



Lewes District Council



Statement of Accounts

2023-24

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Foreword from the Chief Finance Officer



I am pleased to welcome you to Lewes District 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. The financial constraints widely reported by councils nationally are being faced by local residents, businesses and communities, arising from the pandemic, Brexit, the war in Ukraine and the cost-of-living crisis.

Like many other local authorities, Lewes District is facing financial pressures driven by

- Inflationary rises in costs directly impacting staffing costs, contract inflation, investment income and energy costs.
- Increased costs of borrowing impacting our ability to fund Capital Expenditure.
- Reduction of and a continued lack of clarity over Government funding for local government particularly around business rates and a long-term settlement to enable.

The impact of the challenges for the Council and its financial position will be discussed in detail through the Statement of Accounts.

The Council will continue to deliver improvements that will enable it to respond to the emerging challenges.

This includes:

- Continuing to provide good quality frontline council services is so important to our residents and visitors to the district.
- Supporting local people through challenging times.
- Tackling the climate and nature emergencies

- Creating sustainable community wealth
- Building genuinely affordable homes

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

This is demonstrated by the overall outturn position. I am confident the Council will continue to carefully manage its financial position in 2024/25 and future years as evidenced by the production of this set of accounts and the work undertaken to set the 2024/25 budget along with the support provided in delivering key Council objectives.

Homira Javadi CPFA, FCCA, ACCA

Director of Finance and Performance (S151 Officer)

A. 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 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
- Our main objectives and strategy to achieve these
- The principle risks we face
- Opportunities and future changes
- 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

Lewes District Council is one of five district and borough councils in East Sussex, each providing similar services on behalf of their residents. These services include rubbish and recycling collections, environmental health, tourism, leisure and amenities, planning and collection of council tax.

Our wide range of responsibilities and services include:



Waste collection and recycling



Leisure and amenities



Environmental health



Tourism and culture



Collection of Council tax and business rates



Democracy - local and general elections



Planning



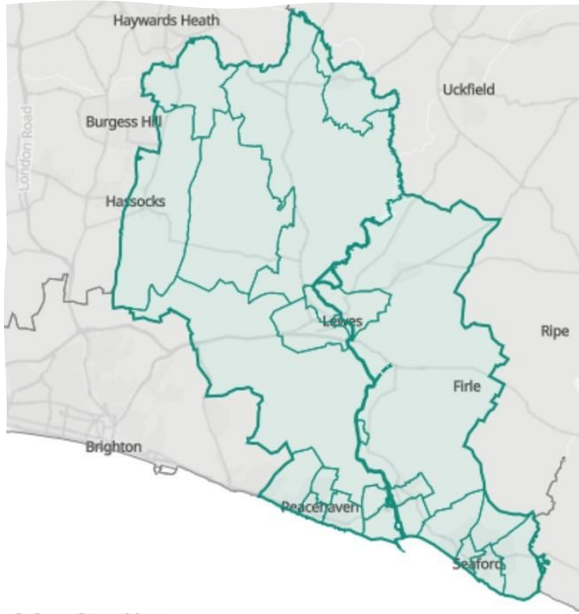
Housing and homelessness prevention

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.

Unlike some of the neighbouring councils, Lewes District Council (the Council) is a large landlord, letting around 3,200 houses and flats to tenants.

A.2.1. EXTERNAL ENVIRONMENT IN WHICH WE OPERATE

Residents, businesses and visitors benefit from the beautiful landscapes and historic environment in the Lewes District. The diverse and attractive countryside includes chalk cliffs and Downlands, shingle beaches, heathland, wetland and areas of ancient woodland. A significant proportion of the district is situated within the South Downs National Park. The County Town, Lewes, is at the heart of the district and is a popular historic tourist destination. The district has a vibrant and diverse contemporary arts scene and boasts a rich cultural heritage which is important to its economic prosperity.



© OpenStreetMap

A.2.2. THE COMMUNITY

Lewes District is made up of towns, villages and rural areas with a combined population of around 99,900 (2021 census). 77 per cent of residents live within the five urban areas of Lewes, Newhaven, Peacehaven, Seaford and Telscombe Cliffs/East Saltdean. The rest live in our 23 rural parishes. The population grew by 2.5 per cent since the 2011 census however our population is projected to grow by 9.6 per cent by 2033.

Life expectancy is slightly higher than the national average. Around 20 per cent of people are living with a limiting long-term illness and 19.4 per cent have a disability, with both ratios likely to rise over the next decade or so.

A.2.3. THE ECONOMY

We benefit from an entrepreneurial economy with self-employment being a significant feature of our district, representing 19 per cent of the economically active population. 17 per cent of business units in the district are involved in professional, scientific or technical enterprises. Micro-businesses (between one and nine employees) account for 86.4 per cent of all local businesses. Average (median) full-time weekly earnings are £512, which is equal to the average for South-East England but higher than the national figure.

The challenging economic climate has had an impact on the local economy. The proportion of people unemployed has slightly fallen to 3.9 per cent from 4.1 per cent in the previous year. Small businesses and the self-employed are feeling the impact with the number of active business falling from 4,560 pre-lockdown to 4,495 in April 2023.

A.2.4. ORGANISATIONAL OVERVIEW

The Council delivers almost all its services jointly with Eastbourne Borough Council (EBC), 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.

A.2.5. 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 crisis 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 local authorities to continue to provide core services.

As a result of this, some local authorities have had to declare bankruptcy, and others have said that they may face that outcome in coming years. The Council has also faced its share of challenges. However, it has continued to be able to maintain its services whilst also delivering savings and efficiencies, redirecting resources to key priorities.

The Council has benefited from an increased emphasis around delivering cost effective and efficient services resulting in tighter management of its stretched resources. It has also been able to make use of external funding such as the Towns Deal, Levelling Up fund, Future High Streets fund and UK Shared Prosperity fund to secure further investment in the district. The following key changes have occurred in 2023/24:

- In late 2021, the Council commenced a significant capital IT project to replace the two different systems used by Lewes District Council and Eastbourne Borough Council for the collection and management of Revenues and Benefits. The new system went live in December 2023.
- New waste rollout : environmentally efficient waste services
- Walk the chalk celebration of the King Charles III England Coast Path.
- The creation of new council office accommodation at Marine workshops in Newhaven and a new reception space in Lewes Town centre, following the decision to close and lease our former offices at Southover House, Lewes.
- Ongoing regeneration of Newhaven incorporating the transformation of West Beach promenade, and the development of Newhaven Square which will create a new Health & Wellbeing Hub in the town.
- Work on the award winning Cockshut Stream realignment started, setting in motion the creation of 6.8 hectare of new wetland.

A.2.6. OUR POLITICAL STRUCTURE

The Council is a complex organisation. Elected councillors direct our policies, which the Corporate Management Team (shared with Eastbourne Borough Council) then implements through the officers of the Council. There are 41 councillors representing 21 wards within the district. Full Council elections take place every four years, most recently in May 2023.

The current composition of the Council is:

Green Party	17 Councillors
Liberal Democrats	15 Councillors
Labour	9 Councillors

A.2.7. OUR GOVERNANCE ARRANGEMENTS

The Council recognises the importance of effective corporate governance. It helps to ensure that our district can place trust in the way we carry out our duties.

Corporate governance enables the Council to get things right in a timely, inclusive, open, honest and accountable manner. We have several systems and documents in place to ensure we act effectively. These include a Constitution, Council Plan, Medium Term Financial Strategy, Whistle blowing policy and Performance Management Framework.

We review our corporate governance arrangements against national best practice. This helps each local authority to produce a Local Code of Corporate Governance.

The local codes bring together each local authorities' 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 annual governance statement is published on our website www.lewes-eastbourne.gov.uk.

All councillors meet as the Full Council which is 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 Policy and Performance Advisory Committee and all other council committees – for example, the Audit and Governance Committee and the Planning Applications Committee. The Full Council considers recommendations made to it by the Cabinet and the Policy and Performance Advisory 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 the Cabinet of councillors who the Leader appoints. Each member of the Cabinet has a portfolio of the areas for which they are responsible. The Cabinet normally meets seven times in a municipal year.

The Council currently has a two-party cabinet comprising:

Councillor Zoe Nicholson	Leader of the Council
Councillor Christine Robinson	Deputy leader of the Council
Councillor Chris Collier	Cabinet member for Innovation, delivery and people
Councillor Johnny Denis	Cabinet member for Arts, culture, tourism and leisure
Councillor Wendy Maples	Cabinet member for Neighbourhood Wellbeing
Councillor Emily O'Brien	Cabinet member for Climate Nature and Food
Councillor Laurence O'Connor	Cabinet member for Planning and Infrastructure
Councillor Mark Slater	Cabinet member for Tenants and housing need

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, to another individual member of the Cabinet, to a sub-committee of the Cabinet or to an officer.

The Policy and Performance Advisory 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 Policy and Performance Advisory Committee.

A.2.8. OUR LEADERSHIP TEAM

Supporting the work of councillors is the organisational structure of the Council headed by the Corporate Management Team (CMT). CMT is comprised of our most senior staff (officers) as follows:

Robert Cottrill	Chief Executive (Statutory Head of Paid Service)
Ian Fitzpatrick	Deputy Chief Executive and Director of Regeneration and Planning
Homira Javadi	Chief Finance Officer (Statutory Section 151 Officer)
Becky Cooke	Assistant Director of Human Resources and Transformation

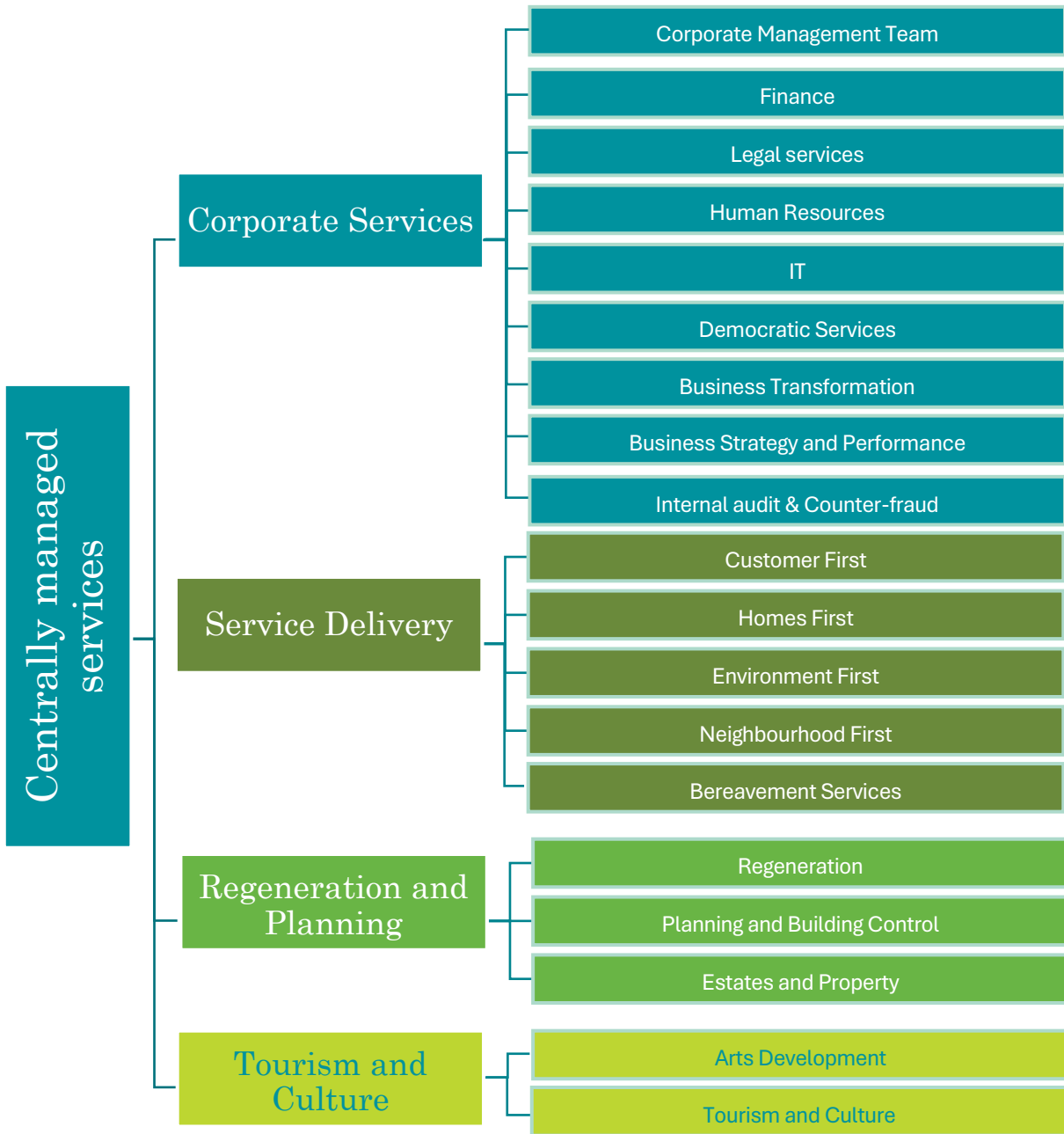


The Council appoints the three statutory posts of Head of Paid Service, Section 151 Officer and Monitoring Officer, as required by law. These officers have responsibility to act if the Council has, or is about to, break the law or if the Council is about to set an unbalanced budget. The Monitoring Officer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

The Council is supported by a frontline and back-office workforce shared with Eastbourne Borough Council to provide more flexible, customer-focussed and cost-effective services. The two councils share staff and senior management but have different governance systems, different councillors, different policies and separate budgets. The councils share a joint website (www.lewes-eastbourne.gov.uk) which continues to develop and become the main point of contact for many customers. The increasing number of online transactions being completed demonstrates a positive direction of travel towards our aspiration to be digital by default.

However, local democratic accountability is maintained with both councils remaining separate sovereign entities with their own distinct priorities.

A.2.9. HOW WE ARE ORGANISED AND THE SERVICES WE PROVIDE



A.3 OUR MAIN OBJECTIVES AND STRATEGY TO ACHIEVE THESE

A.3.1. MAIN OBJECTIVES

The Council’s direction continues to be driven by its’ Corporate Plan. A new plan was agreed in February 2024 to run until 2028.

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 the Policy and Performance Advisory Committee 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.

Re-imagining Lewes District

High quality, responsive	Supporting through challenging times	Climate, nature and food systems	Community wealth and wellbeing	Building genuinely affordable homes
<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</p>	<p>The Council has an important role in supporting those in most need in society.</p> <p>Since the pandemic, and the economic challenges that followed it nationally, we have been working hard to support people experiencing hardship due to the cost-of-living crisis.</p> <p>This work will continue, especially whilst the national economic</p>	<p>Tackling the climate crisis and nature emergencies is central to all our activities. We are committed to supporting measures to help arrest biodiversity losses, restore habitats and work for climate resilience to promote healthy and thriving communities.</p> <p>We will continue our journey to reduce carbon emissions and aim to become a fully climate-resilient Council by 2030. We will prepare a climate and nature action plan for a net zero carbon district.</p>	<p>For the last four years the Council has embraced a community wealth building approach to its work. This is about ensuring that local people and the local economy are placed at the centre of how the Council operates, and how we work with our partners.</p> <p>We will continue to work with key local institutions to change procurement practices to focus on local providers where possible. We aim to provide more local employment through all our activities.</p>	<p>Working with partners we will support, promote and enable the delivery of housing for local people to buy and rent, including through community land trusts and other relevant community groups.</p> <p>We will seek to rebalance our local housing markets and help build sustainable communities.</p> <p>We will deliver and maintain affordable, high-quality homes.</p> <p>We will do this in partnership with the Tenants of Lewes District.</p> <p>Alongside providing Council housing, we will support people to access other social housing and private rented accommodation, particularly supporting those who are at risk of homelessness.</p> <p>Using our planning policies, we will work to ensure provision of the right homes in the right places for local people.</p>

One of the key outcomes of the Corporate Plan is achieving a robust financial strategy, the 2023/24 budget and medium-term financial strategy has been aligned to the Council’s five Strategic priorities as shown below.

The budget has been formulated in line with these priorities.

A.3.2. THE MEDIUM-TERM FINANCIAL STRATEGY

The amount of money available to the Council to deliver its priority services and key projects per the Corporate Plan is determined by the estimated revenues from council tax, business rates, Government funding settlement, other Government grants, income generating services and if necessary, our reserves. We use these estimates to generate our spending plans. The Council’s spending plans are linked to residents’ priorities and the Government’s national priorities for all local authorities.

High quality, responsive services

Priorities for 2024-25

- Review of online processes to ensure high quality customer journey
- Implementation of new complaints policy, staff guidance and training in line with LGO requirements
- Development of complaints learning working group turning complaints into service improvements
- Expand Ellis, the AI chatbot on the Council website

Key long-term objectives

- Delivery of consistently high customer service standards. Listening and responding to the needs of residents through good quality consultation and engagement
- Providing a range of ways to get in touch that meet different residents' needs.
- Increased proactive and responsive neighbourhood and partnership services

Supporting through challenging times

Priorities for 2024-25

- Maintain our new support regime of 100% council tax reduction for those most in need.
- Support and build strong relationships with the local voluntary and community sector.
- Support those on lowest incomes through housing benefit, council tax reduction and other assistance schemes.
- Provide the right advice to residents at the right time, ensuring information and advice is available to those needing extra support.
- Provide additional support to businesses where national schemes are administered locally.
- Identify and address inequality in our communities .
- Using available data and technology, to help identify those most at risk of falling into debt and who require welfare support.

Key long-term objectives

- Reduced levels of inequality experienced in the district.
- Increased uptake of benefits and assistance schemes provided by the council.
- Increased uptake of business support.

Climate, nature and food systems

Priorities for 2024-25

- Complete phase 2 of the Electric Vehicle charge points installation programme
- Facilitate the car club programme
- Develop community grant scheme
- Form Newhaven Health Hub energy strategy & leisure improvements
- Complete climate risk assessment
- Complete district green energy investigation

Key long-term objectives

- Reach Net zero council by 2030
- Complete social housing decarbonisation
- Complete refuse fleet decarbonisation by 2030

Community wealth and wellbeing

Priorities for 2024-25

- Review contracts for opportunities to procure locally
- Work with suppliers to increase social value and environmental sustainability in projects
- Explore applying for living wage accreditation
- Review land and assets for opportunities for using them to support community groups and local economy
- Complete the relevant Pathfinder Pilot regeneration projects in Newhaven
- Deliver Lewes District Business Start-up Programme to support entrepreneurship and social enterprises

Key long-term objectives

- Ensure improvement in Thriving Places Index score
- Increase in proportion of procurement spend going to local companies
- Increase in social value achieved through council contracts
- Better cared for and more accessible public spaces
- More local job opportunities in low carbon and sustainable industries

Building genuinely affordable homes

Priorities for 2024-25

- Acquire additional properties for the Local authority housing fund grant
- Develop affordable housing on across S106 sites (12 units properties)
- New build homes

Key long-term objectives

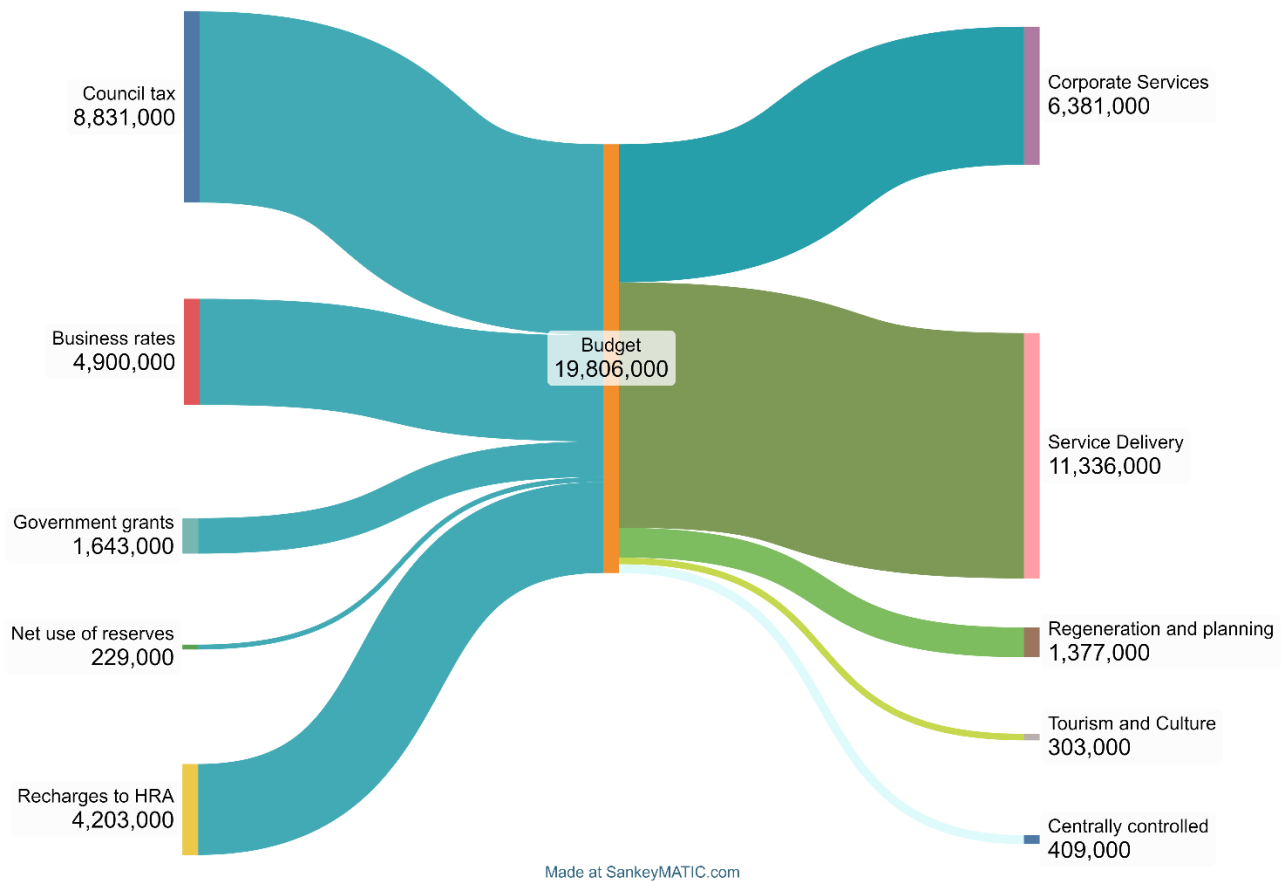
- Enabling the delivery of 300 new affordable homes.
- Delivering 200 additional council houses and directly deliver more council housing for rent.
- More sustainable and energy efficient homes across the district
- Accessible housing for those with additional support needs

A.3.3. HOW WE HAVE ALLOCATED RESOURCES TO ACHIEVE OUR STRATEGY

In 2023/24, the Council set a balanced budget with the following three years to be balanced through a combination of the of use of reserves and additional savings and efficiencies, to mitigate existing budget gaps 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 over the medium-term financial strategy.
- A council tax increase of 1 per cent in 2023/24 followed by a 2.99 per cent increase in 2024/25.
- An increase in council house rents of 7 per cent in 2023/24.
- Inflation peaks and falls however this is unlikely to lead to a reduction in prices.
- The budget facilities capital investment of £169.2m over the medium-term financial strategy.

The revised 2023/24 budget is set out below:



The budget process for 2023/24 included informal discussions and review sessions with Cabinet Members to ascertain the priorities for the budget, and to understand cost drivers, demand pressures and the underlying assumptions contained within the budget, such as inflation, interest rates and the cost of borrowing. Since last year, Cabinet Members have also applied an additional layer of budget challenge to the process, through meetings with the Corporate Management Team, to explore opportunities for efficiencies, cost reduction or income generation. The Council’s Management Team reviewed and challenged the budget at various stages throughout its construction, including the reasonableness of the key budget assumptions, such as estimates of inflationary and corporate financial pressures, realism of income targets and the extent to which known trends and liabilities are provided for.

The range of financial outcomes depended on two key factors:

- The pace of recovery for local economy.
- The savings generated from the Stabilisation and Growth programme to prevent depletion of our reserves.

The saving targets identified for the Stabilisation and Growth programme are based on early estimates and final savings need to be sufficient, not only to cover existing budget gaps, but also to replenish the Council's reserves to ensure future financial resilience.

A.4 THE PRINCIPAL RISKS WE FACE

Risk management has a strong link to corporate governance as it is a vital element in the internal control environment. The Council has a Risk Management Strategy which sets out the way in which risks are to be identified, scored and recorded. This strategy is reviewed annually. Project, operational, departmental and strategic risk registers are held on performance management software so that they can be updated regularly by managers who have complete ownership and responsibility for reviewing and updating the registers.

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.

Financial risk within the budget has been mitigated by building contingencies and using capital receipts to support any additional capital spend. In addition, sums had been set aside previously to support corporate initiatives such as the Stabilisation and Growth Programme.

The following strategic risks have been identified for delivering the Council's corporate plan. The 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 website at: [Browse meetings - Eastbourne Borough Council Audit and Governance Committee \(lewes-eastbourne.gov.uk\)](https://www.lewes-eastbourne.gov.uk/audit-and-governance-committee)

A.4.1. KEY RISKS TO ACHIEVING OUR STRATEGY

Risk	No political and partnership continuity/consensus regarding organisational objectives.
Why it matters?	Sudden changes of political objectives at either national or local level renders the organisation, its current corporate plan and Medium-Term Financial Strategy, unfit for purpose.
Original risk score	<p>4 Likelihood</p> <p>4 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 Medium-Term Financial Strategy. 3. Creating an organisational architecture that can respond to changes in the environment.
Residual likelihood change	↓
Residual impact change	↓

A.4.1. KEY RISKS TO ACHIEVING OUR STRATEGY (CONT.)

Risk	Changes to the economic environment makes the Council economically less sustainable.
Why it matters?	<ol style="list-style-type: none"> 1. Economic development of the district suffers. 2. Council objectives cannot be met. 3. Council will need to provide a new service for inspecting imports at the port. 4. Inflation affecting Council costs is having a serious impact on the Council's finances. 5. The Council's Recovery and Stabilisation programme fails to meet its objectives. 6. Rising energy prices and inflation affecting the cost of living will affect the ability of customers to pay rent and Council tax. 7. Uncertainty over government fiscal policies such as Fair funding review, rent cap and Business Rate Reset. Etc. 8. Increased homelessness due to the economic situation, lack of available social housing and rising private sector rents, increases cases that require prevention or emergency accommodation.
Original risk score	<p>5 Likelihood</p> <p>5 Impact</p>
Key mitigations	<ol style="list-style-type: none"> 1. Robust Medium-Term Financial Strategy 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. Working with the port authority to provide support, advice and to help explore funding options. 4. The corporate management team has considered any shared service implications and are satisfied that sufficient arrangements have been made in flexibility of changes in either Council's circumstances. 5. Regular monitoring of the progress and outcomes of the Recovery and Stabilisation programme. 6. Continuous monitoring and impact assessment of government fiscal policies. 7. Responding to government consultation. 8. Maintaining appropriate levels of earmarked provisions. 9. Continuous review and monitoring of the Council's Housing Revenue Business Plan considering the recently introduced rent cap. Reduces Likelihood and Impact 10. Full action plan in place in the Housing Options and Wellbeing team with a target of a reduction of 100 placements by December 23. Creation of a physical Housing Hub, co-locating with partners to deliver a local, joined-up, preventative model. Lead the East Sussex Housing Partnership providing Health and Housing outcomes.
Residual likelihood change	↔
Residual impact change	↔

A.4.1. KEY RISKS TO ACHIEVING OUR STRATEGY (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 organisation.
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. 5. Failure to support Newhaven Port Authority in the changes could result in an economic downturn in the town. 6. Increased homelessness due to the economic situation, lack of available social housing and rising private sector rents, increases cases that require prevention or emergency accommodation. 	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.
Original risk score	<p>5 Likelihood</p> <p>5 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). 3. Working with the Port Authority to provide support, advice and to help explore funding options. 4. Full action plan in place in the Housing Options and Wellbeing team with a target of a reduction of 100 placements by December 23. Creation of a physical Housing Hub, co-locating with partners to deliver a local, joined-up, preventative model. Lead the East Sussex Housing Partnership providing Health and Housing outcomes. 	<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.
Residual likelihood change	↓	↑
Residual impact change	↓	↓

A.4.1. KEY RISKS TO ACHIEVING OUR STRATEGY (CONT.)

Risk	Not being able to sustain a culture that supports organisational objectives and future development	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"> 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 Recovery and Stabilisation programme fails to meet its objectives. 	<ol style="list-style-type: none"> 1. Denial of access to property. 2. Denial of access to technology/information. 3. Denial of access to people. 	<ol style="list-style-type: none"> 1. Service profile of the Council changes materially because of the impact of the event. 2. Cost profile of the Council changes materially because of the impact of the event. 3. Work adversely affected by reduced staff numbers due to effects of pandemic virus. 4. Emergency caused by a climate change event (e.g. increased flooding risks)
Original risk score	<p>4 Likelihood</p> <p>4 Impact</p>	<p>5 Likelihood</p> <p>5 Impact</p>	<p>5 Likelihood</p> <p>5 Impact</p>
Key mitigations	<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 Recovery and Stabilisation programme. 	<ol style="list-style-type: none"> 1. Adoption of best practice IT and Asset Management policies and procedures. 2. The Council has created a more flexible, less locationally dependent, service architecture. 3. Regularly reviewed and tested Business Continuity Plans and updated contingency plans actioned. 4. Regularly reviewed and tested Disaster Recovery Plan. 	<ol style="list-style-type: none"> 1. Working in partnership with other public bodies. 2. Robust emergency planning and use of Council's emergency powers. 3. Working with the Environment Agency on climate change measures. 4. Ongoing and robust risk profiling of local area (demographic and geographic). 5. Review budget and reserves in light of risk profile. 6. Funds set aside to help fund responses to an event. 5. Adoption of, and action to implement, the Council's Climate Emergency Strategy.
Residual likelihood change	↓	↓	↓
Residual impact change	↔	↓	↓

A.4.1. KEY RISKS TO ACHIEVING OUR STRATEGY (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.4.1. KEY RISKS TO ACHIEVING OUR STRATEGY (CONT.)

Risk	The 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 is 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. KEY UNCERTAINTIES

The key uncertainties identified in the Strategy were:

- The lasting impact of the COVID-19 pandemic on the district’s economic climate effecting the income levels, council tax and business rates base and debt recoverability.
- Impact of changes to Government funding, including reduction in New Homes Bonus and Lower Tier Services grant.
- Outcomes of several reviews the Government was undertaking such as the Fair Funding review, remodelling of the Business Rates Retention Scheme and the New Homes Bonus.
- Lack of certainty to future allocations or mechanisms for distribution of funding streams for homelessness support and prevention.

A.5 OPPORTUNITIES AND FUTURE CHANGES

A.5.1. KNOWN BUDGET PRESSURES

The 2023-24 budget included a general contingency of £0.350m. This contingency has proved useful in managing the budget for the year being reported.

A.5.2. RECOVERY AND RESET

Originally designed to co-ordinate the Council's response to the COVID-19 pandemic, the programme has been since been refreshed with a specific focus on Eastbourne Borough Council, however due to the shared services agreement with Lewes District Council there are several elements that have a direct impact on this Council and its own work to deliver efficiencies and help to address the financial challenges currently being faced. The programme is designed to deliver organisational changes needed to achieve further efficiencies 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 implemented 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.
- 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.
- Additional efficiencies have been made during 2023/24 through
 - New mailroom equipment
 - 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

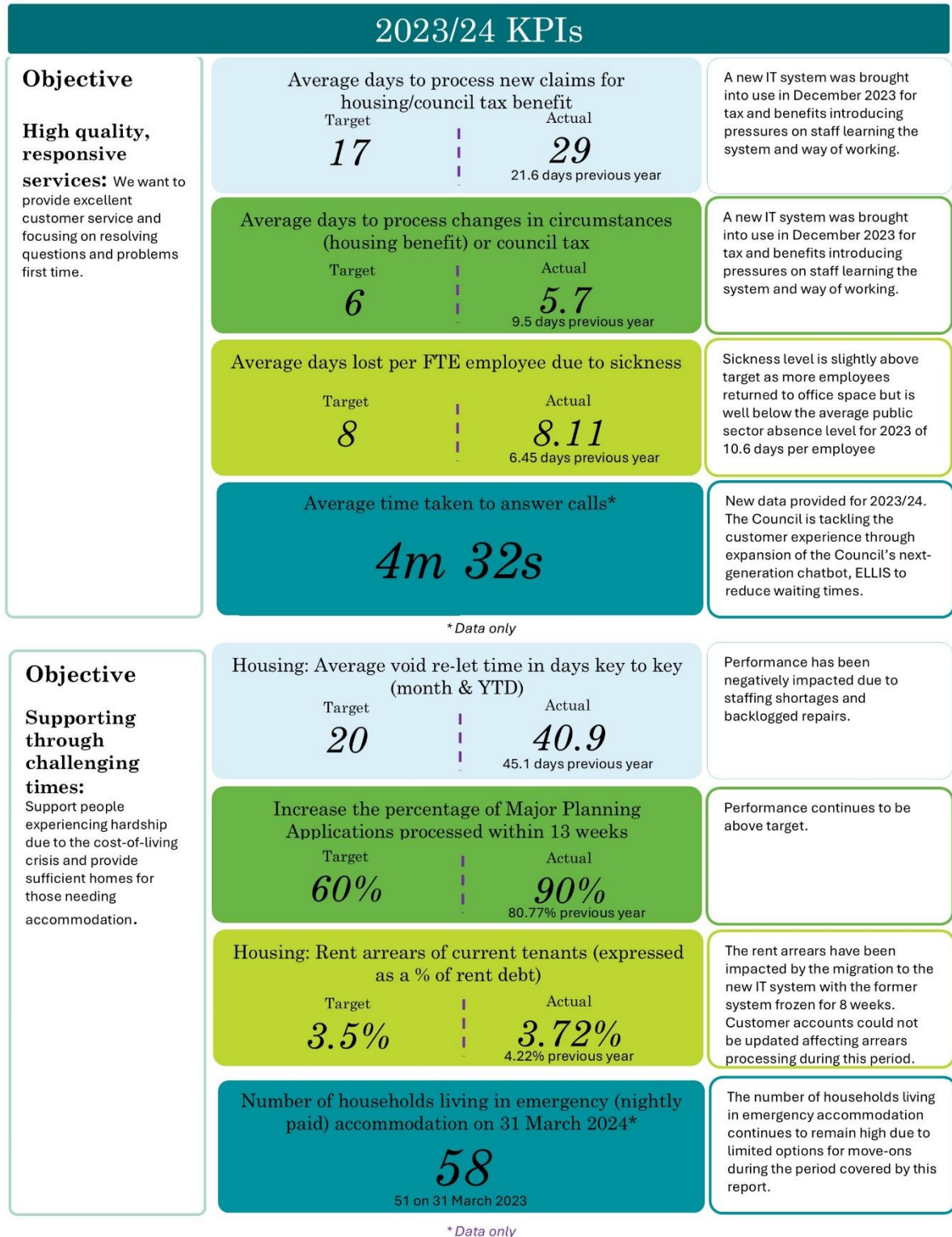
A.5.3. FINANCIAL REPORTING & GOVERNANCE - FUTURE CHANGES

- 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.
- The Department consulted in late 2021 on proposed changes to the Minimum Revenue Provision (MRP) regulations. In the proposal it determined that from April 2023, an authority must not reduce its MRP by using capital receipts instead of making a prudent charge to the revenue account via Regulation 23 (use of capital receipts) and must not exclude portions of their debt from the MRP determination.
- The CIPFA Prudential Code for Capital Finance 2021 edition (Prudential Code) was issued in December 2021. One of the most significant changes was the clarification that local authorities are not permitted to borrow primarily for financial return. The Prudential Code does not require local authorities to sell current commercial investments. However, authorities that hold commercial assets with a borrowing need should determine exit viability for commercial investments in lieu of taking borrowing. The introduction of a new objective that refers to the need for commercial investments to be proportionate and that the capital strategy should include reference to environmental sustainability etc.

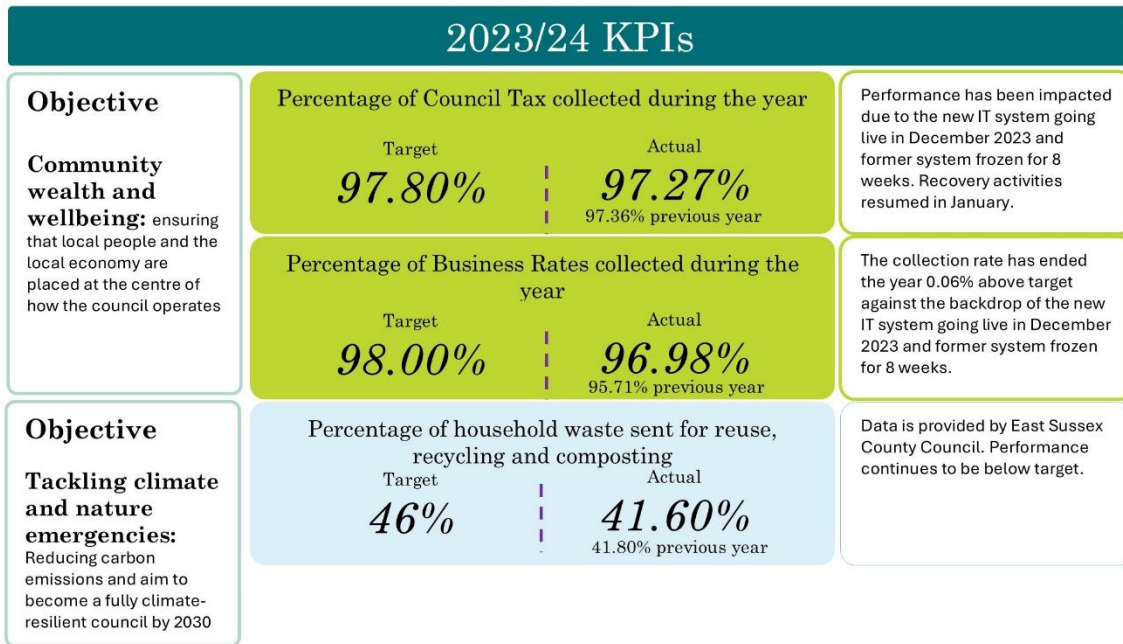
A.6 OUR OUTCOMES AGAINST OUR OBJECTIVES

A.6.1. KEY PERFORMANCE INDICATORS

The following performance indicators have been used to track performance in the past year and progress has been reported through the Policy and Performance Advisory Committee and Cabinet on a quarterly basis.



A.6.1. KEY PERFORMANCE INDICATORS (CONT.)



A.6.2. 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 medium-term financial strategy 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 medium-term financial strategy 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 £0.651m by the end of the first quarter, reducing to £0.377m surplus by the year end. The shortfall has been driven primarily by the rising costs due to inflation, increased interest costs, underachievement of property investment income 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.6.2.1. 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 £0.307m. (split between General Fund surplus £3.408m and HRA deficit £3.715m). The Movement in Reserves Statement reconciles this IFRS 'deficit' together with other reserve transfers into a net decrease in the general fund balance of £0.964m and an HRA deficit of £0.283m.

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 E.6 Expenditure and Funding Analysis, 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.6.2.2. 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 £15.603m (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 £204.10, being a 1.0% percent increase over 2022/23 Band D council tax rate.

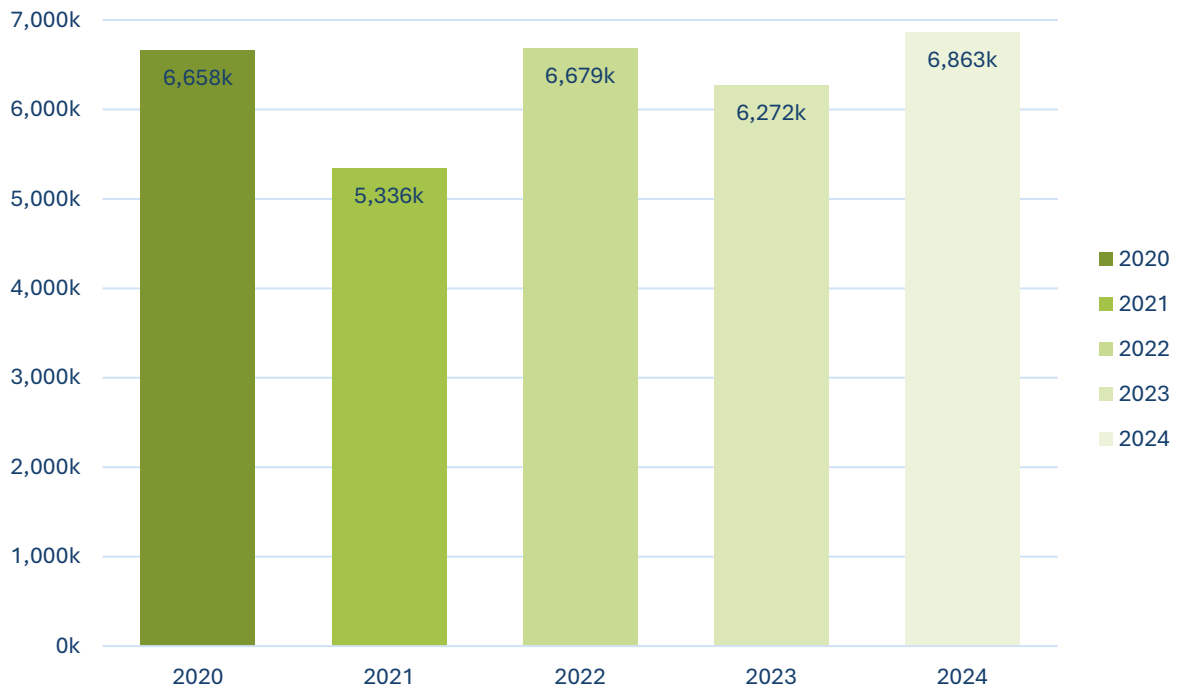
The 2023/24 financial year's budget was set against a backdrop of unprecedented financial challenges that continue to arise from the legacy of austerity, Brexit, the COVID-19 pandemic, war in Ukraine and rapidly increasing inflation.

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 Budget	Net revised budget*	Net actual outturn*	Net variance to revised budget
	£000	£000	£000	£000
Corporate Services	6,018	6,381	6,494	113
Service Delivery	10,840	11,336	12,056	720
Regeneration and Planning	1,318	1,377	1,909	532
Tourism and Enterprise	285	303	405	102
Service total	18,461	19,397	20,864	1,467
Recharged to the Housing Revenue Account	(4,1461)	(4,203)	(4,649)	(446)
Total general fund service expenditure	14,300	15,194	16,215	1,021
Centrally Controlled Budgets	1,303	409	(691)	(1,100)
Total Expenditure	15,603	15,603	15,524	(79)
Transfers to/(from) Reserves	(229)	(229)	(527)	(298)
Budget Requirement	15,374	15,374	14,997	(377)
Council Tax	(8,831)	(8,831)	(8,919)	(88)
Business Rates	(4,900)	(4,900)	(3,634)	1,266
Government Grants	(1,643)	(1,643)	(2,444)	(360)
Income recovery				
Total Funding	(15,374)	(15,374)	(14,997)	(377)

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.

Total generated income from April 2019 to March 2024



A.6.2.3. HOUSING REVENUE ACCOUNT

The Council owns just over 3,200 homes generating rental income of over £19.073m in the year (£17.652m 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 district over the next four years that will see a net 114 additional properties to the HRA by March 2024.

The HRA has an overspend of £0.343m against the revised operational budget of £17.109m. The outturn also includes £5.550m in depreciation charges on the HRA capital assets (£5.331m 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 £4.662m on HRA homes in 2023/24 (£4.526m in 2022/23).

A.6.2.4. 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, East Sussex Fire Authority, town and parish councils and Lewes District Council.

The council tax surplus has decreased by £1.664m during the year to £2.221m as at 31 March 2024 (£3.885m 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 2023/24 forecast surplus of £0.619m will be distributed to precepting bodies pro rata to their Band D Council Tax during 2024/25 leaving a surplus of £1.603m to be distributed. This Council’s share as at 31 March 2024 was £233k (£0.49m in 2022/23).

The Business Rates opening deficit has decreased by £0.094m during the year to £5.120m as at 31 March 2024 (£5.026m at 31 March 2023). The 2023/24 forecast business rate deficit of £2.960m will be recovered from precepting bodies on the agreed preceptor % split during 2024/25 leaving a deficit of £2.096m to be recovered. The Council's share as at 31 March 2024 was £2.048m (£2.011m at 31 March 2023).

A.6.2.5. CAPITAL PROGRAMME

The Council's capital programme spending in the year was £16.311m (£9.849m in 2022/23), compared with a revised budget of £32.745m (£26.056m in 2022/23), giving a net underspend of £16.434m. 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 £19.109m 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 1 February 2024. The revised capital budget reflected an overall increase against the original budget of £2.560m due to an increase in investment in the acquisition and construction of new dwelling and an increase to the major repairs budget for the year. The actual outturn for 2023/24 is £11.408m, a variance of £7.701m representing a 60% spend against the revised budget.

Similarly, the revised general fund capital budget for the year of £52.606m was also reviewed and authorised as part of the 2024/25 budget setting process and reflects an overall reduction against the original budget of £19.861m primarily due to reprofiling the Regeneration projects funded from the Government Levelling Up Fund capital schemes and Service Delivery Schemes.



2023/24 Capital Programme Outturn - Summary	Revised capital programme	Outturn at 31 March 2024
	£000	£000
HRA Housing	19,109	11,408
General Fund Housing	1,486	1,888
Housing Investment Companies	-	-
Regeneration	16,195	6,546
Service Delivery	6,225	4,599
Specialist	205	81
Parks and Pavilions	1,053	15
Indoor Leisure Facilities	2,527	1,016
Coastal Defence Works	500	245
Asset Management	775	470
Local Energy Schemes	500	-
Community Infrastructure Levy	1,486	273
Open Spaces/Biodiversity	789	246
Information Technology	397	333
Stabilisation & Growth	607	600
Finance Transformation	-	-
TOTAL CAPITAL PROGRAMME	51,854	27,720
FUNDING		
HRA		
Borrowing	-	-
Capital Receipts*	9,697	6,046
Major Repairs Reserve	6,665	4,662
Capital Grants & Contributions	2,653	620
Revenue Contributions	94	80
General Fund		
Borrowing	17,986	7,220
Capital Receipts*	-	243
Reserves	-	946
Capital Grants & Contributions	14,759	7,753
Capital Expenditure Financed from Revenue (General Fund)	-	150
Capital Expenditure Financed from Revenue (Housing Revenue Account)	-	-
TOTAL FUNDING	51,854	27,720

A.6.2.6. 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 £6.605m to an asset of £9.961m.

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.

The funded liabilities have decreased to £62.78m at 31 March 2024 from £63.79m at 31 March 2023 and the asset fair value has increased to £73.25m from £70.95m. The asset ceiling adjustment is £10.5m in 2023/24 compared to £7.1m in 2022/23. The net unfunded liability at 31 March 2024 is £0.5m (£0.6m 31 March 2023). It is important to realise 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.

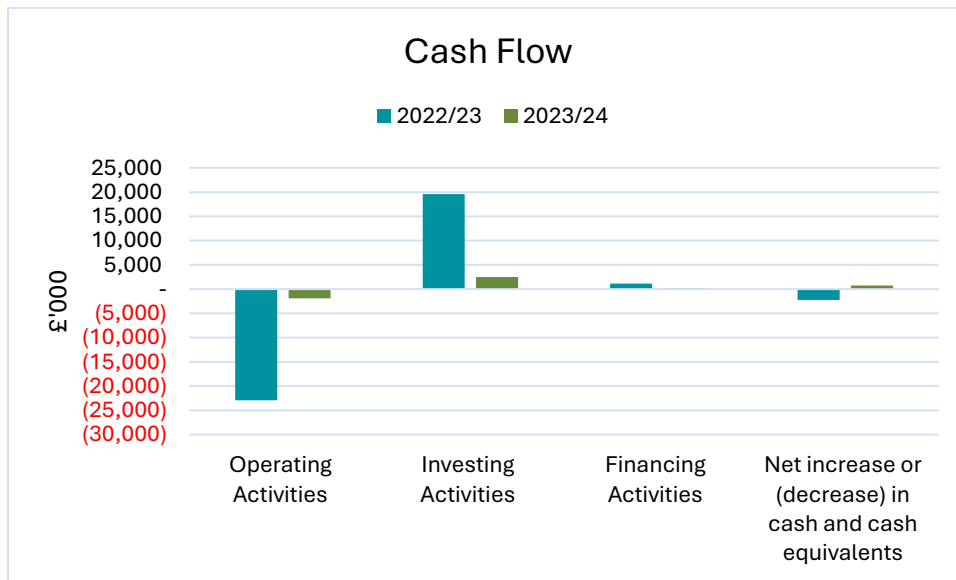
A.6.2.7. TREASURY MANAGEMENT

The Council’s external loan debt at 31 March 2024, comprising long and short-term borrowing, stood at £51.7m excluding accrued interest payable (see Note E.22 Financial Instruments). This is made up of £43.7m repayable in more than one year and £8.0m repayable in less than one year. This is no change in total from the previous year.

Short-term investments at 31 March 2024 were £4.5m, a decrease of £14.2m from the previous year. The Council held negative cash equivalent balances as at 31 March 2024 of £0.4m, compared to £1.1m as at 31 March 2023, an decrease of £0.7m.

A.6.2.8. CASHFLOW AND ASSETS

The cash flows during the year are presented below. See Cash Flow Statement and Notes for further details.



A.7 STAFFING

As part of the Shared service with Eastbourne Borough Council (EBC) both Councils approved a shared service employment model with the EBC acting as the sole employer host authority. This resulted in most Lewes District Council staff transferring to EBC in February 2017, leaving a small number of staff directly employed by Lewes District Council. The staff employed directly are Legal Services staff and total 10.43 full time equivalent (12.47 in 2022/23).

A.8 THE COUNCIL'S STEWARDSHIP, RESPONSIBILITIES AND FINANCIAL PROCEDURE RULES

The Council deals with considerable sums of public money. The Council's Financial Procedure Rules provide the framework within which financial control operates. To conduct its business efficiently, a council needs to ensure that it has sound financial management and procedures in place and that they are strictly adhered to. Strict compliance with these policies ensures that the Council's policy objectives are pursued in a prudent and efficient way. These Financial Procedure Rules provide clarity about the accountability of individuals – Cabinet; Members; the Chief Executive; the Monitoring Officer; the Chief Finance Officer and Service Directors.

The key areas covered by the Financial Procedure Rules are:

1. General financial management and planning
2. Accounting and audit arrangements
3. Risk Management and Control of resources (finances, staffing, systems and contracts)
4. Banking, treasury, investment, and insurance
5. External arrangements

These Financial Procedure Rules link with other internal regulatory documents forming part of the Council's Constitution, including Standing Orders and Procedures. This Statement of Accounts is part of that stewardship process, i.e. the process for being publicly accountable for collection and application of public money. The responsibilities of the Council and its designated Chief Finance Officer is set out in the Constitution.

Our financial framework relies upon the quality of the financial systems of the Council. There is a commitment continually seek to improve systems to ensure information is available in an accessible and timely manner and that key financial processes are managed efficiently and economically.

The Audit Opinion

The 2023/24 Audit Opinion and Certificate is published on page 32.

A.9 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 tax payers.
- **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 Entity 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 Non-Domestic Rates and Council Tax and illustrates the way in which these have been distributed to local authorities and the Government.

The Council uses rounding to the nearest £000 in presenting amounts in its financial statements; some notes are rounded to the nearest £ to aid the presentation and understanding of the financial statements. The Council has abbreviated £million as the symbol 'm'.

A.10 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, Council Office, 6 High Street, Lewes BN7 2AD.



Homira Javadi CPFA, FCCA, ACCA

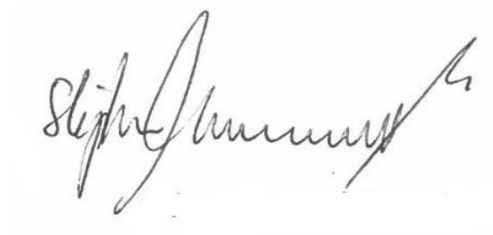
DIRECTOR OF FINANCE AND PERFORMANCE (CHIEF FINANCE OFFICER – S151 OFFICER)

A.11 ADOPTION OF THE STATEMENT OF 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 was approved at the meeting of the Audit and Governance Committee held on Monday 7th July 2025.

Signed



Councillor Stephen Gauntlett

CHAIR, AUDIT AND GOVERNANCE COMMITTEE

Date: 15 July 2025

B. Statement of responsibilities for the Statement of accounts

B.1 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.

B.2 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 CPFA, FCCA, ACCA

DIRECTOR OF FINANCE AND PERFORMANCE (CHIEF FINANCE OFFICER – S151 OFFICER)

Date: 15 July 2025

C. Independent Auditor's report to the members of Lewes District Council

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

DISCLAIMER OF OPINION

We were engaged to audit the financial statements of Lewes District Council (the 'Authority') for the year ended 31 March 2024, which comprise the Movement in Reserves, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Revenue Account and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

BASIS FOR DISCLAIMER OF OPINION

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2024 by 28 February 2025 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. The latest date on which unaudited accounts could be published to enable local elector rights to be met in time for the backstop was 16 January 2025. The Authority published its unaudited accounts on 23 May 2025. We have been unable to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2024 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence over the corresponding figures or whether there was any consequential effect on the Authority Comprehensive Income and Expenditure Statement for the year ended 31 March 2024 for the same reason. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2024 as soon as reasonably practicable thereafter.

OTHER INFORMATION WE ARE REQUIRED TO REPORT ON BY EXCEPTION UNDER THE CODE OF AUDIT PRACTICE

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other

information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

RESPONSIBILITIES OF THE AUTHORITY AND THE CHIEF FINANCE OFFICER

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

EXPLANATION AS TO WHAT EXTENT THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).



The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS – THE AUTHORITY’S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN ITS USE OF RESOURCES

Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in respect of the above matter except on 25 February we identified significant weaknesses:

- in the Authority’s arrangements for governance, relating to risk management. Risk management was not fully embedded across the Authority. We noted that the Authority’s risk management policy was out of date and concluded there were weaknesses in its arrangements for maintaining and reporting on risk registers. We recommended the Authority reviews its strategic risk register to ensure it accurately reflects the key risks; establishes departmental risk registers; updates its risk management policy, articulating its risk appetite and describing the RAG methodology to be used; and reports risks to Cabinet at least annually and to Audit and Governance Committee quarterly.
- in the Authority’s arrangements for governance, related to the failure to implement Internal Audit recommendations. We recommended the Authority should ensure that management action Internal Audit recommendations promptly by agreed dates and the Audit and Governance Committee establishes an escalation policy to hold management to account for any overdue recommendations.
- in the Authority’s arrangements for governance in respect of financial reporting. The Authority did not produce its 2023/24 financial statements for audit by the statutory deadline of 31 May 2024, with draft statements only published on 23 May 2025 because of capacity issues within the Authority’s finance team and the need to produce financial statements for preceding financial years. We recommended the Authority should prepare its draft 2024/25 financial statements by the statutory deadline of 30 June 2025, supported by a full suite of working papers agreed with the auditor to support good financial governance and accountability.
- in the Authority’s arrangements for governance, in respect of its commercial companies. We recommended the Authority improve its arrangements by agreeing: the role of the shareholder and the mechanism to set and monitor strategic direction and manage performance; business plans for its commercial companies; the role of officers and councillors as directors, considering the advantages and disadvantages of the Cabinet members holding directorships; the role of scrutiny; how conflicts of interest could be managed and minimised by introducing a conflicts of interest policy.
- in the Authority’s arrangements for improving economy, efficiency and effectiveness. This related to weaknesses in the management of the Authority’s grounds maintenance contract. We recommended the Authority should assess the effectiveness of contract management arrangements for all its significant contracts by: reviewing and identifying corrective action where appropriate; continuing to enhance the management of its ground maintenance contract; and evaluating the training needs and guidance tools to its contract managers to support them in their role.

RESPONSIBILITIES OF THE AUTHORITY

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

AUDITOR’S RESPONSIBILITIES FOR THE REVIEW OF THE AUTHORITY’S ARRANGEMENTS FOR SECURING ECONOMY, EFFICIENCY AND EFFECTIVENESS IN ITS USE OF RESOURCES

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS – DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

We cannot formally conclude the audit and issue an audit certificate for Lewes District Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office has concluded their work in respect WGA for the year ended 31 March 2024. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2024.

USE OF OUR REPORT

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Darren Wells

Darren Wells, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

15 July 2025

D. Core Financial Statements

D.1 MOVEMENT IN RESERVES

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.

	General Fund	HRA Balance	Earmarked Reserves- GF & HRA (Note 15)	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants & Contributions Unapplied Account	Total Usable Reserves	Unusable Reserves (Note 28)	Total Reserves
Balance at 31 March 2023	(3,645)	(3,661)	(9,352)	(10,204)	(21,174)	(14,763)	(62,799)	(345,939)	(408,738)
Movement in Reserves 2023/24									
Total Comprehensive Expenditure and Income	(3,408)	3,715	-	-	-	-	307	11,551	11,858
Adjustments between accounting basis & funding basis under regulations (Note 8)	4,446	(3,459)	-	(501)	5,408	(955)	4,939	(4,939)	-
Transfers (to)/from Earmarked Reserves	(74)	27	46	-	-	-	-	-	-
Decrease or (Increase) in Year	964	283	46	(501)	5,408	(955)	5,245	6,612	11,858
Balance at 31 March 2024	(2,681)	(3,378)	(9,306)	(10,705)	(15,766)	(15,718)	(57,554)	(339,327)	(396,881)

The purpose of individual reserves and more details are given for earmarked and unusable reserves in Notes E.15 Transfer to/from Earmarked Reserves and E.28 Unusable Reserves respectively. The line entitled '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.

D.2 COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure 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 or rents. Local authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
Gross Exp	Gross Inc	Net Exp		Gross Exp	Gross Inc	Net Exp
£000	£000	£000		£000	£000	£000
9,021	(2,387)	6,634	Net Cost of Services - Corporate Services	9,669	(2,412)	7,257
39,763	(29,783)	9,980	Net Cost of Services - Service Delivery	40,589	(29,197)	11,392
9,726	(3,425)	6,301	Net Cost of Services - Regeneration and Planning	8,630	(3,275)	5,355
1,325	(158)	1,167	Net Cost of Services - Tourism and Enterprise	586	(176)	410
16,229	(17,679)	(1,450)	Net Cost of Services - Housing Revenue Account	17,392	(19,121)	(1,729)
76,064	(53,432)	22,632	Net Cost of Services	76,866	(54,181)	22,685
4,565	-	4,565	Town & Parish Council Precepts	4,864	-	4,864
-	-	-	Grants to Town & Parish Councils	385	-	385
6,927	(11,430)	(4,503)	Payments to Housing Capital Receipts Pool	-	-	-
-	-	-	(Gain) / Loss on sale and derecognition of non current assets	5,150	(854)	4,296
11,492	(11,430)	62	Other Operating Income & Expenditure	10,399	(854)	9,545
2,474	-	2,474	Interest Payable & Similar Charges	4,111	-	4,111
-	-	-	Expected Credit Loss	-	-	-
300	-	300	Net Interest on the Net Defined Benefit Liability	-	(468)	(468)
-	(1,518)	(1,518)	Interest Receivable	-	(3,303)	(3,303)
(424)	(349)	(773)	Investment Properties	353	(1,621)	(1,268)
175	(94)	81	Trading Accounts	140	(464)	(324)
2,525	(1,961)	564	Financing & Investment Income & Expenditure	4,604	(5,856)	(1,252)
683	(11,350)	(10,667)	Non Ringfenced Grants & Contributions	-	(15,229)	(15,229)
-	(13,099)	(13,099)	Council Tax Income	-	(13,523)	(13,523)
7,981	(9,238)	(1,257)	Non Domestic Rates Income & Expenditure	8,954	(10,873)	(1,919)
8,664	(33,687)	(25,023)	Taxation & Non Specific Grant Income	8,954	(39,625)	(30,671)
98,745	(100,510)	(1,765)	Deficit / (Surplus) on the Provision of Services	100,823	(100,516)	307
-	(18,493)	(18,493)	Deficit / (Surplus) on revaluation of non current assets	10,823	-	10,823
-	(9,260)	(9,260)	Re-measurement of the Net Defined Liability	728	-	728
-	(27,753)	(27,753)	Other Comprehensive Income & Expenditure	11,551	-	11,551
98,745	(128,263)	(29,518)	Total Comprehensive Income & Expenditure	112,374	(100,516)	11,858



D.3 BALANCE SHEET

31 March 2023		Note	31 March 2024	
£000			£000	£000
420,282	Property, Plant & Equipment	17/18	416,988	
10,836	Heritage Assets	19	11,178	
11,869	Investment Property	20	15,353	
776	Intangible Assets	21	662	
4,333	Long Term Debtors	24	4,312	
448,096	Long Term Assets			448,493
18,710	Short Term Investments	22	4,510	
90	Inventories		57	
15,524	Short Term Debtors	24	17,304	
34,324	Current Assets			21,871
(1,089)	Cash & Cash Equivalents	30	(358)	
(8,255)	Short Term Borrowing	22	(10,255)	
(14,544)	Short Term Creditors	25	(14,131)	
(604)	Short Term Provisions	26	(986)	
(24,492)	Current Liabilities			(25,730)
(4,962)	Grants Receipts in Advance	25	(5,568)	
(43,673)	Long Term Borrowing	22	(41,673)	
(555)	Long Term Liabilities Pensions	29	(512)	
(49,190)	Long Term Liabilities			(47,753)
408,738	Net Assets			396,881
(62,799)	Usable Reserves	27	(57,554)	
(345,939)	Unusable Reserves	28	(339,327)	
(408,738)	Total Reserves			(396,881)

I certify that this Statement of Accounts provides a true and fair view of the financial position of the Council as at 31 March 2024 and its Comprehensive Income and Expenditure Statement for the year ended 31 March 2024.

Homira Javadi

DIRECTOR OF FINANCE AND PERFORMANCE (CHIEF FINANCE OFFICER – S151 OFFICER)

Date: 15 July 2025



D.4 CASH FLOW STATEMENT

2022/23 £000	Cash Flow Statement	Note	2023/24 £000
1,765	Net (Deficit) / Surplus on the provision of services		(307)
(5,561)	Adjustments to net deficit or surplus on the provision of services for non-cash movements	31	12,136
(19,150)	Adjustments for items included in the net deficit or surplus on the provision of services that are investing and financing activities		(10,083)
(22,946)	Net cash flow from Operating Activities		1,746
19,596	Investing Activities	31	2,496
1,119	Financing Activities	31	(3,511)
(2,231)	Net increase or (decrease) in cash and cash equivalents		731
1,142	Cash and cash equivalents at the beginning of the reporting period	30	(1,089)
(1,089)	Cash and cash equivalents at the end of the reporting period		(358)

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.

E. Notes to the Statement of Accounts

E ACCOUNTING POLICIES

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. GENERAL PRINCIPLES

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.

1.3. 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.

1.4. 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.

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

While 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.

1.6. 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.

1.7. POST-EMPLOYMENT BENEFITS

Most 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 4.85% (Single Equivalent Discount Rate (SEDR) methodology approach). Previously the discount rate used was 4.8%.
- 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
 - unlisted securities – current bid price
 - property – market value.
- The change in the net pension 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 based on 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.

1.8. 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.

1.9 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.

1.10. 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 grant receipts in advance until the conditions have been satisfied.

1.11. 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 surplus or deficit on the provision of services in 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 a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains.

Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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 actually 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.



- Infrastructure –straight-line depreciation over periods of time between 10 and 40 years, as assessed at the time of the capital investment.
- 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.

1.12. 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 2.12) 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, net of operating expenses, 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.

1.13. 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.

1.14. 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 1.11 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).

1.15. 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.

1.16. VALUE ADDED TAX

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

1.17. INTERESTS IN COMPANIES AND OTHER ENTITIES

The Council has a material interest in Lewes Housing Investment Company Ltd (LHIC). This company is a wholly owned subsidiary of the Council.

Aspiration Homes LLP (AH) is a limited liability partnership owned equally by Lewes District Council and Eastbourne Borough Council. It was set up during 2017/18 for the purpose of developing housing.

1.18. ROUNDING

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

E.2 ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Information should be disclosed relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023.

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.

D.3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, 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 is:

- 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.
- The Council has reviewed its interests with external bodies as required by the Code and has concluded that it does not have any material interests in subsidiaries, associated companies or joint ventures that would require the production of Group Accounts in 2023/24.

D.4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Items	Uncertainties	Consequences if actual results differ from assumptions
Depreciation of Property, Plant and Equipment (PPE)	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. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.	It is estimated that if the Useful Economic Life of assets was to decrease by one year the annual depreciation charge would increase by £0.3m or 4.6%.
Valuation of Property, Plant and Equipment (PPE)	Land and buildings are revalued fully every five years but an interim revaluation market review is carried out annually to provide any update to assets carrying value. This 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.	The value of PPE has increased by £69.5m to £417.0m at 31 March 2024. Excluding those assets valued at historic cost, a 10% change would increase the value by £39m.

<p>Fair value measurements</p>	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (ie Level 1 inputs), their fair value is measured using valuation techniques (eg quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the assets and liabilities.</p> <p>Where Level 1 inputs are not available, experts are employed to identify the most appropriate valuation techniques to determine fair value.</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the assets and liabilities is disclosed in the notes.</p>	<p>A discounted cash flow model is used to measure the fair value investment properties and financial assets or liabilities.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates adjusted for regional factors.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets or liabilities.</p> <p>The value of Investment Property at 31 March 2024 is £15.4m. A 10% decrease would reduce the value by £1.5m.</p>
<p>Pensions Liability</p>	<p>Estimation of the net liability to pay pensions depends on several 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. The effects on the net pension's liability of changes in individual assumptions can be measured</p>	<p>A 0.1% increase in the real discount rate assumption would result in a decrease in the pension liability of £0.74m, a 1 year increase in member life expectancy would increase the Employer's Defined Benefit Obligation by around £3.4m or 5.3%, a 0.1% increase in the Salary Increase Rate would not change the pension liability and a 0.1% increase in the Pension Increase Rate would increase the pension liability by £0.77m.</p>
<p>Impairment of doubtful debt</p>	<p>At 31 March 2024, the Council had a total debtors balance (gross) of £22.3m (£20.6m at 31/3/23). A review of these balances, applying stratification into high, medium and low risk of default based on historic knowledge and current collection rates indicates that an impairment of doubtful debts of £5.00m is appropriate (£5.08m at 31/3/23). Note E.22 Financial Instruments provides further details on credit risk.</p> <p>The Council cannot assess with certainty the risk stratification. The economic impact of high inflation and cost of living crisis has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts.</p>	<p>Amending the assessment of risk that a debtor may default would lead to a future adjustment to the impaired debtor provision.</p> <p>If collection rates were to deteriorate by 5% then the Council the balance of debt to be impaired would increase by £2.5m.</p>

<p>Government Grant Funding</p>	<p>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.</p>	<p>The Council has accounted for the S31 grants as “agent transactions”. If the guidance were to be amended, this would add £4.94m to the Comprehensive Income and Expenditure statement and balance sheet in 2022/23 only.</p>
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D.5 MATERIAL ITEMS OF INCOME & EXPENDITURE

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.

The Council sold a parcel of development land in Lewes, in February 2023 for £9.15m. The sale proceeds are held in the Capital Receipts Reserve, see Note 27.

D.6 EVENTS AFTER THE REPORTING PERIOD

The statement of accounts was authorised for issue by the Director of Finance and Performance (Chief Finance Officer – S151 Officer) on . Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The financial statements and notes have not been adjusted for any events, which took place after 31 March 2024, that would have provided information that is relevant to an understanding of the authority’s financial position but do not relate to conditions at that date.

D.7 EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how the annual expenditure is used and funded from resources (Government grants, council tax and NNDR) by the Council in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. This also shows how the expenditure is allocated for decision making purposes between the Council's directorates. The Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Account (CIES).

Note: For a split between the balance on the general fund and housing revenue account, see the Movement in Reserves statement.

	2023/24 As Reported for Resource Management [Cabinet 11/7/24]	2023/24 Adjustment to arrive at the net amount chargeable to General Fund & HRA	2023/24 Net Expenditure chargeable to the General Fund & HRA	2023/24 Adjustments between the funding and accounting basis	2023/24 Net expenditure in the CIES
	£000	£000	£000	£000	£000
Corporate Services	6,494	149	6,643	614	7,257
Service Delivery	7,407	1,131	8,538	2,854	11,392
Regeneration and Planning	1,909	646	2,555	2,800	5,355
Tourism and Enterprise	405	-	405	5	410
Housing Revenue Account	(1,506)	(5,344)	(6,850)	5,121	(1,729)
Net Cost of Services	14,709	(3,418)	11,291	11,394	22,685
Other Corporate Expenditure	1,682	9,757	11,439	(3,146)	8,293
Financing	(15,254)	(6,182)	(21,436)	(9,235)	(30,671)
Total	(13,572)	3,575	(9,997)	(12,381)	(22,378)
Deficit / (Surplus) for the Year	1,137	157	1,294	(987)	307
GF & HRA Balance at 1 April 2023			(16,659)		
Less: Deficit / (Surplus) for the Year			1,294		
GF & HRA Balance at 31 March 2024			(15,365)		



	2022/23 As Reported for Resource Management [Cabinet 13/7/23]	2022/23 Adjustment to arrive at the net amount chargeable to General Fund & HRA	2022/23 Net Expenditure chargeable to the General Fund & HRA	2022/23 Adjustments between the funding and accounting basis	2022/23 Net expenditure in the CIES
	£000	£000	£000	£000	£000
Corporate Services	6,057	(229)	5,828	806	6,634
Service Delivery	12,962	(4,672)	8,290	1,690	9,980
Regeneration and Planning	2,420	376	2,796	3,505	6,301
Tourism and Enterprise	337	245	582	585	1,167
Housing Revenue Account	(1,165)	2,321	1,156	(2,606)	(1,450)
Net Cost of Services	20,611	(1,959)	18,652	3,980	22,632
Other Corporate Expenditure	(3,820)	8,289	4,469	(3,843)	626
Financing	(15,768)	(2,134)	(17,902)	(7,121)	(25,023)
Total	(19,588)	6,155	(13,433)	(10,964)	(24,397)
Deficit / (Surplus) for the Year	1,023	4,196	5,219	(6,984)	(1,765)
GF & HRA Balance at 1 April 2022			(21,876)		
Less: Deficit / (Surplus) for the Year			5,219		
GF & HRA Balance at 31 March 2023			(16,657)		

7.10. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2023/24	Adjustments for Capital Purpose	Net Changes for the Pensions Adjustments	Other Differences (i.e. Collection Fund)	Total Adjustments
	£000	£000	£000	£000
Corporate Services	917	(303)	-	614
Service Delivery	2,854	-	-	2,854
Regeneration and Planning	2,800	-	-	2,800
Tourism and Enterprise	5	-	-	5
Housing Revenue Account	5,121	-	-	5,121
Total	11,697	(303)	-	11,394
Other Income and Expenditure	(11,908)	(468)	(5)	(12,381)
Difference between General Fund and HRA surplus and Comprehensive Income and Expenditure Statement Surplus or Deficit	(211)	(771)	(5)	(987)



2022/23	Adjustments for Capital Purpose	Net Changes for the Pensions Adjustments	Other Differences (i.e. Collection Fund)	Total Adjustments
	£000	£000	£000	£000
Corporate Services	752	54	-	806
Service Delivery	1,690	-	-	1,690
Regeneration and Planning	3,505	-	-	3,505
Tourism and Enterprise	585	-	-	585
Housing Revenue Account	(2,606)	-	-	(2,606)
Total	3,926	54	-	3,980
Other Income and Expenditure	(11,179)	300	(85)	(10,964)
Difference between General Fund and HRA surplus and Comprehensive Income and Expenditure Statement Surplus or Deficit	(7,253)	354	(85)	(6,984)

Notes:

- **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 grants 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.

7.11. ANALYSIS OF INCOME AND EXPENDITURE BY NATURE

2022/23		2023/24
£000		£000
19,321	Employee benefits expenses	21,551
45,806	Other services expenses	43,318
12,458	Depreciation, amortisation, impairment losses/(reversals)	12,548
2,474	Interest payments	4,111
4,565	Precepts and levies	4,864
7,805	Business Rates Tariff	8,812
-	Payments to the Housing Capital Receipts Pool	-
6,927	Loss on the disposal of assets	5,151
99,356	Total expenditure	100,355
	Income	
(25,852)	Fees, charges and other service income	(28,459)
(1,518)	Interest and investment income	(3,303)
(22,337)	Income from Council Tax and non-domestic rates	(24,396)
(39,373)	Government Grants and Contributions	(41,999)
(611)	Gains on the revaluation of Investment Property	(1,037)
(11,430)	Gain on the disposal of assets	(854)
(101,121)	Total income	(100,048)
(1,765)	Deficit / (Surplus) on Provision of Services	307

Note: Employee benefits expenses include the cost of staff provided through the shared service arrangement with Eastbourne Borough Council

7.12. FEES, CHARGES & OTHER SERVICE INCOME BY OPERATING SEGMENT

2022/23		2023/24
£000		£000
(458)	Corporate Services	(629)
(5,044)	Service Delivery	(5,016)
(2,078)	Regeneration and Planning	(2,499)
(158)	Tourism and Enterprise	(174)
(17,672)	Housing Revenue Account	(19,093)
(442)	Trading Accounts & Investment Properties	(1,048)
(25,852)	Total	(28,459)

Income recognition is under IFRS 15 – Revenue from Contracts with Customers. Material volumes of income shown as Fees, charges and other service income above that relate to contracts with service recipients are mainly in respect of HRA Housing Rents £16.8m (£15.8m 2022/23), under Service Delivery, Parking Charges £0.6m (£0.7m in 2022/23) and Waste Collection £1.8m (£1.8m in 2022/23) and under Regeneration Planning & Building Control Fees £0.8m (£0.8m in 2022/23). The performance obligations relating to these items are fulfilled when the payment is made and therefore there are no performance obligations unsatisfied at the Balance Sheet date.

E.8 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2023/24	General Fund Balance	HRA Balance	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources					
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:					
Pensions costs (transferred to (or from) the Pensions Reserve)	771	-	-	-	-
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	6	-	-	-	-
Holiday pay (transferred to the Accumulated Absences Reserve)	-	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):					
Depreciation	(1,662)	(5,161)	-	-	-
Revaluation Losses	(19)	(316)	-	-	-
Movements in the market value of Investment Properties	930	-	-	-	-
Amortisation of Intangible Assets	(113)	-	-	-	-
Refocus	(5,169)	-	-	-	-
Write out of non current assets on disposal	(325)	(4,826)	-	-	-
Donated Assets	-	-	-	-	-
Expected Credit Loss	-	-	-	-	-
Capital grants and contributions	7,615	620	-	-	(8,235)
Total Adjustments to Revenue Resources	2,034	(9,683)	-	-	(8,235)
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	21	861	-	(882)	-
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	-	5,161	(5,162)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	467	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	930	230	-	-	-
Total Adjustments between Revenue and Capital Resources	1,418	6,252	(5,162)	(882)	-
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	6,290	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	4,661	-	-
Application of capital grants to finance capital expenditure	994	-	-	-	7,280
Cash payments in relation to deferred capital receipts	-	(28)	-	-	-
Total Adjustments to Capital Resources	994	(28)	4,661	6,290	7,280
Total Adjustments	4,446	(3,459)	(501)	5,408	(955)



2022/23	General Fund Balance	HRA Balance	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied
	£000	£000	£000	£000	£000
Adjustments to the Revenue Resources					
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:					
Pensions costs (transferred to (or from) the Pensions Reserve)	(354)	-	-	-	-
Council tax and NDR (transfers to or from Collection Fund Adjustment Account)	85	-	-	-	-
Holiday pay (transferred to the Accumulated Absences Reserve)	-	-	-	-	-
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account):					
Depreciation	(1,932)	(5,331)	-	-	-
Revaluation Losses	(113)	195	-	-	-
Movements in the market value of Investment Properties	670	-	-	-	-
Amortisation of Intangible Assets	(413)	-	-	-	-
Refcus	(4,923)	-	-	-	-
Write out of non current assets on disposal	(148)	(6,780)	-	-	-
Donated Assets	-	-	-	-	-
Expected Credit Loss	-	-	-	-	-
Capital grants and contributions	7,320	51	-	-	(7,371)
Total Adjustments to Revenue Resources	192	(11,865)	-	-	(7,371)
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	9,191	2,209	-	(11,400)	-
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	-	5,331	(5,331)	-	-
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	336	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,053	158	-	-	-
Total Adjustments between Revenue and Capital Resources	10,580	7,698	(5,331)	(11,400)	-
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	-	997	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	5,322	-	-
Application of capital grants to finance capital expenditure	349	-	-	-	6,510
Cash payments in relation to deferred capital receipts	-	30	-	-	-
Total Adjustments to Capital Resources	349	30	5,322	997	6,510
Total Adjustments	11,121	(4,137)	(9)	(10,403)	(861)

E.9 AUDIT FEES

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

2022/23 £000		2023/24 £000
-	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	35
36	Fees payable to Deloitte LLP with regard to external audit services carried out by the appointed auditor for the year	-
20	Additional fees accrued with regard to external audit services carried out by the appointed auditor for the year	-
29	Fees payable for the certification of grant claims and returns for the year	49
85		84

Note: Audit fees payable for external audit services are the agreed scale fees per Public Sector Audit Appointments. These are subject to finalisation arising from any changes in scope of work performed by the auditors under the Accounts and Audit (Amendment) Regulations 2024 to address the backlog of unaudited local body accounts in England.

E.10 MEMBERS' ALLOWANCES

Allowances and expenses paid during the year amounted to:

2022/23 £000		2023/24 £000
265	Members Allowances	263
1	Expenses	2
266	Total	265

E.11 OFFICERS' REMUNERATION

The Council shares a Corporate Management Team of senior officers with Eastbourne Borough Council (EBC). All other senior management officers are directly employed by EBC.

SENIOR MANAGEMENT REMUNERATION

		Salary, Fees and Allowances	Expenses	Election Expenses	Compensati on for Loss of Office	Pension Contribution	Total
		£	£	£	£	£	£
Shared Chief Executive	2023/24	154,323	2,660	7,586	-	28,847	193,416
	2022/23	149,104	2,660	703	-	29,368	181,835
Deputy Chief Executive	2023/24	136,918	2,130	15,748	-	25,932	180,728
	2022/23	133,678	2,130	-	-	26,686	162,494
Chief Finance Officer	2023/24	102,940	-	450	-	19,198	122,588
	2022/23	97,268	-	-	-	19,113	116,381
Director of Service Delivery	2023/24	73,963	3,307	540	53,739	13,795	145,344
	2022/23	101,652	-	-	-	19,975	121,627
Director of HR and Transformation	2023/24	100,672	-	540	-	18,775	119,987
	2022/23	97,268	-	-	-	19,113	116,381

Note: The above figures are gross of any recharges between EBC and the Council.

Senior Management costs are apportioned to the Council as follows:

	Council share
Shared Chief Executive	50%
Deputy Chief Executive	40%
Chief Finance Officer	40%
Director of Service Delivery	50%
Director of Tourism and Enterprise	20%
Director of HR and Transformation	50%

The Assistant Director of Human Resources and Transformation is included in a service level agreement between Eastbourne Borough Council and Lewes District Council.

REMUNERATION BANDS

The Council's other employees (excluding those in the Corporate Management table above) other than Legal Services are directly employed by EBC and are apportioned to Lewes in accordance with the above table.

Other employees who received more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:



Number of Employees per Remuneration Band	2022/23	2023/24
£50,000 - £54,999	17	19
£55,000 - £59,999	17	17
£60,000 - £64,999	12	13
£65,000 - £69,999	9	7
£70,000 - £74,999	4	7
£75,000 - £79,999	2	1
£80,000 - £84,999	-	-
£85,000 - £89,999	1	-
£90,000 - £94,499	-	-
£95,000 - £99,999	-	-
£105,000 - £104,999	-	-
£125,000 - £124,999	1	-
Total	63	64

EXIT PACKAGES

Exit package payments were recharged to LDC by EBC on an agreed shared service basis. The number of exit packages with proportional cost per band for compulsory and other redundancies is:

Exit package cost band (including special payments)	Number of compulsory redundancies		Total number of other departures agreed		Total number of exit packages by cost band		Cost of exit packages in each band £	
	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24
£0 - £20,000	2	-	5	8	7	8	£44,195	£118,696
£20,001 - £40,000	-	-	1	6	1	-	£27,998	£176,225
£40,001 - £60,000	-	-	1	-	1	1	£45,769	£53,739
£60,001 - £80,000	-	-	1	1	1	-	£63,239	£63,794
Total	2	-	8	15	10	9	£181,201	£412,454



E.12 RELATED PARTIES

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.

CENTRAL GOVERNMENT

The Government provides much of the Council's funding and determines its statutory framework. Details of transactions are shown in the Comprehensive Income and Expenditure Statement, the Cash Flow Statement, and Notes 14 (grants and contributions), 24 (debtors) and 25 (creditors).

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 29. One Member is on the Pension Fund Investment Panel.

OTHER LOCAL AUTHORITIES

The Council operates a shared back office with EBC under where staff and services work on behalf of both councils. EBC now employs all the CMT officers and the majority of the Council's staff who were transferred (under TUPE) to EBC during 2017/18. The costs of services for the Council are recharged by EBC to the Council. Staff within legal services remain employees of the Council and legal services are provided to both councils and costs recharged to EBC. In 2023/24 this amount was £323,413 (£327,789 in 2022/23).

ENTITIES CONTROLLED OR SIGNIFICANTLY INFLUENCED BY THE COUNCIL

LEWES HOUSING INVESTMENT COMPANY LIMITED

Lewes Housing Investment Company Limited (LHIC) is a wholly owned subsidiary of the Council. Incorporated in July 2017, LHIC has been set up to acquire, improve and let residential property at market rents. The capital programme includes a potential commercial loan funding to LHIC to facilitate property purchases although none of this facility has been drawn down. No other payments were made to, or monies received from, LHIC during 2023/24 and no amounts were owing to, or owed by, LHIC at the end of the year. Dormant accounts were filed by the company for the year ending 31 March 2024. Group accounts are not required as the amounts are not material.

ASPIRATION HOMES LLP

Aspiration Homes LLP is a limited liability partnership owned equally by Eastbourne BC and Lewes DC. Incorporated in June 2017, it has been set up for the purpose of developing housing to be let at affordable rent. The capital programme includes a potential commercial loan funding to facilitate property purchases. The total drawn down at 31 March 2024 was £3,043,855 but no new loans were drawn down in the year (see Note 24). A Working Capital facility loan of £100,000



has been agreed, at an interest rate of 2% above base rate and £20,000 has been drawn down at 31 March 2024. Group accounts have not been prepared for 2023/24. The Council has provided funding towards two sites in Lewes (and no joint sites) but this is not considered to be material for group accounts.

WAVE ACTIVE LIMITED

Wave Active Limited, is a charitable company and limited by guarantee. It was established in 2006 to operate the Council's indoor leisure facilities. The company also operates the Council's Newhaven Fort historic visitor attraction and with the Council is working on a project to improve the facility. A Funding and Management Agreement between the two organisations sets out the terms of this relationship. In 2023/24 the Council paid Wave fees of £104,204 (£104,204 in 2022/23). From April 2017, the Council has provided a guarantee to a leasing company with which Wave has entered for various fixed term equipment hire agreements, to be triggered if Wave defaults on its obligations. The guarantee is up to a maximum of £500,000 across four agreements. A Step-In agreement gives the Council an indemnity if it has to meet its obligations under the guarantee.

SAXON HOUSE

Alongside the East Sussex Fire Authority (ESFA) and Sussex Police, the Council are a partner in the setting up of a shared facility in Newhaven called Saxon House which opened in January 2016. The Council has a lease to use a portion of the building for which it paid ESFA a service charge of £40,205 in 2023/24 (£0 in 2022/23).

MEMBERS AND OFFICERS

Members of the Council (41 district 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 10. Five Members are 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 6 High Street, Lewes 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. Lewes District 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.



E.13 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
1,372	Within one year	1,507
3,584	Between two and five years	3,803
22,870	Later than five years	22,895
27,826		28,205

The Council let under operating leases some of the land and building held as Property, Plant and Equipment for purposes such as economic development, housing, leisure and recreation. It also lets under operating leases some of the land and building held as Investment Property assets.

OBLIGATIONS UNDER LONG TERM LEASES

Amounts payable within one year are included in short term creditors and amounts payable in more than one year are included in long term creditors.

E.14 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	
(23,674)	DWP Benefit Grants	(21,929)
(4,349)	Other grants and contributions	(4,841)
(28,023)	Total within Cost of Services	(26,770)
	Grants and contributions within Tax & Non Specific Grant Income	
(2,643)	Section 31 Business Rate Grants	(4,156)
(380)	New Homes Bonus	(394)
(101)	Localising Council Tax Support	(180)
(242)	Housing Benefit Administration	(228)
(7,720)	Grants towards capital expenditure	(9,230)
(264)	Other grants and contributions	(1,041)
(11,350)	Total within Tax & Non Specific Grant Income	(15,229)
(39,373)	Total	(41,999)

Notes:

1. The 2022/23 other grants and contributions total (within Cost of Services) excludes £4.94m of Council Tax Energy rebate grants as the Council is acting as an intermediary agent for the Government, rather than on its own behalf, for amounts paid over directly to businesses.
2. Section 31 grant is received from the Government in to compensate for the loss of business rate income arising from additional reliefs to businesses.



E.15 TRANSFER TO/FROM EARMARKED RESERVES

	Balance 31/3/22	Transfers In	Transfers Out	Balance 31/3/23	Transfers In	Transfers Out	Balance 31/3/24
	£000	£000	£000	£000	£000	£000	£000
Asset Management	(1,319)	(81)	525	(875)	-	280	(595)
Economic Regeneration	(3,574)	(1,008)	380	(4,202)	(1,384)	416	(5,170)
Revenue Grants & Contributions	(1,327)	-	765	(562)	-	147	(415)
Strategic Change	(872)	-	161	(711)	-	491	(220)
Vehicle & Equipment Replacement	(500)	-	227	(273)	-	231	(42)
Business Rates Equalisation	(861)	-	-	(861)	-	-	(861)
Income Protection	(125)	-	-	(125)	-	-	(125)
Capital Financing Support	(500)	-	-	(500)	-	-	(500)
Community Grants	(105)	-	-	(105)	-	-	(105)
Cost of Living Pressures	(700)	-	398	(302)	(170)	384	(88)
Budget Carry Forwards	(750)	-	-	(750)	-	-	(750)
BEIS Reserve Fund	-	-	-	-	(192)	-	(192)
Strategic Regeneration Partnership – Clear Futures	-	-	-	-	(20)	-	(20)
Levelling Up Fund Reserve	-	-	-	-	(85)	-	(85)
S106 Employment Monitoring Reserve	-	-	-	-	(24)	-	(24)
Total General Fund	(10,633)	(1,089)	2,456	(9,266)	(1,875)	1,949	(9,192)
Sold Flats	(86)	-	-	(86)	-	-	(86)
HRA Revenue Grant	-	-	-	-	(28)	-	(28)
Total HRA	(10,719)	(1,089)	2,456	(9,352)	(1,903)	1,949	(9,306)
s31 Grant Business Rates	(2,249)	-	2,249	-	-	-	-
Total	(12,968)	(1,089)	4,705	(9,352)	(1,903)	1,949	(9,306)

This note sets out the amounts set aside from the General Fund and HRA Balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.



The **Asset Management** reserve support investment in the Council's non-housing property through programmes of maintenance, repair and replacement.

The **Economic Regeneration** reserve support growth of local business and enterprise including the Newhaven Enterprise Zone.

The **Managing Economic Downturn** reserve manages fluctuations in the economy.

The **Revenue Grants and Contributions** contains amounts paid to the Council by the Government and third parties to support specific initiatives.

The **Strategic Change** reserve supports the Council's programme of change.

The **Vehicle and Equipment Replacement** reserve supports the replacement of vehicles and equipment.

The **Business Rates Equalisation** reserve mitigates the risk of appeals.

The **Income Protection** reserve provide resilience against future income losses.

The **Capital Financing Support** reserve mitigates against future fluctuations in financing costs.

The **Community Grants** reserve is to support grant funding to voluntary and community organisations.

The **Flats** reserve serves as the maintenance reserve for sold flats.

The **S31 Grant Business Rates** reserve holds the section 31 grants received to offset the reliefs given to businesses during the COVID-19 lockdown.

E.16 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.

31/3/23		31/3/24
£000		£000
96,144	Opening Capital Financing Requirement	99,784
13,552	Capital Investment	22,734
4,923	Refcus	5,169
52	Loans and Advances - new	14
(164)	Loans and Advances - repaid	(2)
18,363	Total	27,915
	Sources of Finance	
(996)	Capital Receipts	(6,290)
(6,859)	Grants & Contributions	(8,274)
(5,321)	Major Repairs Reserve	(4,661)
(1,211)	Revenue	(1,160)
(336)	Minimum Revenue Provision	(467)
(14,723)	Total	(20,852)
3,640	Net Movement	7,063
99,784	Closing Capital Financing Requirement	106,847
	Explanation of movements in the year	
3,640	Increase in underlying borrowing	7,063
3,640	Increase in Capital Financing Requirement	7,063



E.17 PROPERTY, PLANT AND EQUIPMENT

17.10. MOVEMENTS IN 2023-24

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2023	336,525	60,948	19,338	1,085	1,783	10,036	2,977	432,692
Additions	6,112	1,721	4,440	245	75	9,063	-	21,656
Revaluations recognised in the Revaluation Reserve	(16,220)	(580)	-	-	-	-	528	(16,272)
Revaluations recognised in the Surplus or Deficit on Provision of Services	(337)	(185)	-	-	-	-	187	(335)
De-recognition & Disposals	(4,670)	-	(1,730)	-	-	(156)	(316)	(6,872)
Transfers	592	(621)	-	-	-	(1,966)	(74)	(2,069)
At 31 March 2024	322,002	61,283	22,048	1,330	1,858	16,977	3,302	428,800
Accumulated Depreciation and								
At 1 April 2023	(1,966)	(851)	(9,593)	-	-	-	-	(12,410)
Depreciation Charge for the year	(4,990)	(576)	(1,010)	(55)	-	-	-	(6,631)
Depreciation written out on revaluation	4,975	533	-	-	-	-	-	5,508
De-recognition & Disposals	-	-	1,721	-	-	-	-	1,721
At 31 March 2024	(1,981)	(894)	(8,882)	(55)	-	-	-	(11,812)
Net Book Value								
At 31 March 2024	320,021	60,389	13,166	1,275	1,858	16,977	3,302	416,988
At 31 March 2023	334,559	60,097	9,745	1,085	1,783	10,036	2,977	420,282

17.11. MOVEMENTS IN 2022-23

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2022	322,815	60,557	17,698	1,014	1,685	5,799	3,192	412,760
Additions	6,412	335	1,402	182	98	4,245	24	12,698
Revaluations recognised in the Revaluation Reserve	13,879	133	389	-	-	-	(172)	14,229
Revaluations recognised in the Surplus or Deficit on Provision of Services	200	(51)	-	-	-	-	(67)	82
De-recognition & Disposals	(6,781)	(26)	(151)	-	-	(8)	-	(6,966)
Transfers	-	-	-	-	-	-	-	-
At 31 March 2023	336,525	60,948	19,338	1,196	1,783	10,036	2,977	432,803
Accumulated Depreciation and								
At 1 April 2022	(528)	(482)	(8,283)	-	-	-	-	(9,293)
Depreciation Charge for the year	(5,039)	(613)	(1,313)	(111)	-	-	-	(7,076)
Depreciation written out on revaluation	3,593	218	-	-	-	-	-	3,811
De-recognition & Disposals	8	26	3	-	-	-	-	37
At 31 March 2023	(1,966)	(851)	(9,593)	(111)	-	-	-	(12,521)
Net Book Value								
At 31 March 2023	334,559	60,097	9,745	1,085	1,783	10,036	2,977	420,282
At 31 March 2022	322,287	60,075	9,415	1,014	1,685	5,799	3,192	403,467

17.12. VALUATION OF PROPERTY

Freehold buildings properties regarded by the Council as operational are valued on the basis of existing use value or where there is insufficient market evidence of current value because the asset is specialised or rarely sold, the depreciated replacement cost. This is in line with the Statement of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors. Buildings and plant are depreciated in line with the estimated life expectancies of the assets. Land is revalued but not depreciated.

Items of furniture, IT and other equipment are measured at historic cost as a proxy for current value. Their value is updated for capital expenditure and depreciated in line with the estimated lives of the assets.

Community assets are not revalued and are updated for capital expenditure and in the case of infrastructure, depreciated in accordance with the expected life of the asset created or enhanced.

Community assets include allotments, cemetery grounds, churchyards, flint walls and open space land.

Surplus assets are non-operational but are not deemed to be held for sale and are measured at fair value. The fair value 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.

Council dwellings, other land and buildings and surplus properties are subject to periodic revaluations, currently every 5 years. These assets were last valued in full at 31 March 2020 by an external firm of valuers, Wilks, Head & Eve (a member of Chartered Surveyors and Town Planners). The next full revaluation is due to be carried out in 2024/25. Between full valuations, annual market reviews are carried out, by Wilks, Head & Eve, to identify any factors that may affect valuation levels and the carrying values adjusted accordingly.



Community Assets and Assets Under Construction are held at historic cost and not subject to a formal valuation. Vehicles, Plant & Equipment are mostly held at historic depreciated cost but some assets are subject to a formal valuation.

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at Historical Cost	-	-	14,148	1,330	1,858	16,977	-	34,313
Valued at current value as at:								
31 March 2024	322,002	61,283	7,900	-	-	-	3,302	394,487
31 March 2020 – 31 March 2023	-	-	-	-	-	-	-	-
Total Cost or Valuation	322,002	61,283	22,048	1,330	1,858	16,977	3,302	428,800

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

17.13. FAIR VALUE HIERACHY

As at 31 March 2024, there are four properties classed as surplus, two less than the previous year. No properties were reclassified as held for sale. 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 31 March 2024	-	3,302	-	3,302
Surplus Assets NBV 31 March 2023	-	2,977	-	2,977

The surplus assets are measured at Level 2 in the fair value hierarchy 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 are alternative uses 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.

17.14. 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 £5.20m (£8.93m as at 31 March 2023) as detailed in the table below.

	31/03/2024	31/03/2023
	£000	£000
HRA Dwellings	4,477	5,361
Other Commitments	722	3,573
Total	5,199	8,934

E.18 INFRASTRUCTURE ASSETS

Infrastructure assets are measured using the historical cost basis and carried at depreciated historical cost. Infrastructure assets include coast protection, car parks, lay-bys, parking bays footpaths, estate roads and street lighting.

Net Book Value (modified historical cost)	2022/23	2023/24
	£000	£000
Opening Balance	1,014	1,085
Additions	182	245
Disposals	-	-
Revaluations	-	-
Impairment	-	-
Depreciation	(111)	(55)
Transfers	-	-
Movement	71	190
Closing Balance	1,085	1,275

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position.

The Council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

In accordance with Local Authorities (Capital Finance and Accounting) Regulations 2022, the carrying amounts to be recognised for infrastructure assets where there is replacement expenditure is nil.

E.19 HERITAGE ASSETS

The Council's heritage assets are held within three main categories:

- **works of art and museum exhibits** comprised of artefacts held at Newhaven Fort and miscellaneous aesthetic items held at separate locations. These items are carried on the Balance Sheet at insurance valuation which is reviewed annually. Since these items are deemed to have indeterminate lives no depreciation is charged. There are no transactions that are not recognised in the Balance Sheet and no assets were acquired by donation during the year.
- **civic regalia:** a static collection comprising the Chair's chain of office and several smaller badges of civic office. These items are carried on the Balance Sheet at insurance valuation which is reviewed annually. Since these items are deemed to have indeterminate lives no depreciation is charged.
- **land and building** comprising two properties: Market Tower built in the 18th century and Newhaven Fort built in the 19th century. These assets are recognised, measured, impaired and depreciated. These assets meet the definition of heritage assets as they are held for their cultural and historical and intended to be preserved in trust for future generations.

Carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage, and any impairment is recognised and measured in accordance with the general policies on impairment.

Depreciation of Newhaven Fort is calculated on a straight-line allocation over the useful life of the asset as estimated by the valuer.

	Works of Art	Museum Exhibits	Civic Regalia	Land & Buildings	Total
	£000	£000	£000	£000	£000
Balance at 31 March 2022	309	453	23	9,348	10,133
Additions	-	-	-	436	436
Revaluations	-	-	-	454	454
Depreciation	-	-	-	(187)	(187)
Balance at 31 March 2023	309	453	23	10,051	10,836
Additions	-	-	-	593	593
Revaluations	-	-	-	(59)	(59)
Depreciation	-	-	-	(192)	(192)
Balance at 31 March 2024	309	453	23	10,393	11,178

ACQUISITIONS POLICY

The Council's collection of works of art and exhibits is relatively static, and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at insurance valuation.

DISPOSALS POLICY

The Council accepts the principle that there is a strong presumption against the disposal of any items in the collections. 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 the Lewes Local History.

E.20 INVESTMENT PROPERTIES

In 2023/24 the Council received £0.590m (£0.349m in 2022/23) as rental income from investment properties and incurred operating expenditure of £0.359m (£0.187m 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
10,829	Opening Balance	11,869
370	Additions	485
670	Net gains/losses from fair value adjustments	930
-	Disposals & Derecognition	-
-	Transfers	2,069
11,869	Closing Balance	15,353

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 1.12 Accounting Policy for an explanation of the fair value levels).

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 takes into account 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.

HIGHEST AND BEST USE

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

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.

E.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 used by the Council range between one and seven years.

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

2022/23		2023/24		
Net Book Value		Gross Cost	Amortisation	Net Book Value
£000		£000	£000	£000
1,140	Opening Balance	2,360	(1,584)	776
48	Additions	-	-	-
(412)	Amortisation	-	(114)	(114)
-	Write out asset value	-	-	-
-	Transfers	-	-	-
(364)	Net Transaction during the year	-	(114)	(114)
776	Closing Balance	2,360	(1,698)	662

The significant item within the balances above are shown in the table below:

31/3/23	Significant Items	31/3/24	Remaining Amortisation (years)
£000		£000	
653	Joint Transformation Programme	559	1 - 4

The Joint Transformation Programme integrated the front and back-office services of the Council and EBC. This included implementing new IT systems and updating and consolidating core infrastructure to be used by both councils.



E.22 FINANCIAL INSTRUMENTS

22.1 CATEGORIES OF FINANCIAL INSTRUMENTS

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

	Long Term		Current	
	31 March 2023	31 March 2024	31 March 2023	31 March 2024
	£000	£000	£000	£000
Financial Assets				
Fair value through profit or loss				
Debtors	-	-	-	-
Investments	-	-	-	-
Total	-	-	-	-
Amortised Cost				
Debtors	4,333	4,312	5,653	6,391
Investments	-	-	18,710	4,510
Total Financial Assets	4,333	4,312	24,363	10,901
Non Financial Assets	-	-	9,871	10,913
Total	4,333	4,312	34,234	21,814
Financial Liabilities				
	£000	£000	£000	£000
Fair value through profit or loss				
Creditors	-	-	-	-
Borrowings	-	-	-	-
Total	-	-	-	-
Amortised Cost				
Creditors	-	-	(6,619)	(9,301)
Borrowings	(43,673)	(41,673)	(9,344)	(10,613)
Total Financial Liabilities	(43,673)	(41,673)	(15,963)	(19,914)
Non Financial Liabilities	(4,962)	(5,568)	(7,925)	(4,830)
Total	(48,635)	(47,241)	(23,888)	(24,744)

22.2 FINANCIAL INSTRUMENTS DESIGNATED AS FAIR VALUE THROUGH PROFIT OR LOSS

There were no financial assets designated at fair value through profit or loss at 31 March 2024 or the prior year.

There were no financial liabilities designated at fair value through profit or loss at 31 March 2024 or the prior year.

22.3 INCOME, EXPENSE, GAINS OR LOSSES

The table below sets out the income, expense, gains and losses for the year related to financial assets and liabilities, reconciled to the amounts included in the Comprehensive Income and Expenditure Statement.

	2022/23	2022/23	2023/24	2023/24
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£000	£000	£000	£000
Net (gains) / losses on:				
Financial assets measured at fair value through profit or loss - fair value	-	-	-	-
Financial liabilities measured at fair value through profit or loss - dividend	-	-	-	-
Total net (gains) / losses	-	-	-	-
Interest revenue:				
Financial assets measured at amortised cost	(1,518)	-	(3,303)	-
Interest expense:				
Financial assets measured at amortised cost	2,474	-	4,111	-

22.4 FAIR VALUE MEASUREMENT

The basis for recurring fair value measurements is:

- **Level 1 Inputs** – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority 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.

Recurring fair value measurements	Input Level in the 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	-	-

There were no transfers between levels during the year and no change in valuation technique used.

22.5 FAIR VALUE DISCLOSURE FOR FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE NOT MEASURED AT FAIR VALUE

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, the fair value has been calculated using PWLB new loan rates.
- For non-PWLB loans payable, premature repayment rates/prevaling 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 for the financial liabilities calculated are as follows:

	31 March 2023	31 March 2023	31 March 2024	31 March 2024
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial liabilities held at amortised cost	(43,673)	(42,366)	(41,673)	(37,269)
Long Term Creditors	-	-	-	-
Total Long Term	(43,673)	(42,366)	(41,673)	(37,269)
Short Term Borrowings and Creditors	(15,963)	(15,963)	(19,914)	(19,914)
Total Long and Short Term	(59,636)	(58,329)	(61,587)	(57,183)

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.

The fair values for the financial assets calculated are as follows:

	31 March 2023	31 March 2023	31 March 2024	31 March 2024
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial assets held at amortised cost	-	-	-	-
Long Term Debtors	4,333	4,333	4,312	4,312
Total Long Term	4,333	4,333	4,312	4,312
Short Term Investments and Debtors	24,363	24,363	10,901	10,901
Total Long and Short Term	28,696	28,696	15,213	15,213

The fair value of financial assets are the same as the carrying amount because the portfolio of investments are all maturing within a year of the Balance Sheet date. The exception are debtors of more than one year where the fair value is approximated to be the same as the carrying value. Short term debtors and creditors are carried at cost as this is a fair approximation of their value.



Fair value hierarchy of the financial liabilities and financial assets that are not measured at fair value:

	31 March 2024	31 March 2024	31 March 2024	31 March 2024
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£000	£000	£000	£000
Financial Liabilities				
Financial liabilities held at amortised cost	-	(37,269)	-	(37,269)
Long Term Creditors	-	-	-	-
PFI & Finance Lease Liabilities	-	-	-	-
Total Long Term	-	(37,269)	-	(37,269)
Financial Assets				
Financial assets held at amortised cost	-	-	-	-
Long Term Debtors	-	4,312	-	4,312
Total Long Term	-	4,312	-	4,312



	31 March 2023	31 March 2023	31 March 2023	31 March 2023
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£000	£000	£000	£000
Financial Liabilities				
Financial liabilities held at amortised cost	-	(42,366)	-	(42,366)
Long Term Creditors	-	-	-	-
PFI & Finance Lease Liabilities	-	-	-	-
Total Long Term	-	(42,366)	-	(42,366)
Financial Assets				
Financial assets held at amortised cost	-	-	-	-
Long Term Debtors	-	4,333	-	4,333
Total Long Term	-	4,333	-	4,333

The fair value for financial liabilities and financial assets that are not measured at fair value included in Levels 2 and 3 in the tables above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The assessment is made by calculating the present value of the cash flows that will take place over the remaining term of the instruments. For financial liabilities the fair value is arrived at by applying the discounted cash flow calculations based on the current market rates.



E.23 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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 incorporating the prudential indicators was approved by Council on 4 February 2021 and is available on the Council website.

The key issues raised within the strategy were:

- The Authorised Limit for 2023/24 was set at £166m. This is the maximum limit of external borrowings or other long-term liabilities.
- The Operational Boundary was expected to be £151m. 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% and 25% based on the Council's net debt.
- The maximum and minimum exposures to the maturity structure of debt (see Refinancing and Maturity table below).

Risk management is carried out by the in-house 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).



The key risks are:

Risk	Description	Controls and mitigating activity	The Council's exposure																											
Credit risk	<p>The possibility that other parties might fail to pay amounts due to the Council. It arises from deposits with banks and financial institutions, as well as credit exposures to the authority's customers.</p> <p>There are continuing financial risks of cost of living pressures and recovery from COVID-19 due to the 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</p>	<p>The Annual Investment Strategy, approved by Full Council, February 2023, 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.</p> <p>The credit criteria in respect of financial assets held by the Council are detailed below.</p> <p>The Council uses the creditworthiness service provided by Link Treasury 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.</p>	<p>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 irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2024 that this was likely to crystallise.</p> <p>12 Month Expected Credit Loss (ECL) includes treasury investments but there is no ECL required as the investments are either call accounts or local authority investments which are exempt.</p> <p>The table below summarises the credit risk exposures of the Council's investment portfolio at 31 March 2024 by the type of counterparty:</p> <table border="1"> <thead> <tr> <th></th> <th>31 March 2023</th> <th>31 March 2024</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Banks, Building Societies & Corporates</td> <td></td> <td></td> </tr> <tr> <td>AAA</td> <td>-</td> <td>-</td> </tr> <tr> <td>AA</td> <td>-</td> <td>-</td> </tr> <tr> <td>A</td> <td>20,217</td> <td>5,492</td> </tr> <tr> <td>Money Market Funds - AAA</td> <td>-</td> <td>-</td> </tr> <tr> <td>Local Authorities - unrated</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total Long and Short Term</td> <td>20,217</td> <td>5,492</td> </tr> </tbody> </table>		31 March 2023	31 March 2024		£000	£000	Banks, Building Societies & Corporates			AAA	-	-	AA	-	-	A	20,217	5,492	Money Market Funds - AAA	-	-	Local Authorities - unrated	-	-	Total Long and Short Term	20,217	5,492
	31 March 2023	31 March 2024																												
	£000	£000																												
Banks, Building Societies & Corporates																														
AAA	-	-																												
AA	-	-																												
A	20,217	5,492																												
Money Market Funds - AAA	-	-																												
Local Authorities - unrated	-	-																												
Total Long and Short Term	20,217	5,492																												



on businesses and business rates collection rates.

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

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

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

ECL is provided on third party loans, the main loan being £3.06m to Aspiration Homes (£3.06m at 31/3/23) a subsidiary of the Council. Lifetime ECL simplified includes debtor system invoices and other debtor accruals including council house rents.

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
Closing balance 31 March 2023	(54)	-	(4,274)	(4,328)
Change in credit loss	-	-	228	228
Closing balance 31 March 2024	(54)	-	(4,046)	(4,100)

Council tax and business rates are non-financial assets and the provision for bad debts is calculated separately and based on incurred losses.



<p>Liquidity risk</p>	<p>The possibility that the Council might not have funds available to meet its commitments to make payments.</p>	<p>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.</p>	<p>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 maturity analysis of financial assets is as follows:</p> <table border="1" data-bbox="860 416 1693 703"> <thead> <tr> <th></th> <th>31 March 2023</th> <th>31 March 2024</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Less than one year</td> <td>24,363</td> <td>10,901</td> </tr> <tr> <td>Between one and two years</td> <td>-</td> <td>-</td> </tr> <tr> <td>Between two and five years</td> <td>-</td> <td>-</td> </tr> <tr> <td>Between five and ten years</td> <td>4,333</td> <td>4,312</td> </tr> <tr> <td>More than ten years</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>28,696</td> <td>15,213</td> </tr> </tbody> </table>		31 March 2023	31 March 2024		£000	£000	Less than one year	24,363	10,901	Between one and two years	-	-	Between two and five years	-	-	Between five and ten years	4,333	4,312	More than ten years	-	-	Total	28,696	15,213																
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Between five and ten years	4,333	4,312																																									
More than ten years	-	-																																									
Total	28,696	15,213																																									
<p>Re-financing risk</p>	<p>The possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.</p>	<p>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</p>	<p>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):</p> <table border="1" data-bbox="860 839 1973 1185"> <thead> <tr> <th></th> <th>Approved Lower Limit</th> <th>Approved Upper Limit</th> <th>31 March 2023</th> <th>31 March 2024</th> </tr> <tr> <th></th> <th>%</th> <th>%</th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Less than one year</td> <td>0%</td> <td>25%</td> <td>(15,963)</td> <td>(19,914)</td> </tr> <tr> <td>Between one and two years</td> <td>0%</td> <td>40%</td> <td>(2,000)</td> <td>-</td> </tr> <tr> <td>Between two and five years</td> <td>0%</td> <td>50%</td> <td>(10,000)</td> <td>(10,000)</td> </tr> <tr> <td>Between five and ten years</td> <td>0%</td> <td>75%</td> <td>(10,000)</td> <td>(10,000)</td> </tr> <tr> <td>More than ten years</td> <td>0%</td> <td>100%</td> <td>(21,673)</td> <td>(21,673)</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>(59,636)</td> <td>(61,587)</td> </tr> </tbody> </table>		Approved Lower Limit	Approved Upper Limit	31 March 2023	31 March 2024		%	%	£000	£000	Less than one year	0%	25%	(15,963)	(19,914)	Between one and two years	0%	40%	(2,000)	-	Between two and five years	0%	50%	(10,000)	(10,000)	Between five and ten years	0%	75%	(10,000)	(10,000)	More than ten years	0%	100%	(21,673)	(21,673)	Total			(59,636)	(61,587)
	Approved Lower Limit	Approved Upper Limit	31 March 2023	31 March 2024																																							
	%	%	£000	£000																																							
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More than ten years	0%	100%	(21,673)	(21,673)																																							
Total			(59,636)	(61,587)																																							



		<p>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.</p> <p>This includes:</p> <ul style="list-style-type: none">o monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing.o rescheduling of the existing debt.o 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 (when applicable) provide stability of maturities and returns in relation to the longer term cash flow needs.	
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<p>Market risk</p>	<p>The possibility that financial loss might arise for the Council because of changes in such measures as interest rates or stock market movements.</p>	<p>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:</p> <ul style="list-style-type: none"> ○ Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise. ○ Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances). ○ Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise. ○ Investments at fixed rates – the fair value of the assets will fall (no 	<p>According to this assessment strategy, at 31 March 2024, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:</p> <table border="1" data-bbox="860 300 1816 464"> <thead> <tr> <th></th> <th style="text-align: right;">£000</th> </tr> </thead> <tbody> <tr> <td>Increase in interest rate on variable rate borrowings</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Increase in interest rate on variable rate investments</td> <td style="text-align: right;">55</td> </tr> <tr> <td>Total impact on Comprehensive Income and Expenditure</td> <td style="text-align: right;">55</td> </tr> </tbody> </table>		£000	Increase in interest rate on variable rate borrowings	-	Increase in interest rate on variable rate investments	55	Total impact on Comprehensive Income and Expenditure	55
	£000										
Increase in interest rate on variable rate borrowings	-										
Increase in interest rate on variable rate investments	55										
Total impact on Comprehensive Income and Expenditure	55										



		<p>impact on revenue balances).</p> <p>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.</p> <p>The Council has several 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</p>	
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		<p>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.</p>	
Price risk		<p>The Council is not exposed to significant price risk given the nature of its financial assets.</p>	
Foreign exchange risk		<p>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.</p>	

E.24 DEBTORS

Short Term debtors outstanding as at 31 March are:

	Balance 31/3/23	Balance 31/3/24	movement
	£000	£000	£000
Financial Assets			
Trade Receivables	1,403	1,427	24
Other Receivables	4,250	4,964	714
Total	5,653	6,391	738
Non Financial Assets			
Prepayments	148	307	159
Debtors for Local Taxation	7,495	8,961	1,466
Other Receivables	2,228	1,645	(583)
Total	9,871	10,913	1,042
Total	15,524	17,304	1,780

Notes

*Other Receivables includes a provision for losses at 31 March 2024 of £4.046m (£4.273m at 31 March 2023).

Debtors for Local Taxation includes a provision for losses at 31 March 2024 of £0.957m (£0.807m at 31 March 2023).

Gross debtors for Local Taxation (council tax and business rates) that are past due but not impaired are analysed by age as follows:

	Balance 31/3/23	Balance 31/3/24	movement
	£000	£000	£000
Less than one year	4,289	5,982	1,693
Between one and two years	1,924	2,974	1,050
Between two and five years	3,691	4,698	1,007
Between five and ten years	1,739	2,264	525
More than ten years	499	547	48
Total	12,142	16,465	4,323



Long-term debtors outstanding as at 31 March are:

Long Term Debtors	Balance 31/3/23	Balance 31/3/24	movement
	£000	£000	£000
Opening Balance	4,419	4,333	(86)
Deferred Debtors - cash	-	(33)	(33)
Deferred Debtors - new	26	-	(26)
New Loans	52	14	(38)
Loan repayments	(164)	(2)	162
Change in ECL	-	-	-
Closing Balance	4,333	4,312	(21)

Long term debtors at 31 March 2024 include £0.772m (£0.805m at 31 March 2023) relating to council dwelling sales, £3.064m (£3.064m at 31 March 2023) of capital loans to Aspiration Homes and other loans £0.530m (£0.518m at 31 March 2023) and an expected credit loss credit of £0.054m (£0.054m 31 March 2023).

E.25 CREDITORS

Short term creditors as at 31 March are:

	Balance 31/3/23	Balance 31/3/24	movement
	£000	£000	£000
Financial Liabilities			
Trade Payables	(115)	(476)	(361)
Other Payables	(6,504)	(8,825)	(2,321)
Total	(6,619)	(9,301)	(2,682)
Non Financial Assets			
Receipts in Advance	(1,991)	(1,912)	79
Creditors for Local Taxation	(5,906)	(2,888)	3,018
Other Payables	(28)	(30)	(2)
Total	(7,925)	(4,830)	3,095
Total	(14,544)	(14,131)	413



Capital Grants and Contributions received in advance as at 31 March are:

2022/23 £000	Capital Grants & Contributions Receipts in Advance	£000	2023/24 £000
(4,144)	Balance at 1 April		(4,962)
(1,167)	Amounts receivable during the year	(1,600)	
349	Amounts applied to finance new capital investment	994	
(818)	Net Transfer to / (from) Capital Unapplied Account		(606)
(4,962)	Balance at 31 March		(5,568)

Included in the above are Section 106 agreements between developers and the Council which include amounts given for education, highways and other services for which East Sussex County Council (ESCC) is the responsible local authority, are held by the Council until ESCC has developed plans that will satisfy the conditions set out in the agreement. At that point ESCC will request release of the funds from the Council. Until that occurs the Council holds the monies as capital grants and contributions receipts in advance.

E.26 PROVISIONS

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

	Balance 31/3/23 £000	Additions £000	Amounts Used £000	Balance 31/3/24 £000
Business Rate Appeals	(604)	(382)	-	(986)
Total	(604)	(382)	-	(986)

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

E.27 USABLE RESERVES

2022/23 £000		2023/24 £000
(3,645)	General Fund Balance	(2,681)
(9,352)	Earmarked Reserves	(9,306)
(3,661)	HRA Balance	(3,378)
(10,204)	Major Repairs Reserve	(10,705)
(21,174)	Capital Receipts Reserve	(15,766)
(14,763)	Capital Grants & Contributions Unapplied Account	(15,718)
(62,799)	Total Usable Reserves	(57,554)

Usable reserves comprise the following:

GENERAL FUND

This represents all usable reserves other than those below, without legal restrictions on spending, which arise from annual surpluses or deficits.

EARMARKED RESERVES

The Council may set aside earmarked reserves to cover specific projects or contingencies. These are transferred from the General Fund or the Housing Revenue Account, and amounts are withdrawn as required to finance such expenditure. There are no restrictions on the use of earmarked reserves, and unspent balances can be taken back to the General Fund in the same way. Details of Earmarked Reserves are shown at Note 15.

HOUSING REVENUE ACCOUNT

This is required to be maintained separately by legislation, to ensure that the provision of Council housing is financed primarily from rental income and not from Council Tax.

CAPITAL RECEIPTS RESERVE

Proceeds from the sales of Property, Plant and Equipment are initially credited to the Comprehensive Income and Expenditure Statement but are transferred to this reserve. The Council is obliged to pay over a proportion of proceeds received from the sale of Housing Revenue Account assets: this is paid from the Comprehensive Income and Expenditure Statement, but a corresponding transfer is made from the Capital Receipts Reserve to ensure that this liability does not fall upon the General Fund. The remaining amounts in this reserve can then only be used to support capital expenditure.

2022/23 £000	Capital Receipts Reserve	£000	2023/24 £000
(10,771)	Balance at 1 April		(21,174)
(11,420)	Amounts receivable during the year	(887)	
21	Administrative costs of non-current asset disposals	5	
996	Amounts applied to finance new capital investment	6,290	
-	Payments to the government housing receipts pool	-	
(10,403)	Net Transfer to / (from) Capital Receipts Reserve		5,408
(21,174)	Balance at 31 March		(15,766)

MAJOR REPAIRS RESERVE

This 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, and an amount equal to the Major Repairs Allowance can be used to finance capital investment.

2022/23 £000	Major Repairs Reserve	£000	2023/24 £000
(10,195)	Balance at 1 April		(10,204)
(5,330)	Posting of HRA resources from revenue to the Major Repairs Reserve	(5,162)	
5,321	Use of Major Repairs Reserve to finance capital expenditure	4,661	
(9)	Net Transfer to / (from) Major Repairs Reserve		(501)
(10,204)	Balance at 31 March		(10,705)

CAPITAL GRANTS AND CONTRIBUTIONS UNAPPLIED ACCOUNT

Similarly, the Council receives grants and contributions towards capital expenditure, and, if there are no conditions preventing their use, these are also credited to the Comprehensive Income and Expenditure Statement and immediately transferred into the Capital Grants and Contributions Unapplied Account until required to finance capital investment.

2022/23 £000	Capital Grants & Contributions Unapplied Account	£000	2023/24 £000
(13,902)	Balance at 1 April		(14,763)
(7,371)	Amounts receivable during the year	(8,235)	
6,510	Amounts applied to finance new capital investment	7,280	
(861)	Net Transfer to / (from) Capital Unapplied Account		(955)
(14,763)	Balance at 31 March		(15,718)

E.28 UNUSABLE RESERVES

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

2022/23 £000		2023/24 £000
(830)	Deferred Capital Receipts Reserve	(802)
1,841	Collection Fund Adjustment Account	1,835
(211,912)	Revaluation Reserve	(198,117)
(135,602)	Capital Adjustment Account	(142,764)
555	Pension Reserve	512
9	Accumulated Absences Account	9
(345,939)	Total Unusable Reserves	(339,327)

DEFERRED CAPITAL RECEIPTS RESERVE

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

2022/23 £000	Deferred Capital Receipts	£000	2023/24 £000
(799)	Balance at 1 April		(830)
(31)	Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	
-	Transfer to the Capital Receipts Reserve upon receipt of cash	28	28
(830)	Balance at 31 March		(802)

COLLECTION FUND ADJUSTMENT ACCOUNT

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

2022/23 £000	Collection Fund Adjustment Account	£000	2023/24 £000
1,926	Balance at 1 April		1,841
(24)	Amounts by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	260	
(61)	Amounts by which non domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rate income calculated for the year in accordance with statutory requirements	(266)	
(85)			(6)
1,841	Balance at 31 March		1,835

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 £000	Revaluation Reserve	£000	2023/24 £000
(195,975)	Balance at 1 April		(211,912)
(18,493)	Downward (Upward) revaluation of assets	10,823	
-	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	-	
(18,493)	(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		10,823
2,556	Difference between fair value depreciation and historical cost depreciation	2,718	
-	Accumulated gains on assets sold or scrapped	254	
2,556	Amounts written off to the Capital Adjustment Account		2,972
(211,912)	Balance at 31 March		(198,117)

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.



CAPITAL ADJUSTMENT ACCOUNT (CONT.)

2022/23 £000	Capital Adjustment Account	£000	2023/24 £000
(137,097)	Balance at 1 April		(135,602)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
7,263	Charges for depreciation of non-current assets	6,824	
(82)	Revaluation losses on non-current assets	335	
413	Amortisation of intangible assets	113	
-	Expected Credit Loss	-	
4,923	Revenue expenditure funded from capital under statute	5,169	
6,928	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	5,151	
19,445			17,592
(2,557)	Adjusting amounts written out of the Revaluation Reserve	(2,718)	
-	Adjusting amounts written out of the Revaluation Reserve	(254)	(2,972)
16,888	Net written out amount of the cost of non-current assets consumed in the year		14,620
	Capital financing applied in the year:		
(936)	Use of the Capital Receipts Reserve to finance new capital expenditure	(6,290)	
(5,321)	Use of the Major Repairs Reserve to finance new capital expenditure	(4,661)	
(349)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(994)	
(6,510)	Application of grants to capital financing from the Capital Grants Unapplied Account	(7,280)	
(336)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(467)	
-	Voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	-	
(158)	Capital expenditure charged against the HRA balances	(230)	
(929)	Capital expenditure charged against Earmarked Reserves	(930)	
(124)	Capital expenditure charged against the General Fund balances	-	
(14,723)			(20,852)
(670)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(930)
-	Movements in the Donated Assets Account debited or credited to the Comprehensive Income and Expenditure Statement		-
(135,602)	Balance at 31 March		(142,764)

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 pay 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 £000	Pensions Reserve	2023/24 £000
9,461	Balance at 1 April	555
(16,420)	Remeasurements of the net defined benefit liability	(2,585)
7,160	Asset Ceiling - Adjusted funding surplus	3,313
547	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	(578)
(193)	Employers's pension contributions and direct payments to pensioners payable in the year	(193)
555	Balance at 31 March	512

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 £000	Accumulated Absences Account	£000	2023/24 £000
9	Balance at 1 April		9
(9)	Settlement or cancellation of accrual made at the end of the preceeding year	(9)	
9	Amounts accrued at the end of the current year	9	
-	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		-
9	Balance at 31 March		9

E.29 POST EMPLOYEMENT BENEFITS

29.1 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 pension's 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 policy Note 1.7.

29.2 TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS

The costs of retirement benefits are recognized in the cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to made 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 £000		2023/24 £000
	Service Cost comprising:	
247	Current Service Cost	117
	- Past Service Cost	-
	Financing & Investment Income & Expenditure	
244	Net Interest	(529)
56	Administration Expenses	61
547	Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	(351)
	Other Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	
4,009	Return on Assets	(1,948)
(28,110)	Changes in financial assumptions	(90)
	- Changes in demographic assumptions	(798)
7,681	Other experience	251
	- Other Actuarial	-
	- Settlement gain	227
7,160	Asset Ceiling - Adjusted Funding Surplus	3,313
(9,260)	Other Comprehensive Income & Expenditure	955
(8,713)	Total Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	604
	Movement in Reserves Statement	
(547)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	351
193	Actual amount charged to the General Fund Balance for pensions in the year	193
(354)	Net adjustment in Movement in Reserves Statement	544

29.3 PENSIONS 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:

2022/23 £000		2023/24 £000
70,952	Fair value of employer assets	73,254
(63,792)	Present value of funded liabilities	(62,781)
(555)	Present value of unfunded liabilities	(512)
(7,160)	Asset Ceiling - Adjusted funding surplus	(10,473)
(555)	Net liability arising from defined benefit obligation	(512)

29.4 RECONCILIATION OF THE MOVEMENTS IN THE FAIR VALUE OF THE SCHEME ASSETS

2022/23		2023/24
£000		£000
76,689	Opening fair value of assets	70,952
(56)	Administration Expenses	(61)
1,947	Interest income	3,648
	Re-measurement gain/(loss):	
(4,009)	Return on plan assets	1,948
-	- Other Actuarial	-
193	Contributions from employer - Funded	193
-	- Contributions from employer - Unfunded	-
41	Contributions from employees into the scheme	43
(3,788)	Benefits paid - Funded	(4,053)
(65)	Benefits paid - Unfunded	(62)
-	- Settlement prices paid	646
70,952	Closing fair value of scheme assets	73,254

Note

The settlement price and liabilities assumed relate to employees at Newhaven Fort who transferred on 8 June 2023.

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

2022/23		2023/24
£000		£000
(86,150)	Opening balance at 1 April	(64,347)
(247)	Current service costs	(117)
-	- Past Service costs	-
(2,191)	Interest costs	(3,119)
(41)	Contributions from scheme participants	(43)
-	Re-measurement (gains) and losses:	-
28,110	Changes in financial assumptions	90
-	- Changes in demographic assumptions	798
(7,681)	Other experience	(251)
3,788	Benefits paid - funded	4,053
65	Benefits paid - unfunded	62
-	- Liabilities assumed on settlement	(419)
(64,347)	Closing Balance at 31 March	(63,293)

Reconciliation of Asset Ceiling		
2022/23		2023/24
£000		£000
	- Opening impact of asset ceiling	7,160
	- Interest on impact of asset ceiling	-
7,160	Actuarial losses / (gains)	3,313
7,160	Closing impact of asset ceiling	10,473

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions. The calculation of the asset ceiling has followed the actuary's interpretation of IFRIC 14. The calculations assume that there is no prospect of the Council having an unconditional right to a refund of surplus on the basis that such payment would be at the discretion of the Fund. The Council is a scheduled body and assumed to participate indefinitely.

Primary contributions are considered to be a minimum funding requirement (MFR). The actuary has assumed the Council can benefit from negative secondary contributions. The appropriate period of assessment for the present value of the negative secondary contributions is the lesser of the expected participation period and the surplus spreading period. The MFR exceeds the current cost of accrual then the potential economic benefit from future contribution reductions is nil. The value of the asset ceiling is therefore nil.

29.6 LOCAL GOVERNMENT PENSION SCHEME ASSETS COMPOSITION

The percentage of Total Fund held in each Asset Class (split by those that have a quoted market price in an active market):

	31-Mar-23		31-Mar-24	
	Quoted %	Unquoted %	Quoted %	Unquoted %
Index Linked Government Securities				
UK	-	2%	-	5%
Overseas	-	-	-	-
Corporate Bonds				
UK	-	9%	-	9%
Overseas	-	-	-	-
Equities				
UK	-	-	-	-
Overseas	5%	39%	8%	35%
Property				
All	-	7%	-	7%
Others				
Absolute Return Portfolio	-	18%	-	17%
Private Equity	-	8%	-	8%
Infrastructure	-	9%	-	9%
Bonds				
Private Debt	-	1%	-	1%
Other	-	1%	-	0%
Cash/Temporary Investments	1%	-	1%	-
Net Current Assets				
Debtors	0%	-	0%	-
Creditors	-	-	-	-
Total	6%	94%	9%	91%

Estimated asset allocation:

	31-Mar-23		31-Mar-24	
	£000	%	£000	%
Equities	50,084	71%	50,288	68.6%
Bonds	8,613	12%	10,901	14.9%
Property	11,407	16%	11,031	15.1%
Cash/Other assets	848	1%	1,034	1.4%
Total	70,952	100%	73,254	100%

29.7 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 LLP, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31 March 2022 rolled forward to the Balance Sheet date allowing for different assumptions required by accounting standards.

The principal assumptions used by the actuary have been:

31-Mar-23		31-Mar-24
Mortality assumptions:		
Retiring today		
21.1	Males	20.9
24.1	Females	23.8
Retiring in 20 years		
22.2	Males	21.9
25.6	Females	25.4
4.80%	Rate of Discount	4.85%
2.85%	Salary increases	2.90%
2.85%	Pension increases (CPI)	2.90%

The estimation of the defined benefit obligation is sensitive to the actuarial assumption set out in the table above. 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	Present Value of Total Obligation £000	Present Value of Total Obligation %
0.1% increase in Discount Rate	(743)	-1.2%
0.1% increase in the Salary Increase Rate	-	0.0%
0.1% increase in the Pension Increase	772	1.2%
1 year increase in life expectancy	3,351	5.3%

It is estimated that a one-year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 5.3%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply to younger or older ages).

29.8 IMPACT ON THE COUNCIL'S CASH FLOWS

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. East Sussex County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The triennial valuation due at 31 March 2022 was completed.

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 projects paying £134,000 employer contributions to the scheme in 2024/25.

The weighted average duration of the defined benefit obligation by scheme member is shown below.

	Liability Split (£000) as at 31 March 2024	Liability Split (%) as at 31 March 2024	Liability Split (£000) as at 31 March 2023	Liability Split (%) as at 31 March 2023
Active Members	5,878	9.3%	5,976	9.3%
Deferred Members	10,836	17.1%	11,016	17.1%
Pensioner Members	45,724	72.2%	46,485	72.2%
Unfunded Members	855	1.4%	869	1.4%
Total	63,293	100.0%	64,347	100.0%

E.30 CASH AND CASH EQUIVALENTS

	Balance 31/3/23	Balance 31/3/24
	£000	£000
Cash held by the Authority	-	-
Bank Current Accounts	(1,089)	(358)
Short Term Deposits with Banks	-	-
Total	(1,089)	(358)

JE.31 CASH FLOW

The deficit / (surplus) on the provision of services has been adjusted for the following non-cash movements:

2022/23		2023/24
£000		£000
7,263	Depreciation	6,824
(82)	Impairment and downward valuations	335
413	Amortisation	113
(18,006)	Increase / (Decrease) in Current Creditors (excl capital)	(463)
(2,214)	(Increase) / Decrease in Current Debtors (excl capital)	1,462
(7)	(Increase) / Decrease in Inventories	33
354	Movement in Pension Liability	(771)
6,928	Carrying amount of non-current assets and non-current assets	5,151
(210)	Other non-cash items charged to the net surplus or deficit on	(548)
(5,561)	Total	12,136

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

2022/23		2023/24
£000		£000
-	Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	-
(11,430)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(854)
(7,720)	Any other items for which the cash effects are investing or financing cash flows	(9,229)
(19,150)	Total	(10,083)

Cash Flow - Investing Activities

2022/23		2023/24
£000		£000
(14,055)	Purchase of PPE, Investment Property & Intangibles	(22,412)
(56,590)	Purchase of short and long term investments	(217,400)
(52)	Other payments for investing activities	(14)
11,395	Proceeds from the sale of PPE, Investment Property and Intangibles	885
70,190	Proceeds from short and long term investments	231,600
8,708	Other receipts from investing activities	9,837
19,596	Net cash flows from investing activities	2,496

Cash Flow - Financing Activities

2022/23		2023/24
£000		£000
8,000	Cash receipts of short and long term borrowing	8,000
-	- Other receipts from financing activities	-
	Cash payments for the reduction of outstanding liabilities	
-	- relating to finance leases and on-Balance-Sheet PFI contracts	-
(8,000)	Repayment of short and long-term borrowing	(8,000)
1,119	Other payments for financing activities	(3,517)
1,119	Net cash flows from financing activities	(3,517)

Reconciliation of liabilities arising from financing activities	1 April 2023	Financing Cash Flows	Non Cash Changes	31 March 2024
	£000	£000	£000	£000
Short Term Borrowings	(8,255)	(2,000)	-	(10,255)
Long Term Borrowings	(43,673)	2,000	-	(41,673)
Net cash outflow from financing activities	(51,928)	-	-	(51,928)

Reconciliation of liabilities arising from financing activities	1 April 2022	Financing Cash Flows	Non Cash Changes	31 March 2023
	£000	£000	£000	£000
Short Term Borrowings	(255)	(8,000)	-	(8,255)
Long Term Borrowings	(51,673)	8,000	-	(43,673)
Net cash outflow from financing activities	(51,928)	-	-	(51,928)

E.32 CONTINGENT LIABILITIES

WAVE ACTIVE LIMITED

The Council has given a legal undertaking guaranteeing that it will make good any deficit owing to the East Sussex Pension Scheme by Wave Active Limited, the charitable company established to operate the Council's indoor leisure facilities from 1 April 2006. The terms of this undertaking are set out in the pension agreement between the two organisations. However at 31 March 2024 the pension asset of Wave is £3,191,000 (£2,117,000 at 31 March 2023). An asset ceiling has subsequently been applied to this asset surplus.

The Council has also given a guarantee in respect of leases which Wave entered into during 2018/19, as disclosed in Note E.12.



F. Housing Revenue Account (HRA)

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.

E.3 THE HRA STATEMENTS

E.3.1. HRA INCOME AND EXPENDITURE STATEMENT

2022/23 £000		2023/24 £000
	Income	
(15,833)	Dwelling Rents	(16,840)
(329)	Non-Dwelling Rents	(333)
(1,284)	Charges for Services and Facilities	(1,725)
(226)	Contributions Towards Expenditure	(195)
(17,672)	Total Income	(19,093)
	Expenditure	
6,073	Repairs and Maintenance	6,524
3,307	Supervision and Management	3,383
1,409	Special Services	1,634
92	Rents, rates, taxes and other charges	358
5,137	Depreciation, Amortisation and Impairment Reversals of Non-Current Assets	5,477
10	Movement in the allowance for bad debts	(162)
-	Debt Management Costs	35
16,028	Total Expenditure	17,249
(1,644)	Net (Income) / Expenditure for HRA Services as included in the whole authority Income and Expenditure Statement	(1,844)
194	HRA services share of Corporate and Democratic Core	115
(1,450)	Net (Income) / Expenditure for HRA Services	(1,729)
4,541	(Gain) or Loss on sale and de-recognitions of HRA assets	3,993
2,221	Interest Payable and Similar Charges	2,972
(243)	Interest and Investment Income	(901)
-	- Net Interest on the net defined benefit pension liability	-
(51)	Capital Grants and Contributions Received	(620)
5,018	Deficit / (Surplus) for the Year	3,715



E.3.2. MOVEMENT ON THE HRA STATEMENT

2022/23		2023/24	
£000		£000	£000
(4,542)	Housing Revenue Account opening balance		(3,661)
5,018	Deficit on HRA Income and Expenditure Statement	3,715	
	Adjustments between accounting and funding basis:		
(6,780)	(Gain) / Loss on disposal of non-current assets	(4,826)	
2,208	Transfer from Capital Receipts Reserve	861	
158	Capital expenditure funded by the HRA	230	
51	Capital grants and contributions	620	
31	Deferred Receipts Reserve	(28)	
(5,135)	Transfer from Capital Adjustment Account	(5,478)	
5,330	Transfer to Major Repairs Reserve	5,162	
(4,137)			(3,459)
-	Transfers (to)/from earmarked reserves		27
881	Decrease in year on HRA		283
(3,661)	Housing Revenue Account closing balance		(3,378)

E.4 NOTES TO THE HOUSING REVENUE ACCOUNT

E.4.1. HOUSING STOCK

The Council's housing stock consisted of:

31/03/23		31/03/24
	Houses and Bungalows	
218	- one bedroom	218
645	- two bedrooms	645
842	- three bedrooms	841
75	- four or more bedrooms	76
1,780	Total Houses and Bungalows	1,780
	Flats and Maisonettes	
135	- bed-sits	135
702	- one bedroom	702
546	- two bedrooms	546
51	- three or more bedrooms	51
1,434	Total Flats	1,434
3,214	All Dwellings	3,214

Included in the above, the Council has equity share ownership in 13 shared properties equating to 4.66 full property equivalents.



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

	31/03/23	31/03/24
	£000	£000
Council Dwellings	334,559	320,021
Other Land & Buildings	5,275	4,956
Other Assets	4,507	8,789
Total	344,341	333,766

E.4.2. VACANT POSSESSION VALUE OF DWELLINGS

The Council's stock of dwellings was last fully re-valued by Wilks, Head & Eve in 2019/20. The private open market value of the housing stock at 31 March 2020 was £721m. However, the stock has to be valued using an Existing Use Value – Social Housing methodology. The 2019/20 regional adjustment factor used for dwellings at 'social rent' is 67% thereby reducing the balance sheet value of these dwellings to 33% of their open market value. The difference between this figure and the Balance Sheet figure shown above represents the economic cost to Government of providing housing at less than open market rents. For 2023/24, a market review by the valuer proposed increases of -3.75% for houses and -6% for flats and maisonettes.

E.4.3. MAJOR REPAIRS RESERVE

The Major Repairs Reserve (MMR) 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 the MRR is debited and the Capital Adjustment Account credited.

2022/23		2023/24
£000		£000
(10,195)	Balance as at 1 April	(10,204)
5,321	Financing of Capital Expenditure	4,661
(5,330)	Depreciation	(5,162)
(10,204)	Balance as at 31 March	(10,705)

E.4.4. 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
8,666	Total Capital Expenditure	11,408
	Funding:	
2,133	Borrowing	-
996	Capital Receipts	6,046
5,321	Major Repairs Reserve	4,661
116	Grants & Contributions	621
100	Revenue	80
8,666	Total Funding	11,408



E.4.5. CAPITAL RECEIPTS FROM ASSET DISPOSAL

2022/23		2023/24
£000		£000
2,024	Right to Buy Sales of Houses and Flats	687
205	Other Sales	180
2,229	Total Receipts	867

E.4.6. DEPRECIATION

2022/23		2023/24
£000		£000
5,034	Dwellings	4,990
51	Other Land and Buildings	49
245	Other Assets	123
5,330	Total Depreciation	5,162

E.4.7. REVALUATION OF HRA STOCK

The last full revaluation of the HRA stock was undertaken at 31 March 2020 (next due 31 March 2025), by Wilks, Head & Eve, a member of the Chartered Surveyors and Town Planners. Since then, annual market reviews and uplifts have been carried out by Wilks, Head & Eve and applied to the asset value where significantly different to its previous carrying value.

E.4.8. RENT ARREARS

Rent arrears at 31 March 2024 amounted to £1.45m (£1.56m at 31 March 2023) and include former tenants' arrears. During 2023/24, former tenant arrears of £0.09m were written off (£0.06m in 2022/23). The Council has an impairment allowance for doubtful debts of £1.02m at 31 March 2024 (£1.24m at 31 March 2023).

G. The Collection Fund Revenue Account

2022/23			2023/24		
Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
£000	£000	£000	£000	£000	£000
Income					
-	(87,172)	(87,172)	-	(92,969)	(92,969)
-	(394)	(394)	-	(16)	(16)
(23,221)	-	(23,221)	(23,152)	-	(23,152)
38	-	38	(3,174)	-	(3,174)
(23,183)	(87,566)	(110,749)	(26,326)	(92,985)	(119,311)
Expenditure					
Precepts, Demands & Shares					
11,941	-	11,941	13,663	-	13,663
2,149	59,252	61,401	2,459	64,092	66,551
9,553	12,627	22,180	10,931	13,247	24,178
-	8,260	8,260	-	9,078	9,078
239	3,850	3,889	273	3,949	4,222
23,882	83,789	107,671	27,326	90,366	117,692
177	-	177	832	-	832
137	-	137	137	-	137
Charges to the Collection Fund					
1,149	-	1,149	956	-	956
203	-	203	205	-	205
106	634	740	273	727	1,000
1,772	634	2,406	2,403	727	3,130
Apportionment of previous years surplus / (deficit)					
(1,830)	-	(1,830)	(1,654)	-	(1,654)
(329)	2,081	1,752	(298)	2,513	2,215
(1,464)	448	(1,016)	(1,323)	536	(787)
-	290	290	-	350	350
(37)	131	94	(33)	155	122
(3,660)	2,950	(710)	(3,308)	3,554	246
21,994	87,373	109,367	26,421	94,647	121,068
Movement on Fund Balance					
(1,189)	(193)	(1,382)	95	1,662	1,757
Collection Fund Balance					
6,215	(3,692)	2,523	5,026	(3,885)	1,141
(1,189)	(193)	(1,382)	95	1,662	1,757
5,026	(3,885)	1,141	5,121	(2,223)	2,898

E.5 NOTES TO THE COLLECTION FUND

E.5.1. INCOME FROM COUNCIL TAX

	£000
Gross amount of Council Tax	113,941
Less	
Council Tax Support Scheme	(8,415)
Discounts	(9,965)
Exemptions	(2,505)
Disabled Relief	(87)
Net Yield from Council Tax	92,969

COUNCIL TAX BASE

The Council's tax base (i.e. the number of chargeable dwellings in each valuation band (adjusted 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	Yield £000
A Disregarded	3	1.53	5/9	0.85	£2
A	4,347	2,487.58	6/9	1,658.39	£3,961
B	6,157	4,317.49	7/9	3,358.05	£8,020
C	13,412	10,981.82	8/9	9,761.62	£23,312
D	9,914	8,758.33	9/9	8,758.33	£20,916
E	5,985	5,469.65	11/9	6,685.13	£15,965
F	3,153	2,974.70	13/9	4,296.79	£10,261
G	2,352	2,250.45	15/9	3,750.75	£8,957
H	219	210.33	18/9	420.66	£1,005
	45,542	37,451.88		38,690.56	£92,399
				(851.19)	-£2,032
				37,839.37	£90,367
Council Tax Base				37,839.37	£90,367

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	A	37,839.37
Band D Council Tax	B	£2,388.17
Theoretical net yield	A x B	£90,366,848
Actual net yield (as above)	C	£92,968,789
Theoretical net yield - actual net yield	(A x B) - C	-£2,601,941

E.5.2. INCOME FROM BUSINESS RATE PAYERS

The Council collects national non-domestic rates (NNDR or business rates) 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 non-domestic rateable value	£m	80.8	80.7
Multiplier	p	51.2	51.2
Multiplier (Small businesses)	p	49.9	49.9
Product	£m	23.2	23.2

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. The business rates share payable in 2023/24 was estimated before the start of the financial year as £27.3m. These sums have been paid into 2023/24 and charged to the Collection Fund in year. The Council's share is £10.9m.

E.5.3. PRECEPTS AND DEMANDS ON THE COLLECTION FUND

Body	COUNCIL TAX			BUSINESS RATES		
	Precept	Distribution of prior year surplus	Total	Share	Recovery of prior year deficit	Total
	£000	£000	£000	£000	£000	£000
Lewes District Council	8,383	536	8,919	10,931	(1,323)	9,608
Lewes District Town and Parish Councils	4,864	-	4,864	-	-	-
Central Government	-	-	-	13,663	(1,654)	12,009
East Sussex County Council	64,092	2,513	66,605	2,459	(298)	2,161
Sussex Police & Crime Commissioner	9,078	350	9,428	-	-	-
East Sussex Fire Authority	3,949	155	4,104	273	(33)	240
Total	90,366	3,554	93,920	27,326	(3,308)	24,018

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%.

The amounts for this Council are as follows:

	2022/23	2023/24
	£000	£000
Actual Business Rate income due	11,275	12,410
Tariff payment	(7,805)	(8,812)
	3,470	3,598
Baseline Funding	(2,243)	(2,327)
Amount above (below) baseline	1,227	1,271



E.5.4. COLLECTION FUND BALANCE

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

	COUNCIL TAX		BUSINESS RATES	
	31/3/23	31/3/24	31/3/23	31/3/24
	£000	£000	£000	£000
Lewes District Council	(584)	(324)	2,011	2,048
Central Government	-	-	2,513	2,560
East Sussex County Council	(2,748)	(1,577)	452	461
Sussex Police & Crime Commissioner	(384)	(224)	-	-
East Sussex Fire Authority	(169)	(96)	50	51
(Surplus) / Deficit	(3,885)	(2,221)	5,026	5,120

The preceptors' share of the surplus on the Collection Fund is shown in the Council's balance sheet as part of the creditor's figures. The Council's share is included on the balance sheet under Collection Fund Adjustment Account.



H. 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 (excluding Council Tax and Government Grants). This requirement is then offset by Government Grant, the balance being the amount needed to be raised in Council Tax.

Capital Charge

A charge to service revenue accounts to reflect the cost of non-current assets (previously referred to as fixed assets) used in the provision of services.

Capital Expenditure

Expenditure on the acquisition of non-current assets (fixed assets) that will be of use or benefit to the Council in providing its services for more than one year. Capital expenditure also includes Revenue expenditure financing from Capital under Statue.

Capital Adjustment Account

The Capital adjustments account records the resources set aside to finance Capital expenditure and offset the write-down of the historical cost of fixed assets as they are consumed by depreciation and impairments or by disposal.

Capital Receipts

Income received from the sale of Capital assets. Legislation requires a proportion of Capital receipts from the sale of Council houses to be paid over to a national pool.

Cash Equivalents

These are generally, short term highly liquid investments readily convertible into cash.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the main professional body for accountants working in the public service. It draws up the Accounting Code of Practices and issues professional guidance that is used to compile these accounts.

Collection Fund

A fund administered by the Council as a 'Charging Authority'. The Council Tax and Non-Domestic Rates are paid into this fund. The Council Tax and NDR demand of the Council and the precepts of other public bodies are paid out of the fund. Any surplus or deficit is shared between the various authorities.



Corporate and Democratic Core

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 Assets

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 (NNDR)

(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 Lewes 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

The Government body which provides loans to local authorities.



Reserves

An accumulated surplus of income in excess of expenditure. this can be used to finance future spending, which 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

Central Government financial support received towards the general expenditure of local authorities.

Specific Government Grants

Central Government financial support towards particular services which is 'ring fenced', i.e. can only be spent on a specific service area or items.