating activities	**(390)**
(64,660)	**Cash inflows generated from operating activities**	**(63,492)**
8,192	Cash paid to and on behalf of employees	**7,665**
28,693	Housing Benefit paid out	**28,816**
4,389	Ndr Tariff payment	**4,475**
1,219	Precepts paid	**1,236**
18,754	Cash paid to suppliers for goods and services	**16,390**
2,444	Other payments for operating activities	**1,815**
63,691	**Cash outflows generated from operating activities**	**60,397**
(969)	**NET CASH FLOWS FROM OPERATING ACTIVITIES**	**(3,095)**
	INVESTING ACTIVITIES	
595	Purchase of property, plant and equipment, investment property and intangible assets	**490**
17,808	Purchase of short-term and long-term investments	**14,250**
1,460	Other payments for investing activities	**1,030**
(19)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	**(265)**
(20,318)	Proceeds from short-term and long-term investments	**(7,000)**
(281)	Other receipts from investing activities	**(277)**
(755)	**NET CASH FLOWS FROM INVESTING ACTIVITIES**	**8,228**
	FINANCING ACTIVITIES	
(37)	Other receipts from financing activities	**(695)**
159	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	**0**
122	**NET CASH FLOWS FROM FINANCING ACTIVITIES**	**(695)**
(1,602)	**NET (INCREASE) OR DECREASE IN CASH AND CASH EQUIVALENTS**	**4,438**
7,959	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD**	**9,561**
9,561	**CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD -** ***Note 14***	**5,123**

Note 1 - ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2014/15 financial year and its position at the year-end of 31 March 2015. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2011 which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 and the Service Reporting Code of Practice 2014/15, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.

- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council. However for low individual value annual transactions (e.g. annual payment for beach hut licences) this is recognised on a cash basis.

- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption they are carried as 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 payments are made.

- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Note 1 - ACCOUNTING POLICIES

3. Accounting for Council Tax

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year will be the accrued income for that year. Each major preceptor's share of the accrued Council Tax income is available from the information required to be produced in order to prepare the Collection Fund Statement. Since the collection of Council Tax is in substance an agency arrangement, the cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council taxpayers. If the net cash paid to a major preceptor in the year is more than its proportionate share of net cash collected from council tax debtors/creditors in the year, the billing authority will recognise a debit adjustment for the amount overpaid to the major preceptor in the year and the major preceptor will recognise a credit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year. The Cash Flow Statement includes within operating activities only the Council's own share of council tax net cash collected from council tax debtors in the year; and the amount included for precepts paid excludes amounts paid to the Greater London Authority (GLA). The difference between the GLA's share of the net cash collected from council tax debtors and net cash paid to the GLA as precept and settlement of the previous year's surplus or deficit on the Collection Fund is included within financing activities in the Cash Flow Statement. The Cash Flow Statement of a major preceptor will include within operating activities the net council tax cash received from the Collection Fund in the year (i.e. the precept for the year plus its share of Collection Fund surplus for the previous year, or less the amount paid to the Collection Fund in respect of its share of the previous year's Collection Fund deficit). The difference between the net cash received from the Collection Fund and the major preceptor's share of cash collected from council tax debtors by the billing authority in the year will be included within financing activities in the Cash Flow Statement.

4. Accounting for Non Domestic Rates

While the NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out to the Precepting authorities and the Government. The amount credited to the General Fund under statute is the Council's share of NDR for the year specified in the National Non Domestic Rates NNDR1 return.

The NDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year and is set out in the NNDR3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund adjustment account via the Movement in Reserves Statement. Revenue relating to NDR shall be measured at the full amount receivable (net any impairment losses) as these transactions are non-contractual, non-exchange transactions and there can be no difference between delivery and payment dates.

The cash collected by the Council from NDR payers belongs proportionately to the Council, the precepting authorities and Government. The difference between the amount collected on behalf of the precepting authorities and Government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

5. 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 in no more than 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. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

6. 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 (CI&ES) or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

7. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

The Comprehensive Income and Expenditure Statement has been amended to reclassify income and expenditure in respect of a number of investment properties previously accounted for under Cost of Services and are now shown under Financing and Investment Income and Expenditure.

8. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited 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

- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations.

Depreciation, revaluation and impairment losses and amortisations are therefore removed from the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

9. 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 following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

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 and are charged on an accruals basis to the relevant service cost line in the CI&ES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

The majority of the Council's employees are members of The Local Government Pensions Scheme, administered by East Sussex County Council.

Note 1 - ACCOUNTING POLICIES

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

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

- The liabilities of the East Sussex pension fund attributable to the 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 chosen by the Fund's Actuary.

- The assets of the East Sussex pension fund attributable to the Council are included in the Balance Sheet at their fair value:

  - quoted securities - current bid price
  - unquoted securities - professional estimate
  - unitised securities - current bid price
  - property - market value

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

  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CI&ES to the services for which the employees worked
  - past service cost -the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years -debited to the Surplus or Deficit on the Provision of Services in the CI&ES as part of Non Distributed Costs.
  - net interest on the defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the defined benefit liability at the beginning of the period – taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

  Remeasurements comprising:

  - the return on plan assets, excluding amounts included in net interest on the net defined liability, charged to the Pension Reserve as Other Comprehensive Income and Expenditure
  - Actuarial gains or 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.

And:

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

Discretionary Benefits

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

10. Events after the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

11. Financial Instruments

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.

Financial Assets

Financial assets are classified into two types:

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

Loans and Receivables

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

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the CI&ES. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

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 CI&ES.

Available-for-Sale Assets

Available-for-sale assets 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. Where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the CI&ES for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the CI&ES when it becomes receivable by the Council.

Assets are maintained in the Balance Sheet at fair value. The Council currently holds a Government Bond (£1.117m) and its fair value is based on the quoted market price.

Changes in fair value are balanced by an entry in the Available-for-Sale Reserve and the gain/ loss is recognised in the Surplus or Deficit on Revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred -these are debited to the Financing and Investment Income and Expenditure line in the CI&ES, along with any net gain or loss for the asset accumulated in the Available-for-Sale Reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CI&ES. If the asset has fixed or determinable payments, the impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate. Otherwise, the impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CI&ES, along with any accumulated gains or losses previously recognised in the Available-for-Sale Reserve. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

12. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the CI&ES 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 long-term liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CI&ES.

Where capital grants are credited to the CI&ES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

13. Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the web site is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to market based evidence and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the CI&ES. Useful life is normally set at seven years but may vary depending on the asset. An asset is tested for impairment whenever there is an indication that the asset might be impaired -any losses recognised are posted to the relevant service line(s) in the CI&ES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other Operating Expenditure line in the CI&ES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, 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.

14. Inventories

Inventories are valued at actual cost. This is a departure from the requirements of the Code of Practice that require stocks to be shown at the lower of actual cost or net realisable value. The effect of this difference in treatment is not material to the Council's accounts.

15. Investment Property

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. 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 CI&ES. 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.

16. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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

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

17. The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment - applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the CI&ES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, where necessary 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.

Operating Leases

Rentals paid under operating leases are charged to the CI&ES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The **Council** as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the other Operating Expenditure line in the CI&ES as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the CI&ES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property -applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the CI&ES).

The gain credited to the CI&ES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CI&ES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

18. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2014/15 (SRCOP). The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core - costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs - the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in SRCOP and accounted for as separate headings in the CI&ES, as part of Net Expenditure on Continuing Services.

19. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the

Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction - depreciated historical cost
- all other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value -EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly (as a minimum every five years) to ensure that their carrying amount is not materially different from their fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CI&ES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CI&ES.

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

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CI&ES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CI&ES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings -straight-line allocation over the useful life of the property as estimated by the Valuer. Useful life is between 10 and 64 years depending on the asset.
- vehicles, plant, furniture and equipment -a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Useful life is between 7 and 20 years.
- infrastructure -straight-line allocation over 50 years.
- No depreciation is charged in year of acquisition but is charged at a full year rate in the year of disposal
- Reclassified assets are depreciated from year of reclassification

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.

Componentisation of Property Assets

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Where the Council has revalued a property, or carried out major capitalised works, it has been necessary to identify the major components making up the property using the following major component analysis:

- Land
- Buildings
- External areas (such as car parks)
- Plant and equipment (such as lifts and heating systems)

The Council has also adopted a deminimis level of 10% of the building value or £50,000 to apply componentisation.

Disposals

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 CI&ES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CI&ES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

20. Provisions, Contingent Liabilities and Contingent Assets

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 CI&ES 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 and credited back to the relevant service.

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), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council 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 Council. 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 liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

21. Reserves

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

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

22. Revenue Expenditure Funded from Capital under Statute

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

23. VAT

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

24. Accounting Policies issued but not yet 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 that has been issued but not yet adopted. This applies to the adoption of the following new or amended standards within the 2015/16 Code:

IFRS 13 Fair Value Measurement – This standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions).The adoption of this standard will require surplus assets (assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale) to be revalued to market value rather than value in existing use as at present. Operational property, plant and equipment assets are outside the scope of IFRS 13. Overall this standard is not expected to have a material impact on the Statement of Accounts, due to the low value of surplus assets held by the Council.

IFRIC 21 Levies – This standard provides guidance on levies imposed by Government in the financial statements of entities paying the levy. The IFRIC specifies the obligating event as the activity that triggers the timing of the payment of the levy. The amount payable may be based on information relating to a period before the obligation to pay arises or the levy is payable only if a threshold is reached, or both. This standard will not have a material impact on the Statement of Accounts.

Annual Improvements to IFRSs (2011 – 2013 Cycle). These improvements are minor, principally proving clarification and will not have a material impact on the Statement of Accounts.

The Code requires implementation from 1 April 2015 and there is therefore no impact on the 2014/15 Statement of Accounts.

25. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in this Statement of Accounts relate to the uncertainty over future funding levels of local government. The Council has decided that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

The Council acts as the lead authority for the joint waste partnership. This partnership is not a legal entity in its own right and involves Rother District Council, Eastbourne Borough Council, Hastings Borough Council and Wealden District Council. The four Councils have a joint contract with Kier Environmental Services Limited for the provision of waste collection, recycling and street & beach cleaning. Rother District Council employs staff to provide an overarching contract administration function and acts as paymaster, collecting payments from the other Councils and making payments to the contractor based on invoices received. Each Council is responsible for the day to day management of Kier operations in their areas. This arrangement which came into force from 1st April 2013, therefore leads to financial transactions that are not reflected in the Council's Core Statements because the Council is deemed to be acting as an agent.

26. Assumptions made about the future and other major sources of estimation 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. The items in the Council's Balance Sheet at 31 March 2015 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Note 1 - ACCOUNTING POLICIES

Term	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £18,527 for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate assumption would result in an increase in the pension liability of £9.996m. A 1 year increase in member life expectancy would result in an increase in the pension liability of £3.042m. A 0.5% increase in the Salary Increase Rate would result in an increase in the pension liability of £3.288m. A 0.5% increase in the Pension Increase Rate would result in an increase in the pension liability of £6.459m. However, the assumptions interact in complex ways. During 2014-2015 the Actuary advised that the net pension liability had decreased by £0.887m due to estimates being corrected as a result of experience and had increased by £12.705m due to updating of the financial assumptions used.
Arrears	At 31 March 2015, the Council had a balance of sundry debtors for £2.81m. A review of significant balances suggested that an impairment of doubtful debts of (£1,059,000) was appropriate. However, if the economic conditions worsen this level of impairment may not be sufficient.	If Collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1,059,000 to set aside as an allowance.

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

NOTE 2. MATERIAL ITEMS OF INCOME AND EXPENSE

Joint Waste Contract
The Council acts as the lead authority for the joint waste contract with Kier Services which commenced on 1 April 2013. The contract covers waste collection services, recycling and street & beach cleaning. The total annual value of the ten year contract is approximately £12m for all partners; Rother District Council, Eastbourne Borough Council, Hastings Borough Council and Wealden District Council. The new service for Eastbourne and Wealden Councils commenced from April 2013 with Hastings starting in July 2013. Rother commenced on the new contract from April 2014.

Rother will be responsible for paying the main contractor, Waste Central Client Unit costs and receiving the relevant contributions from partner authorities to cover their share. The terms of sharing have been agreed via a cost sharing agreement.

During 2014-2015, Rother incurred costs of £864,000 purchasing new refuse containers on behalf of the joint waste contract. It was agreed to apportion these costs to the partners on the basis of the cost sharing agreement. Of the £864,000, £624,000 does not directly relate to assets held by the Council. This has been treated as revenue expenditure funded from capital under statute and therefore allocated to the cost of services including the associated contribution from partners of £624,000.

NOTE 3. EVENTS AFTER THE BALANCE SHEET DATE
The Statement of Accounts was authorised for issue by the Chief Finance Officer on 30 June 2015. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2015, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Bexhill to Hastings Link Road - Land Swap

A number of sites previously owned by Rother District Council are now occupied by East Sussex County Council as part of the development of the Bexhill to Hastings link road. The value of these sites were impaired to zero in 2013-2014. The formal transfer of title has yet to take place at the balance sheet date. As part of this transfer the Council will receive in return land at the former Bexhill High School site which has been valued at £1.085m. This is a non-adjusting event.

NOTE 4. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

	Usable Reserves 2014-2015			**2014-2015**
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	**Movement in Unusable Reserves £'000**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	736			**(736)**
Revaluation losses on/and disposals of Property, Plant and Equipment	149			**(149)**
Movements in the fair value of Investment Properties	(81)			**81**
Amortisation of Intangible Assets	29			**(29)**
Capital grants and contributions applied	(1,172)			**1,172**
Revenue expenditure funded from capital under statute	1,516			**(1,516)**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	0			**0**
Capital Expenditure charged against the General Fund	(494)			**494**
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(85)		85	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account			(130)	**130**
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(466)	466		**0**
Use of the Capital Receipts Reserve to finance new Capital Expenditure		(346)		**346**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		10		**(10)**
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (See Note 25)	2,547			**(2,547)**
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,625)			**1,625**
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(451)			**451**
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(24)			**24**
Total Adjustments	**579**	**130**	**(45)**	**(664)**

	Usable Reserves 2013-2014			**2013-2014 Movement in Unusable Reserves**
	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	**£'000**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	926			**(926)**
Revaluation losses on Property, Plant and Equipment	2,249			**(2,249)**
Movements in the fair value of Investment Properties	334			**(334)**
Amortisation of Intangible Assets	29			**(29)**
Revenue expenditure funded from capital under statute	3,223			**(3,223)**
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	(159)			**159**
Capital expenditure charged against the General Fund	(588)			**588**
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(2,106)		2,106	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account			(2,645)	**2,645**
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(283)	283		**0**
Use of the Capital Receipts Reserve to finance new Capital Expenditure		(312)		**312**
Transfer from Deferred Capital Receipts Reserve upon receipt of cash		18		**(18)**
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (See Note 25)	2,596			**(2,596)**
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,733)			**1,733**
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which the council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	332			**(332)**
Adjustments primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3			**(3)**
Total Adjustments	**4,823**	**(11)**	**(539)**	**(4,273)**

NOTE 5. TRANSFERS TO/FROM EARMARKED RESERVES

The Council maintains a number of Earmarked Reserves for a variety of purposes.

Below is an analysis of the Council's reserves showing the movements and transfers that took place during the year.

Reserve	Balance at 1 April 2013 £'000	Transfers Out 2013-2014 £'000	Transfers In 2013-2014 £'000	Balance at 31 March 2014 £'000	Transfers Out 2014-2015 £'000	Transfers In 2014-2015 £'000	**Balance at 31 March 2015 £'000**
Interest Equalisation	922			922			**922**
Repair and Renewals	1,133	4	62	1,191	226	96	**1,061**
Corporate Plan Projects	795	240	24	579	23	25	**581**
Invest to Save	304	15		289	71		**218**
Affordable Housing	920			920			**920**
Corporate Development	819	11	108	916	21	178	**1,073**
Planning Improvement and LDF	394	34		360	122		**238**
Waste & Recycling	314	314		0			**0**
BCCI Refund	37			37			**37**
Housing Benefit Subsidy	55			55			**55**
Homelessness	88	31	83	140	59	46	**127**
New Homes Bonus Scheme	667	10		657	8	8	**657**
Economic Development Reserve	30			30			**30**
Risk Management Reserve	147			147			**147**
Medium Term Financial Strategy Reserve	1,906	103	188	1,991	279	868	**2,580**
	8,531	762	465	8,234	809	1,221	**8,646**

The Earmarked Reserves are used for the roll forward of specified amounts between financial years, for the replacement of equipment, repairs and maintenance and other specific purposes. As part of the Council's service resetting programme a number of reserves have been released to meet one-off costs in securing on-going savings.

The Medium-Term Financial Strategy Reserve primarily relates to the meeting of one-off investments and managing transitional periods before savings are achieved as laid out in the Medium-Term Financial Strategy.

Self Insurance Arrangements
The Risk Management Reserve exists to meet any costs arising from any risks that are self-insured, i.e. below the excess limits that apply on the Council's various insurance policies. The Council is insured against all material risks. The fund is also utilised for expenditure on reducing the risks that the Council is exposed to.

The Council has incurred the following costs in 2014-2015:

(i) £1,000 costs of settling claims below excess in respect of employers liability claim and personal injury claim
(ii) £218,885.29 Premiums payable for 14 month term to external insurers.

NOTE 6. OTHER OPERATING EXPENDITURE

2013-2014 £'000		**2014-2015 £'000**
1,219	Parish council precepts	**1,235**
117	Levies	**119**
(282)	Gains on the disposal of non-current assets	**(361)**
1,054	Total	**993**

NOTE 7. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2013-2014 £'000 Restated		**2014-2015 Expenditure £'000**	**2014-2015 Income £'000**	**2014-2015 Total £'000**
2	Interest payable and similar charges			**0**
933	Net interest on the net defined benefit liability - Note 25	**3,727**	**(2,601)**	**1,126**
(109)	Interest receivable and similar income (including interest on gilts)		**(135)**	**(135)**
(250)	Income and expenditure in relation to Investment Properties and changes in their fair value	**361**	**(929)**	**(568)**
576	Total	**4,088**	**(3,665)**	**423**

NOTE 8. TAXATION AND NON SPECIFIC GRANT INCOMES

2013-2014 Restated £'000		**2014-2015 Expenditure £'000**	**2014-2015 Income £'000**	**2014-2015 Total £'000**
(7,569)	Council tax income		**(7,685)**	**(7,685)**
(1,713)	Non domestic rates income and expenditure	**4,839**	**(6,413)**	**(1,574)**
(4,526)	Non ring-fenced government grants		**(4,501)**	**(4,501)**
(10)	Capital grants and contributions		**(45)**	**(45)**
(13,818)	Total	**4,839**	**(18,644)**	**(13,805)**

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

Movements in 2014-2015:

	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	**Total Property, Plant and Equipment £'000**
Cost or Valuation							
At 1st April 2014	14,280	1,117	9,132	0	2,417	3,621	**30,567**
Additions		458		132		72	**662**
Revaluation increases/(decreases) recognised in the Revaluation Reserve	523				1,100		**1,623**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(17)			(132)	105		**(44)**
Derecognition - disposals					(105)		**(105)**
Reclassification	(627)						**(627)**
At 31st March 2015	**14,159**	**1,575**	**9,132**	**0**	**3,517**	**3,693**	**32,076**
Accumulated Depreciation and Impairment							
At 1st April 2014	893	546	1,289	0	0	0	**2,728**
Depreciation charge	363	190	183				**736**
Depreciation written out to the Capital Adjustment Account	(21)						**(21)**
At 31st March 2015	**1,235**	**736**	**1,472**	**0**	**0**	**0**	**3,443**
Net Book Value							
At 31st March 2015	**12,924**	**839**	**7,660**	**0**	**3,517**	**3,693**	**28,633**
At 31st March 2014	**13,387**	**571**	**7,843**	**0**	**2,417**	**3,621**	**27,839**

Comparative Movements in 2013-2014

	Land & Buildings £'000	Vehicles, Plant, Furniture & Equipment Restated £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets under Construction £'000	**Total Property, Plant and Equipment Restated £'000**
Cost or Valuation							
At 1st April 2013	14,124	3,146	9,132	0	1,712	5,992	**34,106**
Additions	228			6		87	**321**
Revaluation increases/(decreases) recognised in the Revaluation Reserve					780		**780**
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services				(6)	(75)	(2,168)	**(2,249)**
Derecognition - disposals		(2,319)					**(2,319)**
Reclassification	(72)	290				(290)	**(72)**
At 31st March 2014	**14,280**	**1,117**	**9,132**	**0**	**2,417**	**3,621**	**30,567**
Accumulated Depreciation and Impairment							
At 1st April 2013	349	2,627	1,106	0	0	0	**4,082**
Depreciation charge	350	233	183				**766**
Depreciation written out to the Surplus/Deficit on the Provision of Services	(5)	(2,314)					**(2,319)**
Depreciation written out to the Capital Adjustment Account	(1)						**(1)**
Impairment losses (reversals) recognised in the Revaluation Reserve	39						**39**
Impairment losses (reversals) recognised in the Surplus/Deficit on the Provision of Services	161						**161**
At 31st March 2014	**893**	**546**	**1,289**	**0**	**0**	**0**	**2,728**

Assets are revalued on a 5-year programme and the last major review was carried out during October 2012 by DVS, the property services arm of the Valuation Office Agency. The useful economic life of operational land and buildings was also assessed. There are no material variances between fair value and the carrying amount at the. balance sheet date.

Operational assets (Land & Buildings) are valued on a Fair Value basis using Existing Use Value (EUV) except where there is no market based evidence to support the EUV to arrive at Fair Value and in these cases Depreciated Replacement Cost (DRC) has been used. Vehicles, Plant, Furniture and Equipment, Infrastructure Assets and Assets under Construction are valued at an historic cost basis. Community Assets are valued as de minimis, i.e. their value is below £10,000.

Depreciation on all tangible assets is calculated on a straight-line basis over the expected remaining life of those assets.

Capital Commitments
The Council had two major contracts yet to be completed. Details of the outstanding contract value and retentions based on the last independent valuations before year end are shown below:

		Contract Value £'000	Payments to Date £'000	Remaining Commitment £'000
Cheesmur Building Contractors	E.P.I.C Project	203	198	5
Neilcott Construction	Next Wave Project	3,659	3,509	150
	Total	3,862	3,707	155

NOTE 10. INVESTMENT PROPERTIES

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

2013-2014 Restated £'000		**2014-2015 £'000**
(721)	Rental Income from Investment Property	(743)
68	Direct operating expenses arising from investment property	124
(653)	Net gain	(619)

Balance Sheet movements in Investment Properties during the year:

2013-2014 £'000		**2014-2015 £'000**
8,891	Balance at start of year	8,629
0	Disposals	(105)
(80)	Impairments	0
(254)	Net gains/(losses) from fair value adjustments	165
72	Assets reclassified to Investment Properties	627
8,629	Balance at end of year	**9,316**

Investment Properties are classified as Non-Operational assets and are valued on a Market Value (MV) basis.

NOTE 11. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

	Long-Term		Current	
	31 March 2014	**31 March 2015**	**31 March 2014 Restated**	**31 March 2015**
	£'000	**£'000**	**£'000**	**£'000**
Investments				
Loans and receivables	97	80	10,834	14,953
Available-for-sale financial assets #	1,079	1,117		
Total Investments	**1,176**	**1,197**	**10,834**	**14,953**
Debtors (loans and receivables) - Financial assets carried at contract amounts			3,072	**2,494**
Creditors - Financial liabilities carried at contract cost			2,689	**1,322**
Cash and Cash Equivalents - Bank and Current Accounts			(3,452)	**(1,628)**
- Cash In Transit			3,176	**45**

 # Available for sale financial assets

This represents a government gilt with a market value of £1.117m. This gilt is due to mature on 22nd July 2018.

Income Expense, Gains and Losses

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

	2013-2014				2014-2015			
	Financial Liabilities measured at amortised cost	**Financial Asset: loans and receivables Restated**	**Assets and Liabilities at fair value through Profit and Loss**	**Total**	**Financial Liabilities measured at amortised cost**	**Financial Asset: loans and receivables**	**Available for Sale Financial Assets**	**Total Restated**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Interest expense	**2**			**2**				**0**
Impairment losses		319		**319**		142		**142**
Total expense in Surplus or Deficit on the provision of services	**2**	**319**	**0**	**321**	**0**	**142**	**0**	**142**
Interest Income		(103)	(6)	**(109)**		(135)	0	**(135)**
Total income in the Surplus or Deficit on the provision of services	**0**	**(103)**	**(6)**	**(109)**	**0**	**(135)**	**0**	**(135)**
Increases in fair value			25	**25**			(38)	**-38**
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	**0**	**0**	**25**	**25**	**0**	**0**	**-38**	**-38**
Net gain/loss for the year	**2**	**216**	**19**	**237**	**0**	**7**	**(38)**	**(31)**

Fair Value of Assets and Liabilities

Financial liabilities and loans & receivables are carried in the Balance Sheet at amortised cost. The Council's available for sale assets are recognised at fair value as they are gilts that are quoted on an active market. In determining the fair value of those items shown at amortised cost, their fair value can be assessed by calculating the present value of cash flows that will take place over the remaining term of the instrument, using the following assumptions:

(i) Estimated interest rates at 31 March 2015 of 0.65% based on the average investment rate the Council achieved during 2014-2015.
(ii) No early repayment has been recognised.
(iii) Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value.
(iv) The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Liabilities

This includes trade payables and bank overdrafts. It has been assessed that the carrying amount in the Balance Sheet is a proxy for the fair value of those liabilities.

Assets

This includes trade receivables (debtors) and as stated above the fair value has been assessed as the billed amount and therefore is the same as the carrying amount in the Balance Sheet before the application of the impairment allowance. With regard to bank deposits, these have been independently assessed and the carrying amount is a reasonable proxy for the fair value of the deposits.

NOTE 12. NATURE & EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

(i) credit risk - the possibility that other parties might fail to pay amounts due to the Authority.
(ii) liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
(iii) market risk - the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movement.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the resources available to fund services. Risk Management is carried out by the Financial Services Team in accordance with the policies laid out in the annual treasury management strategy which govern the maximum type of investment risk to which the Council can be exposed.

Credit Risk
Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks or financial institutions unless they are rated independently with a minimum score. The minimum score will depend on the type and length of investment as detailed in the Council's Treasury Management Strategy. Credit limits are set for each institution where deposits are placed.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on a review during 2014-2015 of past experience:

	Amount at 31 March 2015 £'000	Estimated Maximum exposure to default %	Estimated Maximum exposure to default £'000	Amount at 31 March 2014 £'000	Credit Rating Fitch & Moody As at 27th March 2015	
Managed In-house						
Deposits more than 3 months						
UK						
Bank of Scotland	2,000	0%	Nil	1,000	**A / F1**	**Baa1/ P-2**
Barclays Bank	2,250	0%	Nil	0	**A / F1**	**A2 / P-1**
Santander	2,000	0%	Nil	0	**A / F1**	**A2 / P-1**
Nationwide	2,000	0%	Nil	0	**A / F1**	**A2 / P-1**
Total In-house Investments	**8,250**			**1,000**		
Short-Term Deposits - less than 3 months						
UK						
National Westminster Bank	5,922	0%	Nil	4,833	**A / F1**	**Baa1/ P-2**
Barclays Bank	781	0%	Nil	5,001	**A / F1**	**A2 / P-1**
TOTAL SHORT-TERM DEPOSITS	**6,703**			**9,834**		
Mortgages, loans and debtors excluding prepayments and notional leases	2,494	4.29%	107	3,072		

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits. The Council is relying on sovereign Government guarantees and advice from treasury advisors and fund managers. Currently lending is kept at a duration of less than one year. All major investment decisions are taken with regard to the Council's Treasury Management Policies and advice from Treasury experts.

The Council generally does not allow credit beyond its normal terms of payment of 28 days.

The following table sets out the amounts overdue for the principal debtor categories:

2013-14 Restated £'000		Housing Benefit Overpayments £'000	Receivables and Sundry provisions £'000	2014-2015 TOTAL £'000
850	Payment Plan	912	124	1,036
21	1st reminder 28 to 42 days	28	16	44
26	2nd Reminder42 to 56 days	8	8	16
821	Legal Recovery	723	106	829
1,718	**Total**	**1,671**	**254**	**1,925**

Liquidity Risk
As the Council has substantial reserves in place in addition to access to borrowing from the Public Works Loan Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risk
Interest Rate Risk
The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. Changes in interest rates on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund balance.

In assessing the expected return on investments the Council has established an interest equalisation reserve to manage fluctuations in interest rates so this does not affect its ability to meet its day to day commitments. The average investment rate for the reported year was 0.65%.

Price Risk
The Council held at 31st March 2015 UK Government Gilts valued at £1.117m. A shift of 1% in the market value of the gilt would therefore have resulted in a gain or loss of £11,170.

NOTE 13. DEBTORS

31 March 2014 £'000	AMOUNTS FALLING DUE WITHIN ONE YEAR:	31 March 2015 £'000
344	Government departments/bodies	**170**
1,971	Other local authorities	**1,228**
2,640	Other debtors	**2,812**
472	Local taxpayers	**519**
1	Mortgage instalments	**0**
(1,239)	Impairment allowance	**(1,381)**
4,189		**3,348**
	Payments made in advance by the Council:	
2	Local authorities	**11**
511	Other entities and individuals	**266**
513		**277**
4,702		**3,625**

31 March 2014 £'000	The impairment allowance (provision for bad debts) is made up as follows:	31 March 2015 £'000
108	Council taxpayers	**124**
165	NNDR	**198**
966	Other debtors	**1,059**
1,239		**1,381**

NOTE 14. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2014 £'000		31 March 2015 £'000
3	Cash held by the Authority	**3**
(3,452)	Bank current accounts #	**(1,628)**
9,834	Short-term deposits with building societies	**6,703**
3,176	Cash in Transit	**45**
9,561		**5,123**

The Council nets all of its cash balances held at year-end to a single balance for the purposes of reporting.

NOTE 15. CREDITORS

31 March 2014 £'000	AMOUNTS FALLING DUE WITHIN ONE YEAR:	31 March 2015 £'000
482	Government departments/bodies	**2,280**
281	Other local authorities	**367**
1	NHS Bodies	**0**
	Collection Fund surplus:	
140	East Sussex County Council	**525**
17	Sussex Police	**51**
10	East Sussex Fire & Rescue	**41**
10	Local taxpayers	**23**
2,467	Other creditors	**1,170**
3,408		**4,457**
	Payments received in advance by the Council	
0	Local authorities	**1**
587	Other receipts in advance	**367**
587		**368**
3,995		**4,825**

NOTE 16. UNUSABLE RESERVES

31 March 2014 £'000		31 March 2015 £'000
5,585	Revaluation Reserve	**7,086**
0	Available for Sale Financial Instruments Reserve	**38**
29,910	Capital Adjustment Account	**29,825**
80	Deferred Capital Receipts Reserve	**70**
(26,322)	Pensions Reserve	**(32,851)**
(273)	Collection Fund Adjustment Account	**179**
(161)	Accumulated Absences Account	**(137)**
8,819	**Total Unusable Reserves**	**4,210**

Revaluation Reserve
The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:
(a) revalued downwards or impaired and the gains are lost
(b) used in the provision of services and the gains are consumed through depreciation, or
(c) disposed of and the gains are realised

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

2013-2014 £'000		2014-2015 £'000
4,959	**Balance as at 1 April**	**5,585**
780	Upward revaluation of assets	**1,671**
(39)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	**(59)**
741	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**1,612**
(115)	Difference between fair value depreciation and historical cost depreciation	**(111)**
5,585	**Balance as at 31 March**	**7,086**

Available for Sale Financial Instruments Reserve
The Available for Sale Financial Instruments Reserve contains the gains made by the Council arising from increases in the value of it's 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:

(a) revalued downwards or impaired and the gains are lost
(b) disposed of and the gains are realised

2013-2014 £'000		2014-2015 £'000
0	**Balance at 1 April**	**0**
0	Upward revaluation of investments	**38**
0	**Balance at 31 March**	**38**

Capital Adjustment Account
The Capital Adjustment Account absorbs the timing difference 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 enhancement as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 4 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2013-2014 £'000		2014-2015 £'000
32,853	**Balance as at 1 April**	**29,910**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(926)	Charges for depreciation and impairment of non-current assets	**(715)**
(2,249)	Revaluation losses on Property, Plant and Equipment	**(149)**
0	Revaluation gains on Property, Plant and Equipment	**105**
(29)	Amortisation of intangible assets	**(29)**
(3,223)	Revenue Expenditure funded from capital under statute	**(1,516)**
0	Amounts of non-current assets written off on disposal to the Comprehensive Income and Expenditure Statement	**(210)**
(6,427)		**(2,514)**
115	Adjusting amounts written out of the Revaluation Reserve	**122**
(6,312)	Net amount written out of the cost of non-current assets consumed in the year	**(2,392)**
	Capital Financing applied in the year:	
310	Use of the Capital Receipts Reserve to finance new capital expenditure	**346**
531	Capital Expenditure financed from Earmarked Reserves	**465**
2,645	Application of grants to capital financing from the Capital Grants Unapplied Account	**1,302**
159	Statutory provision for the financing of capital investment charged against the General Fund	**0**
58	Capital expenditure charged against the General Fund	**29**
(2,609)		**(250)**
(334)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	**165**
29,910	**Balance at 31 March**	**29,825**

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 employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2013-2014 £'000		**2014-2015 £'000**
(20,790)	**Balance at 1 April**	**(26,322)**
(4,669)	Remeasurements of the net defined benefit liability	**(5,607)**
(2,596)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	**(2,547)**
1,733	Employer's pensions contributions and direct payments to pensioners payable in the year	**1,625**
(26,322)	**Balance at 31 March**	**(32,851)**

Deferred Capital Receipts Reserve
The Deferred Capital Receipts Reserve holds the gain recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2013-2014 £'000		**2014-2015 £'000**
97	**Balance at 1 April**	**80**
(17)	Transfer to the Capital Receipts Reserve upon receipt of cash	**(10)**
80	**Balance at 31 March**	**70**

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

2013-2014 £'000		**2014-2015 £'000**
59	**Balance at 1 April**	**(273)**
16	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory arrangements	**48**
(348)	Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory arrangements	**404**
(273)	**Balance at 31 March**	**179**

Accumulated Absences Account
The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2013-2014 £'000		**2014-2015 £'000**
(158)	**Balance at 1 April**	**(161)**
158	Settlement or cancellation of accrual made at the end of the preceding year	**161**
(161)	Amounts accrued at the end of the current year	**(137)**
(3)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**24**
(161)	**Balance at 31 March**	**(137)**

NOTE 17. MEMBERS ALLOWANCES

Allowances and expenses paid to Councillors during the year were:

2013-2014 £'000		**2014-2015 £'000**
208	Members Allowances	**207**
20	Conferences, Training and Travelling Expenses	**15**
228		**222**

NOTE 18. OFFICERS' REMUNERATION

The Council's Senior Employees' remuneration and expenses was as follows:

		Salary & Allowances £'000	Expenses £'000	Employers' Pension Contribn £'000	**Total £'000**
Executive Director	2014-2015	89	1	18	**108**
of Business Operations	2013-2014	82	2	20	**104**
Executive Director	2014-2015	90	0	18	**108**
of Resources	2013-2014	84	0	20	**104**
Service Manager	2014-2015	67	0	13	**80**
Finance and Welfare	2013-2014	63	0	15	**78**
Service Manager	2014-2015	63	0	12	**75**
Strategy and Planning	2013-2014	62	0	14	**76**
Service Manager	2014-2015	63	0	12	**75**
Corporate Services and HR	2013-2014	63	0	14	**77**
Service Manager	2014-2015	61	1	12	**74**
Environmental Services	2013-2014	57	2	13	**72**
Service Manager	2014-2015	61	0	12	**73**
Community and Economy	2013-2014	58	0	13	**71**
Service Manager	2014-2015	61	0	12	**73**
ICT and Customer Services	2013-2014	58	0	13	**71**
Economic Development	2014-2015	53	0	11	**64**
Manager	2013-2014	53	0	13	**66**
Environmental Health Manager	2014-2015	51	0	10	**61**
Licensing	2013-2014	51	0	12	**63**

The number of employees whose annual salary, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2013-2014		**Total 2014-2015**
2	£50,000 - £54,999	**2**
3	£55,000 - £59,999	**0**
3	£60,000 - £64,999	**5**
0	£65,000 - £69,999	**1**
0	£70,000 - £74,999	**0**
0	£75,000 - £79,999	**0**
2	£80,000 - £84,999	**0**
0	£85,000 - £89,999	**1**
0	£90,000 - £94,999	**1**
0	£95,000 - £99,999	**0**
10		**10**

During 2014-2015 voluntary redundancy payments were made to employees. The total cost of exit packages as shown in the table below includes future pension costs charged to the pension scheme as settlements and curtailments and not paid directly to employees. Ill health retirements are excluded.

Exit Package cost band (including) special payments)	No. of compulsory redundancies		No. of other departures agreed		Total no. of exit packages by cost band		Total cost of exit packages in each band	
	2013-14	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14 £	2014-15 £
£0 - £20,000	5	3	10	-	15	3	180,672	17,479
£20,001 - £40,000	-	-	5	-	5	-	133,537	0
£40,001 - £60,000	2	-	2	-	4	-	204,426	0
£60,001 - £80,000	-	-	-	-	-	-	0	0
£80,001- £100,000	-	-	-	-	-	-	0	0
£100,001 - £150,000	1	-	-	-	1	-	114,896	0
£150,001 - £200,000	-	-	1	-	1	-	169,808	0
Total	**8**	**3**	**18**	-	**26**	3	**803,339**	**17,479**
Amounts charged to the Comprehensive Income and Expenditure Statement							**584,833**	**17,479**

Under IAS19 the strain which arises from early retirements due to redundancies is shown as a curtailment loss in the Comprehensive Income and Expenditure Statement. Curtailments affect the employer's balance sheet position by increasing the value of the defined benefit obligation at the accounting date.

The methodology and assumptions used to determine the curtailment cost are different to those used to determine the strain cash contribution due from employers. The reasons for this are:

The **curtailment** figure is determined using accounting assumptions at the accounting date (in line with the requirements of the accounting standard). In addition, the methodology used to determine this figure differs slightly from that used to determine the strain contribution.

The **strain cash contribution** due from the employer is based on the assumptions at the 2013 actuarial valuation and, as mentioned above, the methodology is slightly different than that applied for the curtailment figure.

Calculation methodology

The curtailment cost is determined by reference to the period from the member's current age and their retirement age in whole years to retirement. This differs to the approach adopted when setting strain contributions, which recognises the period between early retirement and normal retirement in complete months. For example, if a member retires 2 months prior to normal retirement date, the employer strain contribution due will reflect the cost of retirement two months early, whereas, the curtailment will reflect the cost of retirement 1 year prior to normal retirement date. This is not to say that the methodology applied to determine the curtailment loss is 'incorrect'. The approximations made are suitable for accounting purposes and immaterial in terms of the balance sheet position at the accounting date. However, large relative differences can sometimes arise between curtailment and strain cash figures on a member-by-member basis where the member has retired shortly before normal retirement date (since the use of complete years versus complete months is more significant).

NOTE 19. EXTERNAL AUDIT COSTS

Fees were paid to BDO LLP as the Council's external auditors and to the Audit Commission for Statutory Inspections carried out as follows:

2013-2014 £'000		2014-2015 £'000
63	Fees payable to BDO LLP with regard to external audit services carried out by the appointed auditor	**64**
35	Fees payable to BDO LLP for the certification of grant claims and returns	**26**
1	Fees payable to the Audit Commission in respect of statutory inspection	**2**
99		**92**

NOTE 20. GRANT INCOME

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

2013-2014 Restated £'000		2014-2015 £'000
	Credited to Services	
68	Leader Plus	**35**
15	ESCC - Better safer communities	**25**
32	ESCC - Homelessness DESS scheme	**0**
136	DCLG - Ndr cost of collection	**146**
0	DCLG - Local services support grant	**118**
0	DCLG - Council tax annex discount grant	**26**
46	DCLG - Homelessness	**46**
13	DWP - Atlas project	**0**
29,162	DWP - Housing benefit subsidy	**29,071**
0	DWP - Local housing allowance grant	**13**
0	Sport England - Sports Development	**40**
219	Interreg IV - 21st Century Parks, Egerton Park, Bexhill	**41**
26	Other	**30**
	Capital Grants and Contributions - (REFCUS)	
1,526	Joint Waste Partnership - Capital contribution towards purchase of refuse containers	**624**
570	DCLG - Disabled facility grant	**588**
31,813	**Total within Cost of Services**	**30,803**
	Credited to Taxation and Non-Specific Grant Income	
	Non-Ringfenced	
3,073	DCLG - Revenue support grant	**2,416**
73	DCLG - Council tax freeze grant	**73**
788	DCLG - New homes bonus scheme	**1,032**
83	DCLG - Community rights to challenge new burdens grant	**8**
0	DCLG - Council tax new burdens grant	**77**
439	DCLG - Small business & empty property rate relief	**631**
10	DCLG - Neighbourhood planning	**5**
0	DCLG - Business rates retail relief grant	**175**
0	DCLG - Statutory notices for the 21st century grant	**22**
0	DCLG - Business rates 2% inflation cap grant	**21**
0	DCLG - Business rates new burden admin grant	**12**
33	DCLG - Council tax transition	**0**
16	DCLG - Capitalisation provision redistribution	**0**
11	Other	**29**
4,526	**Total Non-Ringfenced grants**	**4,501**
	Capital Grants and Contributions	
0	S106 - Cycle way link, Ferry Road, Rye	**45**
10	S106 - 51-55 Ninfield Road, Bexhill-on-Sea	**0**
10	**Total Capital Grants and Contributions**	**45**
4,536	**Total within Taxation & Non-Specific Grant Income**	**4,546**
36,349	**Total within Comprehensive Income & Expenditure Statement**	**35,349**

NOTE 21. RELATED PARTIES

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

Central Government
Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and subsidies and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from Government are set out in the amounts reported for resource allocation decisions and in Note 20.

Members
Members of the Council have direct control over the Council's financial and operating policies. During 2014-2015 grants and payments to the value of £946,294, as shown below, were paid to organisations in which 28 Members had an interest. The grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants.

Organisation	£
De La Warr Pavilion Trust	560,390
Romney Marsh Internal Drainage Board	115,284
Rother District Citizens Advice Bureau	83,600
Tourism South East	68,812
Rother Voluntary Action	44,730
Hastings Advice & Representation Centre	15,158
Local Government Association	13,682
Hastings & Rother Mediation Service	9,400
Bexhill Museum Association	9,105
Action in Rural Sussex	5,508
South East Employers	5,262
Bexhill Town Forum	4,000
Sussex Wildlife Trust	3,000
Hastings Furniture Service	2,500
Rye & District Chamber of Commerce	2,500
Rye Arts Festival	1,800
The Rye Partnership Ltd	1,136
Amicus Horizon Ltd	227
District Councils' Network	200
	946,294

Officers
During 2014-2015, Officers with pecuniary interests made appropriate declarations during Committee meetings and took no part of decision making. Interests are recorded in the minutes of the relevant meetings and are available at www.rother.gov.uk.

East Sussex County Council pension fund
The Council made payments totalling £1,611,168 during 2014-2015 to East Sussex County Council as the administering body for the East Sussex Local Government pension fund. Note 25 provides further information on the Council's pension arrangements.

Members elected to East Sussex County Council
During 2014-2015 there were 6 Members of Rother District Council who were also members or related to members of East Sussex County Council listed below:

Cllr Mrs M L Barnes - related to Cllr J Barnes, ESCC	Cllr C Clark
Cllr Mrs K Field	Cllr Mrs A Davies
Cllr C Maynard	Cllr S Earl

Excluding annual precept payments which are shown in the notes to the Collection Fund Statement, payments of £238,201 were made to East Sussex County Council and receipts in the sum of £816,412 were received during 2014-2015.

NOTE 22. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure charged in the year is shown in the table below, 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.

2013-2014 £'000		2014-2015 £'000	2014-2015 £'000
0	**Opening Capital Financing Requirement**		**0**
	Capital Expenditure requiring finance		
321	- Property, Plant and Equipment	662	
0	- Intangible Assets	0	
3,223	- Revenue expenditure funded from capital under statute	1,516	**2,178**
	Less: sources of finance		
310	- Capital receipts	382	
570	- Government Grants	548	
2,076	- Other grants and contributions	754	
531	- Capital expenditure met from Earmarked Reserves	465	
57	- Direct revenue contribution	29	**2,178**
0	**Closing Capital Financing Requirement**		**0**

CAPITAL EXPENDITURE SUMMARY

2013-2014 £'000		2014-2015 £'000	2014-2015 £'000
	Long-Term Assets:		
	Other Land & Buildings:		
11	Elva Business Centre	0	
217	Town Hall roof	0	
			0
	Infrastructure Assets:		
0	Bexhill Seafront Improvements		**72**
	Vehicles, Plant & Equipment		
0	Essential maintenance programme - IT	219	
	Refuse containers v- Joint Waste	239	
			458
	Intangible Assets - Software & Systems/Project Evaluation		**0**
	Community Assets:		
6	Bexhill Cemetery	127	
87	Egerton Park	5	
			132
321	**Total Long-Term Assets**		**662**
	Revenue Expenditure funded from Capital under Statute		
123	Village Halls and Community Projects	144	
660	Disabled Facilities Grants	567	
5	Housing Aid Grants	4	
2,024	Joint Waste - Purchase of Containers	624	
60	Robertsbridge Sports Hall	0	
295	Social Housing Grant - Sidley	0	
10	Social Housing Grant - Ewhurst	0	
0	Exception site - Burwash	65	
0	Exception site - Hurst Green	65	
46	De La Warr Pavilion capital grant	47	**1,516**
3,544	**Total Capital Expenditure for year**		**2,178**

NOTE 23. LEASES

Council as a Lessee

Operating Leases
Vehicles and equipment have been acquired through operating leases.

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

	Minimum Lease Payments	
	2013-2014	2014-2015
	£'000	£'000
Not later than one year	110	111
Later than one year and not later than five years	201	106
	311	217

Council as Lessor:
The Council leases out property, a number of industrial and commercial units, land and other buildings under operating leases.

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

	Minimum Lease Payments	
	2013-2014	2014-2015
	£'000	£'000
Not later than one year	133	162
Later than one year and not later than five years	538	568
Later than five years	2,866	2,897
	3,537	3,627

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 2014-2015 £383,000 contingent rents were receivable by the Council (2013-2014 £348,000).

NOTE 24. CAPITAL GRANTS RECEIPTS IN ADVANCE

On the 21 August 2012, the Council entered into an agreement under Section 106 of the Town and Country Planning Act 1990, with regard to a site at Ravenside Retail Park, Bexhill-on-Sea. The agreement resulted in a payment to the Council of £959,000 which was received for the provision and improvement of leisure facilities in Bexhill and the enhancement of shopping facilities in Bexhill town centre. The monies have to be expended within 15 years of the date of the agreement or they will have to be repaid to the property owner plus interest. As at 31st March 2015 the balance remaining was £910,908.

On the 15 August 2012, the Council entered into an agreement under Section 106 of the Town and Country Planning Act 1990, with regard to a site at Ambers Rise, Bexhill-on-Sea. The agreement resulted in a payment to the Council of £37,000 which was received for the provision of a play space and facilities. The monies have to be expended within 10 years of the date of the agreement or they will have to be repaid to the developer plus interest if applicable. As at 31st March 2015 the balance remaining was £37,000.

NOTE 25. 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 benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

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

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However the charge the Council is required to make against the council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made via the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement

2013-2014 £'000		**2014-2015 £'000**
	Cost of Services:	
(1,504)	Current service costs	**(1,382)**
(159)	Past service costs (including curtailments)	**(39)**
	Financing and Investment Income and Expenditure	
(933)	Net interest expense	**(1,126)**
(2,596)	**Total Post Employment Benefits Charged to the Surplus or Deficit on the Provision of Services**	(2,547)
	Other Post Employment Benefits charged to Comprehensive Income & Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising :	
818	Return on plan assets (excluding the amount included in the net interest expense)	**6,211**
(1,613)	Changes in demographic assumptions	**0**
(2,092)	Actuarial gains and losses arising on changes in financial assumptions	**(12,705)**
(1,782)	Other experience	**887**
(4,669)	**Total Post Employment Benefit Charged to the Comprehensive Income & Expenditure Statement**	(5,607)
	Movement in Reserves Statement	
2,596	Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	**2,547**
	Actual amount charged against the General Fund Balance for pensions in the year	
(1,733)	Employers contributions payable to the scheme	**(1,625)**

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

2013-2014 £'000		**2014-2015 £'000**
61,283	Fair value of employer assets	**68,553**
(85,754)	Present value of funded liabilities	**(99,679)**
(1,851)	Present value of unfunded liabilities	**(1,725)**
(26,322)	**Net liability arising from defined benefit obligation**	**(32,851)**

Reconciliation of the Movements in Fair Value of Scheme Assets

2013-2014 £'000		**2014-2015 £'000**
58,669	Opening fair value of scheme assets	**61,283**
2,620	Interest income	**2,601**
	Remeasurement gain	
818	Return on plan assets excluding amounts included in net interest	**6,211**
1,733	Contributions from employer	**1,625**
412	Contributions from employees into the scheme	**389**
(2,969)	Benefits paid	**(3,556)**
61,283	**Closing Fair Value of Scheme Assets**	**68,553**

Reconciliation of Present Value of Scheme Liabilities (defined Benefit Obligation)

2013-2014 £'000		**2014-2015 £'000**
79,459	Opening fair value of scheme liabilities	**87,605**
1,504	Current service cost	**1,382**
3,553	Interest cost	**3,727**
412	Contributions from scheme participants	**389**
	Remeasurement gain	
1,613	Actuarial losses arising from changes in demographic assumptions	**0**
2,092	Actuarial losses arising from changes in financial assumptions	**12,705**
1,782	Other	**(887)**
159	Past service cost	**39**
(2,969)	Benefits paid	**(3,556)**
87,605	**Closing Fair Value of Scheme Assets**	**101,404**
26,322	**Net Liability at 31 March**	**32,851**

Fair value of employers assets

The below asset values are at bid value as required under IAS19.

Asset Category	Period Ended 31 March 2014: Quoted prices in active markets £(000)	Quoted prices not in active markets £(000)	Total £(000)	Percentage of Total Assets	Period Ended 31 March 2015: Quoted prices in active markets £(000)	Quoted prices not in active markets £(000)	Total £(000)	Percentage of Total Assets
Equity Securities:								
Consumer	2,985.4	-	2,985.4	5%	2,692.5	12.7	2,705.2	4%
Manufacturing	1,517.7	-	1,517.7	2%	1,700.6	106.5	1,807.1	3%
Energy and Utilities	1,597.2	-	1,597.2	3%	1,808.7	-	1,808.7	3%
Financial Institutions	3,362.3	-	3,362.3	5%	3,938.1	-	3,938.1	6%
Health and Care	1,813.0	-	1,813.0	3%	2,758.9	-	2,758.9	4%
Information Technology	1,653.2	-	1,653.2	3%	2,938.8	-	2,938.8	4%
Other	872.3	100.2	972.5	2%	8.9	-	8.9	0%
Debt Securities:								
Corporate Bonds (investment grade)	-	-	-	0%	-		-	0%
Corporate Bonds (non-investment grade)	-	-	-	0%	-		-	0%
UK Government	-	861.8	861.8	1%	-	1,088.8	1,088.8	2%
Other	-	813.4	813.4	1%	-	701.3	701.3	1%
Private Equity:								
All	-	4,820.8	4,820.8	8%	-	3,788.9	3,788.9	6%
Real Estate:								
UK Property	338.6	5,183.1	5,521.7	9%	-	7,073.6	7,073.6	10%
Overseas Property	-	-	-	0%	-	-	-	0%
Investment Funds and Unit Trusts:								
Equities	72.8	29,120.6	29,193.4	48%	346.1	30,802.0	31,148.1	45%
Bonds	2,328.9	1,648.9	3,977.8	6%	2,756.3	1,708.8	4,465.1	6%
Hedge Funds	120.6	-	120.6	0%	50.7	26.1	76.8	0%
Commodities	180.4	-	180.4	0%	167.3	-	167.3	0%
Infrastructure	-	-	-	0%	-	1,363.1	1,363.1	2%
Other	-	-	-	0%	-	268.3	268.3	0%
Derivatives:								
Inflation	-	-	-	0%	-	-	-	0%
Interest Rate	-	-	-	0%	-	-	-	0%
Foreign Exchange	-	35.1	35.1	0%	-	(13.4)	(13.4)	0%
Other	-	-	-	0%	-	-	-	0%
Cash and Cash Equivalents:								
All	-	1,856.4	1,856.4	3%	-	2,459.4	2,459.4	4%
Totals	**16,842**	**44,440**	**61,283**	**100.0%**	**19,167**	**49,386**	**68,553**	**100.0%**

The breakdown of assets in monetary terms in the table have been shown to the nearest £100. The additional precision in the presentation of the figures has been included because the sum of the values rounded to the nearest £1,000 will not equal the total values due to rounding. Please note that there may still be a rounding difference between the total and the sum of the breakdown values but this difference will be small. For the avoidance of doubt this does not impact any of the other figures in the report.

Basis for Estimating Assets and Liabilities
Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension scheme liabilities have been assessed by Hymans Robertson LLP an independent firm of Actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2013.

Assumptions as at 31 March	2013-2014	**2014-2015**
Financial Assumptions:		
Pension Increase Rate	2.8%	2.4%
Salary increase Rate	4.6%	4.3%
Discount rate	4.3%	3.2%

Mortality
VitaCurves with improvements in line with the CMI2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

	Males	Females
Current Pensioners	22.2 years	24.4 years
Future Pensioners#	24.2 years	26.7 years

Figures assume members aged 45 as at the last formal valuation date.

Historic Mortality

Life expectancies for the prior period end are based on the Fund's VitaCurves. The allowance for future life expectancies are shown below:

Period Ended	**Prospective Pensioners**	**Pensioners**
31 March 2014	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.	CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25% p.a.

Commutation
An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre April 2008 service and 75% of the maximum tax-free cash for post April 2008 service.

Impact on the Council's Cash Flows

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31st March 2014 (or service after 31st March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council anticipates paying £1.5m contributions to the scheme in 2015-2016.

NOTE 26. CONTINGENT LIABILITIES

Transfer of housing Stock-Rother Homes
When the Council transferred its housing stock to Rother Homes in May 1998, part of the legal transaction involved the inclusion of certain warranties for a period up to twenty-eight years, for example, in respect of contaminated land. A liability may, therefore, arise at some time within this period. No provision has been made for this.

Leader Plus Programme
Grants awarded to the Council under the Leader Plus Programme are conditional and elements may be repayable in certain circumstances such as breach of conditions and sale of assets acquired with grant monies. At 31 March 2009 a total of £2,998,544 had been received from the programme. From January 2009 the Council commenced a new Leader Programme for six years. The liability to repay for up to the end of March 2015 was £499,190. This has not been provided for due to the high uncertainty that any breach will occur. The Programme has now come to an end and no further liabilities will be incurred by the Council.

Land Searches
As a result of the Ministry of Justice and the Department for Communities and Local Government having revoked the fee for personal searches of the local land charges register as incompatible with the Environmental Information regulations 2004 and the underlying 2003 EU Directive, the council has settled two claims which are reflected in the CIES. It is possible that further claims may be received in the future which cannot be quantified.

Municipal Mutual Insurance Limited (MMI)
In 1993 the Council's insurers, MMI, ceased accepting new business. On 13th November 2012 the Directors of MMI triggered the Scheme of Arrangement. The Scheme provides that following the occurrence of a Trigger Event , a levy may be imposed on all those scheme creditors which, since the record date, have been paid an amount or amounts in respect of established scheme liabilities which, together with the amount of Elective Defence costs paid by MMI on its behalf, exceed £50,000 in aggregate. The Scheme Administrator, Ernst & Young LLP have determined that a levy rate of 15% shall be applied to the value of claims paid since 30th September 1993. Payment has been made in the accounts in the sum of £35,890 and there remains a potential liability for a further £203,378.

The trigger event related to the Supreme Court ruling on the 28th March 2012 which said that the insurer who was on risk at the time of an employees exposure to asbestos was liable to pay compensation for the employee's mesothelioma.

NOTE 27. PRIOR PERIOD ADJUSTMENTS, CHANGES IN ACCOUNTING POLICIES AND ESTIMATES AND ERRORS

Cash Flow Statement

The Cash Flow Statement has been amended to reclassify Council Tax and Ndr refunds which had previously been included under Housing Benefits paid out but now shown under taxation and financing activities.

	2013-2014 £'000	Restatement £000	Restated 2013-2014 £000
OPERATING ACTIVITIES			
Taxation	(10,324)	736	(9,588)
Grants (Including DWP Subsidy)	(39,216)		(39,216)
Sales of goods and rendering of services	(14,860)		(14,860)
Interest received	(175)		(175)
Other receipts from operating activities	(821)		(821)
Cash inflows generated from operating activities	**(65,396)**	**736**	**(64,660)**
Cash paid to and on behalf of employees	8,192		8,192
Housing Benefit paid out	30,356	(1,663)	28,693
Ndr Tariff payment	4,389		4,389
Precepts paid	1,219		1,219
Cash paid to suppliers for goods and services	17,228		18,754
Other payments for operating activities	2,444		2,444
Cash outflows generated from operating activities	**63,828**	**(1,663)**	**63,691**
NET CASH FLOWS FROM OPERATING ACTIVITIES	**(1,568)**	**(927)**	**(969)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment, investment property and intangible assets	2,121		595
Purchase of short-term and long-term investments	17,808		17,808
Other payments for investing activities	1,460		1,460
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(19)		(19)
Proceeds from short-term and long-term investments	(20,318)		(20,318)
Other receipts from investing activities	(281)		(281)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**771**	**0**	**(755)**
FINANCING ACTIVITIES			
Other receipts from financing activities	(964)	927	(37)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	159		159
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(805)**	**927**	**122**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(1,602)**		**(1,602)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE REPORTING PERIOD	**7,959**		7,959
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD - *Note 14*	**9,561**	**0**	**9,561**

Comprehensive Income and Expenditure Statement (CIES)

The Comprehensive Income and Expenditure Statement has been amended to reclassify income and expenditure in respect of a number of investment properties previously accounted for under Cost of Services and are now shown under Financing and Investment Income and Expenditure.

	2013-2014 Gross Expenditure £000	Investment Property Restatement £000	2013-2014 Gross Expend Restated £000	2013-2014 Gross Income £000	Investment Property Restatement £000	2013-2014 Gross Income Restated £000	2013-2014 Net Expenditure Restated £000
SERVICES							
Central Services to the Public	2,739	(57)	2,682	(1,565)	217	(1,348)	1,334
Cultural & Related Services	5,483		5,483	(266)		(266)	5,217
Environmental & Regulatory Services	8,487		8,487	(1,334)		(1,334)	7,153
Planning & Development Services	3,216		3,216	(1,340)		(1,340)	1,876
Highways & Transport Services	539		539	(1,305)		(1,305)	(766)
Housing Services	32,416		32,416	(30,454)		(30,454)	1,962
Corporate & Democratic Core	2,443		2,443	(13)		(13)	2,430
Non-Distributed Costs	198		198	0		0	198
Cost of Services	**55,521**	**(57)**	**55,464**	**(36,277)**	**217**	**(36,060)**	**19,404**
Other Operating Income & Expenditure	1,336		1,336	(282)		(282)	1,054
Financing & Investment Income & Expenditure	3,969	57	4,026	(3,233)	(217)	(3,450)	576
Taxation & Non-Specific Grant Income	4,737		4,737	(20,651)		(20,651)	(15,914)
Deficit on Provision of Services	**65,563**	**0**	**65,563**	**(60,443)**	**0**	**(60,443)**	**5,120**
Surplus on Revaluation of Property, Plant & Equipment Assets	0		0	(780)		(780)	(780)
Impairment losses on non-current assets charged to the revaluation reserve	39		39				39
Actuarial (gains)/losses on pension assets/liabilities	5,487		5,487	(818)		(818)	4,669
Other Comprehensive Income & Expenditure	**5,526**	**0**	**5,526**	**(1,598)**	**0**	**(1,598)**	**3,928**
Total Comprehensive Income & Expenditure	**71,089**	**0**	**71,089**	**(62,041)**	**0**	**(62,041)**	**9,048**

The Comprehensive Income and Expenditure Statement has been amended to reclassify grant income and contributions in respect of Revenue Expenditure Funded by Capital under statute (REFCUS) from Taxation and Non-Specific Grant income to the Cost of Services.

	2013-2014 Gross Income Restated £000	Grant Income Restatement £000	2013-2014 Gross Income Restated £000
SERVICES			
Central Services to the Public	(1,348)		(1,348)
Cultural & Related Services	(266)		(266)
Environmental & Regulatory Services	(1,334)	(1,526)	(2,860)
Planning & Development Services	(1,340)		(1,340)
Highways & Transport Services	(1,305)		(1,305)
Housing Services	(30,454)	(570)	(31,024)
Corporate & Democratic Core	(13)		(13)
Cost of Services	**(36,060)**	**(2,096)**	**(38,156)**
Other Operating Income & Expenditure	(282)		(282)
Financing & Investment Income & Expenditure	(3,450)		(3,450)
Taxation & Non-Specific Grant Income	(20,651)	2,096	(18,555)
Deficit on Provision of Services	**(60,443)**	**0**	**(60,443)**
Surplus on Revaluation of Property, Plant & Equipment Assets	(780)		(780)
Actuarial (gains)/losses on pension assets/liabilities	(818)		(818)
Other Comprehensive Income & Expenditure	**(1,598)**	**0**	**(1,598)**
Total Comprehensive Income & Expenditure	**(62,041)**	**0**	**(62,041)**

NOTE 9. PROPERTY, PLANT AND EQUIPMENT

The Vehicles, Plant, Furniture and Equipment classification of Property, Plant and Equipment (PPE) has been amended to reclassify the disposal of refuse and street sweeping vehicles originally classified as impairment losses. There is no impact on the net book value.

	Vehicles, Plant, Furniture & Equipment £'000	Vehicles Restatement £'000	Vehicles, Plant, Furniture & Equipment Restated £'000
Cost or Valuation			
At 1st April 2013	3,146		3,146
Derecognition - disposals		(2,319)	(2,319)
Reclassification	290		290
At 31st March 2014	**3,436**	**(2,319)**	**1,117**
Accumulated Depreciation and Impairment			
At 1st April 2013	2,627		2,627
Depreciation charge	233		233
Depreciation written out to the Surplus/Deficit on the Provision of Services	(2,314)		(2,314)
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	2,319	(2,319)	0
At 31st March 2014	**2,865**	**(2,319)**	**546**
Net Book Value			
At 31st March 2014	**571**		**571**

NOTE 11. FINANCIAL INSTRUMENTS

Debtors has been amended by removing overpayment of housing benefit debtor invoices, which are not a financial instrument. Creditors has been amended to correct an omission of sundry debtor accruals in respect of local government authorities.

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

	Current 31 March 2014 £'000	Debtors and Creditors Restatement £'000	Current 31 March 2014 Restated £'000
Debtors (loans and receivables) - Financial assets carried at contract amounts	4,608	(1,536)	3,072
Creditors - Financial liabilities carried at contract cost	2,450	239	2,689

NOTE 28. JOINT WASTE PARTNERSHIP

The Council acts as the lead authority for the joint waste partnership. This partnership is not a legal entity in its own right and involves Rother District Council, Eastbourne Borough Council, Hastings Borough Council and Wealden District Council The four Councils have a joint contract with Kier Environmental Services Limited for the provision of waste collection, recycling and street & beach cleaning. Rother District Council employs staff to provide an overarching contract administration function and acts as paymaster, collecting payments from the other Councils and making payments to the contractor based on invoices received. Each Council is responsible for the day to day management of Kier operations in their areas. This arrangement which came into force from 1st April 2013, therefore leads to financial transactions that are not reflected in the Council's Core Statements because the Council is deemed to be acting as an agent. The following details these transactions:

	2013-2014 £'000	**2014-2015 £'000**
Payments made/payable to Kier Environmental Services Ltd	8,888	12,357
Payments made to KPS Composting Services	64	0
Cost of Client Service - Partners cost	120	66
Total cost	9,072	12,423
Payments received/receivable from partner Districts/Boroughs	(9,072)	(9,652)
Contribution from Rother District Council		(2,771)
Net cost	0	0

NOTE 29. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

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's Cabinet on the basis of budget reports analysed across services. These reports are prepared on a different basis from the accounting policies used in the financial statements. The following details the reconciliation between the Comprehensive Income and Expenditure Statement and the subjective analysis.

NOTE 29. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

Service Income and Expenditure 2014-15	Central Services to the Public £'000	Cultural & Related Services £'000	Environmental & Regulatory Services £'000	Planning & Development Services £'000	Highways & Transport Services £'000	Housing Services £'000	Corporate & Democratic Core £'000	Non Distributed Costs £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	(564)	(275)	(1,540)	(907)	(1,305)	(1,746)	(13)		(6,350)	(743)	(7,093)
Interest & investment income									0	(135)	(135)
Income from council tax									0	(7,685)	(7,685)
Government Grants & Contributions - *Note 20*	(474)		(653)	(35)	(2)	(29,558)			(30,722)	(11,299)	(42,021)
Gain on disposal of non-current assets									0	(466)	(466)
Gain on revaluation of non-current assets	(105)								(105)	(186)	(291)
Pension									0	(2,601)	(2,601)
Total Income	**(1,143)**	**(275)**	**(2,193)**	**(942)**	**(1,307)**	**(31,304)**	**(13)**	**0**	**(37,177)**	**(23,115)**	**(60,292)**
Employee expenses	733	532	484	1,493	156	773	884		5,055		5,055
Other service expenses	742	2,424	4,560	614	393	491	388	42	9,654	124	9,778
Support service recharges	519	164	494	657	62	375	811		3,082	132	3,214
Depreciation, Amortisation & Impairment	13	210	274		37		12		546		546
Pensions interest on obligations									0	3,727	3,727
Parish precepts									0	1,235	1,235
Drainage Board levies									0	119	119
Writing out non-current asset on disposal									0	210	210
Loss on revaluation of non-current assets		22	127						149		149
Revenue expenditure funded from capital under statute	143	48	624			701			1,516		1,516
Non-domestic rates tariff & share of deficit									0	5,179	5,179
Benefit payments						29,731			29,731		29,731
Total Expenditure	**2,150**	**3,400**	**6,563**	**2,764**	**648**	**32,071**	**2,095**	**42**	**49,733**	**10,726**	**60,459**
Net Expenditure	**1,007**	**3,125**	**4,370**	**1,822**	**(659)**	**767**	**2,082**	**42**	**12,556**	**(12,389)**	**167**

Service Income and Expenditure 2013-14 Restated

Service Income and Expenditure 2013-14 Restated	Central Services to the Public £'000	Cultural & Related Services £'000	Environmental & Regulatory Services £'000	Planning & Development Services £'000	Highways & Transport Services £'000	Housing Services £'000	Corporate & Democratic Core £'000	Non Distributed Costs £'000	Cost of Services £'000	Corporate Amounts £'000	Total £'000
Fees, charges & other service income	(950)	(266)	(1,319)	(1,261)	(1,305)	(1,448)	(13)		(6,562)	(721)	(7,283)
Interest & investment income									0	(109)	(109)
Income from council tax									0	(7,569)	(7,569)
Government Grants & Contributions - *Note 20*	(398)		(1,541)	(79)		(29,576)			(31,594)	(10,986)	(42,580)
Gain on disposal of non-current assets									0	(282)	(282)
Pension								0	0	(2,620)	(2,620)
Total Income	**(1,348)**	**(266)**	**(2,860)**	**(1,340)**	**(1,305)**	**(31,024)**	**(13)**	**0**	**(38,156)**	**(22,287)**	**(60,443)**
Employee expenses	925	527	467	1,789	140	962	1,077	23	5,910		5,910
Other Service expenses	764	2,299	5,280	700	308	580	388	175	10,494	78	10,572
Support service recharges	612	197	358	727	54	419	966		3,333	58	3,391
Depreciation, Amortisation & Impairment	27	187	347		37		12		610		610
Interest payments									0	2	2
Pensions interest on obligations									0	3,553	3,553
Parish Precepts									0	1,219	1,219
Drainage Board levies									0	117	117
Loss on revaluation of non-current assets	231	2,167	11						2,409	335	2,744
Revenue expenditure funded from capital under statute	123	106	2,024			970			3,223		3,223
Non-domestic rates tariff & share of deficit										4,737	4,737
Benefit payments						29,485			29,485		29,485
Total Expenditure	**2,682**	**5,483**	**8,487**	**3,216**	**539**	**32,416**	**2,443**	**198**	**55,464**	**10,099**	**65,563**
Net Expenditure	**1,334**	**5,217**	**5,627**	**1,876**	**(766)**	**1,392**	**2,430**	**198**	**17,308**	**(12,188)**	**5,120**

COLLECTION FUND STATEMENT

2013-2014 £'000		2014-2015 Council Tax £'000	2014-2015 NNDR £'000	2014-2015 Total £'000
	INCOME			
56,313	Income from Council Taxpayers - *Note 2*	58,157		**58,157**
	Transfers from General Fund re Council Tax			
(1)	- Transitional Relief	0		**0**
56,312	Total from Council Tax	58,157	0	**58,157**
16,464	Income collectable from Business Ratepayers - *Note 4*		16,454	**16,454**
72,776		58,157	16,454	**74,611**
	EXPENDITURE			
	Precepts:			
40,565	East Sussex County Council Precept on Collection Fund - *Note 2*	41,776		**41,776**
4,848	Sussex Police Authority Precept on Collection Fund - *Note 2*	4,993		**4,993**
2,867	East Sussex Fire Authority - *Note 2*	2,952		**2,952**
7,507	Rother District Council Demand on Collection Fund - *Note 2*	7,590		**7,590**
	Business Rate			
7,996	- Payment to Government - *Note 4*		8,168	**8,168**
161	- Payment to East Sussex Fire & Rescue - *Note 4*		159	**159**
1,451	- Payment to East Sussex County Council - *Note 4*		1,429	**1,429**
6,450	- Payment to Rother District Council - *Note 4*		6,349	**6,349**
136	- Cost of Collection		146	**146**
	Sums payable to Preceptors re previous year's Collection Fund surplus/(deficit)			
252	- East Sussex County Council	257	(76)	**181**
30	- Sussex Police Authority	31		**31**
18	- East Sussex Fire and Rescue	18	(8)	**10**
46	- Rother District Council	47	(340)	**(293)**
	- Government		(424)	**(424)**
	Bad & Doubtful Debts			
109	- Write offs of uncollectable Council Tax/NNDR	(3)	38	**35**
65	- Provision for uncollectable Council Tax/NNDR	131	82	**213**
1,027	- Provision for appeals		(79)	**(79)**
73,528		57,792	15,444	**73,236**
752	Movement on Fund Balance - (surplus) / deficit	(365)	(1,010)	**(1,375)**
	COLLECTION FUND BALANCE			
(443)	Balance brought forward at 1 April	(560)	869	**309**
752	(Surplus) / deficit for year (as above)	(365)	(1,010)	**(1,375)**
309	Balance carried forward at 31 March - *Note 3*	**(925)**	**(141)**	**(1,066)**
	Allocated to			
273	- Rother District Council	(122)	(56)	**(178)**
(330)	- East Sussex County Council	(675)	(13)	**(688)**
(20)	- East Sussex Fire Authority	(48)	(1)	**(49)**
(48)	- Sussex Police Authority	(80)	0	**(80)**
434	- Government	0	(71)	**(71)**
309		**(925)**	**(141)**	**(1,066)**

COLLECTION FUND STATEMENT

NOTE 1. GENERAL

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 it is consolidated with the other accounts to form the consolidated Balance Sheet. The account has been prepared on the accruals basis. The costs of administering collection are accounted for in the General Fund.

NOTE 2. COUNCIL TAX

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

Band & Value		Number of Properties	Relationship to Band D	Band D Equivalent	**Annual Amount**	**Annual Debit**
Band A Reduced	#	(19)	5/9	**-£10.34**	£900.00	**-£16,755**
Band A - up to £40,000		2,666	6/9	**£1,750.35**	£1,080.00	**£2,835,559**
Band B - over £40,000 up to £52,000		4,233	7/9	**£3,242.82**	£1,260.00	**£5,253,364**
Band C - over £52,000 up to £68,000		7,050	8/9	**£6,172.80**	£1,440.00	**£9,999,933**
Band D - over £68,000 up to £88,000		7,316	1	**£7,207.05**	£1,620.00	**£11,675,409**
Band E - over £88,000 up to £120,000		6,379	11/9	**£7,679.85**	£1,980.00	**£12,441,354**
Band F - over £120,000 up to £160,000		3,399	13/9	**£4,835.56**	£2,340.00	**£7,833,610**
Band G - over £160,000 up to £320,000		2,409	15/9	**£3,954.78**	£2,700.00	**£6,406,736**
Band H - over £320,000		276	18/9	**£544.21**	£3,240.00	**£881,624**
		33,709		**£35,377.08**		**£57,310,834**

The estimated taxbase for properties was calculated incorrectly when the taxbase was set by Full Council in February 2014. This did not effect the Council Tax set for the year as Members had agreed a Council Tax freeze for 2014-2015.

Council Tax Base and amount originally expected for 2014-2015:

East Sussex County Council share	£41,776,440
Sussex Police Authority share	£4,992,414
East Sussex Fire and Rescue share	£2,952,217
Rother District Council share	£7,589,763
	£57,310,834

NOTE 3. COUNCIL TAX SURPLUSES & DEFICITS

The surplus of £925,327 in respect of council tax is distributed between Rother District Council, East Sussex County Council, East Sussex Fire and Rescue and Sussex Police Authority in future years in accordance with Fund Regulations and a prescribed timetable.

NOTE 4. INCOME FROM BUSINESS RATEPAYERS

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government.

In 2013/14, the local government finance regime was revised with the introduction of the retained business rates scheme. The scheme aims to give Councils a greater incentive to grow businesses but also increases the financial risk due to the volatility of the NDR tax base and non collection of rates. Instead of paying NDR to a central pool, local authorities retain a proportion of the total collectable rates due. In the case of Rother District Council the local share is 40%.
The remainder is distributed to Rother's preceptors as follows:-

Central Government 50%
East Sussex County Council 9%
East Sussex Fire Authority 1%.

The NDR shares payable for 2014-2015 were estimated before the start of the financial year as £7.936m to Central Government, £1.429m to ESCC, £0.159m to ESFA and £6.349m to Rother District Council. These sums have been paid in 2014-2015 and charged to the collection fund in the year.

COLLECTION FUND STATEMENT

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect a tariff of £4.475m was paid to Central Government by Rother District Council.

The annual debit from business rate payers in 2014/15 was £22,427m. Discounts and adjustments in the year totalled £5,973m therefore the total income from business rate payers collected in 2014-2015 was £16.454m (£21,735m, £5,271m and £16.464m respectively in 2013-2014). This sum includes £0.232m of transitional protection payments from ratepayers which under Government regulation should have a neutral impact on the business rate retention scheme. This sum has to be repaid to Central Government and therefore increases payments to Central Government to £8.168m.

In addition to the top up, a 'safety net' figure is calculated at 7.5% of baseline amount which ensures that authorities are protected to this level of Business Rate income. For Rother District Council the value of safety net figure is approximately £155,000. The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief (announced in the Autumn Statement 2012) not allowed for when the safety net was set. The Council does not qualify for a safety net payment for 2014-2015.

Under the arrangements for business rates, the Council collects non-domestic rates for its area which are based on local rateable values multiplied by a uniform rate. The national multipliers for 2014-2015 were 47.1p for qualifying Small Businesses, and the standard multiplier being 48.2p for all other businesses (46.2p and 47.1p respectively in 2013-2014). The rateable value as at the 31st March 2015 was £47,792 (£47,023 as at 31 March 2014).

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 assets to reflect their reduced worth over time.

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

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

CAPITAL RECEIPTS
The proceeds from the sale of fixed assets.

CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING
Standards issued by the accountancy bodies to prescribe approved accounting methods.

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

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

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

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

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

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

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 and derivatives 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 are: Revenue Support grant and Housing Benefit Subsidy.

INFRASTRUCTURE ASSETS
Long-Term Assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. An example is the sea wall and promenade.

PRECEPT
The amount of money the County Council, Sussex Police and the Fire Authority have instructed the Council to collect and pay out of council tax receipts held in the Collection Fund.

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

PROPERTY, PLANT & EQUIPMENT (PPE)
Tangible assets that yield up benefit to the Authority over more than one accounting period, e.g. Land and Buildings.

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

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

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE
Legislation in England and Wales allows certain expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset, for example Disabled Facility Grants.

REVENUE SUPPORT GRANT
A Government grant distributed to local authorities to augment income raised by the council tax. It is centrally determined on a needs basis.

SURPLUS ASSETS
Long-Term Assets that are actively marketed for sale.