

EASTBOURNE
Borough Council



STATEMENT OF ACCOUNTS

2023-24



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FOREWORD FROM THE CHIEF FINANCE OFFICER

I am pleased to welcome you to Eastbourne Borough Council's Statement of Accounts for 2023/24, which gives me the opportunity to set the accounts in the context of the financial challenges being faced by the Council.

The financial year for 2023/24 has continued to be challenging. Despite having achieved savings of £6m over recent years, many of the Council's underlying financial pressures and funding gaps have not reduced. The difficulties facing residents, businesses and communities arising from the pandemic, Brexit, the war in Ukraine and the cost-of-living crisis are very real.

Like many other local authorities, the Council has seen very significant increases in costs, particularly in the rising levels of homelessness and number of people in need of temporary accommodation. In 2023/24, around 49p in every £1 collected in council tax by the Council was spent on temporary accommodation. Alongside the rising costs of homelessness for local authorities, there will be long lasting social and health impacts at the local and national level.

The Council is one of several local authorities to request exceptional financial support (EFS) from the Government. The Government has agreed to £3m of financial flexibility for 2023/24 and a further £3m for 2024/25 (£6.8m in 2020/21 and £6.0m in 2021/22) by allowing the Council to capitalise its revenue shortfalls (capitalisation) during this time. The Government agreement was subject to an external assurance review.

The impact of the challenges for the Council and its financial position will be discussed in detail in the Narrative Report. However, I would like to highlight the work that the Council has undertaken during 2023/24 to manage and allocate resources to mitigate the demand and cost of provision of emergency and temporary accommodation. The Council had budgeted to support 150 households in 2023/24. The highest peak of the year would have seen applicant figures climb to 480 if no preventative actions had been in place. Actual placements following prevention work were at the end of the year were 308.

We will continue to deliver improvements that will enable the Council to respond to the emerging challenges. A key part of this will include actively promoting Eastbourne's economic growth for the benefit of local people and businesses and to support its residents.

It is essential that we are prudent and ensure that the financial position of the Council continues to be managed effectively.

The preparation of the Statement of Accounts is a statutory requirement, and local authorities are normally required to have them signed by the Section 151 Officer by 31 May and published with an Audit Certificate by 31 July, following the end of the financial year. The ongoing impact of pandemic along with wider issues within the public sector external audit market, following the abolition of the Audit Commission, has resulted in changes to these deadlines since 2020. The Accounts and Audit (Amendment) Regulations 2024 set the deadline for the 2023/24 statement of accounts to be published by 28 February 2025.

As always, I would like to conclude by recognising the hard work and dedication shown by the Finance and Internal Audit teams throughout the year. Along with colleagues across the Council they have worked diligently to support the provision of essential Council services.

Homira Javadi CPFA, FCCA, ACCA

Director of Finance and Planning (S151 Officer)



NARRATIVE REPORT

A.1 INTRODUCTION

The Statement of Accounts contains all the financial statements and disclosure notes required by statute. They have been prepared in accordance with 2023/24 Code of Practice on Local Authority Accounting in the United Kingdom (the Code), based on International Financial Reporting Standards and the Service Reporting Code of Practice, together with guidance notes and published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

The Statement of Accounts aims to provide information so that members of the public, including electors and residents of Eastbourne, Council Members, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and the outturn for 2023/24.
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner.
- Be assured that the financial position of the Council is sound and secure.

The Narrative Report provides information about the borough of Eastbourne, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2024 and is structured as below:

- About the Council
- The Council's main objectives and strategy to achieve these
- The principle risks we face
- The outcomes against our objectives
- Financial performance of the Council in 2023/24
- Staffing
- Explanation of Financial Statements
- Further Information.



A.2 ABOUT THE COUNCIL

Eastbourne Borough Council is one of the five district and borough councils in East Sussex, each providing key services to their residents.

Our wide range of responsibilities include:



Waste collection and recycling



Leisure and amenities



Environmental health



Tourism and culture



Collection of council tax and national non-domestic rates



Democracy - local and general elections



Planning

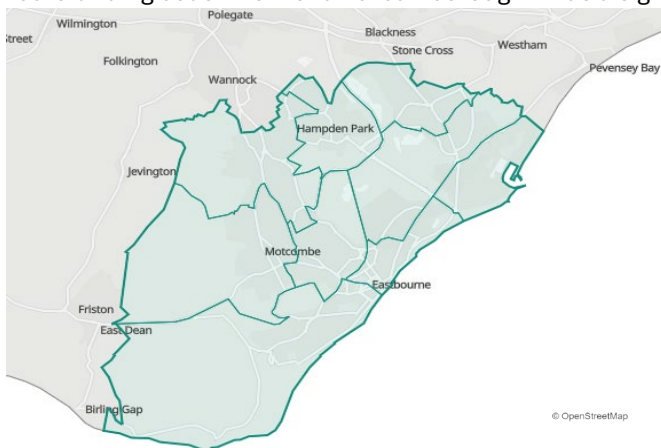


Housing and homelessness prevention

Local services that fall outside of our scope are provided by East Sussex County Council across the whole county. These include education, children and family services, adult social care and health, roads and transport, waste disposal and libraries.

A.2.1. EXTERNAL ENVIRONMENT IN WHICH WE OPERATE

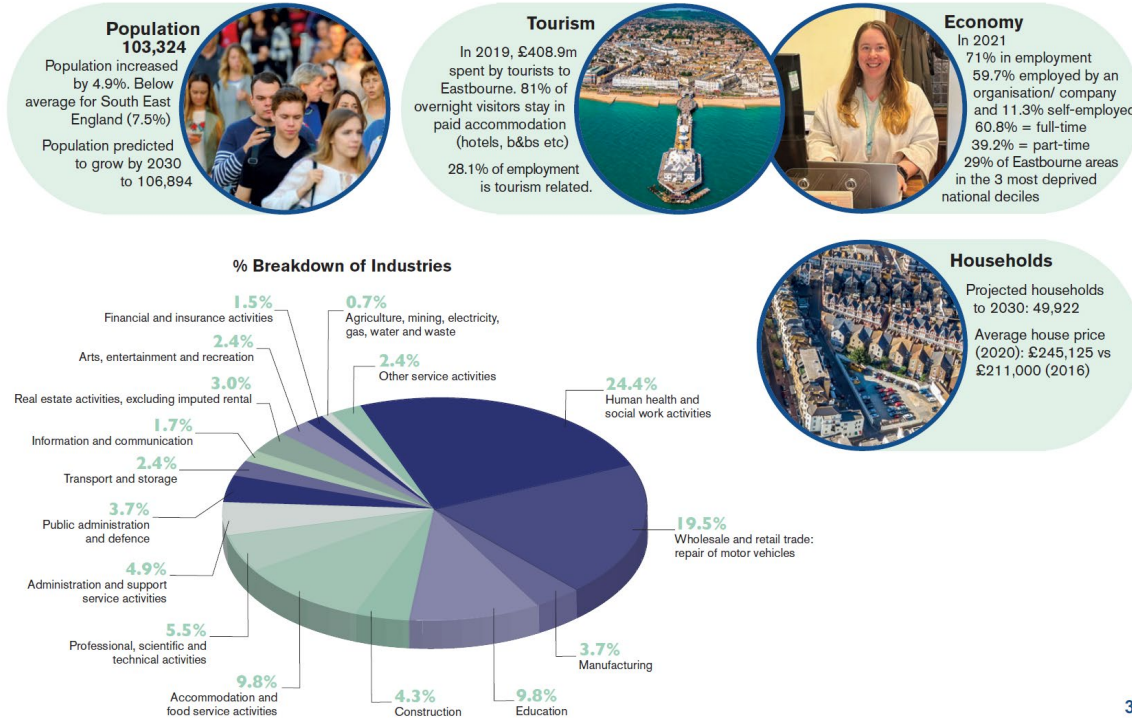
Eastbourne is a town of around 103,000 residents. It is situated at the eastern end of the South Downs National Park. It is a tourist town with an outstanding seafront, with approximately 7km (over 4 miles) of outstanding coastline. For an urban borough it has a significant natural environment, a high proportion of



which is downland. This natural environment with its panoramic views, areas of outstanding natural beauty and sites of special scientific interest, has 485 hectares (1,200 acres) of open access land and is highly valued by our residents and visitors. Eastbourne is primarily a seaside resort with natural shelter provided by Beachy Head.

Within its built environment, Eastbourne has a wide range of parks and gardens and significant areas of historic interest, including 250 listed buildings and almost 10 per cent of

the built-up area protected with Conservation Area status. Eastbourne also has a range of sport and leisure facilities including: an international, high quality tennis centre developed in partnership with the Lawn Tennis Association; several community and borough sporting facilities; theatres; the Towner, an award-winning art gallery; and various smaller venues act as centres of local memory and heritage. It has an outstanding seafront destination offering miles of unspoilt coast, with a preserved Victorian promenade, extending to a modern, high-quality marina and berthing facility at Sovereign Harbour. The borough has a diverse range of restaurants, retail and hospitality accommodation adding to the visitor and community offer.



A.2.2. ORGANISATIONAL OVERVIEW

The Council delivers almost all its services jointly with Lewes District Council (LDC), since 2019. This has resulted in savings and efficiencies in the form of single IT systems and aligned ways of working. The work to further develop such efficiencies continues, and now forms part of the Stabilisation and Growth (S&G) programme.

In December 2021 the Council was subject to an Assurance Review undertaken by CIPFA on behalf of the Department of Levelling Up Housing and Communities (the Department). This review was required following the granting of Exceptional Financial Support by the Department for 2020/21 and 2021/22. Over this period, the Department granted to the Council £7.6m of capitalisation directions. Capitalisation directions permit a local authority to meet revenue costs through capital resources. The Assurance Review set out recommendations to the Council to help to address the financial challenges faced. These focused on the need to reduce dependence on tourism income and to bring about a change in culture to a more cautious and risk averse organisation, regarding capital projects and commercial activities.

Following this Assurance Review, the Council has reviewed its tourism function. It has explored the setting up of a local authority controlled company with a view to, in the longer term, forming a different operating model for the local theatres currently under Council control. Other recommendations of the Assurance Review have also been fully taken on board by the Council as was confirmed in a follow up review in April 2023.

In February 2024, the Council was granted further Exceptional Financial Support from the Department for 2023/24 (£3m) and 2024/25 (£3m). Alongside this, the Department has required the Council to establish an independent panel to work alongside it to ensure long-term financial stability is achieved.

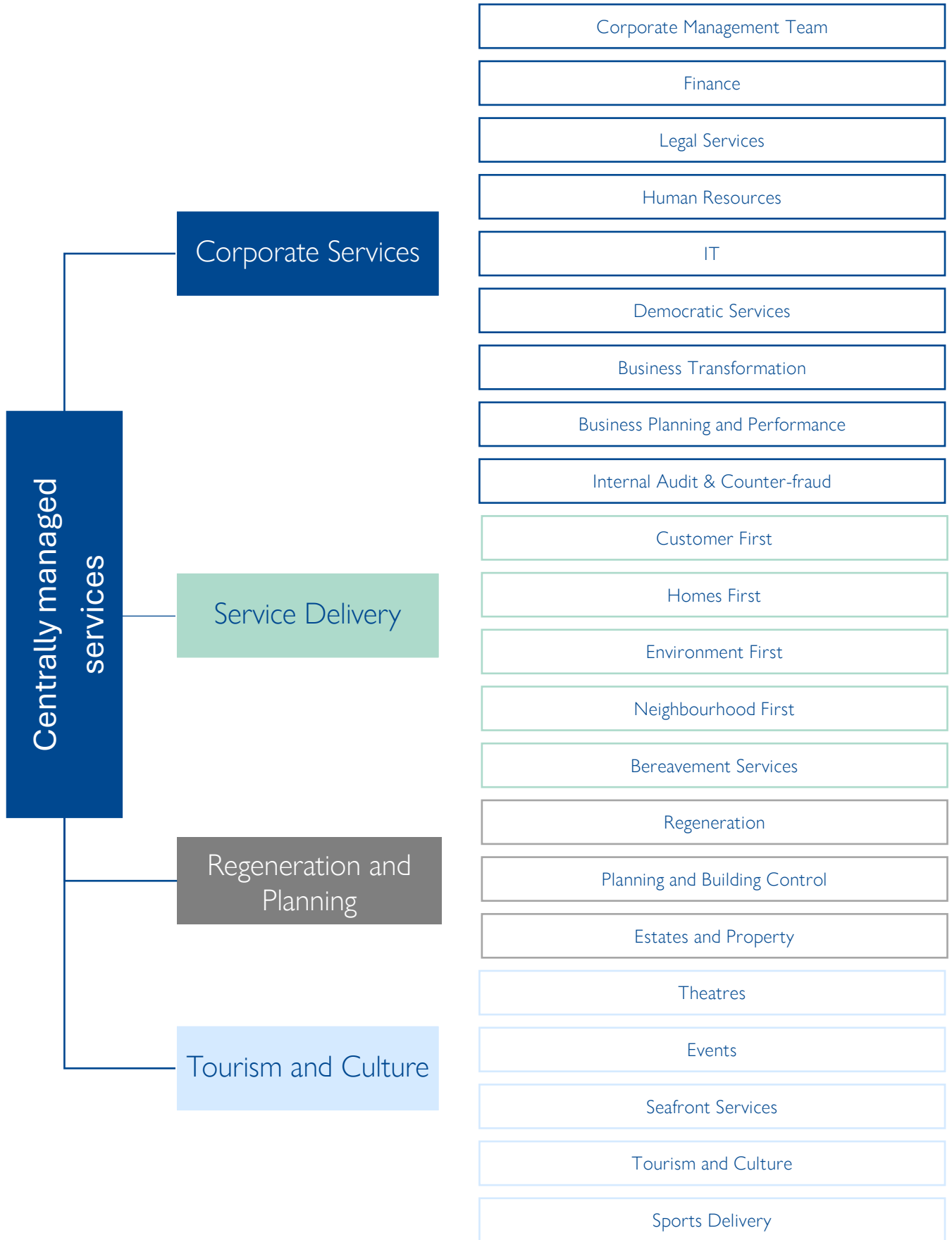
A.2.3. CHANGES IN THE YEAR

The past five years have created a time of unprecedented pressures on local government. Austerity, Brexit, COVID-19, the war in Ukraine, cost-of-living and housing crises have all combined to create significant challenges for the Council. High energy costs, supply chain challenges, difficulties in recruiting and retaining staff, and the pressures of responding to the cost-of-living crisis have all put additional pressures on the ability of all local authorities to continue to provide core services.

As a result of this, some local authorities have had to declare effective bankruptcy, and others have said that they may face that outcome in coming years. The Council has also faced its share of challenges. However, the Council has been able to avoid reductions in front services, so far, whilst also delivering savings and efficiencies, redirecting resources to key priorities. The following key changes have occurred in 2023/24:

- The number of households at risk of or experiencing homelessness has risen significantly and remained high throughout the year with the resulting costs of homelessness and temporary accommodation placements causing extreme pressure on the Council's finances. On 23rd January 2024, about 50 council leaders gathered at the second summit in Westminster chaired by the Council.
- Primarily driven by the increased costs arising from homelessness, the Council requested and was granted Exception Financial Support from the Government of £3m to support the overspend in 2023/24 and a further £3m in 2024/25.
- In late 2021, the Council commenced a significant capital IT project to replace the two different systems used by Eastbourne Borough Council and Lewes District Council for the collection and management of Revenues and Benefits. The two legacy systems were frozen in October 2023 and the new system was brought online in early December 2024. Issues with the new IT system reports to support the council tax and national non-domestic rates transactions and year end balances have contributed to the delays in the production of the 2023/24 Statement of Accounts.
- In March 2024, the operation of Eastbourne Downs Golf Club was awarded to Get Golfing, a charitable organisation.
- Following the Assurance Review, in order to diversify reliance on tourism income, the Council explored the transfer the operations of the Congress Theatre and Devonshire Park Theatre to a Local Authority Controlled Company, Eastbourne Theatres Ltd.
- The Council was awarded a capital grant of £19.8m from the Government's Levelling Up Fund for investment into creating a cultural centre at Black Robin Farm (£11m of the grant award), creating a pedestrianised area in Victoria place in conjunction with East Sussex County Council (£7.6m of the grant award) and capital improvement works at the Towner to support the Towner centenary and hosting of the Turner Prize 2023.
- The Pavilion Café, previously operated in-house, was leased to a local business. A capital grant of £150k was awarded to the business for property improvements. A rent free period was agreed for the first year of the lease.
- Major capital improvements of £750k were completed on the Eastbourne Bandstand, a Grade II listed building, with the venue reopening for shows in April 2023.
- Consultation to bring the Council's arm's length management company, Eastbourne Homes Ltd, back into the Council began at the end of the financial year.

A.2.4. HOW THE COUNCIL IS ORGANISED AND THE SERVICES IT PROVIDES



A.2.5. THE POLITICAL STRUCTURE

There are 27 councillors representing 9 wards within the borough. Local government elections take place every four years; the next local government election for the borough, following the year covered by these Statement of Accounts, is in May 2025.

The political representation on the Council is:

- Liberal Democrats - 19 councillors
- Conservative - 8 councillors

A.2.6. THE COUNCIL'S GOVERNANCE ARRANGEMENTS

The Council operates a Leader and Cabinet structure of governance.

The Council is led by Councillor Stephen Holt.

All councillors meet as the Full Council and these meetings are normally open to the public. Here councillors decide the Council's overall policies and set the budget each year. The Full Council appoints the members of the Scrutiny Committee and all other council committees – for example, the Audit and Governance Committee and the Planning Applications Committee. The Council considers recommendations made to it by the Cabinet and the Scrutiny Committee as to any changes in policy, which might need to be made.

The Executive is made up of the Leader, appointed by the Full Council, together with a Cabinet of councillors whom the Leader appoints. Each member of the Cabinet has a portfolio of the areas for which they are responsible. Cabinet normally meets seven times in a municipal year.

2023 Cabinet consists of the following members:

Councillor Stephen Holt	Leader of the Council and chair of Cabinet, and cabinet member for Community Strategy, Local Strategic Partnership, Corporate Plan, Performance and Staff
Councillor Margaret Bannister	Deputy leader, Cabinet member for tourism, leisure, accessibility and community safety
Councillor Robin Maxted	Cabinet member for finance
Councillor Peter Diplock	Cabinet member for housing and homelessness
Councillor Jim Murray	Cabinet member for Carbon Neutral 2030 and Water champion
Councillor Colin Swansborough	Cabinet member for enterprise, community spaces and planning
Councillor Jenny Williams	Cabinet member for heritage, culture and seafront

The Leader of the Council is responsible for discharging most day-to-day decisions, although the Leader may decide to delegate his/her powers to the Cabinet as a whole, or to an officer.

The Scrutiny Committee is in place to ensure that the Council's policies, plans, decisions and actions are being made in the community's best interest. It consists of eleven Councillors who are not on Cabinet. This enables non-executive members to influence decisions and ensure the views and needs of local people are considered. It is about being a 'critical friend'. A member of the Minority Group chairs the Scrutiny Committee.

The Council recognises the importance of effective corporate governance. It helps to ensure that local communities can place trust in the way the Council carries out our duties.

Corporate governance enables the Council to get things right in a timely, inclusive, open, honest and accountable manner. The Council has several systems and documents in place to ensure it act effectively. These include a Constitution, Council Plan, Medium Term Financial Strategy, Whistle Blowing Policy and Performance Management Framework.

The Council reviews its corporate governance arrangements against national best practice. This helps the Council to produce a Local Code of Corporate Governance.

The local code brings together the Council's corporate governance arrangements in one place and have six core principles:

- The purpose of the Council and a vision for the local area;
- Members and officers working together with clear functions and roles;
- Demonstrating good governance through upholding high standards of conduct;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective.

The elected councillors direct our policies, which the leadership team then implements through the officers of the Council.

A.2.7. THE LEADERSHIP TEAM

Supporting the work of councillors is the leadership team, known as the Corporate Management Team, and is made up of:

- Chief Executive - Robert Cottrill
- Deputy Chief Executive and Director of Regeneration and Planning – Ian Fitzpatrick
- Director of Tourism, Culture and Organisational Development – Becky Cooke
- Director of Finance and Performance - Homira Javadi

The Council appoints the three statutory posts of Head of Paid Service, Section 151 Officer and Monitoring Officer, as required by law. These officers have responsibility to take action if the Council has, or is about to, break the law or if the Council is about to set an unbalanced budget. The Monitoring Officer is the Head of Democratic Services.

The Council is supported by a workforce fully shared and integrated with Lewes District Council (LDC) to provide more flexible, customer-focused and cost-effective services.

A.3 THE COUNCIL’S MAIN OBJECTIVES AND STRATEGY TO ACHIEVE THESE

A.3.1. MAIN OBJECTIVES

The Council’s direction is driven by its Corporate Plan. A new plan was agreed in February 2024 to run until 2028. This reflects the changed circumstances following the COVID-19 pandemic and subsequent Government assistance in the form of Exceptional Financial Support (EFS). The Corporate Plan is now set to guide the Council’s work until 2028.

Taking Eastbourne from Stability to Growth

<p>High quality, responsive services</p> <p>Putting our customers and local communities first</p>	<p>Housing and the cost-of-living crisis</p> <p>Tackling challenging times</p>	<p>Economic development and tourism</p> <p>A town which thrives</p>	<p>Sustainability and environment</p> <p>Tackling the climate emergency</p>
<p>Providing excellent customer service and focusing on resolving questions and problems first time is central to how this Council operates.</p> <p>We will continue to ensure that our services meet our residents' needs and strive to deliver consistently high quality and responsive services.</p>	<p>We have been working hard to support people experiencing hardship due to the cost-of-living crisis. This work will continue, especially whilst the national economic situation continues to be difficult.</p> <p>Housing challenges have increased, and the town continues to have significant difficulties in providing sufficient homes for those needing accommodation.</p> <p>The lack of new places to build properties, given physical constraints in the borough, adds to these challenges.</p>	<p>Eastbourne has been seen historically as a tourist destination, and we hope for this to continue to be the case. However, we are seeking to support diversification of the economy, in particular seeking to bring more investment from IT, digital and creative sectors in the town. We will work with partners to attract inward investment and deliver real growth for the area.</p> <p>Our new Local Plan will enable us to address the provision and allocation of employment land.</p> <p>In relation to our own assets, we will re-imagine these in a way that better provides for the town’s future and enables sustainability in the longer term.</p>	<p>Since declaring a climate emergency in 2019, we have been working to achieve carbon neutrality by 2030. This continues to be a central pillar of the Council’s work and underpins our approach to all areas of our work. All our services all have a key role to play in tackling climate change.</p> <p>Sustainability cannot be delivered without the work of a wide range of organisations, and the community.</p> <p>To this end we will continue to work with a range of local partners.</p>
			

The delivery of the Corporate Plan provides the overarching framework for all Council activities. To ensure the delivery of the plan, an annual update report is provided to Scrutiny and Cabinet in July each year. In addition, the plan is monitored against a set of key performance indicators. Performance of each is reported to Scrutiny and Cabinet each quarter (see The outcomes against our objectives of this report).

A.3.2. MEDIUM-TERM STRATEGY AND LONG-TERM STRATEGY

The medium-term financial strategy (MTFS) is designed to enable the Council to deliver its corporate plan over the next four years. The medium-term and long-term priorities are set out below.

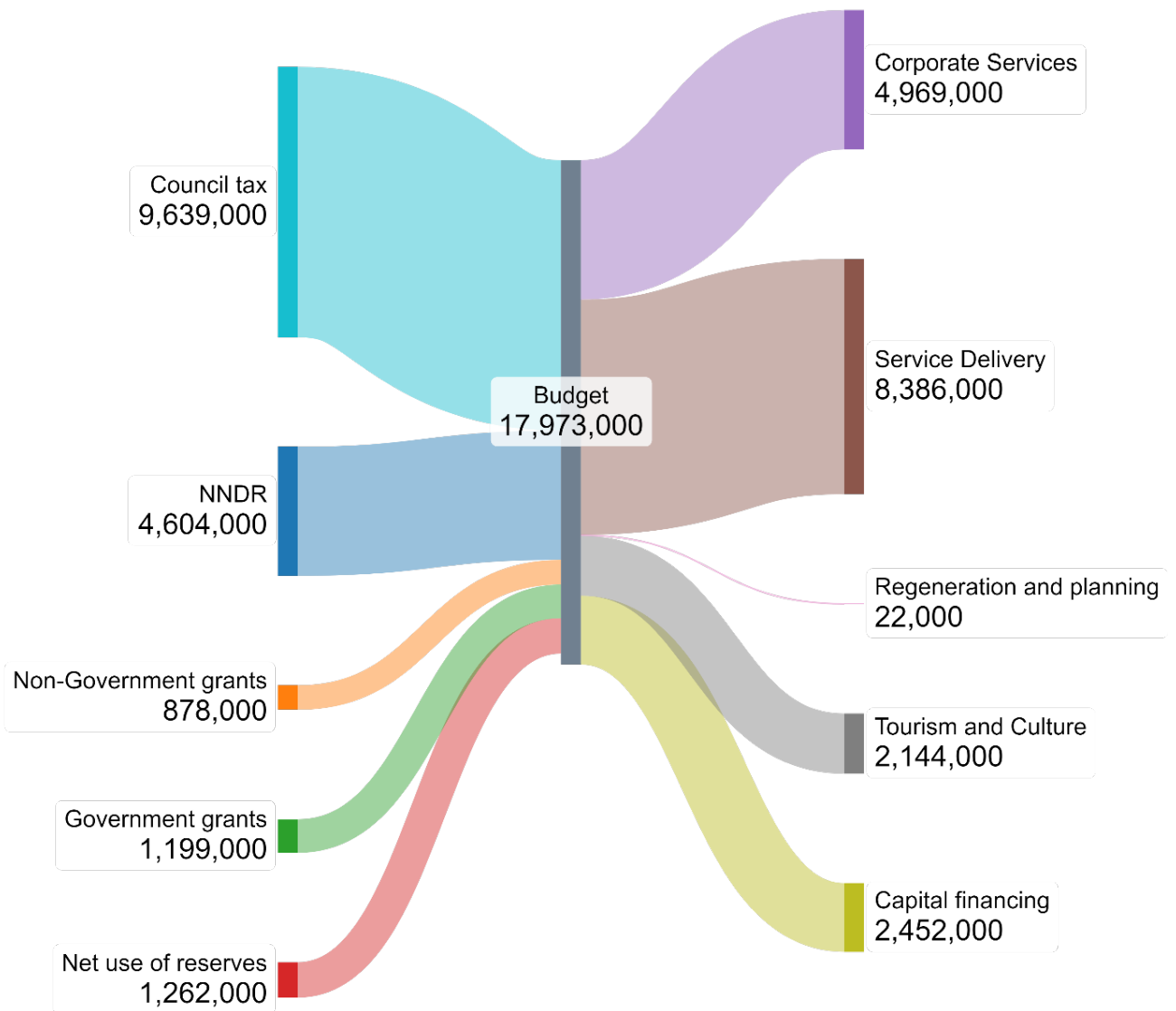


A.3.3. HOW THE COUNCIL HAS ALLOCATED RESOURCES TO ACHIEVE ITS STRATEGY

In 2023/24, the Council set a balanced budget with the following assumptions:

- The Government would delay reforms to national non-domestic rates which would have a negative impact on the level of rates available to the Council.
- The New Homes bonus would be largely unaltered.
- A council tax increase of 2.99 per cent.
- Inflation would continue to be high.
- Interest rates would peak at 4.5 per cent.

The revised 2023/24 budget is set out below:





A.4 THE PRINCIPAL RISKS WE FACE

A.4.1. KEY RISKS TO ACHIEVING OUR STRATEGY

Risk management has a strong link to corporate governance as it is a vital element in the internal control environment. Project and strategic risks are held on performance management software so they can be updated regularly by managers who have ownership and responsibility for reviewing and updating risks.

The Council's risk appetite is the level of risk that it is prepared to tolerate without putting in place further risk mitigation. Mitigation relates to the actions taken to control the risk by reducing the impact or the likelihood. The Council has not set a prescriptive risk appetite but considers that the risk appetite will vary depending on the circumstances of each individual risk. This enables a more flexible approach to be followed, allowing risks to be judged on their own merits and allowing informed decisions to be made in respect of each risk.

The following strategic risks are reviewed by the Corporate Management Team, and reported to the Audit and Governance Committee, quarterly. The full risk assessment can be found attached to the latest quarterly report to the committee which can be found on the [Lewes-Eastbourne.gov.uk](https://www.lewes-eastbourne.gov.uk) website.

A.4.2. PRINCIPAL RISKS

Risk	No political and partnership continuity/consensus regarding organisational objectives.	Changes to the economic environment makes the council economically less sustainable.
Why it matters?	Sudden changes of political objectives at either national or local level renders the Council, its current corporate plan and Medium-Term Financial Strategy, unfit for purpose.	<ol style="list-style-type: none"> 1. Economic development of the town suffers. 2. Council objectives cannot be met. 3. Inflation affecting Council costs is having a serious impact on the Council's finances. 4. The Council's Stability & Growth programme fails to meet its objectives. 5. Rising energy prices and inflation affecting the cost of living will affect the ability of customers to pay rent and council tax.
Original risk score	<p>3 Likelihood</p> <p>4 Impact</p>	<p>5 Likelihood</p> <p>5 Impact</p>
Key mitigations	<ol style="list-style-type: none"> 1. Create inclusive governance structures which rely on sound evidence for decision making. Reduces Impact 2. Annual review of corporate plan and MTFS. 3. Creating an organisational architecture that can respond to changes in the environment. 	<ol style="list-style-type: none"> 1. Robust MTFS reviewed annually and monitored quarterly. Refreshed in line with macroeconomic environment triennially. 2. Creating an organisational architecture that can respond to changes in the environment. 3. The Council is continuously monitoring its financial plans to ensure early actions are taken to mitigate financial or operational risks. Additionally, the council's reserves and balances are regularly reviewed to ensure compliance with its reserve policy. 4. Regular monitoring of the progress and outcomes of the Stability & Growth programme, including the recommendations of the Assurance Review. 5. Continuous review and monitoring of the Council's Housing Revenue Business Plan considering the recently introduced rent cap. 6. Continuous review and monitoring of the Council's capital programme and financing costs.
Residual likelihood change	↓	↔
Residual impact change	↓	↔

A.4.2. PRINCIPAL RISKS (CONT.)

Risk	Unforeseen socioeconomic and/or demographic shifts creating significant changes of demands and expectations.	The employment market provides unsustainable employment base for the needs of the Council.	Not being able to sustain a culture that supports the Council's objectives and future development
Why it matters?	<ol style="list-style-type: none"> 1. Unsustainable demand on services. 2. Service failure. 3. Council structure unsustainable and not fit for purpose. 4. Heightened likelihood of fraud. 	Employment market unable to fulfil recruitment, and Council unable to retain staff, resulting in a decline in performance standards and an increase in service costs.	<ol style="list-style-type: none"> 1. Decline in performance. 2. Higher turnover of staff. 3. Decline in morale. 4. Increase in absenteeism. 5. Service failure. 6. Increased possibility of fraud. 7. The Council's Stability & Growth programme fails to meet its objectives.
Original risk score	<p>5 Likelihood</p> <p>5 Impact</p>	<p>4 Likelihood</p> <p>4 Impact</p>	<p>4 Likelihood</p> <p>4 Impact</p>
Key mitigations	<ol style="list-style-type: none"> 1. Grounding significant corporate decisions based on up-to-date, robust, evidence base. (e.g. Census; Corporate Plan Place Surveys; East Sussex in Figures data modelling). 2. Ensuring community and interest group engagement in policy development (e.g. Neighbourhood Management Schemes; Corporate Consultation Programme) 	<ol style="list-style-type: none"> 1. Changes undertaken to increase non-financial attractiveness of the council to current and future staff. 2. Appropriate reward and recognition policies reviewed on a regular basis. 3. Pursuit of mutually beneficial shared service arrangements. 4. Maximising flexibility around recruitment and retention. 	<ol style="list-style-type: none"> 1. Build an organisational culture that supports equality and inclusivity through communication and support. 2. Continue to develop our performance management capability to ensure early intervention where service and/or cultural issues arise. 3. Continue to develop communications through ongoing interactions with staff. 4. Regular monitoring of the progress and outcomes of the Stability & Growth programme.
Residual likelihood change	↓	↑	↓
Residual impact change	↓	↓	↔

A.4.2. PRINCIPAL RISKS (CONT.)

Risk	Council prevented from delivering services for a prolonged period.	Council materially impacted by the medium to long term effects of an event under the Civil Contingencies Act.
Why it matters?	<ol style="list-style-type: none"> Denial of access to property. Denial of access to technology/information. Denial of access to people. 	<ol style="list-style-type: none"> Service profile of the Council changes materially because of the impact of the event. Cost profile of the Council changes materially because of the impact of the event. Work adversely affected by reduced staff numbers due to effects of pandemic virus. Emergency caused by a climate change event (e.g. increased flooding risks)
Original risk score	<p>4 Likelihood</p> <p>5 Impact</p>	<p>5 Likelihood</p> <p>5 Impact</p>
Key mitigations	<ol style="list-style-type: none"> Adoption of best practice IT and Asset Management policies and procedures. The Council has created a more flexible, less locationally dependent, service architecture. Regularly reviewed and tested Business Continuity Plans and updated contingency plans actioned. Regularly reviewed and tested Disaster Recovery Plan. 	<ol style="list-style-type: none"> Working in partnership with other public bodies. Robust emergency planning and use of Council's emergency powers. Working with the Environment Agency on climate change measures. Ongoing and robust risk profiling of local area (demographic and geographic). Review budget and reserves considering risk profile. Funds set aside to help fund responses to an event. Adoption of, and action to implement, the council's Climate Emergency Strategy.
Residual likelihood change	↓	↓
Residual impact change	↓	↓

A.4.2. PRINCIPAL RISKS (CONT.)

Risk	Council suffers a personal data breach by inadequate handling of data or by an IT incident.
Why it matters?	<ol style="list-style-type: none"> 1. Trust and confidence in the Council are negatively impacted. 2. Deterioration of financial position because of regulatory intervention/penalties. 3. Deterioration of service performance because of regulatory intervention/penalties. 4. Increased probability of compensation claims by persons affected by a personal data breach.
Original risk score	<p>3 Likelihood</p> <p>4 Impact</p>
Key mitigations	<ol style="list-style-type: none"> 1. Ongoing corporate training for data protection. 2. Ensure all staff complete the e-learning Data Protection course. 3. Ensure that the Data Protection Policy is regularly reviewed. 4. Ensure the Data Protection Officer is afforded the resources to discharge their statutory functions. 5. Ensure that managers regularly remind staff of their responsibilities under data protection, including personal data breach reporting arrangements 6. Ensure the suite of IT policies is kept up to date. 7. Ensure that IT security is in place and regularly tested. Reduces Impact 8. Incident management procedures to mitigate loss or breach of data are in place.
Residual likelihood change	↓
Residual impact change	↔

A.4.2. PRINCIPAL RISKS (CONT.)

Risk	Failure to meet regulatory or legal requirements.	Commercial enterprises and investments do not deliver financial expectations or do not meet governance requirements.
Why it matters?	<ol style="list-style-type: none"> Trust and confidence in the council is negatively impacted. Deterioration of financial position because of regulatory intervention/penalties. Deterioration of service performance because of regulatory intervention/penalties. 	<ol style="list-style-type: none"> Unfamiliar activity with staff inexperienced in this area. Council finances affected if projects do not meet financial expectations. Reputational damage if governance procedures are inadequate.
Original risk score	<p>3 Likelihood</p> <p>4 Impact</p>	<p>5 Likelihood</p> <p>5 Impact</p>
Key mitigations	<ol style="list-style-type: none"> Developing, maintaining and monitoring robust governance framework for the council. The Council has adopted and published an Asset Management Strategy (AMS) that set out how the Council uses its land and property assets effectively to deliver its service and the rules by which the Council can purchase assets in the future. These strategies are updated on a yearly basis as part of the Capital and Medium-Term Financial Strategies. Ensure there is full understanding the impact of new legislation. All managers are required to abide by the Council's procurement rules Building relationships with regulatory bodies. Develop our Performance Management capability to ensure early intervention where service and/or cultural issues arise. Ensure that fire risk regulations are adhered to and that Fire Risk Assessments are regularly reviewed. 	<ol style="list-style-type: none"> Hire suitably qualified/experienced staff to give legal and specialist support. Equip staff with skills to maximise commercial opportunities. Reduces Likelihood and Impact Ensure that projects meet core principles. Ensure governance processes are set up and adhered to. Regular monitoring of the progress of enterprises in parallel with the (cross-party) Strategic Property Board and wider governance arrangements.
Residual likelihood change	↓	↓
Residual impact change	↔	↓

A.4.3. FUTURE CHANGES AND OPPORTUNITIES

The Council along with all other local authorities, has experienced a significant fall in funding since 2010/11. Government grant funding for the Council has reduced from £10.4m in 2010 to £5.6m in 2024. This is a reduction of 47 per cent in cash terms or 66 per cent in real terms.

With a funding gap of £4.688m for 2023/24 and a projected funding gap of £2.181m in 2024/25, driven primarily by the cost of homelessness and temporary accommodation placements, extraordinary action will be required to balance the budget over the 2024/25 to 2026/27 period.

Savings are forecast to be required in all years of MTFs as budget pressures and the impact of funding reductions outstrip the Council’s ability to generate additional income from national non-domestic rates and council tax. The forecasts assume the Council will apply the maximum increases in its council tax it is allowed to across each of the next four years, in line with Government guidance.

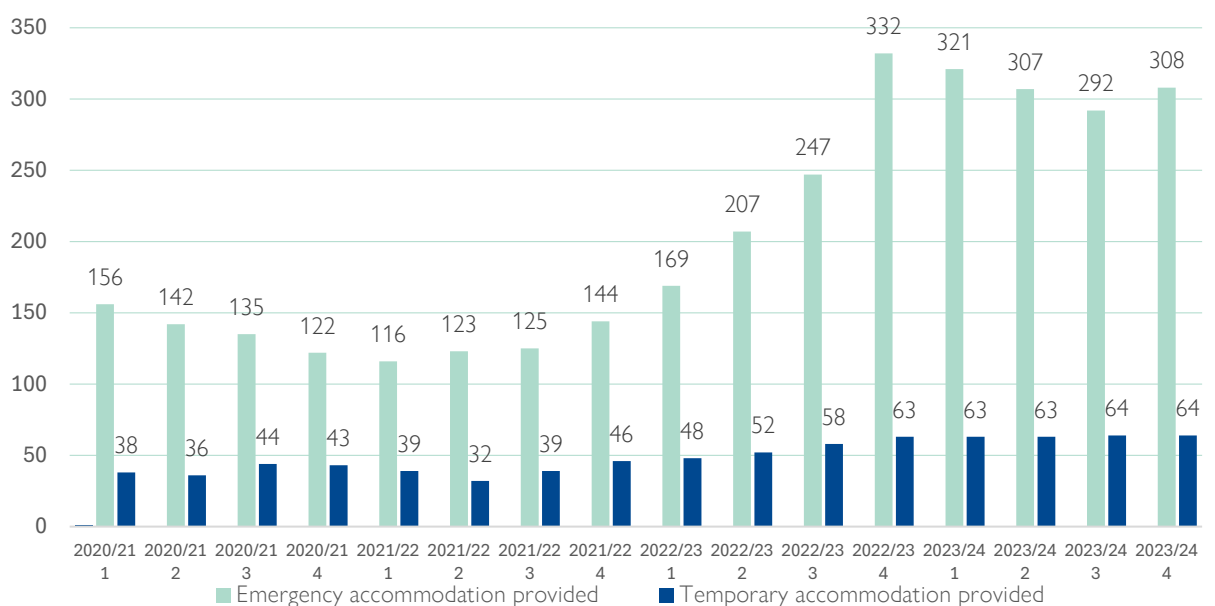
The Council requested and was approved for Exceptional Financial Support from the Department and has closed the remaining funding gap through use of reserves for 2023/24. However, the Exceptional Financial Support does not solve the budget gap on an on-going basis, it is simply the only mechanism available and offered by the Department that provides the Council time to continue to work towards sustainable solutions.

A.4.3.1. KNOWN FUTURE BUDGET PRESSURES

Homelessness and the cost of temporary accommodation

The provision of emergency and temporary housing is by far is the largest and most critical growing pressure faced by the Council in the recent years. The costs arising for the Council in both responding to the increased numbers and putting in processes and resources to manage the demand are also considerable. The Council had budgeted to support approximately 150 households. During the financial year the number of placements in emergency accommodation peaked at 370, with 308 households in emergency accommodation on 31 March 2024. Without additional investment in preventative services, it is estimated that the actual number would have resulted in a much higher peak of 480 households.

Temporary and emergency accommodation cases per quarter from April 2020 to March 2024



The graph above shows the number of households placed into emergency accommodation which is provided on a night-by-night basis by private accommodation providers or temporary accommodation (Council owned properties but unsuitable for permanent placement of that household).

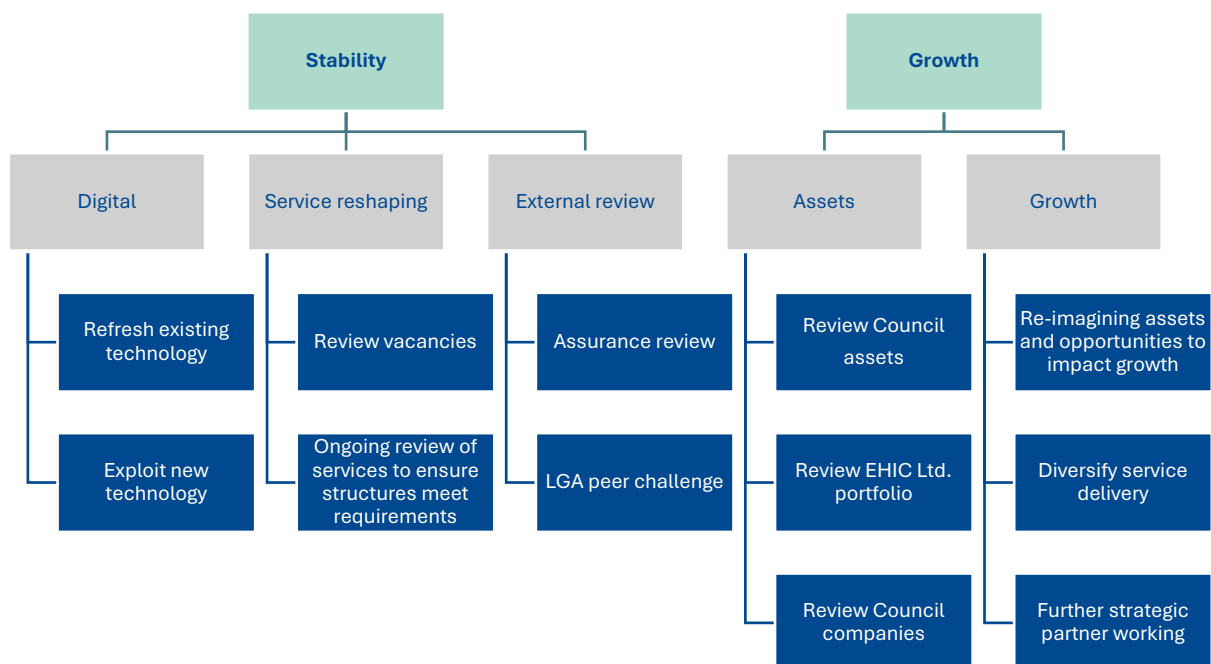
In addition to the direct costs of emergency and temporary accommodation, the indirect resources to manage the demand are also considerable.

The Council has led the campaign for the Government to recognise the growing cost of homelessness and temporary accommodation placement activity across England and the impact it is having on local authority resources. At a summit hosted and organised by the Council saw 150 councils in attendance to discuss solutions from the Government, including:

- Increase Local Housing Allowance rates for private rented accommodation
- Develop policy to stimulate retention and supply in the privately rented sector
- Review the housing benefit subsidy rate for local authority homelessness placements
- Give district councils the powers, funding, and resources needed to increase the supply of social housing
- Increase the level of Discretionary Housing Payment and Homelessness Prevention Grant

A.4.3.2. STABILITY AND GROWTH PROGRAMME

Originally named Recovery and Reset and designed to co-ordinate the Council’s response to the COVID-19 pandemic, the programme has been renamed Stability and Growth and refocused to support the Council’s work to deliver significant savings and help to address the financial challenges currently being faced. The programme is required to ensure the timely delivery of organisational changes need to achieve further savings in 2024/25 and 2025/26 and aligns with the Government’s requirement for local authorities to produce “Productivity Plans”.



- The Council has continued to make good progress with transforming its digital infrastructure and by the Autumn of 2023 invested £1.45m of capital, with 50 per cent contribution from LDC, to implement a new software system to manage the collection and distribution of tax and housing benefits.
- The Council is also investing capital to implement a new Environmental Health/Licensing system, to replace the existing two legacy systems and increase functionality.
- Following the success of a chatbot being launched on the Council's website and on limited Council phonelines in 2022, the next phase of the project will add the chatbot onto more Council phone lines.
- A new project to update the customer relationship and document management system has commenced. Due to the scale of complexity of the current system, this will be a longer-term piece of work which will likely conclude in 2027.
- As part of the Service reshaping pillar, savings have been made during 2023/24 through
 - New mailroom equipment
 - A merger of the seafront and events team management
 - Increasing income by undertaking legal and public relations work for other agencies
 - Improving our income recovery activities
 - Reviewing garden waste service charge and bringing these in line with other local authorities
- As part of the Asset pillar, the Council has undertaken a comprehensive review across its property portfolio and determined which assets should be retained, and which would be more suitable for disposal. A Corporate Property and Assets Strategy setting out a rationale for this was agreed by Cabinet in December 2023, in line with the CIPFA Rapid Finance Review recommendations.
- The Council has disposed of several properties in the past year including garage sites and other sites surplus to the Council's requirements resulting in capital receipts of £1.3m to date.
- As part of the Growth pillar, the Council has considered alternative operating models for Eastbourne Downs Golf Club with an alternative provider taking on the running of the site.
- To reduce reliance on income from Tourism, work is being done to move to a more sustainable form of governance for different aspects of the Council's tourism and leisure operations.

A.4.3.3. FINANCIAL REPORTING & GOVERNANCE - FUTURE CHANGES

- IFRS 16 Leases: following its emergency consultation on exploratory proposals for changing the Code of Practice on Local Authority Accounting in the United Kingdom CIPFA/LASAAC has issued its preliminary decision and feedback statement. This decision has subsequently been considered by the Government's Financial Reporting Advisory Board (FRAB). FRAB's advice to CIPFA/LASAAC was that it agreed with the deferral of IFRS 16 Leases until 1 April 2024 but that the Code had to allow and encourage local authorities to adopt the standard in the preceding reporting periods. CIPFA/LASAAC followed this with a decision to defer the implementation of IFRS 16 until 1 April 2024 (and therefore in the 2024/25 Code). However, the 2023/24 Codes did allow for adoption should an authority consider that it is able to do so as of 1 April 2023.

A.5 THE OUTCOMES AGAINST OUR OBJECTIVES

A.5.1. KEY PERFORMANCE INDICATORS

The Corporate Plan provides the Council with a robust framework within which to monitor and assess performance and achievements. Progress against key performance indicators is reported to members on a quarterly basis, as part of normal performance management arrangements.

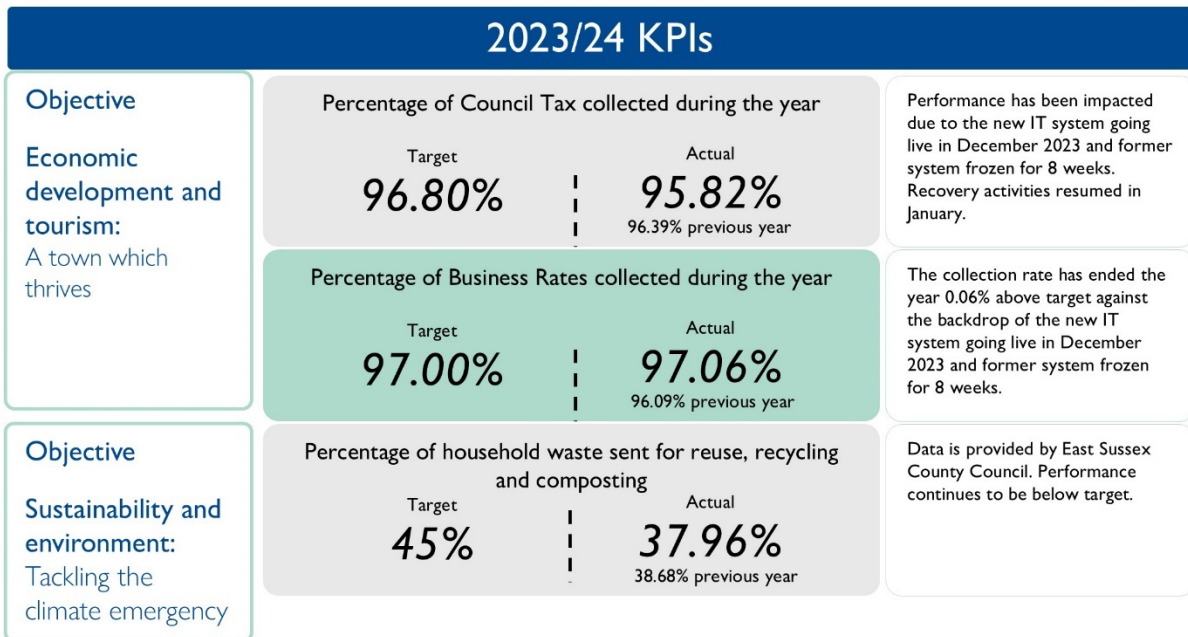
2023/24 KPIs

<p>Objective</p> <p>High quality, responsive services: We want to provide excellent customer service and focusing on resolving questions and problems first time.</p>	<p>Average days to process new claims for housing/council tax benefit</p> <table border="0"> <tr> <td>Target</td> <td>22</td> <td>Actual</td> <td>34</td> </tr> <tr> <td></td> <td></td> <td></td> <td>27 days previous year</td> </tr> </table>	Target	22	Actual	34				27 days previous year	<p>A new IT system was brought into use in December 2023 for tax and benefits introducing pressures on staff learning the system and way of working.</p>
	Target	22	Actual	34						
				27 days previous year						
	<p>Average days to process changes in circumstances (housing benefit) or council tax</p> <table border="0"> <tr> <td>Target</td> <td>6</td> <td>Actual</td> <td>15</td> </tr> <tr> <td></td> <td></td> <td></td> <td>21 days previous year</td> </tr> </table>	Target	6	Actual	15				21 days previous year	<p>A new IT system was brought into use in December 2023 for tax and benefits introducing pressures on staff learning the system and way of working.</p>
Target	6	Actual	15							
			21 days previous year							
<p>Average days lost per FTE employee due to sickness (J)</p> <table border="0"> <tr> <td>Target</td> <td>8</td> <td>Actual</td> <td>8.11</td> </tr> <tr> <td></td> <td></td> <td></td> <td>6.45 days previous year</td> </tr> </table>	Target	8	Actual	8.11				6.45 days previous year	<p>Sickness level is slightly above target as more employees returned to office space but is well below the average public sector absence level for 2023 of 10.6 days per employee</p>	
Target	8	Actual	8.11							
			6.45 days previous year							
<p>Average time taken to answer calls*</p> <p>4m 32s</p>		<p>New data provided for 2023/24. The Council is tackling the customer experience through expansion of the Council's next-generation chatbot, ELLIS to reduce waiting times.</p>								

* Data only

<p>Objective</p> <p>Housing and the cost-of-living crisis: Support people experiencing hardship due to the cost-of-living crisis and provide sufficient homes for those needing accommodation.</p>	<p>Housing: Average void re-let time in days key to key (month & YTD)</p> <table border="0"> <tr> <td>Target</td> <td>20</td> <td>Actual</td> <td>35.2</td> </tr> <tr> <td></td> <td></td> <td></td> <td>50.6 days previous year</td> </tr> </table>	Target	20	Actual	35.2				50.6 days previous year	<p>Performance has been negatively impacted due to staffing shortages and backlogged repairs.</p>
	Target	20	Actual	35.2						
				50.6 days previous year						
	<p>Increase the percentage of Major Planning Applications processed within 13 weeks</p> <table border="0"> <tr> <td>Target</td> <td>60%</td> <td>Actual</td> <td>100%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>82% previous year</td> </tr> </table>	Target	60%	Actual	100%				82% previous year	<p>Performance continues to be above target.</p>
Target	60%	Actual	100%							
			82% previous year							
<p>Housing: Rent arrears of current tenants (expressed as a % of rent debt)</p> <table border="0"> <tr> <td>Target</td> <td>4%</td> <td>Actual</td> <td>4.21%</td> </tr> <tr> <td></td> <td></td> <td></td> <td>3.3% previous year</td> </tr> </table>	Target	4%	Actual	4.21%				3.3% previous year	<p>The rent arrears have been impacted by the migration to the new IT system with the former system frozen for 8 weeks. Customer accounts could not be updated affecting arrears processing during this period.</p>	
Target	4%	Actual	4.21%							
			3.3% previous year							
<p>Number of households living in emergency (nightly paid) accommodation on 31 March 2024*</p> <p>308</p> <p>332 on 31 March 2023</p>		<p>The number of households living in emergency accommodation continues to be high however within this number there are move-ons and new presentations offsetting each other.</p>								

* Data only



A.5.2. USAGE OF FINANCIAL RESOURCES

The Council incurs both revenue and capital expenditure during the financial year. Revenue spending is generally on items that are consumed within a year and is financed from council tax, Government grants and other income. Capital expenditure is on items which have a life beyond one year and which also add value to a fixed asset (known as non-current assets). This is financed largely by Government capital grants, loans and other capital contributions.

The MTFs spending plans for 2023/24 to 2026/27 were published in February 2023 and balanced the plans against the funding available from council tax, national non-domestic rates, Government grants and other sources of income as well as the Housing Revenue Account expenditure and income from council tenant rents and the capital programme financed from capital receipts and grants.

The MTFs was financially balanced for 2023/24 and the following three years also balanced through a combination of the use of reserves and savings through further efficiency gains. However, as the year progressed, the projected outturn identified a year end deficit of £2.348m by the end of the first quarter, rising to £4.688m by the year end. The shortfall has been driven primarily by the rising costs due to inflation, increased interest costs and increased cases of homelessness and the costs of temporary accommodation in excess of housing benefit available, increase in number of housing appeals and restructuring costs.

A.5.2.1. COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

All the services provided by the Council, including council housing, are shown within the Comprehensive Income and Expenditure Statement. This statement shows the equivalent of the trading position of a UK listed company in accordance with IFRS requirements and discloses a 'deficit' for 2023/24 of £18.368m. (Split between General Fund deficit £15.921m and HRA deficit £2.447m). The Movement in Reserves Statement reconciles this IFRS 'deficit' together with other reserve transfers into a net decrease in the general fund balance of £1.467m and an HRA deficit of £1.763m.

The General Fund and Housing Revenue outturn detailed below does not reconcile with the statutory presentation of the Comprehensive Income and Expenditure Statement as the outturn is prepared on the

basis of how the Council sets its revenue budget rather than the accounting provisions of the Code, and therefore is not presented on the same basis as the Comprehensive Income and Expenditure Statement. The Expenditure and Funding Analysis at Note 8, identifies the adjustments between the management and the financial accounts. The Council's underlying financial position, including usable Reserves, is identical in both its management and financial accounts.

A.5.2.2. GENERAL FUND

The General Fund is the main revenue fund of the Council and covers day to day expenditure and related income on all services. The Council set its Budget Requirement at £17.973m (amount to be funded by Government grant, council tax and business rates). The Council set a Band D council tax rate for 2023/24 of £269.68, being a 2.99 per cent increase over 2022/23 Band D council tax rate.

The 2023/24 financial year's budget was set against a backdrop of unprecedented financial challenges that continue to arise from the legacy of austerity, Brexit, the COVID-19 pandemic, geo-political uncertainty generated by the war in Ukraine and rapidly increasing inflation. Initially, the Council needed to find an additional £2.5m in 2023/24 but helped by hard work from every team across the Council and further corporate efficiency savings planned through the Stabilisation and Growth programme in each budget line, a balanced budget was set to maintain key services.

A summary of the General Fund position is shown below in the format used for management accounting and reported to Members throughout the year:

General Fund 2023/24	Original draft budget	Net revised budget*	Net actual outturn*	Net variance to revised budget
	£000	£000	£000	£000
Corporate Services	4,825	4,969	5,318	349
Service Delivery	8,241	8,386	11,877	3,492
Regeneration and Planning	(508)	22	(56)	(78)
Tourism and Culture	2,046	2,144	2,595	451
Total general fund service expenditure	14,603	15,521	19,734	4,214
Capital Financing and interest	3,369	2,452	3,196	744
Total Expenditure	17,973	17,972	22,930	4,958
Budget Requirement				
Council Tax	(9,639)	(9,639)	(9,639)	-
Business Rates	(4,604)	(3,805)	(3,534)	271
Government Grants	(2,467)	(1,926)	(2,467)	(541)
Transfers to/(from) Reserves	(1,263)	(2,603)	(4,289)	(1,688)
Exceptional Financial Support	-	-	(3,000)	(3,000)
Total Funding	(17,973)	(17,972)	(22,929)	(4,958)

The actual in the table above is the revenue outturn position reported to Cabinet and is based on funding before any accounting adjustments under Government regulations.

A.5.2.3. HOUSING REVENUE ACCOUNT

The Council owns just over 3,400 homes generating income of over £17.98m in the year (£16.41m in 2022/23). This income is held in a ring-fenced account which can only be used for financing the Housing Revenue Account (HRA) and the Council follows the Government's guidance for setting rents for social housing. Building homes that people can afford to live in is one of the key priorities in the Corporate Plan and is part of the capital strategy to fund nine housing developments in the borough to deliver over 100 new dwellings. In 2023/24, 18 new dwellings were purchased, and 26 newly constructed dwellings were brought into use.

The HRA has a slight overspend of £0.99m against the operational expenditure budget of £16.463m. The outturn also includes £5.399m in depreciation charges on the HRA capital assets (£5.081m in 2022/23). All depreciation charged on the HRA capital assets is added to the Major Repairs Reserve. In turn, this reserve funded capital works of £4.426m on HRA homes in 2023/24 (£3.5m in 2022/23).

A.5.2.4. COLLECTION FUND

The Council, as a billing authority, maintains statutory account called the Collection Fund which records all income from council tax and national non-domestic rates (also known as business rates or NNDR) and its distribution to the major precepting authorities, being the Government, East Sussex County Council, Sussex Police and East Sussex Fire Authority.

The council tax element has been completed and shows the opening surplus has decreased by £0.680m during the year to £0.567m as at 31 March 2024 (£1.247m at 31 March 2023). Collection Fund surpluses or deficits declared by the billing authority in relation to council tax are apportioned to the relevant precepting bodies in the subsequent financial year. The January 2024 forecast surplus for the council tax element of the fund of £1.029m will be distributed to precepting bodies pro rata to their Band D council tax during 2024/25. The Council's share of the estimated surplus as at 31 March 2024 was £121k (£110k in 2022/23)

The NNDR element shows the opening deficit has decreased by £2.114m during the year to £4.330m as at 31 March 2024 (£6.005m 31 March 2023). Collection Fund surpluses or deficits declared by the billing authority in relation to NNDR tax are apportioned to the relevant precepting bodies in the subsequent financial year. The January 2024 forecast deficit for the NNDR element of the fund is £6.444m and will be recovered from precepting bodies per the agreed distribution percentages during 2024/25. The Council's share of the estimated deficit as at 31 March 2024 was £1.972m (£3.981m in 2022/23)

A.5.2.5. CAPITAL PROGRAMME

The Council's capital programme spending in the year was £26.382m (£19.704m in 2022/23), compared with a revised budget of £37.952m (£24.431m in 2022/23), giving a net underspend of £11.570m. Project underspends on capital projects normally reflect slippage in project delivery and are re-profiled into the capital programme budget in future years. Schemes that are deferred and are funded from additional borrowing (rather than from grants, receipts or other contributions) will impact on the projected cost of borrowing and minimum revenue provision.

The revised HRA capital budget for the year of £17.141m reflects the review of the HRA 30-year business plan that was undertaken as part of the 2024/25 budget setting process. The 2023/24 revised budget was approved by Cabinet on 7 February 2024. The revised capital budget reflected an overall increase against the original budget of £3.6m due to an increase in investment in the acquisition of new dwelling and an

increase to the major repairs budget for the year. This is offset by a reduction in New Build budget. The actual outturn for 2023/24 is £12.905m, a variance of £4.236m representing a 75 per cent spend against the revised budget.

Similarly, the revised general fund capital budget for the year of £20.8m was also reviewed and authorised as part of the 2024/25 budget setting process and reflects an overall reduction against the original budget of £28.0m primarily due to reprofiling the Regeneration projects funded from the Government Levelling Up Fund capital schemes.

2023/24 Capital Programme Outturn - Summary	Revised capital programme	Outturn at 31 March 2024
	£000	£000
HRA Housing	17,141	12,905
General Fund Housing	2,247	3,020
Housing Investment Companies	890	(65)
Stabilisation & Growth programme	1,214	571
Regeneration	10,798	3,194
Service Delivery	3,266	1,898
Asset Management	2,133	1,647
Information Technology	263	212
Extraordinary Financial Support	-	3,000
TOTAL CAPITAL PROGRAMME	37,952	26,382
FUNDING		
HRA		
Borrowing	2,580	-
Capital Receipts*	1,285	1,520
Major Repairs Reserve	6,330	4,345
Capital Grants & Contributions	2,986	3,080
Reserves	2,529	2,529
Revenue Contributions	1,431	1,431
General Fund		
Borrowing	7,749	8,147
Capital Receipts*	92	50
Capital Grants & Contributions	12,970	5,280
Capital Expenditure Financed from Revenue	-	-
TOTAL FUNDING	37,952	26,382

A.5.2.6. PENSION LIABILITIES

The Council is part of the East Sussex Local Government Pension Scheme which is administered by East Sussex County Council. The Council's surplus for funded future pension payments has increased from £13.48m to an asset of £199.52m (£186.04m at 31 March 2023). However, under International Financial Reporting Standards, amount of a net defined benefit asset that can be recognised is limited to the lower of the value of the asset and an "asset ceiling".

The "asset ceiling" is defined as the present value of any economic benefits available to the Council in the form of refunds from the scheme or reductions in future contributions to the scheme.

As participants of the Local Government Pension Scheme are not permitted refunds and the Council has a contribution schedule to the pension scheme for the life of the Council (i.e. indefinitely), the Council has assumed that no reductions will be permitted to future contributions.

Therefore, the asset ceiling is assumed to be £nil. This caps the asset that can be recognised by the Council also to £nil. The Defined Benefit Obligations have increased from £255.81m at 31 March 2023 to £183.6m at 31 March 2023. It is important to note that this accounting change does not trigger an immediate change in contribution rates, as these are assessed with a longer-term view of liabilities and of investment performance.

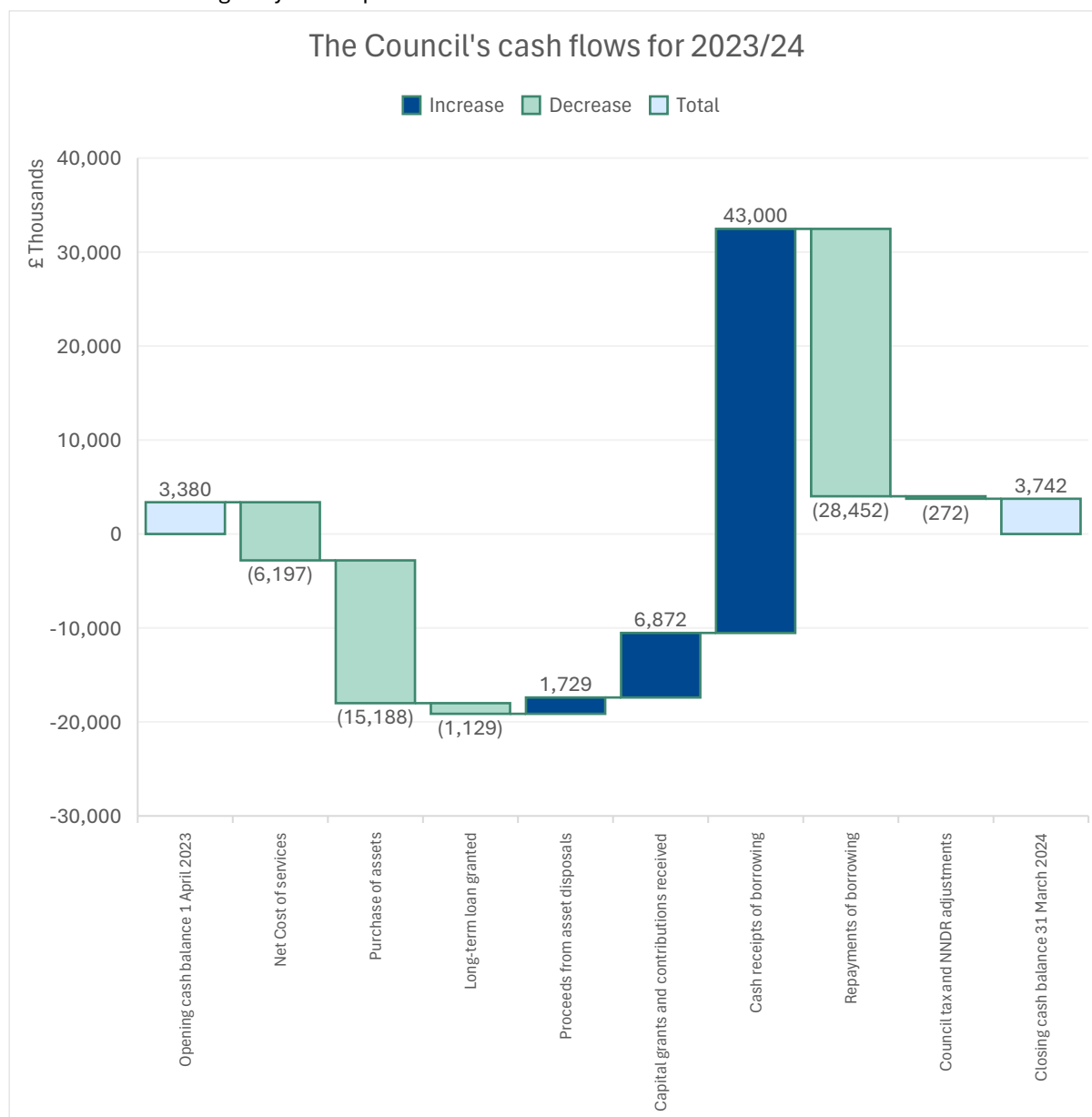
A.5.2.7. TREASURY MANAGEMENT

The Council's external loan debt at 31 March 2024, comprising long and short-term borrowing, stood at £191.3m excluding accrued interest payable. This is made up of £111.3m repayable in more than one year and £80.0m repayable in less than one year. This is a net increase of £14.5m over the previous year.

No short-term investments were held at 31 March 2024, the same as the previous year. The Council held cash balances as at 31 March 2024 of £3.7m, compared to £3.4m as at 31 March 2023.

A.5.2.8. CASHFLOWS

The cashflows during the year are presented below:



A.5.2.9. GROUP PERFORMANCE

The group accounts on page 116 provide an overview of organisations subject to Council control. In 2023/24 these were:

- Eastbourne Homes Ltd (EHL)
- South East Independent Living Ltd (SEILL) - a subsidiary of EHL
- Eastbourne Housing Investment Company Ltd (EHIC)
- South East Environmental Services Ltd (SEESL)
- Aspiration Homes LLP (AH)
- Investment Company Eastbourne Ltd (ICE) and Infrastructure Investments Leicester Ltd (IIL)
- CloudConnx Ltd
- Eastbourne Downs Water Company Ltd (EDWC)

The group net assets were £286.9m at 31 March 2024 (£314.3m at 31 March 2023) compared to the Council net assets of £287.7m at 31 March 2024 (£313.2m at 31 March 2023).

A.5.3. STAFFING

A summary of the Council's staffing is shown in the table below:

Employees	2023/24	2022/23
Total number of current permanent full and part time employees	839	852
Total number of current temporary/fixed term employees	21	21
Total Number of Employees	860	873
Total number of employees expressed as full-time equivalents	794	803

Posts	2023/24	2022/23
Total number of permanent full and part time posts	859	901
Total number of temporary/fixed term posts	21	21
Total number of posts	880	922
Total number of posts expressed as full-time equivalents	814	851

Staff turnover was 13.6 per cent in 2023/24 (12.3 per cent in 2022/23).

Sickness absence for 2023/24:

Number of Hours Lost	Number of Days Lost	Average Number of Days Lost per employee
49,310	6,664	8.11 (6.45 days 2022/23)

A.6 EXPLANATION OF THE FINANCIAL STATEMENTS

The Statement of Accounts comprises:

A Statement of Responsibilities: This statement defines the roles and responsibilities for preparing the accounts.

Independent Auditor's Report

The Core Accounting Statements:

- **Movement in Reserves Statement** – this statement shows the movements in the year of the different reserves held by the Council. It also provides the interaction of the economic costs and legislation and their impact on changes in the Council's reserves, showing the true cost of the provision of Council services funded by council taxpayers.
- **Comprehensive Income and Expenditure Statement** – this statement sets out the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- **Balance Sheet** - this statement sets out the overall financial position of the Council as at 31 March 2024. It shows the balances and reserves at the Council's disposal, its long-term indebtedness and incorporates the values of all assets and liabilities.
- **Cash Flow Statement** – this statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes for the financial year. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
- **Notes to the accounting statements** - required to provide more detail, in line with accounting and statutory requirements. The statement of accounting policies, which describe the underlying accounting policies and concepts used in producing the figures in the accounts, are included here.

The Supplementary Single Entry Financial Statements:

- **Housing Revenue Account** – this account reflects the statutory obligation to account separately for council housing provision. It shows the main elements of housing revenue expenditure – maintenance, administration and capital financing costs and how these are met by rents and other income.
- **Collection Fund** - this account reflects the statutory requirement to maintain a separate record of transactions in relation to national non-domestic rates and council tax and illustrates the way in which these have been distributed to local authorities and the Government.

Group Accounts – These accounts show the material interests that the Council has in its subsidiary companies. The group accounts are structured in line with the Council's core accounting statements and are accompanied by notes in the same way.

A.7 FURTHER INFORMATION

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

Homira Javadi

Chief Finance Officer

Statutory Section 151 Officer

A.8 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.

The Statement of Accounts for 2023/24 will be approved at the meeting of the Audit and Governance Committee to be held on

Signed

Councillor Christina Ewbank

Chair, Audit and Governance Committee

Date

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Chief Finance Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

THE CHIEF FINANCE OFFICER'S RESPONSIBILITIES

The Chief Finance Officer 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 Chief Finance Officer 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 Chief Finance Officer has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Certificate of the Chief Finance Officer

I certify that the Statement of Accounts presents the true and fair financial position of the Council as at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.

Homira Javadi

Chief Finance Officer

Statutory Section 151 Officer

Date

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

TO FOLLOW



CORE FINANCIAL STATEMENTS

MOVEMENT IN RESERVES STATEMENT

	General Fund	HRA Balance	Earmarked Reserves (Note 16)	Earmarked Reserves - Collection Fund (Note 16)	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants & Contributions Unapplied	Total Usable Reserves (Note 28)	Unusable Reserves (Note 29)	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	(4,498)	(4,884)	(11,964)	(4,530)	(2,644)	(1,291)	(3,882)	(33,693)	(199,175)	(232,868)
Movement in Reserves 2022/23										
Total Comprehensive Expenditure and Income	4,151	5,467	-	-	-	-	-	9,618	(89,932)	(80,314)
Adjustments between accounting basis & funding basis under regulations (Note 8)	1,843	(3,296)	-	-	(133)	(995)	(2,839)	(5,420)	5,420	-
Transfers (to)/from Earmarked Reserves (Note 16)	(7,236)	4	2,702	4,530	-	-	-	-	-	-
(Increase) / Decrease in Year	(1,242)	2,175	2,702	4,530	(133)	(995)	(2,839)	4,198	(84,512)	(80,314)
Balance at 31 March 2023	(5,740)	(2,709)	(9,262)	-	(2,777)	(2,286)	(6,721)	(29,495)	(283,687)	(313,182)
Movement in Reserves 2023/24										
Total Comprehensive Expenditure and Income	15,921	2,447	-	-	-	-	-	18,368	7,073	25,441
Adjustments between accounting basis & funding basis under regulations (Note 8)	(10,849)	1,737	-	-	(1,047)	(155)	2,409	(7,906)	7,906	-
Transfers (to)/from Earmarked Reserves (Note 16)	(3,606)	(2,421)	6,026	-	-	-	-	-	-	-
(Increase) / Decrease in Year	1,466	1,763	6,026	-	(1,047)	(155)	2,409	10,462	14,979	25,441
Balance at 31 March 2024	(4,274)	(946)	(3,236)	-	(3,824)	(2,441)	(4,312)	(19,033)	(268,708)	(287,741)

This statement shows the movements in the year on the different reserves held by the Council, analysed into “usable reserves” (those that can be used immediately to fund expenditure or to reduce local taxation) and other reserves. The purpose and more details are given for earmarked and unusable reserves in Notes 16 and 29 respectively. Total Comprehensive Expenditure and Income shows the true economic cost of providing the Council’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the amounts required by statute to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwelling rent setting purposes. Figures subject to roundings.



COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2022/23			2023/24		
Gross Expenditure	Gross Income	Net expenditure	Gross Expenditure	Gross Income	Net expenditure
£000	£000	£000	£000	£000	£000
10,426	(3,324)	7,102	8,218	(1,978)	6,240
57,650	(43,076)	14,574	60,440	(44,851)	15,589
4,424	(2,383)	2,041	5,517	(2,355)	3,162
12,938	(10,618)	2,320	15,674	(10,492)	5,182
16,924	(16,501)	423	17,764	(18,057)	(293)
-	-	-	3,000	-	3,000
102,362	(75,902)	26,460	110,613	(77,733)	32,880
					Cost of Services
249	-	249	265	-	265
-	-	-	-	-	-
8,764	(3,157)	5,607	6,830	(1,729)	5,101
					(Gain) / Loss on sale and de-recognition of non-current assets
9,013	(3,157)	5,856	7,095	(1,729)	5,366
					Other Operating Expenditure
3,783	-	3,783	5,889	-	5,889
					Interest payable & similar charges (Note 23)
-	(760)	(760)	-	(760)	(760)
					Fair Value movement in Financial Guarantee liability
187	-	187	395	-	395
					Expected Credit Loss
(363)	-	(363)	(593)	-	(593)
					Net Interest on the Net Defined Benefit Liability (Note 30)
-	(1,768)	(1,768)	-	(2,077)	(2,077)
					Interest & other investment income (Note 23)
579	(1,248)	(669)	1,980	(1,482)	498
					Investment Properties
2,892	(2,781)	111	2,478	(2,831)	(353)
					Trading Accounts
7,078	(6,557)	521	10,149	(7,150)	2,999
					Financing and Investment Income and Expenditure
-	(12,164)	(12,164)	-	(12,085)	(12,085)
					Non ring-fenced grants and contributions (Note 15)
-	(9,250)	(9,250)	-	(9,558)	(9,558)
					Council Tax income
10,297	(12,102)	(1,805)	10,688	(11,922)	(1,234)
					Non Domestic Rates Income and Expenditure
10,297	(33,516)	(23,219)	10,688	(33,565)	(22,877)
					Taxation and Non-specific Grant Income and Expenditure
		9,618	138,545	(120,177)	18,368
					Deficit on Provision of Services
					(Deficit)/Surplus on revaluation of Property, Plant and Equipment Assets (Note 29)
		(25,508)	6,121	-	6,121
					Re-measurement of the net defined benefit liability (Note 30)
		(64,424)	-	952	952
					Other Comprehensive Income & Expenditure
		(89,932)			7,073
					Total Comprehensive Income & Expenditure
		(80,314)			25,441

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



BALANCE SHEET

31 March 2023	Note	31 March 2024	
£000		£000	£000
386,068 Property, Plant & Equipment	18	380,222	
13,009 Infrastructure Assets	18	12,160	
16,268 Heritage Assets	19	16,202	
25,332 Investment Property	20	24,725	
2,678 Intangible Assets	21	2,361	
3,500 Investment in Joint Venture	4 & 5	3,500	
49,667 Long Term Debtors	25	49,958	
496,522 Long Term Assets			489,128
4,000 Assets held for sale	22	2,551	
132 Inventories		111	
25,941 Short Term Debtors	25	27,582	
3,380 Cash and Cash Equivalents	31	3,742	
33,453 Current Assets			33,986
(66,156) Short Term Borrowing	23	(84,246)	
(15,675) Short Term Creditors	26	(19,305)	
(1,068) Short Term Provisions	27	(1,720)	
(82,899) Current Liabilities			(105,271)
(111,331) Long Term Borrowing	23	(108,497)	
(19,758) Other Long Term Liabilities	26	(18,999)	
(2,805) Long Term Liabilities Pensions	30	(2,606)	
(133,894) Long Term Liabilities			(130,102)
313,182 NET ASSETS			287,741
(29,495) Usable Reserves	28	(19,033)	
(283,687) Unusable Reserves	29	(268,708)	
(313,182) TOTAL RESERVES			(287,741)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The Council's net assets (assets less liabilities) are matched by the reserves that it holds. Reserves are reported in two categories: usable and unusable. Usable reserves are those that the Council may use to provide services, subject to the need to keep a prudent level of reserves and to any statutory limits on their use, such as the Capital Receipts Reserve only being used to fund capital expenditure or to repay debt. Unusable reserves are those that the Council is not able to use to provide services. This category includes reserves to hold unrealised gains and losses (such as the Revaluation Reserve), where amounts would only become available to provide services if the asset was sold, and reserves that hold timing differences shown in the section in the Movement in Reserves Statement labelled "Adjustments between accounting basis and funding basis under regulation."

Homira Javadi

Chief Finance Officer

Date



CASH FLOW STATEMENT

2022/23	Note	2023/24
£000		£000
(9,618) Net (Deficit) on the provision of services		(18,368)
(5,103) Adjustment to Net Surplus or Deficit on the provision of services for non-cash movements	31	20,123
(8,249) Adjustment for items included in the Net Surplus or Deficit on the provision of services that are investing and financing activities		(7,952)
(22,970) NET CASH INFLOWS FROM OPERATING ACTIVITIES		(6,197)
921 Investing Activities	31	(7,716)
20,068 Financing Activities	31	14,275
(1,981) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		362
5,361 Cash and cash equivalents at the beginning of the reporting period		3,380
3,380 CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIODS		3,742
31 March 2023	Note	-
£000		£000
143 Bank Current Accounts		2,606
3,210 Cash in Call Accounts		1,110
27 Cash held by the Council		26
3,380 Total Cash and Cash Equivalents		3,742

The Cash Flow Statement shows the changes in the Council's cash and cash equivalents during the financial year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the Council's operations are funded from taxation and grant income or from the recipients of the Council's services. Investing activities represent the amount to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

NOTES TO THE ACCOUNTS

1. ACCOUNTING CONVENTIONS

1.1. CHANGES TO ACCOUNTING POLICIES AND TO PREVIOUS YEAR'S FIGURES

The accounting policies applied in 2023/24 are consistent with those applied in 2022/23.

1.2. PRIOR PERIOD ADJUSTMENTS

There are no prior period adjustments.

2. ACCOUNTING POLICIES

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2023/24, which is based on International Financial Reporting Standards. They are prepared on a going concern basis.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments:

Category	Measurement basis
Property, plant and Equipment: Council Dwellings	The current value of council dwellings is measured using existing use Value – social housing (EUV–SH)
Property, plant and Equipment: Land and buildings	The current value is measured, usually based on the market value for the existing use (EUV). Some specialised properties, where the valuer cannot identify a market for the asset, are instead valued on the basis of depreciated replacement cost (DRC).
Property, plant and Equipment: Vehicles, plant and equipment	Measured at current value, for which depreciated historic cost is normally used as a proxy.
Property, plant and Equipment: Infrastructure	Measured using the historical cost basis
Property, plant and Equipment: Community Assets	Measured using historical cost
Property, plant and Equipment: Surplus assets	Measured at fair value, based on the highest and best use from a market participant's perspective
Property, plant and Equipment: Assets under construction -	Measured using Historic Cost
Intangible assets	Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss.
Investment property	As a non-financial asset, investment properties are measured at highest and best use.
Non-current assets Held for sale	These are measured at the lower of its carrying amount and fair value less costs to sell. Fair value for social housing being disposed of under right to buy (RTB) legislation is the discounted RTB value.
Heritage assets	Heritage land and buildings are measured per property, plant, and equipment: land and buildings. Heritage assets that are not land and buildings are carried at insurance valuation rather than current or fair value.
Debtors	These are measured at fair value
Financial Instruments	These are measured at fair value
Loans	These are measured initially at fair value and carried at amortised cost.
Pension Assets	Plan assets are measured at fair value.
Pension liabilities	Measured on actuarial basis.

2.1. ACCRUALS OF EXPENDITURE AND INCOME

We account for activity in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges, and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption and where the amounts are significant, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Accruals are recognised where the value exceeds £1,000.
- In cases where a full year's income & expenditure is shown in the accounts, for example utility bills and annual contracts, no accrual is made in the accounts as this would overstate the annual position.
- Housing Rents is billed and accounted for on a weekly basis, at the start of each week. No adjustment is made at year end to record income to 31 March unless the adjustment is material.
- Housing Benefit Payments are made on a weekly basis. No adjustment is made to the accounts at year end to record payments to 31 March unless the adjustment is material.

2.2. ACCOUNTING FOR COUNCIL TAX

While the council tax 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 major preceptors. The amount credited to the General Fund under statute is the Council's demand for the year plus or minus the Council's share of the surplus or deficit on the Collection Fund for the previous year.

The council tax income included in the Comprehensive Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. 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 council tax shall be measured at the full amount receivable (net of any impairment losses) as the transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from council taxpayers belongs proportionately to the Council and the major preceptors. The difference between the amounts collected on behalf of the major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

2.3. ACCOUNTING FOR NATIONAL NON-DOMESTIC RATES (NNDR)

While the NNDR 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 NNDR for the year specified in the National Non Domestic Rates NNDR1 return.

The NNDR 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 as 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 NNDR shall be measured at the full amount receivable (net of any impairment losses) as these transactions are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

The cash collected by the Council from NNDR payers belongs proportionately to the Council, the precepting authorities and Government. The difference between the amounts 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.

2.4. CASH AND CASH EQUIVALENTS

The Council treats as "cash and cash equivalents" all money held as cash or in bank accounts (whether in surplus or overdrawn), including cash deposited in interest-bearing call accounts, repayable without penalty. Investments made for a period of less than one month are also accounted for in this category, rather than as investments.

2.5. POST-EMPLOYMENT BENEFITS

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

- The liabilities of the East Sussex County Council pension scheme attributable to this Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 2.0 per cent (based on the indicative rate of return on the iBoxx Sterling Corporates Index, AA over 20 years) Previously the discount rate used was 2.3 per cent.
- We include the assets of the East Sussex County Council Pension Fund attributable to this Council 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 Comprehensive Income and Expenditure Statement to the services for which the employees worked;

- past services cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement;
- net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure 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 net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Re-measurement comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the East Sussex County Council’s Pension Fund – cash paid as employer’s contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions require the Council to charge the General Fund Balance with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards. This means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and the amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

DISCRETIONARY BENEFITS

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

2.6. 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. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Where loans are replaced through restructuring, there are distinct accounting treatments, as follows:

- **Modification** - Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

- **Substantially Different** - Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

- **Early repayment of loans** - The accounting treatment for premiums and discounts arising on the early repayment of loans is largely dictated by the general principle that financial instruments are derecognised when the contracts that establish them come to an end. The amounts payable or receivable are cleared to the Comprehensive Income and Expenditure Statement upon extinguishment. In line with regulations and statutory guidance, the impact of premiums is spread over future financial years. These provisions are effected in the Movement in Reserves Statement on the General Fund Balance, after debits and credits have been made to the Comprehensive Income and Expenditure Statement. The adjustments made in the Movement in Reserves Statement are managed via the Financial Instruments Adjustment Account.

FINANCIAL ASSETS

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

- amortised cost
- fair value through profit or loss (FVPL)
- fair value through other comprehensive income (FVOCI)

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

FINANCIAL ASSETS MEASURED AT AMORTISED COST

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

Where loans are made at less than market rates (soft loans), a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OF LOSS

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

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

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

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

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

For pooled investment funds (i.e. money market fund, collective investment scheme as defined in section 235 (1) of the Financial Services and Markets Act 2000, investment scheme approved by the Treasury under section 11(1) of the Trustee Investments Act 1961 (local Council schemes))

regulations allow a statutory override (for a period of 5 years from 1/4/18) any unrealised gains or losses can be transferred via the Movement in Reserves Statement to a Pooled Investment Funds

Adjustment Account in the Balance Sheet.

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

EXPECTED CREDIT LOSSES

The Council recognises expected credit losses (impairments) on all of its financial assets held at amortised cost or FVOCI either on a 12-month or lifetime basis. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. The expected credit loss model applies to financial assets measured at amortised cost and FVOCI, trade receivables, lease debtors, third party loans and financial guarantees.

A simplified approach is applied to trade receivables and lease debtors whereby consideration of changes in credit risk since initial recognition are not required and losses are automatically recognised on a lifetime basis. A collective assessment is made for groups of instruments where reasonable and supportable information is not available for individual instruments without undue cost or effort. The aim will be to approximate the result of recognising lifetime expected credit losses if significant increases in credit risk since recognition had been measurable for the individual instruments.

Loans have been grouped into three types for assessing loss allowances:

Group 1 – loans made to individual organisations. Loss allowances for these loans can be assessed on an individual basis.

Group 2 – loans supported by Government funding. As the loan repayments are recycled and the contract allows for a level of default then no additional impairment loss is required.

Group 3 - car loans to employees. Loss allowances are based on a collective assessment.

Impairment losses are debited to the Financing and Investment Income and Expenditure line in the CIES. For assets carried at amortised cost, the credit entry is made against the carrying amount in the Balance Sheet. For assets carried at FVOCI, the credit entry is recognised in Other Comprehensive Income against the Financial Instruments Revaluation Reserve. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision.

Impairment losses are not applicable to FVPL assets as the future contractual cash flows are of lesser significance and instead current market prices are considered to be an appropriate reflection of credit risk, with all movements in fair value, including those relating to credit risk, impacting on the carrying amount and being posted to the Surplus or Deficit on the Provision of Services as they arise. Impairment losses on loans supporting capital purposes, lease debtors and share capital are not a proper charge to the General Fund balance and any gains or losses can be reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

2.7. FAIR VALUE MEASUREMENT

The Council measures some of its assets and liabilities at fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council uses External Valuers to measure the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council external Valuers takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Valuers uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

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

2.8. GOVERNMENT GRANTS AND OTHER CONTRIBUTIONS

Government grants and third-party contributions are recognised when there is reasonable assurance that the Council will comply with any conditions attached to the payments, and that grant monies and contributions will be received. Where conditions attached to grants and contributions remain outstanding, monies received to date are carried forward in the Balance Sheet as creditors (receipts in advance) until the conditions have been satisfied.

2.9. PROPERTY PLANT AND EQUIPMENT

Property plant and equipment consists of assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. They exclude assets which are held purely for investment purposes (Investment properties) and assets which the Council is actively seeking to sell (Assets available for sale).

RECOGNITION

Expenditure on the acquisition, creation or enhancement of property plant and equipment is capitalised on an accruals basis, provided that it yields benefits to the Council and the services that it provides for more than one financial year. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to the Comprehensive Income and Expenditure Statement as it is incurred. Assets valued at less than £10,000 are not included on the balance sheet, provided that the total excluded has no material impact.

VALUATION

We revalue assets included in the Balance Sheet at current value when there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

The values of each category of assets and of material individual assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as follows:

Where there is no balance in the revaluation reserve or insufficient balance the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Account. Where there is a balance of revaluation gains in the revaluation reserve the carrying amount of the asset is written off against that balance (up to the amount of the accumulated gains).

Where an impairment loss is charged to the Comprehensive Income and Expenditure Statement but there were accumulated revaluation gains in the Revaluation Reserve for that asset, an amount up to the value of the loss is transferred from the Revaluation Reserve to the Capital Adjustment Account.

DISPOSALS AND NON-CURRENT ASSETS HELD FOR SALE

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

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

When an asset is disposed of or decommissioned, the Comprehensive Income and Expenditure Statement is debited or credited with the net loss or gain on disposal. This net sum consists of two elements: the net book value written out of the balance sheet, and the sale proceeds. Although these amounts appear in the Comprehensive Income and Expenditure Statement, neither of them are properly debited nor credited to the General Fund or to the Housing Revenue Account. Further adjustments are therefore made through the Movement in Reserves Statement to reverse the effect on the General Fund and the Housing Revenue Account:

- Net book value written out – a transfer to credit the General Fund or the Housing Revenue Account and to debit the Capital Adjustment Account.

- Sale proceeds - a transfer is made to debit the General Fund and credit the Capital Receipts Reserve. A proportion of receipts relating to housing disposals are payable to the Government, and a transfer is made from the Capital Receipts Reserve to the General Fund to allow for this. The remainder of the proceeds remain in the Capital Receipts Reserve and can only be used to reduce debt or to finance capital expenditure.

Any balance relating to the asset held in the Revaluation Reserve is also transferred to the Capital Adjustment Account.

Disposals for less than £10,000 are treated as revenue income within the Cost of Services in the Comprehensive Income and Expenditure Statement.

In some cases, the receipt of income from asset disposals is delayed until a future financial year. In such cases a credit is made to the Deferred Capital Receipts Reserve, matched by a long-term or short term debtor. The income from these disposals cannot be used for debt reduction or capital investment until it is received.

DEPRECIATION

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

- Land – not subject to depreciation
- Council dwellings – initially calculated as a straight-line allocation over the life of the property as estimated by the valuer.
- Buildings – straight-line allocation over the life of the property as estimated by the valuer.
- Vehicles, plant and equipment depreciated over the life of the type of asset, normally between 3 and 25 years.
- Community assets – not subject to depreciation.
- Surplus assets – not subject to depreciation.
- Assets under construction – not subject to depreciation.

Depreciation on Council Dwellings is a proper charge to the Housing Revenue Account balance, but a corresponding transfer is made from the Capital Adjustment Account to the Major Repairs Reserve to finance capital investment.

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

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

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

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.

Council Dwellings are componentised 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 of all capital works and their projected timing. The major components are identified and depreciated over their useful economic life and any residual is treated as an extended life asset which is depreciated over 60 years.

2.10. INFRASTRUCTURE ASSETS

Infrastructure assets are ‘inalienable’ assets, expenditure on which is only recoverable by continued use of the asset created, with no prospect of sale or alternative use. Examples include highways, bridges, coastal defences, water supply and drainage systems. Eastbourne Borough Council is not the local highway authority under the Highways Act 1980 and this statutory duty is with East Sussex County Council. The County Council maintain the highways network infrastructure assets including carriageways, footways and cycle tracks, structures, street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network. However, the borough council still has significant infrastructure assets due to its groyne sea defences. In addition, there are some minor access roads and paved areas.

RECOGNITION

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the council and the cost of the item can be measured reliably. Measurement Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost - opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

DEPRECIATION

Depreciation is provided on the parts of the infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of infrastructure assets are assessed by the finance team using industry standards where applicable as follows:

Asset	Useful Life
Sea Defences	40 years
Access Roads	40 years
Paved Areas	40 years

DISPOSALS AND DERECOGNITION

When a component of the Network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement,

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). The written-off amounts 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 transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

REGULATIONS

Under accounting regulations, that came into force from 25 December 2022, an accounting practice that allows the council to elect to treat any component of any infrastructure which are owned as having a value of nil when it is replaced and therefore there is no requirement to remove any amount from its balance sheet in respect of the disposal of that component. The regulations will apply to all financial years up to and including 2024/25. The council is not required to but has elected to apply this accounting treatment.

2.11. INVESTMENT PROPERTY

Investment properties are those assets that are held solely to earn rentals or for capital appreciation, or both. Properties that are used to facilitate the delivery of a service or to support Council policy objectives fall under the category of property, plant and equipment (see Note 2.9) and not investment property. Investment properties are initially measured at cost and subsequently at fair value being the price that would be received to sell such an asset in orderly transactions between market participants at the measurement date. As a non-financial asset, Investment Properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal. Rentals received in relation to investment properties are credited to the Cost of Services within the Comprehensive Income and Expenditure Statement. 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 the Capital Receipts Reserve.

2.12. INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance, normally comprising computer software. Internal costs incurred in developing such software are capitalised if they meet criteria to establish that these costs are an essential element of preparing the asset for use.

The initial value of intangible assets is amortised to the Comprehensive Income and Expenditure Statement over the estimated period of their useful life. This is normally taken as a period of 3-10 years, but an annual review is undertaken and the life is amended where necessary. The value of intangible assets is also reviewed on an annual basis, and an additional adjustment is made for impairment where necessary.

The calculated amounts for amortisation and impairment are charged to the Cost of Services in the Comprehensive Income and Expenditure Statement, but they are not proper charges against the General Fund. A transfer is therefore made from the Capital Adjustment Account to the General Fund to reverse the impact.

2.13. LEASES

DEFINITION OF A LEASE

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

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

The Council reviews all of its leases to determine how they stand against various criteria which distinguish between finance and operating leases. In undertaking this review, however, the Council operates a de minimis level, so that all leases with a term of less than 10 years, or for assets valued at less than £10,000 are treated within the accounts as an operating lease.

FINANCE LEASES – COUNCIL ACTING AS LESSEE

Where the Council uses or occupies an asset held under a finance lease, the asset is recognised as such in the appropriate line in the balance sheet, subject to the de minimis limit noted in Note 2.9 above. The value recognised is the fair value, or (if lower) the present value of the minimum lease payments. This value is offset on the balance sheet by a creditor or long term liability for the leasing charge.

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

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

OPERATING LEASES – COUNCIL ACTING AS A LESSEE

Lease payments for operating leases are recognised as an expense on a straight-line basis over the lease term, even if this does not match the pattern of payments. (e.g. if there is a rent-free period at the commencement of the lease.)

OPERATING LEASES – COUNCIL ACTING AS A LESSOR

Income from operating leases is recognised on a straight-line basis over the lease term, even if this does not match the pattern of payments. (E.g. if there is a premium paid at the commencement of the lease.)

2.14. REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of non-current assets, is charged as expenditure to the relevant service revenue account in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources, a transfer to the Capital Adjustment Account then reverses out the amounts charged, so there is no impact on the level of council tax.

2.15. 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 amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

2.16. VALUE ADDED TAX

Value Added Tax (VAT) has not been included in the income and expenditure of the accounts unless it is irrecoverable.

2.17. INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council has a material interest in five companies: Eastbourne Homes Ltd (EHL), Eastbourne Housing Investment Company Ltd (EHIC), Investment Company Eastbourne (ICE), Eastbourne Downs Water Company (EDWC) and South East Environmental Services Ltd (SEESL). These companies are wholly owned subsidiaries of the Council and the Council is therefore required to prepare Group Accounts.

- EHL is limited by guarantee and therefore no value is recognised for the investment in the Council's own single entity accounts. There have been no transactions for EDWC which was dormant during 2022/23.
- Aspiration Homes LLP (AH) is a limited liability Partnership owned equally by Eastbourne BC and Lewes DC. It was set up during 2017/18 for the purpose of developing housing.
- ICE has entered into an arrangement with a private company, Infrastructure Investments Leicester Ltd, in respect of a property in Leicester. ICE is acting as the principal guarantor on a refinancing loan provided to IIL and also a rental guarantee in respect of rent shortfalls. In return, ICE received an initial guarantee fee and annual fees. IIL is accounted for as a joint venture in the Council's Group Accounts.

The Council also holds an immaterial associate interest in CloudConnX with 48 per cent of voting B Shares. As these are not material they have not been consolidated into the Group Accounts.

3. ACCOUNTING STANDARDS 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 which has been issued but is yet to be adopted by the 2023/24 Code.

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

Accounting changes that are introduced by the 2024/25 Code are:

- Definition of Accounting Estimates (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3).

The Council does not anticipate that the above amendments will have a material impact on the information provided in local authority financial statements.

IFRS 16 Leases is not included in the above list of accounting changes because CIPFA/LASAAC have deferred implementation of IFRS 16 for local government to 1 April 2024, and the Council is not adopting the Standard earlier (as permitted by the Code). The changes to be introduced by IFRS 16 will mean that operating leases where the Council is lessee, will be reflected in the Balance Sheet based on the concept of 'right of use'. Whilst work is currently underway to assess the impact on the Council, at the current time the impact is not known.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 2, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgement made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that as at 31 March 2024 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 Chief Finance Officer conducts an annual review using the criteria set out in IAS 37, to decide what, if any, provision should be included in the accounts for: liabilities of uncertain timing or amount (provisions); or liabilities whose occurrence will only be confirmed by one or more uncertain future events (contingent liabilities). Contingent liabilities have been estimated based on past experience and legal advice provided.
- As described in the Group Accounts, the Council's wholly owned subsidiary Investment Company Eastbourne Limited ('ICE') has the option to acquire 49.5 per cent of the shares of Infrastructure Investments Leicester Limited ('IIL') for £1 at any time, as well as contractual rights over the management of that company and its property, St George's Tower ('the Property'), under a Development and Management Agreement. The Council has assessed that these potential voting rights and contractual rights give it joint control over IIL and has accounted for its interest in that entity as a joint venture in its Group Accounts.
- As described in the Group Accounts, ICE is the principal guarantor of a £48m loan to IIL and is also principal guarantor of a rental guarantee in respect of shortfalls of rental income in IIL. The Council is the ultimate guarantor for both of these guarantees, and under the arrangement ICE agreed to pay the Council an initial £2m guarantee fee in 2017/18, the annual guarantee fee received from IIL, and the disposal proceeds received on eventual sale of the Property. The Council has therefore determined it is appropriate to recognise liabilities and related receivables arising from these arrangements in the Council's balance sheet.
- The Council has assessed that these potential voting rights and contractual rights give it joint control over IIL and has accounted for its interest in that entity as a joint venture. The Council therefore have rights to the net assets of IIL and these are consolidated into the Council's Group Accounts under the equity method per IAS 28 Investments in Associates and Joint Ventures. Under this method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Council's share of the net assets of IIL. The initial investment of £3.500m at May 2018, has been adjusted by £2.218m to £1.282m at 31 March 2024 (£0.847m at 31 March 2023).
- If the judgement had been that the Council did not have control over IIL, the Council would account for the investment in IIL as an investment at cost, and the call option as a derivative financial instrument.
- In 2023/24, the Council's share of the pension scheme has become a net benefit asset. IAS19 requires that the amount of a net defined benefit asset to be recognised is the lower of the

accounting surplus and the “asset ceiling”. The asset ceiling is the present value of any economic benefits available in the form of refunds or reductions in future contributions. The Council has adopted the position that it is not automatically entitled to refunds from the scheme and that it will continue to contribute to the pension scheme indefinitely thus any economic benefits from reductions to future contributions reduces to nil. As a result, the asset ceiling is set at £nil and caps recognition of any net benefit asset also to £nil.

5. 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 considering 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 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequence if results are different to 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. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets	<p>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 £237,000 for every year that useful lives had to be reduced.</p> <p>Land and buildings are revalued every five years, but a revaluation review is carried out annually which provides an indexation to be applied to some assets. Indexation is applied to a class of assets but does not take into account any individual assets and therefore the net book value at year end for some assets may change when a new professional valuation is carried out.</p>
Valuation of Land and Buildings	Land and buildings are revalued every five years, but a revaluation review is carried out annually which provides an indexation to be applied to some assets. Indexation is applied to a class of assets but does not consider any individual assets and therefore the net book value at year end for some assets may change when a new professional valuation is carried out.	<p>The carrying value of PPE at 31 March 2024 was £380.2m (Group position £382.4m).</p> <p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10 per cent, this would result in a charge to the Comprehensive Income and Expenditure Statement (CIES) of approximately £38m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the</p>

Item	Uncertainties	Consequence if results are different to assumptions
		Comprehensive Income and Expenditure Statement
Pensions valuation	<p>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 and mortality rates. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The carrying value of the pension liability at 31 March 2024 was £2.6m (Group position £2.6m).</p> <p>The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1 per cent increase in the real discount rate assumption would result in a decrease in the pension obligation of £2,882,000, a 1 year increase in member life expectancy would increase the pension obligation by £7,483,000, a 0.1 per cent increase in the Long Term Salary Increase Rate would increase the pension liability by £163,000 and a 0.1 per cent increase in the Pension Increase Rate would increase the pension obligation by £2,846,000. See Note 30.7.</p> <p>The Virgin Media vs NTL Pension Trustees II Limited case has the potential to impact benefits due under defined benefit pension schemes. At present, the impact on the pension scheme and the Council's liabilities is not known and will be assessed as more information becomes available.</p>
Arrears	<p>A review of the arrears balances has resulted in £7.1m being calculated as an appropriate expected credit loss. However, in the current economic climate such an allowance may not be sufficient.</p>	<p>The Council had a balance of current and long term debtors at 31 March 2024 of £77.5m.</p> <p>An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered. If collection rates were to deteriorate by 5 per cent then the Council would need to review its policies on the calculation of its impairment allowance for doubtful debts.</p>
Business Rates	<p>Since the introduction of Business Rate Retention Scheme effective from 1 April 2013, Local authorities are liable for successful appeals against business rates charged to businesses in 2012/13 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2024. The estimate has been calculated using the Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date</p>	<p>The appeals provision at 31 March 2024 was £1.7m.</p> <p>There is a risk that future appeals will exceed the estimation.</p>

Item	Uncertainties	Consequence if results are different to assumptions
	<p>when providing the estimate of total provision up to and including 31 March 2024. There is a risk that future appeals will exceed the estimation.</p>	
<p>Infrastructure Company Eastbourne Limited and Infrastructure Investments Leicester Limited</p>	<p>As a result of the arrangement with ILL described in the group accounts, the Council has been required to make several estimates and judgements in valuing the related loan and rental guarantees and contract receivable (shown in Note 25 and 26). The loan guarantee and rental guarantee have been valued on initial recognition based on the amounts received and receivable under the agreement, discounted to present value. In determining these accounting entries, the Council has assumed:</p> <ul style="list-style-type: none"> • That the initial values of the guarantee fee (of £5.5m from ILL to ICE and £2m from ICE to the Council) and price paid for the share option over ILL (£3.5m) were at fair value. • The value of the Property at May 2018, without the benefit of the rental guarantee, was £38.75m, based upon a valuation performed at the time. • The growth in the value of the property over the 30 year life of the agreement (assumed to be 2 per cent per annum or less) will mean the value of the property on sale will be greater than £35m and below the £70m level at which the Council would receive an additional share of proceeds, and so the Council will receive £35m from the eventual disposal proceeds. • Inflation (which affects the guarantee fee received each year, as well as guaranteed amounts) will be 2 per cent per annum over the life of the agreement. • The appropriate discount rate for future cashflows is 4.2 per cent per annum (4.2 per cent 2021/22). • Assumptions about the annual probability of default and recovery on default for loans to property companies. 	<p>The on-going measurement of these assets and liabilities will require reassessment of these assumptions each year. The present value of amounts receivable at inception has been recognised as a contract receivable and the discount is being unwound over the life of the agreement, less amounts received and adjustments for expected credit loss. The loan guarantee has been valued at initial recognition based upon the probability of default, recovery on default, and the guaranteed amount over the life of the agreement, with the residual value attributed to the initial value of the rental guarantee. Both the loan guarantee and rental guarantee are being amortised over the 30 year life of the agreement.</p> <p>Subsequent measurement of the contract receivable is on a fair value basis, as the Council is exposed to risks that are not associated with standard receivable instruments, including fluctuations in property valuations.</p> <p>The fair value of the guarantee at 31 March 2024 was measured at £19.0m, a decrease of £0.8m on the £19.8m from the previous year. The fair value of the long term debtor at 31 March 2024 was £18.4m, an increase of £0.2m from the previous year. An annual guarantee fee of £0.4m was received during 2023/24.</p> <p>The valuation of properties are not reported at 31 March 2024 as subject to “material valuation uncertainty” as per the RICS Red Book.</p>
<p>Business Support Grant Funding from</p>	<p>As part of the COVID-19 response, the Government announced a range of grant</p>	

Item	Uncertainties	Consequence if results are different to assumptions
<p>Department for Business, Energy and Industrial Strategy (BEIS)</p>	<p>schemes to support businesses to be administered by local billing authorities e.g. the Small Business Grant Fund, Retail, Hospitality and Leisure Grant Fund and multiple Local Restrictions grants.</p> <p>Billing authorities are responsible for paying over the grants to the businesses and are then reimbursed by Government using a grant under Section 31 of the Local Government Act 2003. Some of the schemes are fully reimbursed, others are a set allocation.</p> <p>The eligibility criteria for these schemes are set out in Government guidance and billing authorities are required to use their business rates system to identify the properties that meet the eligibility criteria.</p> <p>However, these grants are not Collection Fund transactions. Billing authorities have used their judgement to assess whether they should be accounting for the S31 grants paid to them by BEIS and the distribution of the grants to eligible businesses, as either principal or agent transactions in accordance with Cipfa Code.</p>	

6. MATERIAL ITEMS OF INCOME & EXPENDITURE

- The Council's revenue accounts include salary costs relating to Lewes District Council (LDC) & Eastbourne Homes Ltd (EHL) which are recharged to them but are shown in the Comprehensive Income and Expenditure Statement (CIES) net. Other costs included in the CIES relating to LDC include costs for Joint Transformation Programme (JTP) which have been recharged to LDC.
- Business Support Grant Funding from Department for Business, Energy and Industrial Strategy (BEIS) – see table above.
- In May 2018, the Council's wholly owned investment company, Investment Company Eastbourne Limited (ICE), entered into a deal with a private company in respect of a property in Leicester. ICE is acting as the principal guarantor of a £48m refinancing loan to a private company, with the Council being the ultimate guarantor. ICE is also providing a rental guarantee in respect of shortfalls of rental income, again with the Council being the ultimate guarantor. In return for providing this guarantee, ICE has received an initial guarantee fee and will receive an annual guarantee fee. The Council received £5.5m in 2018/19 as the ultimate guarantor.
- As part of the increased cost of energy response, the Government announced in 2022/23 two new grant schemes (council tax energy rebate scheme and discretionary council tax energy scheme) to support individuals, to be administered by local billing authorities. Billing authorities are responsible for paying over the rebates or discretionary amounts to individuals and are then reimbursed by Government using a grant under Section 31 of the Local Government Act 2003.

7. EVENTS AFTER THE REPORTING PERIOD

In accordance with the requirements of IAS 10, post balance sheet events are considered up to the date on which the accounts are authorised for issue by the Chief Finance Officer. This is the date of the Independent Auditor's report to the members of Eastbourne Borough Council.

The financial statements have not been adjusted for the following events that took place after 31 March 2024 as they do not relate to existing conditions at that date:

- East Sussex Energy Infrastructure and Development Ltd (Sea Change Sussex) has defaulted on its loan from the Council. The loan was secured on a charge over the land and buildings which have now reverted to the Council.
- The site of David Lloyd Eastbourne has been sold, with a net receipt of £9.8m received in November 2024.
- Following local consultation, the Sovereign Centre training pool and fun pool have been agreed to be closed pending investigation of alternative operating models.
- The Council has entered an agreement with an operator, Trafalgar Theatres, to run the Council's theatres and conferencing and exhibition facilities.

There have been no adjusting events.

8. EXPENDITURE AND FUNDING ANALYSIS

8.A. THE EXPENDITURE AND FUNDING ANALYSIS shows how annual expenditure is used and funded from resources (Government grants, rents, council tax and national non-domestic rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2022/23			2023/24		
Net Expenditure Chargeable to the General Fund and HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Net Expenditure Chargeable to the General Fund and HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
£000	£000	£000	£000	£000	£000
4,810	2,292	7,102	5,779	461	6,240
11,467	3,107	14,574	11,599	3,990	15,589
1,835	206	2,041	908	2,254	3,162
2,393	(73)	2,320	3,156	2,026	5,182
(231)	654	423	844	(1,137)	(293)
-	-	-	-	3,000	3,000
20,274	6,186	26,460	22,286	10,594	32,880
737	5,640	6,377	3,095	5,270	8,365
(12,846)	(10,373)	(23,219)	(16,124)	(6,753)	(22,877)
8,165	1,453	9,618	9,257	9,111	18,368
		Deficit on the Provision of Services			
(9,382)		Opening General Fund and HRA Balance at 1 April	(8,449)		
8,165		Deficit on General Fund and HRA for year	9,257		
(7,232)		Transfer to / (from) Earmarked Reserves	(6,026)		
(8,449)		Closing General Fund and HRA Balances at 31 March	(5,218)		

Note:

For a split between the balance on the General Fund and Housing Revenue Account see the Movement in Reserves Statement.

8.B. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2022/23				2023/24				
Adjustment for Capital Purposes	Net Changes for the Pensions Adjustments	Other Differences	Total Adjustments	Adjustment for Capital Purposes	Net Changes for the Pensions Adjustments	Other Differences	Total Adjustments	
£000	£000	£000	£000	£000	£000	£000	£000	
1,549	743	-	2,292	Corporate Services	1,137	(675)	-	
2,068	1,039	-	3,107	Service Delivery	4,286	(295)	-	
(126)	332	-	206	Regeneration & Planning	2,342	(88)	-	
(397)	324	-	(73)	Tourism and Enterprise	2,104	(79)	-	
654	-	-	654	Housing Revenue Account	(1,137)	-	-	
-	-	-	-	Capitalisation Direction	3,000	-	-	
3,748	2,438	-	6,186	COST OF SERVICES	11,732	(1,137)	-	
(2,547)	76	(2,262)	(4,733)	Other Income and Expenditure	(1,101)	(14)	(369)	
1,201	2,514	(2,262)	1,453	Difference between General Fund and HRA surplus and Comprehensive Income and Expenditure Statement Surplus or Deficit	10,631	(1,151)	(369)	
							9,111	

Adjustments for Capital Purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

- **Other Operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the Pensions Adjustments – Net change for the removal of pensions contributions and the addition of IAS 19 employee Benefits pension related expenditure and income.

- **For Services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and Investment income and expenditure** – the net interest on defined benefit liability is charged to the CIES.

Other Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

8.C. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

The Council's expenditure and income is analysed as follows:

2022/23	2023/24
£000	£000
Expenditure	
17,273 Employees benefits expenses	14,794
90,831 Other service expenses	96,983
7,850 Depreciation, amortisation, impairment losses and reversals	13,785
3,783 Interest payments	5,889
249 Precepts and levies (including National Non-Domestic Rates)	265
- Payments to the Housing Capital Receipts Pool	
8,764 Loss on the disposal of assets	6,830
128,750 Total expenditure	138,546
Income	
(41,764) Fees, charges and other service income	(44,044)
(1,768) Interest and investment income	(2,078)
(21,352) Income from Council Tax and National Non-Domestic Rates	(21,479)
(50,331) Government Grants and Contributions	(50,088)
(760) Fair Value movement in financial guarantee	(760)
(3,157) Gain on the disposal of assets	(1,729)
(119,132) Total income	(120,178)
9,618 Deficit on the Provision of Services	18,368

8.D. SEGMENTAL INCOME

Fees, Charges and other Service Income received is analysed below:

2022/23	2023/24
£000	£000
Corporate Services	
(133) Local Land Charges	(94)
(61) Other Income	(113)
(194)	(207)
Service Delivery	
(391) Car Parks	(344)
(805) Green Waste	(814)
(950) Recovery of Housing Benefit Overpayments	3
(478) Summons and Liability Orders	(119)
(3,647) Bed and Breakfast charges	(5,737)
(1,699) Crematorium and Cemetery fees	(1,637)
(1,641) Other Service Income	(1,265)
(9,611)	(9,913)
Regeneration and Planning	
(298) Development Control	(396)
(1,715) Other Service Income	(1,560)
(2,013)	(1,956)
Tourism and Culture	
(507) Beach Huts & Seafront	(465)
(277) Tourism	(239)
(773) Events	(717)
(5,325) Theatres	(4,980)
(2,454) Leisure & Sports	(3,154)
(164) Other Service Income	(117)
(9,500)	(9,672)
(16,617) Housing Revenue Account	(17,983)
(4,029) Trading Accounts and Investment Properties	(4,313)
(41,964) Total Fees, Charges & Other Service Income	(44,044)

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATION

2023/24	General Fund	HRA Balance	Major Repairs Reserve	Capital Receipts	Capital Grants & Contributions Unapplied
	£000	£000	£000	£000	£000
ADJUSTMENT TO THE REVENUE RESOURCES					
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</i>					
• Pensions costs (transferred to/from the Pensions Reserve)	1,151	-	-	-	-
• Council tax and NDR (transferred to/from Collection Fund Adjustment Account)	764	-	-	-	-
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account):					
Charges for depreciation and credits for impairment reversals of non-current assets	(3,570)	(5,343)	-	-	-
Revaluation Losses	(1,067)	(1,108)	-	-	-
Movements in the fair value of investment properties	(1,778)	-	-	-	-
Amortisation of intangible assets	(838)	(49)	-	-	-
Revenue expenditure funded from capital under statute	(7,595)	-	-	-	-
Capital Grants and Contributions Received	3,950	2,273	-	-	(6,223)
Gains/Losses on Disposal of non-current assets	(1,714)	(5,116)	-	-	-
Expected credit loss	(395)	-	-	-	-
Transfer to Revenue - L&G CPO Compensation & Housing Grant	(234)	-	-	-	234
TOTAL ADJUSTMENTS TO REVENUE RESOURCES	(11,326)	(9,343)	-	-	(5,989)
ADJUSTMENTS BETWEEN REVENUE AND CAPITAL RESOURCES					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	-	1,729	-	(1,729)	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	5,392	(5,392)	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	478	-	-	-	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	-	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	3,960	-	-	-
Revaluation of Share holdings	-	-	-	-	-
TOTAL ADJUSTMENTS BETWEEN REVENUE AND CAPITAL RESOURCES	478	11,081	(5,392)	(1,729)	-
ADJUSTMENTS TO CAPITAL RESOURCES					
Use of Capital Receipts Reserve to finance capital expenditure	-	-	-	1,574	-
Use of Major Repairs Reserve to finance capital expenditure	-	-	4,345	-	-
Use of Grants and Contribution to finance capital expenditure	-	-	-	-	8,398
TOTAL ADJUSTMENTS TO CAPITAL RESOURCES	-	-	4,345	1,574	8,398
TOTAL ADJUSTMENTS FOR 2023/24	(10,848)	1,738	(1,047)	(155)	2,409

2022/23	General Fund	HRA Balance	Major Repairs Reserve	Capital Receipts	Capital Grants & Contributions Unapplied
	£000	£000	£000	£000	£000
ADJUSTMENT TO THE REVENUE RESOURCES					
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</i>					
• Pensions costs (transferred to/from the Pensions Reserve)	(2,514)	-	-	-	-
• Council tax and NDR (transferred to/from Collection Fund Adjustment Account)	2,443	-	-	-	-
• Holiday Pay (transferred to/from the Accumulated Absences Reserve)	-	-	-	-	-
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account):					
Charges for depreciation and credits for impairment reversals of non-current assets	(3,487)	(5,035)	-	-	-
Revaluation Losses	3,443	(1,264)	-	-	-
Movements in the fair value of investment properties	(377)	-	-	-	-
Amortisation of intangible assets	(1,084)	(46)	-	-	-
Revenue expenditure funded from capital under statute	(2,175)	-	-	-	-
Capital Grants and Contributions Received	6,585	1,346	-	-	(7,931)
Gains/Losses on Disposal of non-current assets	(816)	(7,947)	-	-	-
Expected credit loss	(181)	-	-	-	-
Transfer to Revenue - L&G CPO Compensation	-	-	-	-	-
TOTAL ADJUSTMENTS TO REVENUE RESOURCES	1,837	(12,946)	-	-	(7,931)
ADJUSTMENTS BETWEEN REVENUE AND CAPITAL RESOURCES					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	7	3,150	-	(3,157)	-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-	-	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	5,081	(5,081)	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	-	-	-	-	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal					
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-	1,419	-	-	-
Revaluation of Share holdings	-	-	-	-	-
TOTAL ADJUSTMENTS BETWEEN REVENUE AND CAPITAL RESOURCES	7	9,650	(5,081)	(3,157)	-
ADJUSTMENTS TO CAPITAL RESOURCES					
Use of Capital Receipts Reserve to finance capital expenditure	-	-	-	2,162	-
Use of Major Repairs Reserve to finance capital expenditure	-	-	4,948	-	-
Use of Grants and Contribution to finance capital expenditure	-	-	-	-	5,092
TOTAL ADJUSTMENTS TO CAPITAL RESOURCES	-	-	4,948	2,162	5,092
TOTAL ADJUSTMENTS FOR 2022/23	1,844	(3,296)	(133)	(995)	(2,839)

10. AUDIT FEES

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

2022/23	2023/24
£000	£000
52 Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor	-
- Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor	45
30 Fees payable for external audit services carried out for the year	-
- Fees payable for the certification of grant claims and returns	12
82	Total 57

11. MEMBERS' ALLOWANCES

Allowances paid to Eastbourne's twenty seven Councillors during the year amounted to:

2022/23	2023/24
£000	£000
131 Members' Allowances	128
- Expenses	-
131 Total	128

12. OFFICERS' REMUNERATION

12.1. SENIOR MANAGEMENT REMUNERATION

2022/23							2023/24					
Salary, Fees and Allowances	Expenses	Election Expenses	Compensation for loss of Office	Pension Contribution	Total		Salary, Fees and Allowances	Expenses	Election Expenses	Compensation for loss of Office	Pension Contribution	Total
£	£			£	£		£	£		£	£	
149,104	2,660	703	-	29,368	181,835	Shared Chief Executive	154,323	2,660	7,586	-	28,847	193,416
133,678	2,130	-	-	26,686	162,494	Deputy Chief Executive	136,918	2,130	15,748	-	25,932	180,728
97,268	-	-	-	19,113	116,381	Chief Finance Officer	102,940	-	450	-	19,198	122,588
101,652	-	-	-	19,975	121,627	Director of Service Delivery *	73,963	1,204	540	53,739	13,794	143,240
97,268	-	-	-	19,113	116,381	Director of HR and Transformation	100,672	-	540	-	18,775	119,987

Notes: The above figures are gross of any recharges to LDC and EHL.

* Director of Service Delivery departed 08/12/2023

Senior Management costs are apportioned between the two Councils as follows:

	The Council's share	Lewes District Council	Eastbourne Homes Ltd
Shared Chief Executive	50%	50%	-
Deputy Chief Executive	40%	40%	20%
Chief Finance Officer	40%	40%	20%
Director of Service Delivery*	50%	50%	-
Director of HR and Transformation	90%	10%	-

12.2. REMUNERATION BANDS

The Council's other employees (excluding those in the Corporate Management table above) include employees from Lewes District Council who transferred to Eastbourne Borough Council from February 2018. Other employees who received more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2023/24		2022/23	
	Number of Employees		Number of Employees	
£50,000 - £54,999	20	(1)	17	-
£55,000 - £59,999	20	(3)	17	-
£60,000 - £64,999	14	(1)	12	-
£65,000 - £69,999	8	(1)	9	-
£70,000 - £74,999	8	(1)	4	(1)
£75,000 - £79,999	2		2	-
£80,000 - £84,999	1		-	
£85,000 - £89,999	-		1	-
£90,000 - £94,999	2		-	
£95,000 - £99,999	-		-	
£100,000 - £104,999	-		-	
£105,000 - £109,999	1		-	
£110,000 - £114,999	-		-	
£115,000 - £119,999	-		-	
£120,000 - £124,999	1	(1)	-	
£125,000 - £129,999			1	(1)
	77	(8)	63	(2)

The figures in brackets relate to the number of employees who left during the year included in total. Remuneration for leavers includes exit and redundancy payments in addition to salary and wages.

12.3. EXIT PACKAGES

The number of exit packages with total cost per band and total cost 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	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	Number of Employees	Number of Employees	Number of Employees	Number of Employees	Number of Employees	Number of Employees	£	£
£0 -£20,000	-	2	16	5	16	7	118,695	44,195
£20,001 - £40,000	-	-	6	1	6	1	176,225	27,998
£40,001 - £60,000	-	-	1	1	1	1	53,739	45,769
£60,001 - £80,000	-	-	1	1	1	1	63,794	63,239
Total cost included in bandings	-	2	24	8	24	10	412,454	181,200

Notes

Included in the table above are exit payments made to employees which were either fully or partly recharged to Lewes District Council and Eastbourne Homes Ltd.

In 2023/24 Lewes District Council were recharged £78,453 (£30,028 2022/23) for their share of exit packages and Eastbourne Homes Ltd were recharged £2,256 (£nil 2022/23).

13. RELATED PARTIES

13.1. DEFINITION

The term “related party” covers relationships between the Council and body or individual where one of the parties has the potential to control or influence the Council or be controlled or influenced by the Council.

13.2. CENTRAL GOVERNMENT

The Government provides much of the Council’s funding and determines its statutory framework. Details of transactions with the Government are shown in the Comprehensive Income and Expenditure Statement, the Cash Flow Statement, and Notes 15 (grants and contributions), 25 (debtors) and 26 (creditors).

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 30. One Member is on the Pension Fund Committee.

13.4. EASTBOURNE HOMES LIMITED

The responsibility for the management of Eastbourne’s council housing stock was transferred to Eastbourne Homes Ltd, an arm’s 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 2023/24 this fee was £8.82m, covering supervision and management and repairs. This compares with £8.71m paid in 2022/23. 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 £2.223m (£1.627m at 31 March 2023), while Eastbourne Homes Ltd owed the Council £0.809m (£1.118m at 31 March 2023).

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 Town Hall, Grove Road, Eastbourne, BN21 4UG.

The Deputy Chief Executive/Director of Regeneration & Planning for the Council also acts as Managing Director at Eastbourne Homes Ltd.

13.5. MEMBERS AND SENIOR OFFICERS

Members of the Council (27 Borough Councillors) have direct control over the Council’s financial and operating policies. The total of members’ allowances paid in 2023/24 is shown in Note 11. Eight Members were also members of East Sussex County Council.

Members are obliged by the Council’s Constitution to record in a Register of Interests of Members any personal interest, financial and/or otherwise, in any business of the Council. The Register of Interests of Members, which is maintained by the Monitoring Officer, is open to public inspection at the Town Hall during office hours. In addition, Members are asked to complete an annual declaration of related party transactions to confirm whether or not they had any qualifying interests in the year. The Council awards grants to a number of organisations, e.g. Eastbourne Citizen’s Advice, in which Members have an

interest. The relevant Members did not take part in any discussion or decision relating to the award of financial support which was made with proper declarations of interest.

Officers are obliged under the code of conduct in the Council's Constitution to declare any personal interest, financial and/or otherwise, in any business of the Council. They are also required to record any gifts and/or hospitality received in a format prescribed and held by the Monitoring Officer. In addition, senior officers complete an annual declaration of related party transactions to confirm whether or not they had any qualifying interests in the year. All senior officers confirmed that they had no qualifying interests.

The Director of HR and Transformation has declared they have a close family member (i.e. partner) who is an owner of Best Demolition Limited, a local company that have undertaken a number of contracts for the Council. In 2023/24, the value of the contract works was £281,075 including VAT (£415,898 in 2022/23). The Director of HR and Transformation would not take part in any related corporate management team discussion and therefore is unable to control or influence the awarding of such contracts.

13.6. CLOUDCONNEX

The Council is a minority (48 per cent B class) shareholder in CloudConnX. The shares had only nominal value at the balance sheet date. In addition, as at 31 March 2024 the Council has provided a commercial loan of £249,000 (£285,000 in 2022/23). Interest is charged on the loan at 2.7 per cent above base rate. The Council's Chief Executive has been appointed a director of the company.

13.7. EASTBOURNE HOUSING INVESTMENT COMPANY LTD (EHIC)

EHIC is a wholly owned subsidiary of the Council. EHIC has been set up to acquire, improve and let residential property at market rents. The Council has provided 28 (28 in 2022-23) commercial loans to EHIC totalling £13,770,950 (£14,021,550 in 2022/23) for the purchase of property, at an interest rate of 4.5 per cent. A working capital facility loan of £247,000 (£247,000 in 2022/23) has been agreed, at an interest rate of 2 per cent above Base Rate. The company's accounts are consolidated into the Group Accounts. Copies of Eastbourne Housing Investment Co Ltd.'s annual report and accounts can be obtained from their registered office at The Town Hall, Grove Road, Eastbourne, BN21 4UG. The Director of Regeneration & Planning for the Council also act as Directors at Eastbourne Housing Investment Co Ltd.

13.8. LEWES DISTRICT COUNCIL (LDC)

The Council engaged in a "Joint Transformation Programme" (JTP) with LDC under which staff and services are being integrated. The Council now employs all of CMT and the majority of LDC staff who were TUPE'd to the Council during 2017/18 and costs are recharged to LDC. Staff within Legal Services remain employees of LDC, and services are provided to both Councils and costs recharged. The recharge to Eastbourne Borough Council was £323,413 in 2023/24 (£327,789 in 2022/23) and to Eastbourne Homes Limited £16,521 in 2023/24 (£49,753 in 2022/23)

13.9. ASPIRATION HOMES LLP

Aspiration Homes LLP (AH) is a limited liability partnership owned equally by the Council and Lewes District Council. It was set up during 2016/17 for the purpose of developing housing. The Council has provided six commercial loans to AH totalling £13,574,750 (£13,574,750 2022/23) for the purchase of property, at an interest rate of 4.5 per cent. A working capital facility loan of £nil (£65,000 in 2022/23) has been agreed, at an interest rate of 2 per cent above Base Rate. The company's accounts are

consolidated into the Group Accounts. Copies of Aspiration Homes LLP's annual report and accounts can be obtained from their registered office at The Town Hall, Grove Road, Eastbourne, BN21 4UG.

13.10. SOUTH EAST ENVIRONMENTAL SERVICES LIMITED

South East Environmental Services Limited (SEESL) is a wholly owned subsidiary of the Council. SEESL has been set up to provide waste and recycling services. The Council has provided commercial loans to SEESL for £1,681,000 (£935,000 2022/23) for the purchase of vehicles and equipment, at an interest rate of 2 per cent above Base Rate. Loans of £574,000 were repaid during 2023/24.

13.11. INVESTMENT COMPANY EASTBOURNE LIMITED

Investment Company Eastbourne Limited (ICE) is a wholly owned subsidiary of the Council. It was set up to enter into a deal with a private company in respect of a property in Leicester. There are no outstanding inter-company debts. See Group Accounts for further details.

13.12. INFRASTRUCTURE INVESTMENTS LEICESTER LIMITED

Infrastructure Investments Leicester Limited is a joint venture relating to a property in Leicester. The Council is acting as guarantor for a loan to IIL and for shortfalls in rental income. In return the Council receives guarantee fee income and has other interest in IIL. See Group Accounts for further details.

14. LEASING

Operating leases – Council acting as lessor

The table below analyses future minimum lease income expiring during the periods shown below:

2022/23		2023/24
Minimum Lease Income		Minimum Lease Income
£000		£000
2,697	Within one year	3,098
8,318	Between two and five years	10,419
46,764	Later than five years	47,160
57,779	Total	60,677

The lease income relates to various land and buildings owned by the Council and leased out on varying terms and conditions. The total rental income recognised in the Comprehensive Income and Expenditure Statement for 2023/24 was £3,776,000 (£3,496,000 in 2022/23). 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.

15. GRANTS AND CONTRIBUTIONS RECEIVABLE

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

2022/23		2023/24
£000		£000
Grants and contributions within Cost of Services		
(31,162)	DWP Benefit grants	(30,678)
(1,408)	Covid-19 Grants	(479)
(5,597)	Other grants and contributions	(6,845)
(38,167)	Total within Cost of Services	(38,002)
Grants and contributions within Taxation and non-specific grant income		
(2,776)	Section 31 Grant Small Business Rate Relief	(3,725)
(13)	New Homes Bonus	(15)
(128)	Localising Council Tax Support Admin subsidy	(229)
(1,110)	Income Recovery Grant	(1,774)
(8,106)	Grants and contributions towards capital expenditure	(6,209)
(31)	Other grants and contributions	(121)
(12,164)	Total within Taxation and non-specific grant income	(12,073)
(50,331)	Total Grants & Contributions	(50,075)

Notes:

The 2022/23 Other Grants & Contributions total (within Cost of Services) excludes £5.99m of council tax energy rebate and energy schemes grant where the Council is acting as an intermediary agent for the Government, rather than on its own behalf, for amounts paid over directly to individuals.

Section 31 grant is received from the Government to compensate for the loss of business rate income arising from additional Covid-19 reliefs provided to businesses.

16. TRANSFER (TO)/FROM EARMARKED RESERVES

Transfers between General Fund and HRA balances and Earmarked Reserves are as follows:

Earmarked Reserve	Balance	2022/23	Balance	2023/24	Balance
	At 01 April 2022	Movement	At 31 March 2023	Movement	At 31 March 2024
	£000	£000	£000	£000	£000
General Fund					
General	(16)	16	-	-	-
Strategic Change	(281)	280	(1)	-	(1)
Capital Programme	(336)	-	(336)	-	(336)
Revenue Grants & Contributions	(1,492)	623	(869)	869	-
Regeneration	(12)	-	(12)	12	-
ICE	(2,070)	(50)	(2,120)	1,075	(1,045)
Commercial	(666)	-	(666)	599	(67)
SHEP GF Properties Major Works	(1)	-	(1)	-	(1)
Cost of Living Emergency Response	(250)	136	(114)	-	(114)
Inflation	(200)	-	(200)	200	-
Fuel and Energy	(150)	150	-	-	-
Arrears and Bad Debt	(400)	-	(400)	-	(400)
Cultural Recovery	(756)	454	(302)	300	(2)
Budget Carry Forwards	(2,161)	1,096	(1,065)	1,065	-
Strategic Regeneration Partnership – Clear Futures	-	-	-	(20)	(20)
BEIS Reserve Fund	-	-	-	(110)	(110)
Elections Reserve	-	-	-	-	-
Levelling Up Fund Reserve	-	-	-	(272)	(272)
S106 Employment Monitoring Reserve	-	-	-	(114)	(114)
Total	(8,791)	2,705	(6,086)	3,604	(2,482)
Collection Fund (timing difference)	(4,530)	4,530	-	-	-
Total General Fund	(13,321)	7,235	(6,086)	3,604	(2,482)
Housing Revenue Account					
HRA Leaseholders Major Works	(644)	(3)	(647)	(79)	(726)
Housing Regeneration and Investment	(2,529)	-	(2,529)	2,529	-
HRA Revenue Grant Reserve	-	-	-	(28)	(28)
Total Housing Revenue Account	(3,173)	(3)	(3,176)	2,422	(754)
Total Earmarked Reserves	(16,494)	7,232	(9,262)	6,026	(3,236)

The purpose of each reserve is set out below:

Name	Purpose
Strategic Change	To finance one off investments that are required for development or the release of ongoing efficiencies.
Capital Programme	Used for financing of one-off capital schemes
Revenue Grants & Contributions	To enable grants received in one financial year to be carried forward and used to finance revenue spending in future years
Regeneration	Used for financing regeneration schemes.
ICE	To provide resources in the event of a claim under the provision of a guarantee by ICE (as principal guarantor) and the Council (as ultimate guarantor) for the Loan, and as the timing/amount of any payments arising from both the loan guarantee and the rental guarantee are uncertain.
Commercial	For SEESL and AH subsidiary companies.
SHEP GF properties Major Works	To create a Major Works Fund for Investment properties
Cost of Living Emergency Response	Broader actions in response to the pandemic were agreed by the Full Council to establish a cost of living emergency fund. This £250k fund would broadly support priorities including food, fuel and accommodation at a number of pinch points across the year
Inflation	To address pressures, which will be felt in the new financial year as well as considering the impact within the Council's Medium Term Financial Plan for future years. It is possible in future spending reviews, that the Government will consider the longer term impact of the high levels of inflation if it continues on the current trajectory.
Fuel and Energy	To address the increase in energy price concerns, and the price increases on contracts being incurred due to the increase in fuel costs.
Arrears and Bad Debt	To mitigate movements in collection rates, review of bad debt provision and the release of existing provision.
Cultural Recovery	To support the creation of innovative cultural development projects that will deliver growth and regeneration.
Budget carry forwards	There are a wide range of ongoing Services initiatives that were delayed or span more than one financial year or for which funds have been budgeted but not yet started. The budget carry-forward reserve will ensure that such initiatives can be completed.
Collection fund (timing differences)	During 2021/22 and 2022/23, local authorities received section 31 grant to offset the reliefs given to businesses during lockdown. Under current collection fund accounting rules, the s31 grants received this year will not be discharged against the Collection Fund deficit until 2022/23, thereby inflating General Fund balances at the end of the financial year. This could lead to potentially misleading 2022/23 accounts, showing a significant increase in available reserves that are not actually available but earmarked against the following year's collection fund deficit. The appropriate action is

Name	Purpose
	to transfer the grant income to an earmarked reserve within the General Fund
HRA Leaseholders Major Works	For future maintenance costs
Housing Regeneration and Investment	To receive any surpluses achieved over those required for the sustainability of the HRA Business Plan to be used for future investment in strategic housing related outcomes
Strategic Regeneration Partnership – Clear Futures	To hold income received from Clear Futures, a strategic delivery collaboration between the Council, LDC, and AECOM and Robertson.
BEIS	To set aside unused revenue funds received from Business, Energy and Industrial Strategy (COVID-19 Grant Fraud Administration, Energy Bills Support Scheme Alternative Funding and other funding).
Levelling Up Fund	To hold revenue funding received from the Department to support the additional revenue costs incurred to support the delivery of the capital Levelling Up projects.
S106 Employment Monitoring Reserve	To hold contributions from developers to support local initiatives for construction employment and training.

17. SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

The Capital Financing Requirement represents the Council's net need to borrow to finance its capital investment, made up of all funding of capital from loans in previous years, less amounts set aside each year for the redemption of debt

2022/23	2023/24
£000	£000
183,896 Opening Capital Financing Requirement	189,865
17,023 Capital Investment	17,572
2,175 Revenue expenditure financed from capital under statute	7,596
392 Loans and Advances	477
19,590 Total Capital Investment	25,645
Sources of finance	
(2,162) Capital receipts	(1,572)
(5,092) Grants and contributions	(8,398)
(4,948) Major repairs reserve	(4,345)
- Revenue provision for repayment of debt	(477)
(1,419) Revenue Contribution to capital	(3,960)
(13,621) Total Sources of finance	(18,752)
5,969 Movement in the Year	6,893
189,865 Closing Capital Financing Requirement	196,758
Explanation of movements in year	
5,969 Increase in underlying borrowing	6,893
5,969 Increase in Capital Financing Requirement	6,893

The Capital Financing Requirement reflects various items in the Balance Sheet, as shown below:

31 March 2023	31 March 2024
£000	£000
386,068 Property Plant and Equipment	380,222
13,009 Infrastructure Assets	12,160
16,269 Heritage Assets	16,202
25,332 Investment Property	24,725
2,678 Intangible Assets	2,361
4,000 Assets Held for Sale	2,551
31,547 Loans and Advances	31,632
(85,051) Revaluation Reserve	(76,660)
(203,987) Capital Adjustment Account	(196,435)
189,865 Closing Capital Financing Requirement	196,758

18. PROPERTY, PLANT AND EQUIPMENT

18.1. MOVEMENT IN YEAR 2023/24

The table below shows the movements in the various categories for the year:

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2023	256,344	108,588	11,819	4,201	12,717	229	393,898
Additions	8,119	1,043	658	27	5,279	-	15,126
Revaluations recognised in the Revaluation Reserve	(9,971)	(1,806)	-	-	-	-	(11,777)
Revaluations recognised in the Surplus or Deficit on Provision of Services	(1,109)	(1,067)	-	-	-	-	(2,176)
De-recognition & Disposals	(5,167)	(992)	(17)	-	-	-	(6,176)
Assets reclassified	5,367	1,931	-	-	(5,956)	107	1,449
At 31 March 2024	253,583	107,697	12,460	4,228	12,040	336	390,344
At 1 April 2023	-	(1,824)	(5,443)	(563)	-	-	(7,830)
Depreciation Charge for the year	(5,330)	(1,818)	(917)	-	-	-	(8,065)
Depreciation written out on revaluation	4,969	752	-	-	-	-	5,721
De-recognition & Disposals	52	-	-	-	-	-	52
At 31 March 2024	(309)	(2,890)	(6,360)	(563)	-	-	(10,122)
Net Book Value							
At 31 March 2024	253,274	104,807	6,100	3,665	12,040	336	380,222
At 31 March 2023	256,344	106,764	6,376	3,638	12,717	229	386,068

18.1 MOVEMENT IN YEAR (CONT'D) 2022/23

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2022	242,367	102,438	11,143	4,201	9,080	229	369,458
Additions	6,793	1,742	676	-	6,536	-	15,747
Revaluations recognised in the Revaluation Reserve	14,997	3,405	-	-	-	-	18,402
Revaluations recognised in the Surplus or Deficit on Provision of Services	(1,264)	3,443	-	-	-	-	2,179
De-recognition & Disposals	(7,999)	-	-	-	-	-	(7,999)
Assets reclassified	1,450	(2,440)	-	-	(2,899)	-	(3,889)
At 31 March 2023	256,344	108,588	11,819	4,201	12,717	229	393,898
At 1 April 2022	-	(815)	(4,552)	(563)	-	-	(5,930)
Depreciation Charge for the year	(5,021)	(1,761)	(891)	-	-	-	(7,673)
Depreciation written out on revaluation	4,969	752	-	-	-	-	5,721
De-recognition & Disposals	52	-	-	-	-	-	52
At 31 March 2023	-	(1,824)	(5,443)	(563)	-	-	(7,830)
Net Book Value							
At 31 March 2023	256,344	106,764	6,376	3,638	12,717	229	386,068
At 31 March 2022	242,367	101,623	6,591	3,638	9,080	229	363,528

18.2 INFRASTRUCTURE ASSETS

Infrastructure Assets are measured using the historical cost basis and carried at depreciated historical cost. Infrastructure assets include sea defences, access roads and paved areas.

2022/23		2023/24	
£000			£000
34,256	Cost or Valuation at 1 April		34,256
548	Additions		459
(548)	Disposal and de-recognition		(459)
34,256	At 31 March		34,256
Accumulated Depreciation and Impairment			
(20,398)	At 1 April		(21,247)
(849)	Depreciation Charge		(849)
-	De-recognition - disposal		-
(21,247)	At 31 March		(22,096)
13,009	31 March 2023	Net book value	31 March 2024
13,858	31 March 2022	Net book value	31 March 2023
			12,160
			13,009

18.3 VALUATION OF PROPERTY

Three of the categories shown in the tables above (council dwellings, other land and buildings and surplus properties) are subject to periodic revaluation; all such assets are revalued at 5-year intervals with a market review carried out annually. These were last valued as at 1 April 2020 by the Wilkes, Head & Eve. The next full revaluation, for all three categories of assets, is due to be carried out as at 1 April 2025.

The valuations are not reported as subject to ‘material valuation uncertainty’ as defined by RICS Valuation Global Standards.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000
Carried at Historical Cost	-	-	12,460	4,228	12,040	-	28,728
Values at fair value in:							-
31 March 2024	253,583	107,697	-	-	-	336	361,616
Gross Cost or Valuation	253,583	107,697	12,460	4,228	12,040	336	390,344

18.4 DEPRECIATION

The following useful lives have been used in the calculation of depreciation:

Category	Useful economic life
Council dwelling structures	60 years
Council dwelling components	15 to 40 years
Other land and buildings	15 to 60 years
Vehicles, Plant and Equipment	5 to 30 years
Infrastructure	40 years

18.5 CAPITAL COMMITMENTS

At 31 March 2024, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment to cost £4,786,000 as detailed in the table below. Similar commitments at 31 March 2023 were £8,289,000.

	£000
HRA New Build & Asset Improvements	2,046
Loans to Subsidiary Companies	2,211
Other asset improvements	529
Total	4,786

18.6 FAIR VALUE HIERACHY

As at 31 March 2024, there are six properties classed as surplus, compared to six in the previous year. The fair value hierarchy of surplus assets at 31 March are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Other significant unobservable inputs (Level 3)	Total
	£000	£000	£000	£000
Surplus Assets NBV at 31 March 2024	-	336	-	336
Surplus Assets NBV at 31 March 2023	-	229	-	229

The surplus assets are measured at Level 2 in the fair value hierarchy (see Note 2.6) as the measurement technique uses significant observable inputs to measure the fair value. The fair value has been derived on a comparable basis for income producing assets or residential properties (using rent yield or capital value per square metre) or derived through an assessment of prevailing land values for unconsented sites or a residual land appraisal.

For assets offering development potential (alternative use) the valuation is based on the highest value that has a reasonable prospect of securing an appropriate planning consent. Restrictions on the sale or use of an asset affect its fair value only if market participants would also be impacted by those restrictions. Highest and best use is determined only from the perspective of market participants, even if the Council intends a different use.

Alternative uses of those assets are considered if there is an alternative use that would maximise their fair value. However, the Council is not required to perform an exhaustive search for other potential uses of the assets if there is no evidence to suggest that the current use of an asset is not its highest and best use.

19. HERITAGE ASSETS

The Council maintains an art collection and a local history collection which are held in support of the Council's objective to increase the knowledge, understanding and appreciation of the arts and the history of the local area. Reconciliation of the carrying value of Heritage Assets held by the Council:

	Historical Collection	Art Collection	Other	Land & Buildings	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2022	345	11,906	172	2,460	14,883
Additions	-	-	-	-	-
Revaluations*	305	-	327	753	1,385
Depreciation	-	-	-	-	-
Balance at 31 March 2023	650	11,906	499	3,213	16,268
Additions	-	-	-	245	245
Revaluations*	-	-	-	(66)	(66)
Depreciation	-	-	-	-	-
Disposals & Derecognition	-	-	-	(245)	(245)
Balance at 31 March 2024	650	11,906	499	3,147	16,202

The Art Collection was valued by professional external valuers in 2012/13. An annual review is carried out to compare the valuation to the insurance valuation to ensure the value is not materially mis-stated. Heritage buildings were valued as at 1 April 2020 by an external professional valuer and uplifted following a market review as at 31 March 2024. They will be revalued every five years. The historical collection has been valued with reference to insurance values.

19.1. HERITAGE ASSET POLICY

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment, except for the frequency of revaluations. Some of the measurement rules are relaxed in relation to Heritage Assets as detailed below. The Council's Heritage Assets are accounted for as follows:

- **Art Collection**
 - The art collection includes paintings and sketches and is reported in the Balance Sheet at insurance value, which was based on the external valuation carried out in 2012/13. The art collection will be reviewed annually against the insurance valuation, with an annual impairment review. The art collection is deemed to have indeterminate life and a high residual value; hence it is not considered appropriate to charge depreciation.
 - Acquisitions are made by purchase or donations. Acquisitions are initially recognised at cost and donations are recognised at valuation with valuations provided by the external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information.
- **Local History Collection**
 - The Local History Museum, which comprises of the Eastbourne Archaeological Collection, The Eastbourne Local History Collection, The Eastbourne Photographic and Postcard Collection and The Eastbourne Local History and Archaeology Library and Research Resource is recognised on the balance sheet at insurance value as cost is not readily available and the Council believes that the benefits of obtaining the valuation for these items would not justify the cost. The collection has been acquired mainly by donation over 100 years ago with some additional items being donated and purchased over the years.
- **Heritage Assets – General**
 - The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment for Heritage Assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment – see Note 2.9. The Council will occasionally dispose of Heritage Assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see Note 2.9).

ACQUISITIONS POLICY

Towner, Eastbourne's contemporary art museum and centre for the visual arts in the South East, will continue to acquire objects in the following categories:

- Fine Art: paintings, watercolours, drawings, mixed media, photographs, prints and sculpture representative of the main developments in 19th and 20th century British art.
- Victorian Art: to complement the Towner Bequest.
- Works by important 20th century British artists, to enhance the exiting collection.
- Works and material by and relating to Eric Ravilious (1903-42).
- Works by South East regional artists.

- Topographical pictures relating to East Sussex and the Eastbourne area.
- European Art: to complement the existing collections, for example the Irene Law Bequest of 17th and 18th century Dutch and Flemish paintings and 18th century British art, The Lucy Carrington Wertheim Bequest of 20th century European paintings.
- Contemporary art by British and International artists complementing the existing collections.

Towner recognises its responsibility, in acquiring material, to ensure adequate conservation, documentation and proper use of such material and takes into account limitations on collecting imposed by such factors as inadequate staffing, storage and conservation resources. Acquisitions outside the current stated policy will only be made in very exceptional circumstances, and then only after proper consideration by the governing body of the museum itself, having regard to the interests of other museums.

DISPOSALS POLICY

The Council accepts the principle that there is a strong presumption against the disposal of any items in the Towner's collections. In those cases where Towner is free to dispose of an item it is agreed that any decision to sell or dispose of material from the collections should be taken only after due consideration. Once a decision to dispose of an item has been taken, priority will be given to retaining the item within the public domain and with this in view it will be offered first, by exchange, gift or sale to Registered museums before disposal to other interested individuals or organisations is considered.

Further information is available in Eastbourne Local History Museum and Towner's Acquisitions and Disposals Policy available from Towner.

20. INVESTMENT PROPERTIES

In 2023/24 the Council received £1,482,000 as rental income from investment properties, compared to £1,247,000 received in 2022/23.

Investment properties are held for the purpose of generating income. There are no restrictions on the Council's ability to realise the value inherent in its investment property or of the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligation to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The table below shows movements in the fair value for Investment Properties.

2022/23	2023/24
£000	£000
25,258	25,332
- Additions	
451 Expenditure on property	1,172
(377) Net losses from fair value adjustments	(1,779)
25,332	24,725

20.1. FAIR VALUE HIERARCHY

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Note 2.7 Accounting Policy for an explanation of the fair value levels).

20.2. VALUATION TECHNIQUES USED TO DETERMINE LEVEL 2 FAIR VALUES FOR INVESTMENT PROPERTY

The current value of investment property has been measured using a market approach, which considers quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Investment Asset portfolio. Market conditions are such that similar properties are actively purchased and sold, and the level of observable inputs are significant, leading to the properties being categorised as Level 2 on the fair value hierarchy.

20.3. HIGHEST AND BEST USE

In estimating the fair value of the Council's investment properties, the highest and best use is their current use.

20.4. VALUATION PROCESS FOR INVESTMENT PROPERTIES

The Council's investment property has been valued as at 31 March 2024 by Wilks Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

21. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets also cover the initial purchased licences on implementation. All software is given a finite useful life based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council range between five and seven years.

The annual movements in the balance sheet figures for intangible assets are shown below:

2022/23			2023/24			
Gross Cost	Amortisation	Net Book Value		Gross Cost	Amortisation	Net Book Value
£000	£000	£000		£000	£000	£000
6,796	(3,265)	3,531	Balance 1 April	5,955	(3,277)	2,678
Written down to services						
-	(1,084)	(1,084)	Corporate Services		(842)	(842)
-	(46)	(46)	Housing Revenue Account		(46)	(46)
-	(1,130)	(1,130)	Total	-	(888)	(888)
277	-	277	Additions	571		571
-	-	-	Transfers			-
(1,118)	1,118	-	Written out on completion of expected life	(1,062)	1,062	-
(841)	(12)	(853)	Net transactions during the year	(491)	174	(317)
5,955	(3,277)	2,678	Balance at 31 March	5,464	(3,103)	2,361

The Council's Joint Transformation Programme, which started in 2016/17, makes up £1.45m (£2.28m 31/3/23) of the total and is being amortised over remaining periods of 2-6 years.

	31 March 2023		31 March 2024	
	Carrying Amount		Remaining Amortisation (years)	
	£000	£000		
Joint Transformation Programme	2,284	1,452		2 to 6 years
Future Model	21	-		
Revenues & Benefits System	-	677		8 years
Other	373	233		2 to 8 years
	2,678	2,362		

22. ASSETS HELD FOR SALE

The annual movements in the balance sheet figures for assets held for sale are shown below:

	2022/23	2023/24
	£000	£000
Balance at 1 April	379	4,000
Disposals and de-recognition	(268)	-
Assets newly classified as held for sale:		
Property, Plant & Equipment	3,889	(1,449)
Balance at 31 March	4,000	2,551

23. FINANCIAL INSTRUMENTS

23.1. CATEGORIES OF FINANCIAL INSTRUMENTS

The following categories of financial instruments are carried on the Balance Sheet:

31 March 2023			31 March 2024		
Long-term	Current		Long-term	Current	
£000	£000		£000	£000	£000
Financial Assets					
Fair Value through Profit and Loss					
-	-	Investments	-	-	-
Amortised Cost					
3,500	-	Investments	-	-	-
49,667	19,578	Debtors	49,958	22,796	
-	3,379	Investments and Cash equivalents	3,500	3,741	
53,167	22,957	Total Financial Assets	53,458	26,537	
-	6,364	Non Financial Assets	-	4,787	
53,167	29,321	Total Assets	53,458	31,324	
Financial Liabilities					
Fair Value through Profit and Loss					
-	-		-	-	
Amortised Cost					
(19,758)	(8,725)	Creditors	(18,999)	(11,760)	
(111,331)	(66,156)	Borrowings	(108,498)	(84,246)	
(131,089)	(74,881)	Total Financial Liabilities	(127,497)	(96,006)	
-	(6,950)	Non Financial Liabilities	-	(7,545)	
(131,089)	(81,831)	Total Liabilities	(127,497)	(103,551)	

23.2. FINANCIAL INSTRUMENTS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The balance of financial assets at 31 March 2024 was £nil (£nil at 31 March 2023). There were no financial liabilities designated at fair value through profit or loss. No financial assets or liabilities were classed as fair value through other comprehensive income. No financial assets or liabilities were re-classified during the year.

23.3. INCOME, EXPENSE, GAINS AND LOSSES

2022/23		2023/24	
Surplus or Deficit on Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on Provision of Services	Other Comprehensive Income and Expenditure
£000	£000	£000	£000
-	-		
			Net (gains) / losses on:
			Financial assets measured at amortised cost
(1,768)	-	(2,077)	Interest revenue:
			Financial assets measured at amortised cost
3,783	-	5,889	Interest expense:
			Financial liabilities measured at amortised cost

23.4. FAIR VALUE

The basis for recurring fair value measurements is:

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

There were no financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31 March 2023	As at 31 March 2024
			£000	£000
Fair Value through profit or loss				
Other financial instruments	Level 1	Unadjusted quoted prices in active markets for identical shares	-	-

23.5. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE (BUT FOR WHICH FAIR VALUE DISCLOSURES ARE REQUIRED)

Except for the financial assets carried at fair value, all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, under debt redemption procedures, prevailing market rates have been applied to provide the fair value;
- For non-PWLB loans payable, under debt redemption procedures, prevailing market rates have been applied to provide the fair value;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2023		31 March 2024	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities				
Financial Liabilities at amortised cost	(111,331)	(79,154)	(108,497)	(81,392)
Long Term Creditors	(19,758)	(19,758)	(18,999)	(18,999)
Total Long Term	(131,089)	(98,912)	(127,496)	(100,391)
Short Term Borrowing and Creditors	(74,881)	(74,881)	(96,006)	(96,006)
Total Short & Long Term	(205,970)	(173,793)	(223,502)	(196,397)

The fair value of borrowings is lower than the carrying amount because the portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain, based on economic conditions at 31 March 2024, arising from a commitment to pay interest to lenders below current market rates.

	31 March 2023		31 March 2024	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Assets				
Financial Assets at amortised cost	3,500	3,500	3,500	3,500
Long Term Debtors	49,667	49,667	49,958	49,958
Total Long Term	53,167	53,167	53,458	53,458
Short Term Investments and Debtors	22,957	22,957	26,537	26,537
Total Short & Long Term	76,124	76,124	79,995	79,995

The fair value of the financial assets is the same as the carrying amount as they are carried at cost and this is a fair approximation of their value.

23.6. FAIR VALUE HIERARCHY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE

31 March 2023				Recurring fair value measurements using:	31 March 2024			
Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Total £000		Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Total £000
Financial Liabilities								
-	(79,154)	-	(79,154)	Financial Liabilities at amortised cost	-	(81,392)	-	(81,392)
-	(19,758)	-	(19,758)	Long Term Creditors	-	(18,999)	-	(18,999)
-	(98,912)	-	(98,912)	Total Long Term	-	(100,391)	-	(100,391)
Financial Assets								
-	3,500	-	3,500	Financial Assets at amortised cost	-	3,500	-	3,500
-	49,667	-	49,667	Long Term Debtors	-	49,958	-	49,958
-	53,167	-	53,167	Total Long Term	-	53,458	-	53,458

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis, with the most significant inputs being the discount rate. The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Financial Assets

- no early repayment or impairment is recognised;
- estimated ranges of interest rates at 31 March 2024 for loans receivable, based on new lending rates for equivalent loans at that date;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities

- no early repayment is recognised;
- estimated ranges of interest rates at 31 March 2024 for loans payable based on new lending rates for equivalent.

24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

- **Credit risk** - the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** - the possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

24.1. OVERALL PROCEDURES FOR MANAGING RISK

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations, standing orders and constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its management of interest rate exposure;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with government guidance.

These are required to be reported and approved at or before the Council's annual council tax setting budget or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported after each year, as is a mid-year update.

The annual treasury management strategy which incorporates the prudential indicators was approved by the Full Council on 22 February 2023 and is available on the Council website.

The key issues within the strategy were:

- The Authorised Limit for 2023/24 was set at £241m. This is the maximum limit of external borrowings or other long term liabilities;
- The Operational Boundary was expected to be £219m. This is the expected level of debt and other long-term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100 per cent and 25 per cent based on the Council's net debt;
- The maximum and minimum exposures to the maturity structure of debt (see table below).

- Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash)

Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash)

24.2. CREDIT RISK

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which is available on the Council's website. There are significant financial risks of Covid-19 that were felt in 2022/23 and will be in later years due to the continued uncertainty surrounding its impact on residents and council tax collection rates, the slowdown in house building and the reduction in the council tax base and income and on businesses and national non-domestic rates collection rates.

24.3. CREDIT RISK MANAGEMENT PRACTICES

The Council's credit risk management practices are set out in the Annual Investment Strategy. With particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition.

The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element.

However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

The full Investment Strategy for 2023/24 was approved by Full Council on 22 February 2023 and is available on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £5m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments.

A risk of recoverability applies to all of the Council’s deposits, but there was no evidence at the 31 March 2023 that this was likely to crystallise.

The Council invested funds in CloudConnX Limited of £357,000 of which £108,000 has been repaid and Sea Change Sussex £2,923,000 including capitalised interest. The risk of these companies failing to meet their commitments is minimised by maintaining representation on the board for CloudConnX. In addition, the loan to CloudConnX is supported by a fixed and floating charge over the assets and the loan to Sea Change Sussex is secured by a charge over the land and buildings.

The Council has provided various commercial loan facilities to Eastbourne Housing Investment Company Limited, a wholly owned subsidiary of the Council:

- loan balance at 31 March 2024 of £13,770,950 for the purchase and refurbishment of properties, at an interest rate of 4.5 per cent. The loans are secured by a first charge on the properties purchased;
- £247,000 working capital facility, unsecured at an interest rate of 2 per cent above Base Rate.

The Council has provided various commercial loan facilities to Aspiration Homes LLP, a joint venture with Lewes District Council:

- loan balance at 31 March 2024 of £13,574,750 for the development of new properties, at an interest rate of 4.5 per cent. The loans are secured by a first charge on the properties purchased;
- £100,000 working capital facility of which none was drawn down as at 31 March 2024, unsecured at an interest rate of 2 per cent above Base Rate.

The Council has provided a commercial loan facility to South East Environmental Services Limited, a wholly owned subsidiary of the Council:

- loan balances at 31 March 2024 of £1,681,000 for the purchase of waste equipment and vehicles at an interest rate of 1 - 2 per cent above base rate.

The Council is acting as principal guarantor for a refinancing loan to Investment Infrastructure Leicester Ltd and as guarantor for any shortfalls in rental income. As at 31 March 2024, there had been no call on the guarantees.

24.4. AMOUNTS ARISING FROM EXPECTED CREDIT LOSSES (ECL)

The changes in loss allowance during the year are as follows:

	12 Month ECL	Lifetime ECL	Lifetime ECL – Simplified Approach	Total
	£000	£000	£000	£000
Opening balance 1 April 2023	176	207	6,188	6,571
Change in credit loss	269	126	886	1,281
Closing balance at 31 March 2024	445	333	7,074	7,852

12 Month ECL includes some third party loans. Lifetime ECL includes some third party loans, treasury investments and non-debtor system invoices. Lifetime ECL simplified includes debtor system invoices.

Collateral – During the reporting period the Council held no collateral as security.

24.5. LIQUIDITY RISK

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports),

as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The table below summarises the credit risk exposures of the Council's investment portfolio at 31 March by the type of counterparty:

Credit Rating	31 March 2023	31 March 2024
	£000	£000
Banks, Building Societies & Corporates		
AAA	-	-
AA	-	-
A	3,353	3,072
Money Market Funds - AAA	-	-
Local Authorities - unrated	-	-
Total	3,353	3,072

The maturity analysis of financial assets is as follows:

	31 March 2023	31 March 2024
	£000	£000
Less than one year	3,380	3,741
Between one and two years	790	191
Between two and five years	3,306	573
Between five and ten years	4,545	1,135
More than ten years	44,525	51,559
Total	56,546	57,199

24.6. REFINANCING AND MATURITY RISK

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

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

This includes:

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

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):

	Approved Minimum Limit	Approved Maximum Limit	31 March 2023 £000	31 March 2024 £000
	%	%		
Less than one year	0%	25%	66,156	81,793
Between one and two years	0%	40%	760	-
Between two and five years	0%	60%	4,561	1,141
Between five and ten years	0%	70%	4,371	571
More than ten years	0%	90%	121,397	128,238
Total			197,245	211,743

24.7. MARKET RISK

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

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

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

Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

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

According to this assessment strategy, at the end of the financial reporting period, if all interest rates had been 1 per cent higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest rate on variable rate borrowings	-
Increase in interest rate on variable rate investments	(31)
Total impact on Comprehensive Income and Expenditure	(31)

PRICE RISK

The Council does not generally invest in equity shares or marketable bonds.

FOREIGN EXCHANGE RISK

The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

25. DEBTORS

Short Term debtors outstanding as at 31 March are:

31 March 2023	31 March 2024
£000	£000
Financial assets	
6,619 Trade Receivables	4,710
12,960 Other Receivables	18,086
19,579 Total financial assets	22,796
Non financial assets	
763 Prepayments	943
5,090 Debtors for Local Taxation	3,732
509 Other Receivables	111
6,362 Total non financial assets	4,786
25,941 Total short term receivables	27,582

Debtors for Local Taxation includes Business Rates due from the Government.

Long-term debtors outstanding as at 31 March are:

31 March 2023	31 March 2024
£000	£000
31,559 Other Receivable Amounts	31,643
18,108 ICE/ILL Guarantee	18,315
49,667 Total long receivables	49,958

Included within Other Receivables are:

- £249,000 (£285,000 at 31 March 2023) in a company that will be providing telecommunication services primarily to the business sector in the locality. The Council currently has a charge over the assets of the company.
- £850,000 loan funding in 2014/15 provided in partnership with East Sussex County Council to East Sussex Energy Infrastructure and Development Ltd (trading as Sea Change Sussex) for the purchase of a site at Sovereign Harbour, final repayment is due in 2024. Capitalised interest has been added to this loan bringing the total outstanding at 31 March 2024 to £1,114,160.
- £1,400,000 loan funding in 2015/16 to East Sussex Energy Infrastructure and Development Ltd (trading as Sea Change Sussex) for the development of the Innovation Mall (Pacific House) at Sovereign Harbour, final repayment is due in 2024 (excluding £150,000 of loan deferred). Capitalised interest has been added bringing the total outstanding at 31 March 2024 to £1,808,460.
- £14,017,950 (£14,268,550 at 31 March 2023) loan to Eastbourne Housing Investment Company, a wholly owned subsidiary of the Council for the purchase and redevelopment of various properties. These loans are due for repayment on a variety of dates, the last due date being in 2061.

- £13,574,750 (£13,639,750 at 31 March 2023) loan to Aspiration Homes LLP, a partnership wholly owned by The Council and Lewes District Council for the purchase and redevelopment of various properties. These loans are due for repayment on a variety of dates, the last due date being in 2061.
- £1,681,000 (£935,000 at 31 March 2023) loan to South East Environmental Services Ltd, a wholly owned subsidiary of the Council for the purchase waste fleet vehicles. This loan is due for repayment in annual instalments repayable by 2030.

ICE/IIL GUARANTEE

- £18,314,544 long term (£18,108,680 at 31 March 2023) contract receivable relating to a guarantee arrangement provided to IIL Ltd in respect of an investment property in Leicester as detailed in Notes 4 and 5.

26. CREDITORS

Short term creditors between different groupings of creditor as at 31 March are:

31 March 2023	31 March 2024
£000	£000
Financial Liabilities	
(512) Trade Payables	(2,350)
(9,397) Other Payables	(10,648)
(9,909) Total	(12,998)
Non Financial Assets	
(4,215) Receipts in Advance	(4,896)
(1,551) Creditors for Local Taxation	(1,411)
(5,766) Total	(6,307)
(15,675) Total	(19,305)

OTHER LONG TERM LIABILITIES

31 March 2023	31 March 2024
£000	£000
(19,758) Lease Liability	(18,889)
(19,758) Total	(18,889)

Other long term liabilities Includes £18,435,623 liability for a rental guarantee and £562,930 liability for a loan guarantee provided to IIL Ltd, a total of £18,998,553 at 31 March 2024 (£19,758,495 at 31 March 2023), in respect of an investment property in Leicester as detailed in Notes 4 and 5.

27. PROVISIONS

Provisions represent amounts set aside to meet potential future liabilities. Provisions as at 31 March are:

	01 April 2023	Additions	Amounts used	31 March 2024
	£000	£000	£000	£000
Business Rate Appeals	(1,068)	(652)	-	(1,720)
Total	(1,068)	(652)	-	(1,720)

The Business Rates Appeals provision is to provide for the settlement of rateable value appeals made to the valuation office.

28. USABLE RESERVES

The table below sets out details of the movements and balances on individual usable reserves. The reasons for maintaining each reserve are set out in Note 16, and the annual movements for usable reserves are shown in the Movement in Reserves Statement. Details of Earmarked Reserves are shown at Note 16.

31 March 2023	31 March 2024
£000	£000
(5,740) General Fund Balance	(4,274)
(2,709) HRA balances	(946)
(9,262) Earmarked Reserves	(3,236)
(2,777) Major Repairs Reserve	(3,824)
(2,286) Capital Receipts Reserve	(2,441)
(6,721) Capital Grants & Contributions Unapplied	(4,312)
(29,495) Total Usable reserves	(19,033)

MAJOR REPAIRS RESERVE

The Major Repairs Reserve controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the MRA that has yet to be applied at the year end.

31 March 2023	31 March 2024
£000	£000
(2,644) Balance at 1 April	(2,777)
(5,081) Posting of HRA resources from revenue to the major repairs reserve	(5,392)
4,948 Use of the major repairs reserve to finance capital expenditure	4,345
(2,777) Balance at 31 March	(3,824)

CAPITAL RECEIPTS RESERVE

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

31 March 2023	31 March 2024
£000	£000
(1,291) Balance at 1 April	(2,286)
(3,157) Amounts receivable during the year	(1,729)
2,162 Amounts applied to finance new capital investment	1,574
- Payments to Housing Capital Receipts Pool	-
(2,286) Balance at 31 March	(2,441)

CAPITAL GRANTS UNAPPLIED ACCOUNT

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure.

31 March 2023	31 March 2024
£000	£000
(3,882) Balance at 1 April	(6,721)
(8,107) Amounts receivable during the year	(6,223)
5,092 Amounts applied to finance new capital investment	8,398
176 Transfer to revenue	234
(6,721) Balance at 31 March	(4,312)

29. UNUSABLE RESERVES

The table below sets out details of the movements and balances on individual unusable reserves: the "Total" figures are those included in the "Unusable Reserves" column of the Movement in Reserves Statement.

31 March 2023	31 March 2024
£000	£000
2,431 Collection Fund Adjustment Account	1,667
(85,051) Revaluation Reserve	(76,660)
(203,986) Capital Adjustment Account	(196,435)
2,805 Pension Reserve	2,606
114 Accumulated Absence Account	114
(283,687) Total Unusable reserves	(268,708)

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 taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2022/23	2023/24	£000
£000	£000	£000
4,874 Balance at 1 April		2,431
(41) Amount by which council tax debited or credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	81	
(2,402) Amount by which non-domestic rate income debited or credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rate income calculated for the year in accordance with statutory requirements	(845)	
2,431 Balance at 31 March		1,667

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 Heritage Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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 on the Capital Adjustment Account.

2022/23	2023/24	
£000	£000	£000
(61,385) Balance at 1 April		(85,051)
(25,508) Downward/(Upward) revaluation of assets	6,121	
- Downward revaluation of assets	-	
(25,508) Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		6,121
1,410 Difference between fair value depreciation and historical cost depreciation	2,178	
432 Accumulated gains on assets sold or scrapped	92	
1,842 Amount written off to the Capital Adjustment Account		2,270
(85,051) Balance at 31 March		(76,660)

CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current 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.

2022/23	2023/24
£000	£000
(207,493) Balance at 1 April	(203,986)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
8,522 Charges for depreciation and impairment of non-current assets	8,913
(2,179) Revaluation gains that reverse previous losses	2,176
1,130 Amortisation of intangible assets	887
(823) Revenue expenditure funded from capital under statute	4,595
2,998 Refcus - Capitalisation Direction	3,000
181 Expected Credit Losses	395
8,764 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	6,830
18,593	26,796
(1,842) Adjusting amounts written out of the Revaluation Reserve	(2,270)
16,751	24,526
Net written out amount of the cost of non-current assets consumed in the year	
Capital financing applied in the year:	
(2,162) Use of the Capital Receipts Reserve to finance new capital	(1,572)
(4,948) Use of the Major Repairs Reserve to finance new capital	(4,345)
- Capital grants and contributions credited to the Comprehensive	(4,176)
(5,092) Application of grants to capital financing from the Capital Grants	(4,222)
- Statutory provision for the financing of capital investment	(478)
(1,419) Capital expenditure charged against the General Fund and HRA Balances	(1,431)
- Capital expenditure charged against the General Fund and HRA balances (Earmarked Reserve)	(2,529)
(13,621)	(18,753)
377 Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	1,778
- Movements in the Donated Assets Account debited or credited to the Comprehensive Income and Expenditure Statement	-
(203,986) Balance at 31 March	(196,435)

PENSION 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.

2022/23	2023/24
£000	£000
64,715 Balance at 1 April	2,805
(73,664) Re-measurement of the net defined benefit liability	(8,372)
9,240 Asset Ceiling - Adjusted funding surplus	9,324
7,507 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	4,153
(4,993) Employer's pensions contributions and direct payments to pensioners payable in the year	(5,304)
2,805 Balance at 31 March	2,606

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 Accounts.

2022/23	2023/24
£000	£000
114 Balance at 1 April	114
(114) Settlement or cancellation of accrual made at the end of the preceding year	(114)
114 Amounts accrued at the end of the current year	114
114 Balance at 31 March	114

30. POST EMPLOYMENT BENEFITS

30.1. PARTICIPATION IN DEFINED BENEFIT PENSION PLAN

As part of the terms and conditions of employment of its employees, 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 two post-employment schemes:

- The Local Government Pension Scheme, administered locally by East Sussex County Council. This is a funded defined final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet the actual pension payments as they eventually fall due. The Council also has liabilities for discretionary payments for added years, etc. These are charged directly to the accounts of the Council, as they are not a charge upon the Pension Fund.

The East Sussex Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of East Sussex County Council. Policy is determined in accordance with the Pensions Funds Regulations. The investment managers of the fund are appointed by the committee.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies Note 2.5

30.2. TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS

The Council recognises the cost of retirement benefits in the 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 council tax is based on the contributions payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2022/23	2023/24
£000	£000
Service Cost comprising:	
7,688 Current Service Cost	4,579
182 Past Service Cost	167
Financing & Investment Income & Expenditure	
(503) Net Interest	(593)
140 Administration Expenses	-
7,507 Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	4,153
Other Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	
Re-measurement of the net defined benefit liability comprising:	
12,852 Return on Plan Assets (excluding the amount included in the net interest expense)	(5,638)
- Actuarial Gains arising on changes in demographic assumptions	(2,084)
(107,971) Actuarial Losses arising on changes in financial assumptions	(1,224)
21,455 Other Experience losses	574
- Other Actuarial losses	-
9,240 Asset Ceiling - Adjusted funding surplus	9,324
(64,424) Other Comprehensive Income & Expenditure	952
(56,917) Total Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	5,105
Movement in Reserves Statement	
Reversal of net charges made to the Surplus or Deficit on the	
7,507 Provision of Services for post-employment benefits in accordance with the Code	4,153
(4,993) Actual amount charged to the General Fund Balance for pensions in the year	(5,304)
2,514 Net adjustment in Movement in Reserves Statement	(1,151)

30.3. PENSION ASSETS AND LIABILITIES RECOGNISED IN THE BALANCE SHEET

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

31 March 2023	31 March 2024
£000	£000
186,040 Fair value of employer assets	199,522
(176,800) Present value of funded liabilities	(180,958)
(2,805) Present value of unfunded liabilities	(2,606)
(9,240) Asset Ceiling - Adjusted funding surplus	(18,564)
(2,805) Net liability arising from defined benefit obligation	(2,606)

30.4. RECONCILIATION OF THE MOVEMENTS IN THE FAIR VALUE OF THE SCHEME ASSETS

2022/23	2023/24
£000	£000
191,095 Opening fair value of assets	186,040
7,587 Interest income	9,066
(140) Administration Expenses	
4,716 Contributions from employer - Funded	5,304
277 Contributions from employer - Unfunded	-
1,669 Contributions from employees into the scheme	1,784
(6,035) Benefits paid - Funded	(8,023)
(277) Benefits paid - Unfunded	(287)
Re-measurement gain / (loss):	
(12,852) The return on plan assets, excluding the amount included in the net interest expense	5,638
- Other actuarial	
186,040 Closing fair value of scheme assets	199,522

30.5. RECONCILIATION OF PRESENT VALUE OF THE SCHEME LIABILITIES (DEFINED BENEFIT OBLIGATION)

2022/23	2023/24
£000	£000
(255,810) Opening balance at 1 April	(179,605)
(7,688) Current service costs	(4,579)
(7,084) Interest costs	(8,473)
(1,669) Contributions from scheme participants	(1,784)
(182) Past Service costs	(167)
6,035 Benefits paid - funded	8,023
277 Benefits paid - unfunded	287
Re-measurement (gains) and losses:	
- Changes in demographic assumptions	2,084
107,971 Changes in financial assumptions	1,224
(21,455) Other experience	(574)
(179,605) Closing Balance at 31 March	(183,564)

30.6. LOCAL GOVERNMENT PENSION SCHEME ASSETS COMPRISE:

31 March 2023		31 March 2024	
£000	%	£000	%
131,323	71%	136,969	69%
22,584	12%	29,692	15%
29,909	16%	30,045	15%
2,224	1%	2,816	1%
186,040	100%	199,522	100%

Note: The bid values are estimated where necessary. The individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100 per cent. The final asset allocation of the Fund assets as at 31 March 2024 may be different from that shown due to estimation techniques.

The detail of assets as at 31 March 2024, representing the percentages of the total Fund held in each asset class (split by those that have a quoted market price in an active market, and those that do not) is:

31 March 2023		31 March 2024	
Unquoted %	Quoted %	Unquoted %	Quoted %
Asset Breakdown			
Index Linked Government Securities			
2.0%		5%	
Corporate Bonds			
9.0%		9%	
Equities			
39.0%	5.0%	36%	8%
Property			
7.0%		6%	
Others			
18.0%		17%	
8.0%		8%	
9.0%		9%	
0.5%		0%	
1.0%		1%	
0.5%		0%	1%
94.0%	5.0%	91%	9%

30.7. BASIS FOR ESTIMATING ASSETS AND LIABILITIES

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions on mortality rates, salary levels, etc. The liabilities have been assessed by Barnett Waddingham (who have replaced Hymans Robertson), an independent firm of actuaries, being based on the latest full valuation of the scheme as at 31 March 2021. The main assumptions used in their calculations are:

The significant assumptions used by the actuary have been:

2022/23		2023/24	
Mortality assumptions:			
Longevity at 65 for current pensioners:			
21.1	Males		20.9
24.1	Females		23.8
Longevity at 65 for future pensioners:			
22.2	Males		21.9
25.6	Females		25.4

	31 March 2022	31 March 2023	31 March 2024
Financial Assumptions			
Discount rate	2.60%	4.80%	4.90%
Pension increases	3.25%	2.90%	2.95%
Salary increases	3.25%	2.90%	2.95%

The duration of the Council's funded liabilities is 20 years.

The estimation of the defined benefit obligation is sensitive to the actuarial assumption set out in the table above (see also Note 5).

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

Sensitivity Analysis	£000	£000	£000
Adjustment to discount rate	+0.1%	0.00%	-0.1%
Present value of total obligation	180,682	183,564	186,520
Projected service cost	4,631	4,797	4,969
Adjustment to long term salary increase	+0.1%	0.00%	-0.1%
Present value of total obligation	183,727	183,564	183,402
Projected service cost	4,801	4,797	4,794
Adjustment to pension increases and deferred revaluation	+0.1%	0.00%	-0.1%
Present value of total obligation	183,727	183,564	183,402
Projected service cost	4,971	4,797	4,969
Adjustment to life expectancy assumptions	+1 year	None	-1 year
Present value of total obligation	191,047	183,564	176,409
Projected service cost	4,978	4,797	4,622

30.8. IMPACT ON THE COUNCIL'S CASH FLOWS

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100 per cent over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2025.

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 may not provide benefits in relation to service after 31 March 2017. 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 £4,806,000 expected contributions to the scheme in 2024/25.

31. CASH AND CASH EQUIVALENTS

31 March 2023	31 March 2024
£000	£000
27 Cash held by the Authority	2,606
143 Bank Current Accounts	1,110
3,210 Short Term Deposits with Banks	26
3,380 Total	3,742

The deficit on the provision of services has been adjusted for the following non cash movements:

2022/23	2023/24
£000	£000
8,522 Depreciation	8,913
(2,179) Impairment and (reversal) of impairment and valuation movements	2,176
1,130 Amortisation	887
187 Increase in impairment for bad debts	395
(25,213) Increase / (decrease) in creditors (excl. capital)	3,507
1,147 (Increase) / decrease in Debtors (excl. capital)	(2,920)
12 (Increase) / decrease in Inventories	21
2,514 Movement in pension liability	(1,151)
8,764 Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	6,830
13 Other non-cash items charged to the net surplus or deficit on the provision of services (including Financial Guarantee)	1,465
(5,103) Adjustment for Non-Cash Movements included in the provision of services	20,123

The deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

£000	£000
(3,157) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,729)
(5,092) Other items for which the cash effects are investing or financing activities	(6,223)
(8,249) Adjustment for items that are investing and financing activities	(7,952)

£000 Investing Activities	£000
(16,421) Purchase of property, plant and equipment, investment property and intangible assets	(15,188)
- Purchase of short and long term investments	-
(588) Other payments for investing activities	(1,129)
3,157 Proceeds from sales of property, plant and equipment, investment property and intangible assets	1,729
9,500 Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
5,273 Other receipts from investing activities	6,872
921 Net cash flows from investing activities	(7,716)

£000 Financing Activities	£000
61,000 Cash receipts of short and long-term borrowing	43,000
(44,453) Repayment of short and long-term borrowing	(28,453)
3,521 Other payments for financing activities	(272)
20,068 Net cash flows from financing activities	14,275

Reconciliation of Liabilities arising from Financing Activities	01 April 2023	Financing Cash Flows	Non- Cash Changes	31 March 2024
	£000	£000	£000	£000
Short Term Borrowings	(66,156)	(14,547)	(3,543)	(84,246)
Long Term Borrowings	(111,331)	-	2,834	(108,497)
Net cash outflow from financing activities	(177,487)	(14,547)	(709)	(192,743)

32. CONTINGENT LIABILITIES AND ASSETS

32.1 CONTINGENT LIABILITIES

MUNICIPAL INSURANCE LIMITED

The Council's former insurers were Municipal Mutual Insurance Limited (MMI) until the company ceased to provide new cover in 1994. A Scheme of Arrangements was set up with the aim of funding any claims that were outstanding at that time. The scheme allows for a claw back of payments already made under the scheme if the outstanding claims cannot be fully funded by the company. The maximum possible claw back for the Council was set at £470,000. The Directors of MMI 'triggered' the Scheme of Arrangement under Section 425 of the Companies Act 1985 (now Section 899 of the Companies Act 2006) on 13 November 2012. Ernst & Young are now responsible for the management of the MMI business, affairs and assets. Ernst & Young have carried out a review of MMI assets and liabilities. Payments made to-date are £70,437 in 2013/14, £46,958 2015/16, £4,724 2021/22 and £126, a total £122,245. Any possible outstanding claw back will continue to be a contingent liability.

TOWNER TRUST

On 1st July 2014, 16 staff employed by the Council who were members of the LGPS were TUPE'd to the Towner Trust. The Council retains a liability of any deficit that may arise in the future from the pension liability of the Towner Trust. The value of any future liability cannot be accurately determined.

EASTBOURNE BOROUGH FOOTBALL CLUB (EBFC)

As freeholder of the EBFC football pitch, the Council has provided a guarantee for EBFC in respect of a finance agreement to improve the football pitch. The maximum liability is £500,000.

BEDFORDWELL ROAD

The Council purchased land at Bedfordwell Road on 24 March 2018. Overage, capped at £1m, may be payable under certain circumstances.

INVESTMENT COMPANY EASTBOURNE LIMITED (ICE)

In May 2018, the Council's wholly owned investment company, ICE, entered into a deal with a private company in respect of a property in Leicester. ICE is acting as the principal guarantor of a £48m refinancing loan to a private company, with the Council being the ultimate guarantor. ICE is also providing a rental guarantee in respect of shortfalls of rental income, again with the Council being the ultimate guarantor. In return for providing this guarantee, ICE has received an initial guarantee fee and will receive an annual guarantee fee. Whilst the Council will be potentially liable to pay CLI future lease payments if a default event occurs it is unclear when exactly this type of event would occur and therefore difficult to establish what the potential liability would be. The timing and amount of any payments arising from both the loan guarantee and the rental guarantee are uncertain, as they could result from a number

of default or income shortfall events. However, a default event would also give rise to circumstances that are reflected as a Contingent Asset. As at 31st March 2023 there were no conditions or events which would trigger any liability.

27 ARUNDEL ROAD, EASTBOURNE

The Council have a headlease on this property and also an underlease. If the property were to change from its existing social benefit use or be sold, then the Council would have to repay a £483,000 capital grant back to Homes England.

32.1. CONTINGENT ASSETS

POSTAL SERVICES

A number of local authorities and other organisations were in the process of legal action against Royal Mail and HM Revenue and Customs to recover VAT on postal services. The Council had claims for overpaid VAT on postal services. The case went to the High Court in October 2021 and in March 2022 the judge mostly agreed with the Royal Mail interpretation of the exemption. Although there is an on-going appeal, the Council has withdrawn from the claim.

INVESTMENT COMPANY EASTBOURNE LIMITED (ICE)

At the end of the loan term, and assuming no default event occurs, the property will be jointly marketed and sold, with ICE being entitled to stipulated amounts and proportions of the net sale proceeds. The timing and value of the net sale proceeds are both uncertain. ICE also has two options which allow it to acquire 49.5 per cent of the shares of the company for £1 at any time, and 100 per cent of the shares of the company, or the property, in the event of a default on the loan. The timing of these events, and the value of the shares and the property at that time, are uncertain.

HOUSING REVENUE ACCOUNT (HRA) STATEMENTS

HRA INCOME AND EXPENDITURE STATEMENT

The Housing Revenue Account (HRA) records revenue income and expenditure relating to the Council's own housing stock. The account is "ring fenced" as there are statutory controls over the transfers which can be made between the HRA and the Council's General Fund. It shows the major elements of housing revenue expenditure - maintenance, administration and capital financing costs - and how these are met by rents and other income.

The Council transferred responsibility for the management of its housing stock to Eastbourne Homes Ltd in 2005, as outlined in Note 13.4 above.

2022/23	2023/24
£000	£000
Income	
(14,613) Dwelling Rents	(15,799)
(366) Non-Dwelling Rents	(305)
(1,383) Charges for Services and Facilities	(1,841)
(47) Contributions Towards Expenditure	(33)
(16,409) Total Income	(17,978)
Expenditure	
10,170 Supervision and Management	10,143
204 Rents, Rates, Taxes and Other Charges	277
6,345 Depreciation, Amortisation and Impairment Reversals of Non-Current Assets	6,501
19 Movement in the allowance for bad debts	671
29 Debt Management Costs	30
16,767 Total Expenditure	17,622
Net Expenditure or HRA Services as included in the whole authority Income and Expenditure Statement	
358	(356)
65 HRA services share of Corporate and Democratic Core	63
423 Net Expenditure for HRA Services	(293)
4,798 Loss on sale of HRA assets	3,387
1,698 Interest Payable and Similar Charges	1,626
(106) Interest and Investment Income	-
(1,346) Capital Grants and Contributions Received	(2,273)
5,467 (Surplus) / Deficit for the Year	2,447

MOVEMENT ON THE HOUSING REVENUE ACCOUNT STATEMENT

2022/23	2023/24
£000	£000 £000
(4,884) HRA opening balance	(2,709)
5,467 Deficit on HRA Income and Expenditure Statement	2,447
Adjustments between accounting and funding basis:	
1,419 Capital expenditure financed by the HRA	3,960
1,346 Capital Grants and Contributions received	2,273
(7,947) Reverse non-current assets written off on disposal	(5,116)
3,150 Proceeds from sales of non-current assets	1,729
(6,345) Transfer from Capital Adjustment Account	(6,501)
5,081 Transfer to Major Repairs Reserve	5,392
(3,296)	1,737
4 Transfers to/(from) earmarked reserves	(2,421)
2,175 Decrease in the year	1,763
(2,709) HRA closing balance	(946)

NOTES TO THE HOUSING REVENUE ACCOUNT STATEMENTS

1. HOUSING STOCK

The Council's housing stock consisted of:

31 March 2023		31 March 2024
Houses and Bungalows		
16	- one bedroom	16
519	- two bedrooms	526
1,081	- three bedrooms	1,081
49	- four or more bedrooms	52
1,665	Total Houses and Bungalows	1,675
Flats		
1,036	- one bedroom	1,044
524	- two bedrooms	548
4	- three or more bedrooms	4
129	- bed-sits	129
1,693	Total Flats	1,725
3,358	All Dwellings	3,400

In addition, the Council has shared ownership arrangements covering 16 full property equivalents (16 at 31 March 2023). The Council no longer has any properties under short-term property leases.

Note the housing stock as at 31 March 23 has been updated to reflect the correct numbers.

The Council's Balance Sheet includes the following HRA assets:

	31 March 2023	31 March 2024
	£000	£000
Council Dwellings	256,344	253,274
Other Land & Buildings	1,189	3,117
Total	257,533	256,391

2. VACANT POSSESSION

The Council's stock of council dwellings was re-valued by Wilks, Head & Eve as at 31 March 2020, which resulted in a market vacant possession value of the housing stock at 31 March 2024 of £768m, excluding any acquisitions and new build. The vacant possession value of garages is £2.6m. The regional adjustment factor used for dwellings at 'social rent' is 67 per cent thereby reducing the balance sheet value of these dwellings to 33 per cent of their open market value. The Government considers that the difference between this figure and the Balance Sheet figure shown above represents the economic cost to Government of providing council housing at less than open market rents.

3. MAJOR REPAIRS RESERVE (MRR)

This reserve was established by the Local Authorities (Capital Finance and Accounts) Regulations 2000. An amount equal to the total depreciation for the year for HRA properties is transferred to the reserve from the Capital Adjustment Account. Where capital expenditure is funded from the MRR, it is debited and the Capital Adjustment Account credited.

2022/23		2023/24
	£000	£000
	(2,644)	(2,777)
Balance as at 1 April		
4,948 Financing of Capital Expenditure		4,345
(5,081) Depreciation		(5,392)
(2,777) Balance as at 31 March		(3,824)

4. CAPITAL EXPENDITURE AND FINANCING

The table below summarises the total capital expenditure for the year, and the sources of finance.

2022/23	2023/24
£000	£000
12,850 Total Capital Expenditure	
Funding:	
2,734 Borrowing	-
2,389 Capital Receipts	1,524
1,360 Major Repairs Reserve	4,344
4,948 Grants & Contributions	3,080
1,419 Revenue	3,960
12,850 Total Funding	12,908

5. CAPITAL RECEIPTS FROM ASSET DISPOSALS

2022/23	2023/24
£000	£000
2,377 Right to Buy Sales	221
773 Other Sales	1,508
3,150 Total Receipts	1,729

6. DEPRECIATION

2022/23	2023/24
£000	£000
5,021 Dwellings	5,329
14 Other Land and Buildings	14
46 Other Assets	49
5,081 Total Depreciation	5,392

7. REVALUATION OF HRA STOCK

A market review of the HRA stock was carried out by Wilks Head & Eve as at 31 March 2024 (a full revaluation was carried out at 31 March 2020), which resulted in a decrease in value of £6.1m. See also HRA Note 29.2 above.

8. RENT ARREARS

Rent arrears at 31 March 2024 amounted to £2,347,000 (£1,823,000 at 31 March 2023). These sums include the overpayment of Housing Benefit prior to 2004/05 and former tenants' arrears. During 2023/24 former tenant arrears of £103,221 were written off (£118,527 in 2022/23). The Council has an impairment allowance for doubtful debts of £681,000 at 31 March 2024 (£349,000 at 31 March 2023).

COLLECTION FUND ACCOUNTS

The Collection Fund shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from local taxpayers, and its subsequent distribution to local authorities and the Government. There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies concerned (i.e. major preceptors, the billing authority and the Government). The Council's share of council tax and business rates income is reflected in the Comprehensive Income and Expenditure Statement on an accruals basis in line with the Code.

However, the amount to be reflected in the General Fund is determined by regulation. Therefore, there is an adjustment for the difference between the accrued income and the statutory credit made through the Movement in Reserves Statement and the Collection Fund Adjustment Account.

2022/23		2023/24		
Total		Business Rates	Council Tax	Total
£000		£000	£000	£000
Income				
(78,602)	Income collectable from Council Tax		(82,850)	(82,850)
(265)	Hardship Grant Funding		(31)	(31)
(32,449)	Income collectable from Non-Domestic Rates	(30,085)		(30,085)
	- Transitional Relief	(1,651)		(1,651)
Contribution towards previous year's Collection Fund Deficit				
(4,976)	Central Government	(2,465)		(2,465)
(896)	East Sussex County Council	(444)		(444)
(3,981)	Eastbourne Borough Council	(1,972)		(1,972)
	- Sussex Police & Crime Commissioner	-		-
(99)	East Sussex Fire Authority	(48)		(48)
(9,952)		(4,929)	-	(4,929)
(121,268)	Total Fund Income	(36,665)	(82,881)	(119,546)
Expenditure				
Precepts, Demands and Shares				
17,101	Central Government	16,309	-	16,309
59,148	East Sussex County Council	2,936	59,782	62,718
22,781	Lewes District Council	13,047	9,518	22,565
7,817	Sussex Police and Crime Commissioner	-	8,468	8,468
3,795	East Sussex Fire Authority	326	3,684	4,010
110,642		32,618	81,452	114,070
126	Business Rates Costs of Collection	123		123
Charges to Collection Fund				
1,439	Allowance for Appeals	1,629	-	1,629
657	Write-offs of uncollectable amounts	89	608	697
1,134	Allowance for impairment of doubtful debts	92	472	564
3,356		1,933	1,080	3,013
Apportionment of previous year's Collection Fund Surplus				
663	East Sussex County Council	-	755	755
110	Lewes District Council	-	121	121
93	Sussex Police and Crime Commissioner	-	107	107
42	East Sussex Fire Authority	-	46	46
908		-	1,029	1,029
114,906	Total Fund Expenditure	34,551	83,561	118,112
(6,362)	Movement on Fund Balance	(2,114)	680	(1,434)
COLLECTION FUND BALANCE				
11,560	Balance at 1st April	6,445	(1,247)	5,198
(6,362)	(Surplus)/Deficit for the year	(2,114)	680	(1,434)
5,198	Balance as at 31st March	4,331	(567)	3,764

NOTES TO THE COLLECTION FUND

1. INCOME FROM COUNCIL TAX

Amounts receivable from Council Taxpayers:	2023/24
	£000
Gross amount of Council Tax	(104,729)
Less:	
Council Tax Support Scheme	8,374
Discounts	10,522
Exemptions	2,877
Disabled Relief	105
Net Yield from Council Tax	(82,851)

2. 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:

Band	Chargeable Dwellings	Estimate Taxable Properties	Ratio to Band D	Band D Equivalent Properties	Yield
					£000
A Disregarded	(14)	(22)	5/9	(12)	(28)
A	8,511	5,329	6/9	3,553	8,199
B	12,999	10,056	7/9	7,822	18,050
C	10,651	8,872	8/9	7,886	18,200
D	8,623	7,562	9/9	7,562	17,452
E	4,532	4,146	11/9	5,067	11,694
F	2,022	1,845	13/9	2,665	6,149
G	1,111	1,034	15/9	1,723	3,977
H	104	98	18/9	196	453
	48,539	38,920		36,462	84,146
Less: 3.2% reduction to allow for collection losses				(1,167)	(2,693)
				35,295	81,453

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 (as above)	A	35,295
Band D Council Tax	B	£ 2,308
Theoretical gross yield	A x B	81,451,994
Actual gross yield (as above)	C	(82,849,505)
Theoretical gross yield - actual gross yield	(A x B) - C	164,301,499

3. INCOME FROM NATIONAL NON-DOMESTIC RATES PAYERS (NNDR)

The Council collects NNDR for its area based on local rateable values provided by the Valuation Office Agency multiplied by a uniform business rate set nationally by the Government.

The table below shows the total rateable value and multipliers:

		2022/23	2023/24
Total national non-domestic rateable value	£m	91.0	90.5
Standard Multiplier	pence	51.2	51.2
Small Business Multiplier	pence	49.9	49.9
Product	£m	32.4	30.1

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.

National non-domestic rates payable in 2023/24 were estimated before the start of the financial year as £32.62m. These sums have been paid into 2023/24 and charged to the collection fund in year. The Council’s share is £13.05m.

4. PRECEPTS AND DEMANDS ON THE COLLECTION FUND

	COUNCIL TAX			NNDR		
	Precept	Distribution of prior years surplus	Total	Share	Distribution of prior years surplus	Total
Authority	£000	£000	£000	£000	£000	£000
Eastbourne Borough Council	9,518	121	9,639	13,047	(1,972)	11,075
Central Government	-	-	-	16,309	(2,465)	13,844
East Sussex County Council	59,782	755	60,537	2,936	(444)	2,492
Sussex Police & Crime Commissioner	8,468	107	8,575			-
East Sussex Fire Authority	3,684	46	3,730	326	(48)	278
Total	81,452	1,029	82,481	32,618	(4,929)	27,689

When the retained business rates income scheme was introduced, the Government set a baseline funding 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 the baseline amount.

Tariffs due from authorities payable to the Government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. Any sums above the baseline funding are subject to a levy payment, for this Council this is 50 per cent. The amounts for this Council are as follows:

	2022/23	2023/24
	£000	£000
Business Rate Income and s31 grant (inside levy calculation)	(14,506)	(14,919)
Tariff payment	11,089	10,438
Net income	(3,417)	(4,481)
Baseline Funding	3,652	3,789
Amount above (below) baseline	235	(692)
Levy/(safety net)		346

5. COLLECTION FUND BALANCE

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

	COUNCIL TAX		NDR	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£000	£000	£000	£000
Eastbourne Borough	(147)	(65)	2,579	1,732
Central Government	-	-	3,222	2,165
East Sussex County	(915)	(417)	580	390
Sussex Police & Crime	(129)	(59)	-	-
East Sussex Fire	(56)	(25)	64	43
(Surplus) / Deficit	(1,247)	(566)	6,445	4,330

The preceptors' share of the net deficit on the Collection Fund is shown in the Council's balance sheet under Debtors and Creditors. The Council's share is included on the balance sheet under Unusable Reserves: Collection Fund Adjustment Account.

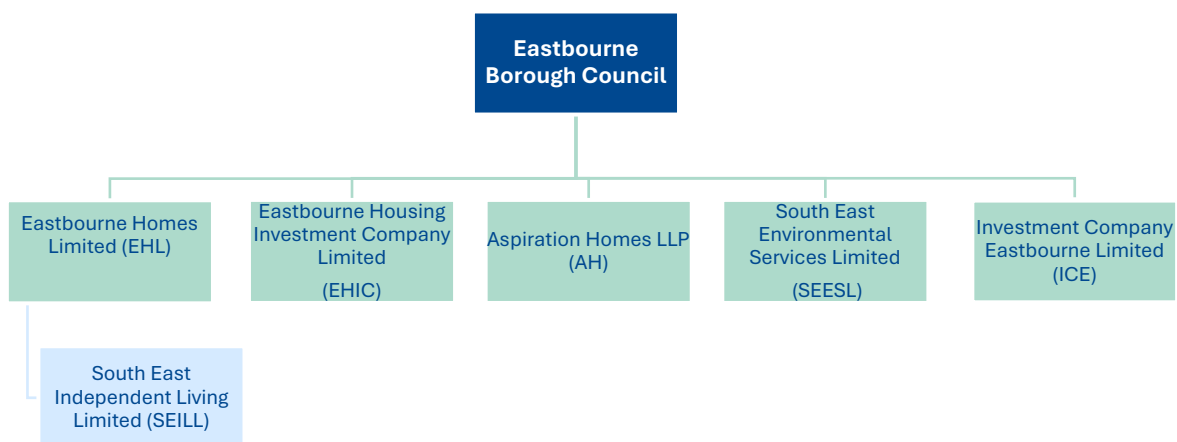
GROUP ACCOUNTS

H.1 INTRODUCTION

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. Where notes have not been included in the group accounts, the impact is not considered to be material.

The valuations are not reported as subject to ‘material valuation uncertainty’ as defined by RICS Valuation Global Standards. The exception is retail and some specific assets/sectors which continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base judgements.

Group accounts are prepared to combine the accounts of the Council and its associated companies. Transactions and indebtedness between the Council and the companies are eliminated in the preparation of these accounts.



EASTBOURNE HOMES LIMITED (EHL)

EHL is a private limited company and was incorporated on 24 January 2005 and commenced trading on 1 April 2005. The principal activity is to maintain, manage and improve the housing stock on behalf of the Council. One of the seven Board Directors of EHL 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.

SOUTH EAST INDEPENDENT LIVING LIMITED (SEILL)

South East Independent Living Limited (SEILL) is a private limited company, was incorporated on 30 September 2013. This company is wholly owned by EHL, and their accounts have been incorporated with the accounts of EHL. The principal activity of SEILL is the delivery of a short-term housing floating support service for people of 65 and over who live in Eastbourne, Lewes or Wealden districts. In November 2021, the Housing Float Support was transferred to a new contract with Brighton Housing Trust who were the successful bidder for the East Sussex County Council contract. Permanent members of SEILL were given a TUPE transfer to the new provider. As a result, SEILL ceased delivery of the contract on 22 November 2021.

EASTBOURNE HOUSING INVESTMENT COMPANY LIMITED (EHIC)

EHIC is a private limited company and was incorporated on 1 May 2015 and commenced trading in November 2015. There are five Directors made up of three Members, one senior Council officers and one EHL Director This company is wholly owned by the Council.

SOUTH EAST ENVIRONMENTAL SERVICES LIMITED (SEESL)

South East Environmental Services Limited, a private limited company, was incorporated on 31 August 2018. It is a wholly owned by the Council and has been set up to provide waste and recycling services. SEESL has been consolidated in the Group Accounts from 2020/21.

ASPIRATION HOMES LLP (AH)

Aspiration Homes LLP is a limited liability partnership incorporated 30 June 2017 and commenced trading 21 December 2017. AH registered office is Town Hall, Grove Road, Eastbourne, East Sussex, BN21 4UG. There is an Executive Committee made up of 6 members (3 from the Council and 3 from LDC). AH is jointly owned by the Council and LDC with joint control. It has therefore been consolidated into the group accounts as a joint venture under the equity method with each council including their share of rights to the net assets of the company.

AH summarised financial information

	2022/23	2023/24
	£000	£000
Profit and Loss		
Operating Profit	626	6,433
Profit / (Loss) before Members' Shares	321	(2,671)
Balance Sheet		
Non-Current Assets	25,163	17,038
Current Assets	421	93
Current Liabilities	507	419
Non-Current Liabilities	5,701	-
Other Financial Information		
Cash and cash equivalents	418	53
Trade Creditors	7	135
Depreciation and amortisation	-	-
Interest income	-	-
Interest expense	-	-
Interest Tax Expense or (Income)	-	-

INVESTMENT COMPANY EASTBOURNE LIMITED (ICE) AND INFRASTRUCTURE INVESTMENTS LEICESTER LIMITED (IIL)

In May 2018, the Council's wholly owned the Investment Company Eastbourne Limited entered into a deal with a private company, Infrastructure Investments Leicester Limited, in respect of a property in Leicester. IIL registered office is Bay Lodge, 36 Harfield Road, Uxbridge, Middlesex, UB8 1PH. ICE is acting as the principal guarantor of a £48m refinancing loan to a private company, with the Council being the ultimate guarantor.

ICE is also providing a rental guarantee in respect of shortfalls of rental income, again with the Council being the ultimate guarantor. In return for providing this guarantee, ICE has received an initial guarantee fee and will receive an annual guarantee fee. The timing and amount of any payments arising from both the loan guarantee and the rental guarantee are uncertain, as they could result from a number of default or income shortfall events. However, this supports the Council income generation activities to help provide services and improve their financial position. A default event would also give rise to an entitlement to receive 100 per cent of the shares of IIL or the Property. As at 31st March 2020 there were no conditions or events which would trigger any liability.

IIL owns and operates the Property, known as St George's Tower, which is a large and predominately commercial building in Leicester. IIL also acts as a landlord and leases the building to a number of tenants, which include a hotel, a gym, student facilities and commercial offices. IIL is a privately-owned company, which was incorporated and is registered in England. IIL refinanced its previous loans from Investec Bank and Leicester City Council with a £48m, 30-year loan provided by Canada Life (the Loan) in respect of the Property (the Scheme). As part of the refinancing arrangements, Eastbourne Borough Council (the Council) was approached by the Shareholders to provide a guarantee

in respect of the Loan via a special purpose vehicle, ICE, which is a wholly owned subsidiary of the Council. ICE acts as the principal guarantor, with the Council being the ultimate guarantor (the Guarantee).

In return for providing the Guarantee, ICE received from IIL a £5.5m initial guarantee fee upfront and will receive a £0.3m annual guarantee fee (which is indexed annually on RPI but up to a 4.4 per cent cap). ICE paid a £2m initial guarantee fee to the Council and pays the annual guarantee fee on to the Council. The Council (as ultimate guarantor), ICE and IIL entered into a Development and Asset Management Agreement (DAMA) which outlines the responsibilities of each party with respect to the management of the Property and the guarantee fees attributable to ICE. Under the DAMA, ICE will receive the guarantee fee before any payment of the asset management fee.

As part of the Guarantee arrangement, ICE purchased a share option from the IIL's for a sum of £3.5m, whereby ICE is entitled to acquire, at any time (irrespective of whether the loan is in default), 49.5 per cent of the issued share capital of IIL for £1, and to receive 100 per cent of the shares of the company, or the property, in the event of a default on the loan. At the end of the loan term, and assuming no default event occurs, the property will be jointly marketed and sold. ICE is entitled to a preferential priority waterfall on the sale, after 30 years, i.e., first £35m to go to ICE, the balance up to £70m is to the remaining shareholders of IIL and any amount over £70m will be split equally across all shareholders of IIL.

IIL is accounted for as a joint venture under the equity method in the Group Accounts. The £3.500m investment in the joint venture was recognised at cost in May 2018. The investment has subsequently been adjusted to £0.847m for the Council's 49.5 per cent share of IIL's post-acquisition gains or losses for the period to March 2024 (£0.847m March 2023).

The loan guarantee and rental guarantee are shown as Other Long Term Liabilities in Note 26. The contract receivable in respect of the transaction is shown in Note 25 within Long-Term Debtors. The first instalment of the annual income fee was paid in 2019/20. In accounting for the transaction, the Council has made a number of critical judgements and estimates which are disclosed in Notes 4 and 5.

IIL summarised financial information

	31 December 2023	31 December 2022
	£000	£000
Profit and Loss		
Operating Profit	1,209	1,399
Profit / (Loss) before Tax	1,244	(7,210)
Profit / (Loss) after Tax	880	(5,560)
Balance Sheet		
Non-Current Assets	50,269	48,334
Current Assets	1,726	1,806
Current Liabilities	3,731	3,239
Non-Current Liabilities	43,707	43,508
Other Financial Information		
Cash and cash equivalents	1,286	1,314
Trade Creditors	210	118
Depreciation and amortisation	34	34
Interest income	-	-
Interest expense	1,935	2,247
Interest Tax Expense or (Income)	(364)	1,650

IIL has a financial year end of 31 December which is different to that of the Council which is 31 March. In applying the equity method for consolidation, the IIL accounts for a nine month period from 1 April 2023 to 31 December 2023 and an estimate of the three month period from 1 January 2024 to 31 March 2024 based on the previous year's results.

CLOUDCONN LIMITED

The Council owns 48 per cent of the B shares in CloudConnX and has significant influence over the company but not control. The accounts have not been included in the Group accounts as the effect is not material.

EASTBOURNE DOWNS WATER COMPANY LIMITED (EDWC)

EDWC, a private limited company, was incorporated 24 August 2016. The company is wholly owned by the Council. There have been no transactions during the period to 31 March 2023 and the company is currently dormant. The principal activity of EDWC will be to supply water to Downland Farms. The company is exempt from the requirement to prepare individual accounts under section 394A, or to file individual accounts under 448A of the Companies Act 2006.

H.2 GROUP MOVEMENT IN RESERVES STATEMENT

	Council Usable Reserves	Council Unusable Reserves	Total Council Reserves	Share of Reserves of Subsidiaries and Joint Ventures	Total Group Reserves
	£000	£000	£000	£000	£000
Balance at 1 April 2022	(33,693)	(199,175)	(232,868)	(4,915)	(237,783)
Movement in Reserves 2022/23					
Total Comprehensive Income and Expenditure	9,618	(89,932)	(80,314)	3,780	(76,534)
Adjustments between accounting basis & funding basis under regulation	(5,420)	5,420	-	-	-
Transfers (to)/from Earmarked Reserves	-	-	-	-	-
Decrease / (Increase) in Year	4,198	(84,512)	(80,314)	3,780	(76,534)
Balance at 31 March 2023	(29,495)	(283,687)	(313,182)	(1,135)	(314,317)
Movement in Reserves 2023/24					
Total Comprehensive Income and Expenditure	18,368	7,073	25,441	2,007	27,448
Adjustments between accounting basis & funding basis under regulation	(7,906)	7,906	-	-	-
Transfers (to)/from Earmarked Reserves	-	-	-	-	-
Decrease / (Increase) in Year	10,462	14,979	25,441	2,007	27,448
Balance at 31 March 2024	(19,033)	(268,708)	(287,741)	872	(286,869)

H.3 GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2022/23			2023/24			
Gross Expenditure	Gross Income	Net expenditure	Gross Expenditure	Gross Income	Net expenditure	
£000	£000	£000	£000	£000	£000	
10,426	(3,324)	7,102	Corporate Services	8,218	(1,978)	6,240
57,951	(43,258)	14,693	Service Delivery	60,402	(44,922)	15,480
4,424	(2,383)	2,041	Regeneration and Planning	5,517	(2,355)	3,162
12,938	(10,618)	2,320	Tourism and Culture	15,674	(10,492)	5,182
17,886	(16,228)	1,658	Housing Revenue Account	17,777	(18,113)	(336)
-	-	-	Capitalisation Direction	3,000	-	3,000
103,625	(75,811)	27,814	Cost of Services	110,588	(77,860)	32,728
249	-	249	Levy payable	265	-	265
-	-	-	Payments to housing capital receipts pool	-	-	-
8,764	(3,157)	5,607	(Gain) / Loss on sale and de-recognition of non-current assets	6,830	(1,729)	5,101
9,013	(3,157)	5,856	Other Operating Expenditure	7,095	(1,729)	5,366
3,783	(1)	3,782	Interest payable & similar charges	5,997	-	5,997
-	(760)	(760)	Fair Value movement in Financial Guarantee liability	-	(760)	(760)
187	-	187	Expected Credit Loss	395	-	395
(363)	-	(363)	Net Interest on the Net Defined Benefit Liability	(593)	-	(593)
-	(1,215)	(1,215)	Interest & other investment income	-	(2,095)	(2,095)
1,709	(2,197)	(488)	Investment Properties	3,362	(2,536)	826
2,892	(2,781)	111	Trading Accounts	2,478	(2,831)	(353)
8,208	(6,954)	1,254	Financing and Investment Income and Expenditure	11,639	(8,222)	3,417
-	(12,164)	(12,164)	Non ring-fenced grants and contributions	-	(12,085)	(12,085)
-	(9,250)	(9,250)	Council Tax income	-	(9,558)	(9,558)
10,297	(12,102)	(1,805)	Non Domestic Rates Income and Expenditure	10,688	(11,922)	(1,234)
10,297	(33,516)	(23,219)	Taxation and Non-specific Grant Income and Expenditure	10,688	(33,565)	(22,877)
		11,705	Deficit on Provision of Services	140,010	(121,376)	18,634
		2,261	Joint Ventures accounted for on an equity basis	2,175	(616)	1,559
		(568)	Tax Expenses	182	-	182
		13,398	Group Deficit / (Surplus) on Provision of Services	142,367	(121,992)	20,375
	(25,508)		Surplus on revaluation of Property, Plant and Equipment Assets	-	6,121	6,121
	(64,424)		Re-measurement of the net defined benefit liability	-	952	952
	(89,932)		Other Comprehensive Income & Expenditure	-	7,073	7,073
	(76,534)		Total Comprehensive Income & Expenditure	142,367	(114,919)	27,448



H.4 GROUP BALANCE SHEET

31 March 2023	Group Note*	31 March 2024	
£000		£000	£000
386,964	Property, Plant & Equipment	2	382,416
13,009	Infrastructure Assets		12,160
16,268	Heritage Assets		16,202
42,464	Investment Property	3	41,198
2,678	Intangible Assets		2,361
324	Long term investments		324
2,150	Investment in joint venture		409
34,618	Long Term Debtors	4	34,260
498,475	Long Term Assets		489,330
4,000	Assets held for sale		2,551
-	- Short Term Investments		-
191	Inventories		173
24,596	Short Term Debtors	4	26,223
4,057	Cash and Cash Equivalents	9	4,518
32,844	Current Assets		33,465
(66,156)	Short Term Borrowing		(84,246)
(14,869)	Short Term Creditors	5	(19,858)
(1,068)	Short Term Provisions		(1,720)
-	- Revenue Grants Receipts in Advance		-
(82,093)	Current Liabilities		(105,824)
(111,331)	Long Term Borrowing		(108,497)
(19,758)	Other Long Term Liabilities		(18,999)
(2,805)	Long Term Liabilities Pensions	8	(2,606)
(133,894)	Long Term Liabilities		(130,102)
315,332	NET ASSETS		286,869
(30,630)	Usable Reserves		(18,161)
(283,687)	Unusable Reserves		(268,708)
(314,317)	TOTAL RESERVES		(286,869)

* For notes not referenced, see the Council notes.

H.5 GROUP CASH FLOW STATEMENT

2022/23	2023/24
£000	£000
(13,398) Net Surplus / (Deficit) on the provision of services	(20,373)
(984) Adjustment to net deficit or surplus on the provision of services for non-cash movements	23,022
(8,249) Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(7,952)
(22,631) NET CASH INFLOWS FROM OPERATING ACTIVITIES	(5,303)
571 Investing Activities	(9,160)
19,795 Financing Activities	14,924
(2,265) NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	461
6,322 Cash and cash equivalents at the beginning of the reporting period	4,057
4,057 CASH AN CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	4,518

H.6 GROUP NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The accounting policies set out in Note 2 to the Eastbourne Borough Council accounts also apply to the Group Accounts. Where required, the accounts of subsidiaries have been adapted to align them with the Council's policies.

2. PROPERTY, PLANT & EQUIPMENT

The table below shows the reconciliation of opening and closing balances and the movements in various categories for the year.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2023	256,344	108,810	13,602	4,201	12,717	229	395,903
Additions	8,119	1,052	2,293	27	5,279	-	16,770
Revaluations recognised in the Revaluation Reserve	(9,971)	(1,806)	-	-	-	-	(11,777)
Revaluations recognised in the Surplus or Deficit on Provision of Services	(1,109)	(1,067)	-	-	-	-	(2,176)
De-recognition & Disposals	(5,167)	(992)	(17)	-	-	-	(6,176)
Assets reclassified	5,367	1,931	-	-	(5,956)	107	1,449
At 31 March 2024	253,583	107,928	15,878	4,228	12,040	336	393,993
At 1 April 2023	-	(1,865)	(6,511)	(563)	-	-	(8,939)
Depreciation Charge for the year	(5,330)	(1,830)	(1,251)	-	-	-	(8,411)
Depreciation written out on revaluation	4,969	752	-	-	-	-	5,721
De-recognition & Disposals	52	-	-	-	-	-	52
At 31 March 2024	(309)	(2,943)	(7,762)	(563)	-	-	(11,577)
Net Book Value							
At 31 March 2024	253,274	104,985	8,116	3,665	12,040	336	382,416
At 31 March 2023	256,344	106,945	7,091	3,638	12,717	229	386,964

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2022	242,367	102,649	12,832	4,201	9,080	229	371,358
Additions	6,793	1,753	772	-	6,536	-	15,854
Revaluations recognised in the Revaluation Reserve	14,997	3,405	-	-	-	-	18,402
Revaluations recognised in the Surplus or Deficit on Provision of Services	(1,264)	3,443	-	-	-	-	2,179
De-recognition & Disposals	(7,999)	-	(2)	-	-	-	(8,001)
Assets reclassified	1,450	(2,440)	-	-	(2,899)	-	(3,889)
At 31 March 2023	256,344	108,810	13,602	4,201	12,717	229	395,903
At 1 April 2022	-	(844)	(5,427)	(563)	-	-	(6,834)
Depreciation Charge for the year	(5,021)	(1,773)	(1,084)	-	-	-	(7,878)
Depreciation written out on revaluation	4,969	752	-	-	-	-	5,721
De-recognition & Disposals	52	-	-	-	-	-	52
At 31 March 2023	-	(1,865)	(6,511)	(563)	-	-	(8,939)
Net Book Value							
At 31 March 2023	256,344	106,945	7,091	3,638	12,717	229	386,964
At 31 March 2022	242,367	101,805	7,405	3,638	9,080	229	364,524

The valuations are not reported as subject to 'material valuation uncertainty' as defined by RICS Valuation Global Standards.

3. INVESTMENT PROPERTIES

The table below shows the movements in the fair value for Investment Properties.

2022/23	2023/24
£000	£000
43,146 Balance at 1 April	42,464
799 Additions	1,288
- Capitalised Interest	(1,779)
(1,481) Net gains / (losses) from fair value adjustments	(547)
- Disposals	(228)
42,464 Balance at 31 March	41,198

Note: Loan drawdown facilities are available from the Council (parent company) to enable the purchase of assets.

4. DEBTORS

Short term debtors outstanding as at 31 March are:

31 March 2023	31 March 2024
£000	£000
6,755 Trade Receivables	4,846
768 Prepayments	948
5,090 Debtors for Local Taxation	3,732
11,983 Other Receivables	16,697
24,596 Balance at 31 March	26,223

Long term debtors outstanding as at 31 March are:

31 March 2023	31 March 2024
£000	£000
34,618 Other Receivables	34,260
34,618 Balance at 31 March	34,260

Includes receivables in relation to the ICE/IIL guarantees

5. SHORT TERM CREDITORS

The table below analyses the short-term liabilities between different groupings of creditor.

31 March 2023	31 March 2024
£000	£000
(1,298) Trade Payables	(3,136)
(4,215) Receipts in Advance	(4,896)
(1,551) Creditors for Local Taxation	(1,411)
(8,820) Other Payables	(10,415)
(15,884) Balance at 31 March	(19,858)

6. PARTICIPATION IN DEFINED LIABILITY PENSION PLAN

Details of the Council's participation in the East Sussex Pension Fund are set out in Note 30, including additional disclosure requirements. The Group includes employees of Eastbourne Homes Limited that have the same access to the benefits of the scheme.

7. TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS

The following transactions have been made in the Group Comprehensive Income and expenditure statement:

2022/23	2023/24
£000	£000
Service Cost comprising:	
7,688 Current Service Cost	4,579
182 Past Service Cost	167
Financing & Investment Income & Expenditure	
(503) Net Interest	(752)
140 Administration Expenses	159
7,507	4,153
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	
Other Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	
Re-measurement of the net defined benefit liability comprising:	
12,852	(5,638)
	(2,084)
(107,971)	(1,224)
21,455	574
	-
9,240	9,324
(64,424)	952
Other Comprehensive Income & Expenditure	
(56,917)	5,105
Total Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	
Movement in Reserves Statement	
7,507	4,153
(4,993)	(5,304)
2,514	(1,151)
Net adjustment in Movement in Reserves Statement	

8. PENSIONS ASSETS AND LIABILITIES RECOGNISED IN THE BALANCE SHEET

The amount included in the Balance Sheet for the Group obligation in respect of its defined plans is as follows:

31 March 2023	31 March 2024
£000	£000
186,040 Fair value of employer assets	199,522
(176,800) Present value of funded liabilities	(180,958)
(2,805) Present value of unfunded liabilities	(2,606)
(9,240) Asset Ceiling - Adjusted funding surplus	(18,564)
(2,805) Net liability arising from defined benefit obligation	(2,606)

9. CASH AND CASH EQUIVALENTS

The deficit on the provision of services has been adjusted for the following non cash movements:

2022/23	2023/24
£000	£000
8,727 Depreciation	9,259
(2,179) Impairment and (reversal) of impairment and valuation movements	2,178
1,130 Amortisation	887
187 Increase in impairment for bad debts	395
(24,865) Increase / (decrease) in creditors (excl. capital)	3,546
2,035 (Increase) / decrease in Debtors (excl. capital)	(2,601)
(3) (Increase) / decrease in Inventories	18
2,514 Movement in pension liability	(1,151)
1,693 Share of Joint Ventures	1,739
8,764 Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	6,830
1,013 Other non-cash items	1,922
(984) Adjustment for Non-Cash Movements included in the provision of services	23,022

The deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

£000	£000
(3,157) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,729)
(5,092) Other items for which the cash effects are investing or financing activities	(6,223)
(8,249) Adjustment for items that are investing and financing activities	(7,952)

£000 Investing Activities	£000
(16,689) Purchase of property, plant and equipment, investment property and intangible assets	(16,916)
- Purchase of short and long term investments	-
(670) Other payments for investing activities	(1,129)
3,157 Proceeds from sales of property, plant and equipment, investment property and intangible assets	2,013
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
5,273 Other receipts from investing activities	6,872
571 Net cash flows from investing activities	(9,160)

£000 Financing Activities	£000
61,000 Cash receipts of short and long-term borrowing	44,320
(44,763) Repayment of short and long-term borrowing	(29,124)
3,558 Other payments for financing activities	(272)
19,795 Net cash flows from financing activities	14,924

Reconciliation of Liabilities arising from Financing Activities	01 April 2023	Financing	Non- Cash	31 March 2024
	£000	Cash Flows	Changes	£000
Short Term Borrowings	(66,156)	(14,547)	(3,543)	(84,246)
Long Term Borrowings	(111,331)	-	2,834	(108,497)
Net cash outflow from financing activities	(177,487)	(14,547)	(709)	(192,743)

10. TRANSACTIONS BETWEEN THE COUNCIL AND EHL, EHIC, AH AND SEESL

EASTBOURNE HOMES LIMITED (EHL)

EHL receive a fee in accordance with an agreement to manage and maintain the Council's housing stock, including capital works. EHL obtained services from the Council under various Service Level Agreements. These include finance and financial systems, parks & gardens and information technology

	2022/23	2023/24
	£000	£000
Income		
Housing Management contract	8,714	8,818
Expenditure		
Service Level Agreements	873	728
Fees payable to the Council	2,774	809
Recharges		
Capital Works at cost	5,386	4,426
Debtors		
Amounts due from the Council	1,627	1,664
Creditors		
Amounts due to the Council	1118	1,476

SOUTH EAST INDEPENDENT LIVING LIMITED (SEEL)

SEILL has net assets at 31 March 2024 of £nil (£nil at 31 March 2023) and turnover of £nil (£nil 2022/23).

EASTBOURNE HOUSING INVESTMENT COMPANY LIMITED (EHIC)

EHIC has net assets at 31 March 2023 of £2,104,486 (£2,104,486 at 31 March 2023) and turnover of £948,741 (£948,741 2022/23). EHIC are provided with loans and working capital from the Council with a balance of £14,268,550 as at 31 March 2024 (£14,268,550 as at 31 March 2023).

ASPIRATION HOMES LLP (AH)

AH has net assets at 31 March 2024 of £16,712,021 (£19,376,029 at 31 March 2023) and turnover of £6,433,031 (£626,350 2022/23). AH is provided with loans and working capital from the Council with a balance of £13,574,750 as at 31 March 2024 (£13,639,750 as at 31 March 2023).

SOUTH EAST ENVIRONMENTAL SERVICES LIMITED (SEESL)

SEESL had net liabilities at 31 March 2024 of £146,869 (£154,550 net assets at 31 March 2023) and turnover of £5,022,055 (£4,565,420 2022/23). SEESL are provided with loans from the Council with a balance of £1,681,000 as at 31 March 2024 (£935,000 as at 31 March 2023).

GLOSSARY

This glossary helps to define some of the terms and phrases found in these accounts.

ACCOUNTING PERIOD The length of time covered by the accounts, in the case of these accounts the year from 1 April to 31 March.

ACCRUAL A sum included in the accounts to cover income or expenditure attributable to the accounting period for goods or services, but for which payment has not been received/made, by the end of that accounting period.

ACTUARIAL GAINS AND LOSSES Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

BALANCES These represent the accumulated surplus of revenue income over expenditure.

BUDGET An expression, mainly in financial terms, of the Council's intended income and expenditure to carry out its objectives.

BUDGET REQUIREMENT The amount each local authority estimates as its planned spending, after deducting funding from reserves and any income expected to be collected

These are the activities that a local authority engages in specifically because it is a democratically elected decision-making body. These costs are not apportioned to services but are shown here. Examples of costs are Councillors' allowances, committee support and time spent by professional officers in giving policy advice.

CREDITORS The amounts owed by the Council at the Balance Sheet date in respect of goods and services received before the end of the accounting period but not paid for.

CURRENT SERVICE COST The increase of the present value of a defined benefit scheme's liabilities expected to arise from employee service in the accounting period.

DEBTORS Amounts owed to the Council but unpaid at the Balance Sheet date.

DEPRECIATION The measure of the cost or revalued amount of the benefit of the fixed asset that have been consumed during the period.

EXPECTED RATE OF RETURN ON PENSIONS ASSETS The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the

related obligation on the actual assets held by the scheme.

FEES AND CHARGES The income raised by charging for goods, services or the use of facilities.

GENERAL FUND The main revenue fund of the Council which is used to meet the cost of services paid for from council tax, Government grant and fees and charges.

HERITAGE ASSET A tangible asset with historical, artistic, scientific, technological or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

HOUSING REVENUE ACCOUNT A separate account, maintained by law, which accounts for the income and expenditure related to the Council's housing stock. The General Fund cannot subsidise the Housing Revenue Account and vice versa.

INTANGIBLE ASSETS Non-current assets (fixed assets) that do not have physical substance but are identifiable and controlled by the Council. Examples are software and licences.

LEASING A method of acquiring the use of capital assets for a specified period for which a rental charge is paid.

LEVY A contribution payable by law to Internal Drainage Boards for land drainage.

MINIMUM REVENUE PROVISION An amount to be set aside each year from revenue to repay the principal amounts of external loans outstanding.

NON-CURRENT ASSET Assets that yield benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

NATIONAL NON-DOMESTIC RATES (NDR) (also known as Business Rates). National non-domestic rates are levied on businesses within its area by the Billing Authority and the proceeds are paid into its Collection Fund for distribution to precepting Authorities and for use by its own General Fund.

PRECEPT The amount levied by various Authorities that is collected by the Council on their behalf. The precepting authorities in Eastbourne are East Sussex County Council, Sussex Police & Crime Commissioner and East Sussex Fire Authority.

PROVISIONS Amounts set aside to meet costs which are likely or certain to be incurred but are uncertain in value or timing.

PUBLIC WORKS LOANS BOARD A Government body that provides loans to local authorities.

RESERVES The accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial problems. Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

REVALUATION RESERVE The revaluation reserve reflects the unrealised element of the cumulative balance of revaluation adjustments.

REVENUE EXPENDITURE The day-to-day spending on employment costs, other operating costs (accommodation, supplies and services etc.) net of income for fees and charges etc.

REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE (REFCUS) Expenditure that can be classified as capital expenditure, but which does not result in the acquisition of a tangible or physical asset.

REVENUE SUPPORT GRANT Government financial support towards the general expenditure of local authorities.

SPECIFIC GOVERNMENT GRANTS Government financial support towards particular services which is “ring fenced”, i.e. can only be spent on a specific service area or items.