

SUMMARY OF ACCOUNTING CHANGES

The key accounting changes include :

- **Accounting for Heritage Assets** - This is a new classification of asset on the Balance Sheet and relates to tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. A new disclosure note to the accounts is required which includes information on the nature and scale of heritage assets held, the policy for the acquisition, preservation, management and disposal and a reconciliation of the balance sheet amounts. See Note 22.
- **Componentisation** - This is the first year the Authority has been required to account for major components within its non-current assets. For Other Land and Building these have been identified where the value of an assets is more than 10% of the total of that category of assets. For Council Dwellings the components are identified by reference to the 30 year business plan which identifies the key components to be replaced at regular intervals over the life of the asset, costs all capital works and their projected timing. The major components are identified and depreciation over their useful economic life and any residual is treated as an extended life asset which is depreciated over 60 years
- **Exit Packages Disclose Note** - The 2011/12 Code has introduced a requirement to disclose the number and cost of exit packages and is consistent with the requirement to disclosure similar information elsewhere in the public sector. See Note 12.
- **Trust Funds** - The 2011/12 Code has introduced a requirement to disclose the nature and amount of trust funds . See Note 36.

FURTHER INFORMATION

Summary financial information is published annually on the Council's website (www.eastbourne.gov.uk). Further information on any of the financial statements may be obtained from the Chief Finance Officer, 1 Grove Road, Eastbourne, BN21 4TW.

Alan Osborne
Chief Finance Officer
Statutory Section 151 Officer

ADOPTION OF THE ACCOUNTS

In accordance with Accounts and Audit Regulations the Chair of the meeting adopting the Statement of Accounts must sign and date the statement in order to confirm that the adoption process has been completed.

I confirm that the Statement of Accounts for 2011/12 was approved at the meeting of the Audit Committee held on 26th September 2012.

Signed

Councillor John Ungar
Chair, Audit Committee
Date 26th September 2012.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

	General Fund	HRA Balance	Major Repairs Reserve	Capital Receipts	Capital Grants & Contribs.	Total Usable Reserves (note32)	Unusable (Note 33)
2010/11 Transactions:							
ADJUSTMENT PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT							
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</i>							
Charges for depreciation and impairment of non-current assets	(3,662)	(61,267)				(64,929)	64,929
Amortisation of intangible assets	(175)					(175)	175
Capital grants and contributions applied					6,735	6,735	(6,735)
Revenue expenditures funded from capital under statute	(1,876)				1,647	(229)	229
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(169)	(305)				(474)	474
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>							
Statutory provision for the financing of capital investment	534					534	(534)
Capital expenditure charged to the General Fund Balance and HRA Balances	1,590					1,590	(1,590)
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL GRANTS UNAPPLIED							
Capital grants and contributions received credited to the Comprehensive Income and Expenditure Statement	7,004	1,788			(8,792)	0	0
Capital grants and contributions applied to finance capital expenditure	(277)				277	0	0
Capital grants and contributions received in prior year credited to the Comprehensive Income and Expenditure Statement	(200)				200	0	0
ADJUSTMENT 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 Account	10	460		(470)		0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(252)			252		0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash				18		18	(18)

	General Fund	HRA Balance	Major Repairs Reserve	Capital Receipts	Capital Grants & Contribs.	Total Usable Reserves (note 32)	Unusable (Note 33)
Use of Capital Receipts to finance new capital expenditure	(1,344)			2,312		968	(968)
Transfer of capital receipt incorrectly classified as a capital grant in prior year				(9)	9	0	0
ADJUSTMENT PRIMARILY INVOLVING THE MAJOR REPAIRS RESERVE							
Reversal of the Major Repairs Allowance credited to the HRA		2,754	(2,754)			0	0
Use of Major Repairs Reserve to finance new capital expenditure			1,190			1,190	(1,190)
ADJUSTMENT PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT							
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements						226	(226)
ADJUSTMENTS PRIMARILY INVOLVING THE PENSIONS RESERVE							
Reversal of items relating to retirement benefits debited ore credited to the Comprehensive Income and Expenditure Statement	12,144	65				12,209	(12,209)
Employer's pensions contributions and direct payments to pensioners payable in the year	(2,057)	(35)				(2,092)	2,092
ADJUSTMENT PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with statutory requirements						207	(207)
Total Adjustments 2010/11	11,477	(56,314)	(1,564)	2,103	76	(44,222)	44,222
2011/12 Transactions:							
ADJUSTMENT PRIMARILY INVOLVING THE CAPITAL ADJUSTMENT ACCOUNT							
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</i>							
Charges for depreciation and impairment of non-current assets	(20,245)	(16,721)	0	0	0	(36,966)	36,966
Movements in the fair value of investment properties	1,753	0	0	0	0	1,753	(1,753)

	General Fund	HRA Balance	Major Repairs Reserve	Capital Receipts	Capital Grants & Contribs.	Total Usable Reserves (note32)	Unusable (Note 33)
Amortisation of intangible assets	(300)	0	0	0	0	(300)	300
Capital grants and contributions applied	266	0	0	0	1,931	2,197	(2,197)
Revenue expenditures funded from capital under statute	(969)	0	0	0	0	(969)	969
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(237)	(380)	0	26	0	(590)	590
Government Grant received on HRA self financing settlement used to repay long term borrowing	0	0	0	30,482	0	30,482	(30,482)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>							
Statutory provision for the financing of capital investment	554	0	0	0	0	554	(554)
Capital expenditure charged to the General Fund Balance and HRA Balances	976	0	0	0	0	976	(976)
ADJUSTMENTS PRIMARILY INVOLVING THE CAPITAL GRANTS UNAPPLIED							
Capital grants and contributions received credited to the Comprehensive Income and Expenditure Statement	2,678	378	0	0	(3,056)		0
Capital grants and contributions applied to finance capital expenditure	(139)	0	0	0	139	0	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(1,039)	0	0	0	1,039	0	0
Transfer of revenue grant received receipt incorrectly classified as capital grant in prior years	(9)	0	0	0	9	0	0
ADJUSTMENT 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 Account	821	829	0	(1,650)	0		0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(600)	0	0	600	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	(3)	0	(3)	3
Government grant received on HRA self financing settlement for the repayment of long term borrowing credited to the Comprehensive Income and Expenditure Statement	0	30,482	0	(30,482)	0	0	0
Government grant received on HRA self financing settlement for payment of premia due on early debt repayment credited to the Comprehensive Income and Expenditure Account	0	8,542	0	(8,542)	0	(0)	0

	General Fund	HRA Balance	Major Repairs Reserve	Capital Receipts	Capital Grants & Contribs.	Total Usable Reserves (note32)	Unusable (Note 33)
Capital Receipts applied to finance payment of premia due on early debt repayment	0	(8,542)	0	8,542	0	0	0
ADJUSTMENT PRIMARILY INVOLVING THE MAJOR REPAIRS RESERVE							
Reversal of the Major Repairs Allowance credited to the HRA	0	2,789	(2,789)	0	0	0	0
Use of Major Repairs Reserve to finance new capital expenditure	0	0	3,276	0	0	3,276	(3,276)
ADJUSTMENT PRIMARILY INVOLVING THE FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT							
Amount by which finance costs calculated in accordance with the Code are different from the amount of finance costs calculated in accordance with statutory requirements	0	226	0	0	0	226	(226)
ADJUSTMENTS PRIMARILY INVOLVING THE PENSIONS RESERVE							
Reversal of items relating to retirement benefits debited ore credited to the Comprehensive Income and Expenditure Statement	2,678	61	0	0	0	2,739	(2,739)
Employer's pensions contributions and direct payments to pensioners payable in the year	(1,973)	(33)	0	0	0	(2,006)	2,006
ADJUSTMENT PRIMARILY INVOLVING THE COLLECTION FUND ADJUSTMENT ACCOUNT							
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from the amount taken to the General Fund in accordance with statutory requirements	(3)	0	0	0	0	(3)	3
ADJUSTMENTS PRIMARILY INVOLVING THE ACCUMULATED ABSENCES ACCOUNT							
Amounts 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	(100)	(1)	0	0	0	(101)	101
Total Adjustments 2011/12	(15,888)	17,631	487	(1,027)	61	1,264	(1,264)

8. MATERIAL ITEMS OF INCOME AND EXPENDITURE

The Interest Payable and Similar Charges within the Comprehensive Income and Expenditure Statement includes a premium of £8.54m payable on the early redemption of debt as a result of HRA Reform Refinancing. This premium was paid by Central Government.

Responsibility for Concessionary Fares (free bus passes) passed to East Sussex County Council from 1 April 2011, which has resulted in a reduction of income and expenditure for Highways and Transport Services in 2011/12. The comparative figures for 2010-11 are provided below.

Highways and Transport Services 2010-11	Expend £000	Income £000	Net £000
Published figures for 2010-11	3,589	(2,005)	1,584
Comparative Figures excluding Concessionary Fares	908	(1,013)	(105)
Difference Relating to Concessionary Fares	2,681	(992)	1,689

9. AGENCY ARRANGEMENTS

The Council acts as an agent for central government in the collection of National Non-Domestic Rates (NDR). In a similar way the Council collects Council Tax on behalf of all the major precepting authorities in the county: East Sussex County Council, Sussex Police Authority, East Sussex Fire and Rescue Service and Eastbourne Borough Council. The element of the collection function carried out for the other authorities is treated as an agency arrangement. The amounts collected and paid over for both of these functions is shown in the Collection Fund Statement.

10. AUDIT FEES

The Council incurred the following fees relating to statutory external audit and inspection, together with other payments to the auditors:

2010/11 £000		2011/12 £000
175	Fees payable with regard to external audit services carried out by the appointed auditor	146
50	Fees payable to PKF (UK) LLP for the certification of grant claims and returns	55
17	Fee payable in respect of other services provided by the appointed auditor	1
242		202

11. MEMBERS' ALLOWANCES

Allowances and expenses paid to Eastbourne's 27 Councillors during the year amounted to:

2010/11 £000		2011/12 £000
120	Members' allowances	119
3	Conference and Travelling Expenses	2
123		121

12. OFFICERS' REMUNERATION

• Senior Management Remuneration

The table below sets out the remuneration paid to the Authority's senior officers.

		Salary, Fees and Allowances £	Expenses Allowances £	Pension Contribution £	Total £
Chief Executive	2011/12	109,898	3,850	23,869	137,617
	2010/11	102,767	3,643	21,923	128,333
Deputy Chief Executive	2011/12	89,635	3,400	19,125	112,160
	2010/11	84,233	3,150	18,200	105,583
Chief Finance Officer	2011/12	73,913	250	16,630	90,793
	2010/11	74,163	1,102	16,409	91,674
Senior Head of Community	2011/12	65,500	2,858	14,737	83,095
	2010/11	63,233	2,934	14,038	80,205
Senior Head of Tourism and Leisure	2011/12	64,000	2,832	14,400	81,232
	2010/11	61,845	2,848	13,709	78,402
Senior Head of Environment and Development	2011/12	65,900	-	14,828	80,728
	2010/11	63,674	-	14,136	77,810

It should be noted that the figures for the Chief Executive and Deputy Chief Executive include fees payable for the role of Returning Officer and Deputy Returning Officer for electoral purposes. The amounts fluctuate between years, depending on what elections fall due during the financial year. The amounts paid in 2011/12 were £10,042 and £4,635 respectively compared to £3,667 and £2,000 in 2010/11.

• Remuneration Bands

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2010/11	2011/12
	Number of Employees	Number of Employees
£50,000 - £54,999	3	2
£55,000 - £59,999	-	2
£60,000 - £64,999	-	2 (2)
£65,000 - £69,999	1	1
£70,000 - £74,999	-	-
£75,000 - £79,999	-	-
£80,000 - £84,999	-	1
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	-
£100,000 - £104,999	1	1 (1)
Total	5	9 (3)

The figures in brackets relate to the number of employees who left during the year.

The number of exit packages with total cost per band of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11	2011/12
£0 -£20,000	5	10		1	5	11	43,357	65,640
£20,001 - £80,000	1	3			1	3	21,056	152,947
Total	6	13	0	1	6	14	64,413	218,587

13. RELATED PARTIES

13.1 Definition

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

13.2 Central Government

The central government provides much of the Council's funding and determines its statutory framework. Details of transactions with central government are shown in the Comprehensive Income and Expenditure Statement, the Cash Flow Statement, and notes 17 (grants and contributions), 29 (debtors) and 30 (liabilities).

13.3 East Sussex Pension Scheme

The Council participates in the East Sussex Pension Scheme, making annual contributions to the East Sussex Pension Fund as set out in Note 34.

13.4 Eastbourne Homes Limited

The responsibility for the management of Eastbourne's council housing stock was transferred to Eastbourne Homes Ltd, an arms length management company, on 1 April 2005. Eastbourne Homes Ltd is a company limited by guarantee without a share capital and is wholly owned by Eastbourne Borough Council. Its principal activities are to manage, maintain and improve the Council's housing stock.

The Council pays Eastbourne Homes Ltd a fee in accordance with the management agreement. In 2011/12 this fee was £6.864m, covering supervision and management and repairs. This compares with £6.776m paid in 2010/11. In addition, Eastbourne Homes Ltd obtains services from the Council under various Service Level Agreements. At the end of the year the Council owed Eastbourne Homes Ltd £1,728,000 (£1,094,000 at 31 March 2011), while Eastbourne Homes Ltd owed the Council £89,000 (£67,000 at 31 March 2011).

The company's accounts are consolidated into the Group Accounts.

Copies of Eastbourne Homes Ltd's annual report and accounts can be obtained from their registered office at Ivy House, Ivy Terrace, Eastbourne, BN21 4QU.

13.5 Wealden and Eastbourne Lifeline

This company works to support vulnerable people in their own homes. It is a company limited by guarantee, Eastbourne and Wealden Councils each holding 24% of the voting rights.

13.6 Eastbourne Leisure Trust

The Eastbourne Leisure Trust was set up to oversee the management and operation of the Sovereign Centre and Motcombe Pool, on which it holds a 15-year lease starting in 2004. The Trust is set up as an Independent Provident Society, without any local authority members. Members of staff at these centres are jointly employed by the trust and the contractor, Serco.

13.7 Members and senior officers

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2011/12 is shown in Note 11. Seven members are also members of

East Sussex County Council. Grants totalling £19,700 to voluntary organisations in which 2 Members had positions on the governing body. In all instances, 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. Details of Members interests are recorded in the Register of Members' Interest, open to public inspection at the Town Hall during office hours.

During 2011/12 works and services to the value of £26,600 were commissioned from a company in which one officer had an interest.

Details of payments to Members and officers are shown in notes 11 and 12.

13.8 CloudConnX

The Authority is due to become a shareholder in CloudConnX, but as at 31 March the Authority had provided a commercial loan of £193,000. A Member of the Council has been appointed a Director to represent the Council's interest.

14. LEASING

14.1 Finance leases – Council acting as lessee

The council held assets valued at £215,000 as at 31 March 2012 under finance leases, all shown under "Vehicles Plant and Equipment" in Note 21.1. The equivalent figure as at 31 March 2011 was £432,000. The lease is due to expire 31 March 2013. Future minimum lease payments under this lease as at 31 March 2012 is £2,690,000. The equivalent figure as at 31 March 2011 was £4,910,000.

14.2 Operating leases – Council acting as lessee

The table below analyses future minimum lease payments and the equivalent present values between leases expiring during the periods shown below:

2010/11		2011/12
Minimum		Minimum
Lease		Lease
Payments		Payments
£000		£000
	Leases expiring:	
79	Within one year	73
77	Between two and five years	101
120	Later than five years	110
276	Total	284

The table below shows the total payments recognised as an expense during the financial year.

2010/11		2011/12
£000		£000
301	Minimum lease payments	88
-	- Contingent rents	-
-	- Sublease payments	-
301	Total	88

14.3 Finance leases – Council acting as lessor

The Council had no finance leases as at 31 March 2012 or 31 March 2011.

14.4 Operating leases – Council acting as lessor

The table below analyses future minimum lease income and the equivalent present values between leases expiring during the periods shown below:

COLLECTION FUND REVENUE ACCOUNT

2010/11		2011/12	
£000		£000	£000
	Income		
49,921	Income from Council Tax		50,211
9,671	Transfers from General Fund Council Tax Benefits		9,405
27,733	Income collectable from Business Ratepayers		30,225
	Contributions towards previous year's Collection Fund deficit		
1,007	East Sussex County Council	-	
197	Eastbourne Borough Council	-	
120	Sussex Police Authority	-	
71	East Sussex Fire Authority	-	
		-	
88,720	Total Fund Income		89,841
	Expenditure		
	Precepts and Demands		
42,361	East Sussex County Council	42,576	
8,199	Eastbourne Borough Council	8,241	
5,062	Sussex Police Authority	5,088	
2,994	East Sussex Fire Authority	3,009	
			58,914
	Business Rates		
27,602	Payment to National Pool	30,097	
131	Costs of Collection	128	
			30,225
	Bad and Doubtful Debts/Appeals		
218	Write-offs	887	
687	Provisions	(224)	
			663
	Contributions towards previous year's Collection Fund Surplus		
-	East Sussex County Council	45	
-	Eastbourne Borough Council	9	
-	Sussex Police Authority	5	
-	East Sussex Fire Authority	3	
			62
87,254	Total Fund Expenditure		89,864
(1,466)	Movement on Fund Balance		23
	COLLECTION FUND BALANCE		
1,388	Balance at 1st April		(78)
(1,466)	(Surplus)/Deficit for the year		23
(78)	Balance as at 31st March		(55)

NOTES TO THE COLLECTION FUND

1 INCOME FROM COUNCIL TAX

Amounts receivable from Council Taxpayers:

	£000
Gross amount of Council Tax	69,791
Less Discounts	(7,238)
Exemptions	(2,836)
Disabled Relief	(101)
Gross Yield from Council Tax	<u>59,616</u>
Reconciliation to Collection Fund	
Income form Council Tax	50,211
Council Tax Benefits granted	<u>9,405</u>
	<u>59,616</u>

Council Tax Base

The Council's tax base (i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of band D dwellings), was calculated as follows:

Council Tax Base

Band	Chargeable Dwellings	Est Taxable Properties	Ratio to Band D	Band D Equiv	Yield £000
A Dis Red	14	12	5/9	7	11
A	7,623	6,247	6/9	4,164	6,675
B	12,259	10,889	7/9	8,469	13,574
C	10,243	9,235	8/9	8,209	13,157
D	8,202	7,522	9/9	7,521	12,055
E	4,271	3,964	11/9	4,845	7,765
F	2,006	1,890	13/9	2,730	4,375
G	1,081	997	15/9	1,662	2,663
H	53	46	18/9	93	149
	45,752	40,802		37,700	60,424
				(943)	(1,511)
				36,757	58,913

Less average 2.50% reduction to allow for collection losses etc.

Council Tax Base

The estimated and actual tax base figures can vary due to the various effects of banding appeals, new properties, demolished properties and entitlements to discounts.

Comparison of Actual versus Theoretical gross Yields:

Tax base before losses (as above)	A	36,757.77
Band D Council Tax 2011/12 (Budget report)	B	£1,602.77
Theoretical gross yield	A x B	£58,914,139
Actual gross yield (as above)	C	£59,615,810
Theoretical gross yield - actual gross yield	(A x B) - C	£(701,671)

2. INCOME FROM BUSINESS RATE PAYERS

Under the Government's arrangements for uniform Business Rates, the Council is responsible for collecting non-domestic rates for Eastbourne, on the basis of assessed rateable values multiplied by a standard national rate. The total amount, less certain reliefs and other deductions, is paid to a central pool (the NNDR pool) managed by Central Government, which in turn pays back to authorities their share of the pool based on a standard amount per head of resident population. In 2011/12 this amounted to £5.790m. for Eastbourne Borough Council (£9.099m in 2010/11).

The table below shows the total rateable value and multipliers.

		2010/11	2011/12
Total non-domestic rateable value	£m	65.2	64.6
Multiplier	Pence	41.4	43.3
Multiplier (Small businesses)	Pence	40.7	42.6
Gross Yield Before Adjustments	£m	31.8	34.6

The gross yield before adjustments represents potential income at a point in time, i.e. the financial year end, and differs from bills issued during the year due to relief for empty properties, transitional relief, charity relief, and changes in rateable value and property base movements.

3. PRECEPTS AND DEMANDS ON THE COLLECTION FUND

Authority	Precept £000	Distribution of prior years deficit £000	Total £000
Eastbourne Borough Council	8,241	9	8,250
East Sussex County Council	42,576	45	42,621
Sussex Police	5,088	5	5,093
East Sussex Fire Authority	3,009	3	3,012
Total	58,914	62	58,976

4. COLLECTION FUND BALANCE

The table below shows the balances on the Collection Fund and how they relate to each precepting authority.

	2010/11 £000	2011/12 £000
East Sussex County Council	(56)	(39)
Eastbourne Borough Council	(11)	(8)
Sussex Police Authority	(7)	(5)
East Sussex Fire Authority	(4)	(3)
Deficit	(78)	(55)

The preceptors share of the deficit on the Collection Fund is shown in the Council's balance sheet as part of the debtors figures. This Council's share is included on the balance sheet under Collection fund adjustment account.

GROUP ACCOUNTS

Introduction

As set out in Note 13.4 above, Eastbourne Homes Ltd is a wholly owned subsidiary of the Council, and group accounts are therefore prepared to combine the accounts of the Council and the Company. Transactions and indebtedness between the Council and the Company have been eliminated in the preparation of these accounts.

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

The accounting code of practice requires the same disclosures to be made for group accounts as for the Council's own accounts. However the impact of the Eastbourne Homes figures on the group totals is generally immaterial, other than on the group liability for post employment benefits. This is therefore the only note to the accounts set out below together with a note on transactions between the Authority and Eastbourne Homes Ltd.

Wealden and Eastbourne Lifeline (WEL)

WEL is a company limited by guarantee. The Council holds 24% of the voting rights on normal matters, and 50% on reserved matters, for example dissolution of the company. The Council has appointed two Councillors to the Board of WEL; they have a fiduciary duty to the company and act independently and not under the direction of the Council. Unlike shares where direct voting rights could be exercised, these Councillors act independently and in the interests of the company and not the Council. WEL has not therefore been included in the Council's group accounts.

GROUP MOVEMENT IN RESERVES STATEMENT

	EBC Usable Reserves £000	EBC Unusable Reserves £000	Total EBC Reserves £000	EHL Reserves £000	Total Group Reserves £000
Balance at 1 April 2010 (Restated)	(17,551)	(189,444)	(206,995)	1,145	(205,850)
Movement in Reserves 2010/11					
Surplus or (deficit) on provision of services (accounting basis)	43,560	-	43,560	(1,183)	42,377
Revaluation of fixed assets added to or withdrawn from Revaluation Reserve	-	(1,597)	(1,597)	-	(1,597)
Actuarial gains (losses) on share of Pension Fund	-	(19,831)	(19,831)	(804)	(20,635)
Total Comprehensive Income and Expenditure	43,560	(21,428)	22,132	(1,987)	20,145
Adjustments between accounting basis & funding basis under regulations	(44,222)	44,222	-	-	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(662)	22,794	22,132	(1,987)	20,145
Transfers to / from Earmarked Reserves	-	-	-	-	-
Increase / Decrease in Year	(662)	22,794	22,132	(1,987)	20,145
Balance at 31 March 2011 carried forward (Restated)	(18,213)	(166,650)	(184,863)	(842)	(185,705)
Movement in Reserves 2011/12					
Surplus or (deficit) on provision of services (accounting basis)	(1,916)	-	(1,916)	(211)	(2,127)
Revaluation of fixed assets added to or withdrawn from Revaluation Reserve	-	(14,736)	(14,736)	-	(14,736)
Actuarial gains (losses) on share of Pension Fund	-	8,255	8,255	392	8,647
Total Comprehensive Income and Expenditure	(1,916)	(6,481)	(8,397)	181	(8,216)
Adjustments between accounting basis & funding basis under regulations	1,264	(1,264)	-	-	-
Net Increase / Decrease before Transfers to Earmarked Reserves	(652)	(7,745)	(8,397)	181	(8,216)
Transfers to / from Earmarked Reserves	-	-	-	-	-
Increase / Decrease in Year	(652)	(7,745)	(8,397)	181	(8,216)
Balance at 31 March 2012 carried forward	(18,865)	(174,395)	(193,260)	(661)	(193,921)

GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

2010/11 Restated				2011/12		
Expend.	Income	Net		Expend.	Income	Net
£000	£000	£000		£000	£000	£000
13,398	(11,101)	2,297	Central services to the public	12,351	(10,739)	1,612
16,672	(9,998)	6,674	Cultural and related services	30,134	(8,939)	21,195
			Environmental and regulatory services	10,228	(3,422)	6,806
9,545	(3,357)	6,188	Planning and development services	2,121	(1,067)	1,054
2,126	(625)	1,501	Highways and transport services	1,535	(529)	1,006
908	(1,013)	(105)	Local authority housing (HRA)	25,042	(15,238)	9,804
9,608	(15,260)	(5,652)	Other housing services	52,462	(51,641)	821
49,783	(48,456)	1,327	Corporate and democratic core	2,098	(40)	2,058
1,708	(33)	1,675	Non distributed costs	671	(269)	402
5		5	Concessionary Fares	(71)	(1)	(72)
2,681	(992)	1,689	Exceptional Items	-	-	-
47,912		47,912				
154,346	(90,835)	63,511	Cost Of Services	136,571	(91,885)	44,686
203	-	203	Levy payable	177	-	177
252	-	252	Payments to housing capital receipts pool	600	-	600
4	-	4	(Gains) / losses on sale of non-current assets	-	(1,033)	(1,033)
459	-	459	Other Operating Expenditure	777	(1,033)	(256)
3,705	-	3,705	Interest payable & similar charges	12,224	-	12,224
940	-	940	Pensions interest cost and expected return on assets	(48)	(149)	(197)
(3)	(119)	(122)	Interest receivable	(8)	(123)	(131)
-	(313)	(313)	Trading Operations	(1,629)	(387)	(2,016)
4,642	(432)	4,210	Financing and Investment Income and Expenditure	10,539	(659)	9,880
-	(8,256)	(8,256)	Non-specific grants and contributions	-	(3,209)	(3,209)
-	-	-	HRA Self Financing Settlement	-	(39,024)	(39,024)
-	(8,209)	(8,209)	Council Tax income	-	(8,245)	(8,245)
-	(9,099)	(9,099)	National Non-Domestic Rates redistribution	-	(5,790)	(5,790)
-	(25,564)	(25,564)	Taxation and non-specific grant income	-	(56,268)	(56,268)
		42,616	Surplus or Deficit on Provision of Services			(1,958)
		(5)	Tax Expense			8
		42,611	Group Surplus or Deficit			(1,950)
		(1,597)	Surplus or deficit on revaluation of fixed assets			(14,736)
		(20,635)	Actuarial gains / losses on pension assets / liabilities			8,647
		(22,232)	Other Comprehensive Income and Expenditure			(6,089)
		20,379	Total Comprehensive Income and Expenditure			(8,039)

GROUP BALANCE SHEET

01 April 2010		31 March 2011		31 March 2012	
Re-stated		Re-stated			
£000	£000	£000	£000	£000	£000
291,969		243,517		Property, Plant & Equipment	231,180
10,192		11,736		Heritage Assets	12,209
4,809		4,809		Investment Property	6,562
607		861		Intangible Assets	866
47		90		Long Term Debtors	303
307,624		261,013		Long Term Assets	251,120
-		-		Assets Held for Sale	2,373
-		2,000		Short Term Investments	2,000
149		122		Inventories	143
17,511		9,464		Short Term Debtors	7,780
1,456		7,508		Cash and Cash Equivalents	3,497
19,116		19,094		Current Assets	15,793
(321)		(4,322)		Short Term Borrowing	(8,273)
(8,101)		(9,892)		Short Term Creditors	(10,137)
-		-		Short Term Provisions	(101)
-		(2)		Revenue Grants Receipts in Advance	(96)
(8,422)		(14,216)		Current Liabilities	(18,607)
(1,823)		(2,999)		Long Term Creditors	(2,757)
(191)		(43)		Provisions	(85)
(61,694)		(59,694)		Long Term Borrowing	(26,212)
(48,760)		(17,450)		Other Long Term Liabilities	(25,331)
(112,468)		(80,186)		Long Term Liabilities	(54,385)
205,850		185,705		Net Assets	193,921
(18,020)		(19,307)		Usable reserves	(20,137)
(187,830)		(166,398)		Unusable Reserves	(173,784)
(205,850)		(185,705)		Total Reserves	(193,921)

GROUP CASH FLOW STATEMENT

2010/11	2011/12
£000	£000
(13,030) Operating Activities	(2,917)
10,793 Investing Activities	11,123
(3,815) Financing Activities	(4,195)
(6,052) Net (increase) / decrease in cash and cash equivalents	4,011

The balances of cash and cash equivalents are shown below:

2010/11			2011/12			
1 April	31 March	Movement	1 April	31 March	Movement	
£000	£000		£000	£000		
(701)	220	921	Cash and Bank	220	410	190
1,850	5,509	3,659	Call accounts	5,509	1,702	(3,807)
307	1,779	1,472	Eastbourne Homes	1,779	1,385	(394)
1,456			Total Cash and			
7,508			Cash Equivalents			
6,052			7,508			
6,052			3,497			
6,052			(4,011)			

NOTES TO THE GROUP ACCOUNTING STATEMENTS

1 Accounting Policies and changes to previous year's figures

The accounting policies set out in Note 2 to the Eastbourne Borough Council also apply to the group accounts. Where necessary, the accounts of Eastbourne Homes Ltd have been adapted to align them with this Council's policies.

For the first time the Authority is required to record Heritage Assets separately in the accounts. This has required us to re-state the Group Balance Sheets as at 1 April 2010 and 31 March 2011.

The restatement of 1st April 2010 Group Balance Sheet is provided on page 74. The adjustments that have been made to the group balance sheet over the version published in the 2010/11 Statement of Accounts are as follows:

	Opening Balances as at 1 April 2010	Restatement	Restatements required to opening balances as at 1 April 2010
	£000	£000	£000
Property, Plant & Equipment	292,647	(678)	291,969
Heritage Assets	-	10,192	10,192
Long term Assets	298,110	9,514	307,624
Total Net Assets	196,336	9,514	205,850
Usable Reserves	(18,020)	-	(18,020)
Unusable Reserves	(178,316)	(9,514)	(187,830)
Net Worth/Total Reserves	(196,336)	(9,514)	(205,850)

Group Movement in Reserves Statement – Unusable Reserve 2010/11

The relevant lines of the Group Movement in Reserves Statement, as at 31 March 2011, as a result of the application of this new accounting policy have been restated.

The resulting restated Group Balance Sheet for 31 March 2011 is provided on page 74. The adjustments that have been made to that Group Balance Sheet over the version published in the 2010/11 Statement of Accounts are as follows:

	As previously Stated 31 March 2011	As restated 31 March 2011	Restatement 2011
	£000	£000	£000
Property, Plant & Equipment	244,228	243,517	(711)
Heritage Assets	-	11,736	11,736
Long term Assets	249,988	261,013	11,025
Total Net Assets	174,680	185,705	11,025
Unusable Reserves	(155,373)	(166,398)	(11,025)
Net Worth/Total Reserves	(174,680)	(185,705)	(11,025)

Group Comprehensive Income and Expenditure Statement

The Group Comprehensive Income and Expenditure Statement has been re-stated to reflect the correct treatment of income and expenditure within Local Authority Housing (HRA) and of past service costs included within Non Distributed Costs as follows:

	As previously Stated 31 March 2011			As restated 31 March 2011		
	£000 Expend	£000 Income	£000 Net	£000 Expend	£000 Income	£000 Net
Local Authority Housing (HRA)	15,207	(20,858)	(5,651)	9,608	(15,260)	(5,652)
Non Distributed Costs	10,644	(10,639)	5	5	-	5
Cost of Services	170,584	(107,072)	63,512	154,346	(90,835)	63,511

2 Post Employment Benefits

2.1 Participation in defined liability pension plan

Details of the Council's participation in the East Sussex Pension Fund are set out in Note 34, and employees of Eastbourne Homes Ltd have the same access to the benefits of the scheme.

2.2 Annual movement in plan obligations and assets

The table below shows separately the movements in the obligations and assets relating to the accounting group:

2010/11				2011/12		
Obligation	Asset	Net		Obligation	Asset	Net
£000	£000	£000		£000	£000	£000
(128,211)	79,451	(48,760)	Asset / Liability at 1 April	(99,950)	82,500	(17,450)
		-				-
(1,922)	-	(1,922)	Current Service Cost	(1,559)	-	(1,559)
(6,512)	-	(6,512)	Interest Cost	(5,431)	-	(5,431)
-	5,572	5,572	Expected return on plan assets	-	5,628	5,628
(585)	585	-	Contributions by scheme participants	(554)	554	-
-	-	-	Actuarial gains and losses:	-	-	-
-	(674)	(674)	Difference between expected and actual returns	-	(3,017)	(3,017)
21,926		21,926	Movement in actuarial assumptions for liability	(5,631)	-	(5,631)
4,720	(4,720)	-	Benefits paid	4,650	(4,650)	-
10,639		10,639	Past Service Cost	-	-	-
(5)	-	(5)	Curtailments	(93)	-	(93)
-	-	-	Settlements	-	-	-
-	2,286	2,286	Contributions by employer	-	2,222	2,222
(99,950)	82,500	(17,450)	Asset / Liability at 31 March	(108,568)	83,237	(25,331)

2.3 Transactions relating to post-employment benefits

2010/11			2011/12	
£000			£000	
	Current Service Cost			
89	Central services to the public		79	
389	Cultural and related services		331	
274	Environmental and regulatory services		153	
163	Planning and development services		111	
61	Highways and transport services		9	
277	Local authority housing (HRA)		220	
199	Other housing services		165	
35	Corporate and democratic core		50	
12	Trading accounts		-	
423	Support services		441	
1,922	Total Current Service Cost		1,559	
	Past Service Cost			
(10,639)	Non-Distributed Costs		-	
(10,639)	Total Past Service Cost		-	

	Curtailments	
5	Non-Distributed Costs	93
5	Total Curtailments	93
(8,712)	Cost of Services	1,652
6,512	Interest Cost	5,431
(5,572)	Expected Return on Assets	(5,628)
940	Financing and Investment Income and Expenditure	(197)
(7,772)	Surplus or Deficit on Provision of Services	1,455
(21,252)	Actuarial Gains and Losses	8,648
(21,252)	Other Comprehensive Income and Expenditure	8,648
(29,024)	Total Comprehensive Income and Expenditure	10,103

2.4 History of Experience Gains and Losses

The actuarial gains and losses identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets and liabilities at 31 March 2012:

	2007/08	2008/09	2009/10	2010/11	2011/12
	£000	£000	£000	£000	£000
Present value of liabilities	(79,106)	(83,157)	(128,211)	(99,950)	(108,568)
Fair value of assets	63,972	59,578	79,451	82,500	83,237
Surplus / (Deficit) in the scheme	(15,134)	(23,579)	(48,760)	(17,450)	(25,331)

3. TRANSACTIONS BETWEEN EASTBOURNE BOROUGH COUNCIL AND EASTBOURNE HOMES LTD

Eastbourne Borough Council pay the Company a fee in accordance with an agreement to manage and maintain the Council's housing stock, including capital works.

The Company obtained services from Eastbourne Borough Council under various Service Level Agreements. These include financial ledger systems and information technology.

	2011	2012
	£000	£000
Income		
Housing Management contract	6,776	6,864
Other contracts	45	11
Expenditure		
Service Level Agreements	214	242
Contribution to Capital Works	300	300
Recharges		
Capital Works at cost	6,687	4,869
Other	21	21
Debtor		
Amount due from Eastbourne Borough Council	1094	1,728
Creditor		
Amount due to Eastbourne Borough Council	67	89

Four of the potential 12 Board Directors of Eastbourne Homes are residents in properties maintained by Eastbourne Homes and owned by Eastbourne Borough Council. These residents have a standard tenancy agreement and fulfil the same obligations and receive the same service as all other residents of Eastbourne.