

# Brighton & Hove City Council

## Summary of Accounts 2013/14

(not subject to audit)



# Summary of Accounts

Brighton & Hove City Council (BHCC) provides a wide range of public services including Social Care, Education, Highways, Transport, Libraries and Public Health. This summary of accounts shows where the authority spent its money in the twelve months to 31 March 2014 and gives an overview of its financial position at the end of March 2014.

The figures are taken from the full statement of accounts which has been produced in accordance with the International Financial Reporting Standards (IFRS). The full accounts are available on the authority's website [www.brighton-hove.gov.uk/accounts](http://www.brighton-hove.gov.uk/accounts).

## Where the money was spent

During the financial year 2013/14, the authority spent £828 million providing services to the public.

Services	Gross Expenditure £'000	%
Children and Education	260,530	31.5
Housing	223,970	27.0
Adult Social Care	114,429	13.8
Environmental, Regulatory and Planning	47,758	5.8
Cultural	39,905	4.8
Highways and Transport	39,761	4.8
Central, Corporate and Democratic	24,376	2.9
Public Health	18,226	2.2
Other operating costs	59,405	7.2
<b>Total spend</b>	<b>828,360</b>	<b>100.0</b>

**Children and Education** - This is the largest area of expenditure and includes schools, private and voluntary nurseries, and adult and youth education.

**Housing** - Housing expenditure includes work on the authority's own housing stock, working with private sector housing businesses and preventing homelessness.

**Adult Social Care** - The service supports adults who have care needs and their families. It provides respite care, residential homes and day centres.

**Environmental, Regulatory and Planning** - The service areas include refuse collection, disposal and recycling, and economic development.

**Cultural** - Cultural includes recreation and tourism, parks and seafront services, and museums and libraries.

**Highways and Transport** - The service area includes transport planning, traffic and highways management, parking, road safety and support to public transport.

**Central, Corporate and Democratic** - These service areas include electoral services, council tax running costs, housing benefits, and corporate and democratic core costs.

**Public Health** - The service area was transferred to BHCC at the start of 2013/14 and the focus has been on the following: health inequalities and the wider determinants of health; drugs and alcohol; obesity and nutrition; smoking; sexual health; mental wellbeing; child health including parenting; healthy communities; and work places.

**Other operating costs** – These comprise corporate overheads not allocated to individual services.

## Where the money comes from

The provision of services was funded by £537 million of gross income arising from the service areas. A further £276 million was received through local taxation and non-ring fenced government grants, and £25 million from other income. This resulted in a net surplus of £10 million on the provision of services for the year.

Income	£'000	%
Service specific income	(537,257)	64.1
Government Grants	(124,181)	14.8
Council Tax	(109,524)	13.1
Locally retained Business Rates	(42,234)	5.0
Investment and other income	(25,301)	3.0
<b>Total income</b>	<b>(838,497)</b>	<b>100</b>

Net cost	£'000
Total gross income	(838,497)
Total gross expenditure	828,360
<b>Cost / (Surplus) after income is deducted from expenditure</b>	<b>(10,137)</b>

For further details on Council Tax and Business Rates collection, please refer to page 121 of the main financial statements.

## Government Grants

Grants received from central government are either ring fenced or non-ring fenced. The authority has the flexibility to use non-ring fenced funding to support the delivery of local, regional or national priorities within Brighton and Hove. Ring fenced grants are distributed by central government for use within a specific service.

For more information see note 14 on page 46 of the main accounts.

## Council Tax

Council Tax charges are raised according to the historical value of residential properties. The authority also collects Council Tax on behalf of the Sussex Police & Crime Commissioner and the East Sussex Fire Authority. Using the example of a band D property, the table below shows how the income was distributed between the three authorities.

<b>Council tax</b>	<b>£</b>	<b>%</b>
Average band D yearly rate for 2013/14	1,508.09	100.0
<b>Distribution between the authorities</b>		
Brighton & Hove City Council	1,287.81	85.4
Sussex Police & Crime Commissioner	138.42	9.2
East Sussex Fire Authority	81.86	5.4

## Business Rates

Business Rates (also known as Non-Domestic Rates) were charged at the nationally set rate of 47.1% of the rateable value of business premises. On 1 April 2013 the Government introduced a new Business Rates Retention scheme. This allowed the authority to retain 49% of the non-domestic rates that it collected. The retention scheme also included an additional top-up grant from the government of £1.6 million.





## What the Council is worth

The balance sheet shows the value of the authority's assets and liabilities at year end. Assets are the resources that the authority owns and the funds owed to the authority. Liabilities are what the authority owes to others. On 31 March 2014 the authority had total net assets (assets less liabilities) of £1.63 billion. The figure includes £217 million of heritage assets relating to the Royal Pavilion estate, gallery collections, the Volks Railway and West Blatchington and Rottingdean Windmills.



The authority's assets include the Brighton Centre, West Blatchington Windmill and the Volks Railway.

Net assets	£'000
Land, buildings and equipment	2,143,160
Stock	732
Investments	77,832
Bank overdraft	(3,952)
Money owed to the authority	48,113
Money owed by the authority	(630,978)
<b>Total net assets</b>	<b>(1,634,907)</b>

Financed by	£'000
Usable reserves	(85,743)
Unusable reserves	(1,549,164)
<b>Total reserves</b>	<b>(1,634,907)</b>

## Reserves policy

At 31 March 2014, the authority held £85.7 million of usable reserves. These can be utilised to provide services subject to the need to maintain a prudent level of funds in reserve. Unusable reserves simply reflect accounting adjustments in relation to assets and

liabilities e.g. adjustments to long term assets and pension funds. These gains (and losses) would only be realised if the assets were sold and therefore cannot be used by the authority to provide services. For more details see notes 25 and 26 on pages 68 and 69 of the main accounts.

## Capital expenditure

During 2013/14 the authority spent £81.6 million on capital projects. Expenditure in this area generally represents money spent by the authority on the purchase, upgrade and improvement of its long-term assets. This includes roads, buildings and equipment used to deliver services to the public over a long-term period.



Expenditure on Council dwellings accounted for £28.9 million of capital spend

Capital spend by operating segment	£'000
Environment, Development and Housing	46,331
Children's Services	19,033
Assistant Chief Executive*	7,991
Finance, Resources and Law	5,986
Adult Services	2,226
<b>Total capital spend</b>	<b>81,567</b>

\*The services managed within the Assistant Chief Executive operating segment include culture, sport and tourism, and leisure services including development and management of the Royal Pavilion estate, the Brighton Centre and other museums and venues.

## Housing Revenue Account

The Housing Revenue Account (HRA) shows the day-to-day income and expenditure on the housing stock that the authority owns. By law, the HRA must be kept separate to the authority's main accounts and all expenses must be covered by the authority's tenants. The authority is responsible for managing the 11,733 dwellings that it owned at year end. During the year, 65 properties were transferred to Brighton & Hove Seaside Community Homes Ltd and 76 properties were sold. Conversions of existing housing stock created an additional 16 properties.

Accommodation type	Number of Properties
Bedsits	699
Bungalows	254
Flats	6,469
Houses	4,145
Maisonettes	166
<b>Total number of dwellings</b>	<b>11,733</b>

At year end the HRA balance was £5.486 million, which represented a decrease of £0.575 million during 2013/14. The table below summarises the accounting entries that are required to be charged to the HRA account.

HRA income, expenditure and adjustments	£'000
<b>Income</b>	
Rent income	(50,574)
Charges for services and facilities	(4,912)
Other Income	(807)
<b>Total income</b>	<b>(56,293)</b>
<b>Expenditure</b>	
Repairs and maintenance	11,560
Supervision and management	14,626
Revaluations less depreciation and impairments of non current assets	(12,903)
Other costs	504
<b>Total expenditure</b>	<b>13,787</b>
<b>Adjustments</b>	
HRA share of corporate and democratic core	234
Share of Operating Income and Expenditure (I&E) in the Comprehensive I&E Statement	805
Net additional amount to be charged to the HRA account under statute*	42,042
<b>Total adjustments</b>	<b>43,081</b>
<b>Total (increase)/decrease in the HRA balance</b>	<b>575</b>

\*The additional charge includes transfers to/from HRA earmarked reserves, contributions to capital expenditure and accounting adjustments under regulations.

## Glossary of terms and abbreviations

Asset	An asset is a resource controlled by the authority which is expected to generate income or provide services.
BHCC	Brighton & Hove City Council.
HRA	Housing Revenue Account.
IFRS	International Financial Reporting Standards.
Liability	A liability is a present obligation which may be settled, for example, by the payment of cash, transfer of assets or by providing services.

## Feedback

We would be delighted to receive feedback. Please send comments to:

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