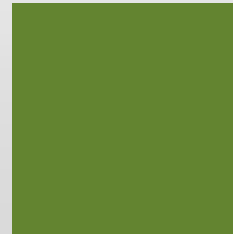


Statement of ACCOUNTS



Lewes District Council



2024/25



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FOREWORD FROM THE DIRECTOR OF FINANCE AND PERFORMANCE

I am pleased to welcome you to Lewes District Council's Statement of Accounts for 2024/25. This narrative report aims to provide an overview of the Council's financial context and key activities during the year, ensuring transparency and accountability to our residents, stakeholders, and partners. It outlines how we have managed our resources to deliver our key priorities.

Lewes District Council (the Council) remains committed to delivering the best outcomes for the residents by serving the diverse needs of our communities, fostering sustainable growth, and enhancing quality of life.

During 2024/25, our strategic focus continued to be on:

- Tackling the Climate Emergency and Promoting Environmental Sustainability through investments in schemes such as renewable energy projects and waste reduction initiatives.
- The Council's priorities are to put active travel ahead of reliance on the private car, to increase nature and biodiversity and to safeguard our heritage and landscapes as well as being an increasingly attractive tourism and leisure destination.
- Supporting Thriving Communities and Economic Growth by investing in affordable housing projects, town centre regeneration, business support programmes.
- Delivering Efficient and Responsive Services by Investing in initiatives such as digital transformation, service user experience improvements and efficient waste collection.
- Maintaining Financial Resilience and Value for Money through prudent management of resources to ensure long-term sustainability.

The past year has once again presented the Council with a series of significant challenges, requiring even greater prudence and a steadfast focus on building stronger resilience. In the face of persistent external pressures, including high inflation, economic uncertainty, rising demands for services, and ongoing reductions in government funding, we have remained unwavering in our commitment to delivering our much-valued services and achieving our strategic objectives, all while placing the support of our communities at the very heart of our mission.

Notwithstanding the difficult economic environment, I am pleased to confirm that the Council has maintained its financial resilience by carefully managing its resources, maintaining a robust financial position, and achieving a balanced budget. Our prudent financial planning, rigorous cost controls, and proactive approach to risk management have all contributed to this outcome, allowing us to make tangible progress on key objectives whilst safeguarding the Council's financial health.

The long-term financial outlook remains testing, with increasing service demands exerting further pressure on resources. Uncertainties around future funding require us to act with even greater prudence, continually innovating and seeking efficiencies. We are steadfast in our commitment to ensuring the Council's long-term financial sustainability through forward-thinking financial planning, robust efficiency programmes, identifying and developing new income streams, and the careful stewardship of reserves.

Our approach is founded on transparency and accountability, ensuring public funds are managed with the utmost care and efficiency to deliver the best possible outcomes for all residents and communities.

In the face of ongoing challenges for local government, the Council has thus far succeeded in maintaining and strengthening its services, as well as investing in new areas of community support. This prudent and resilient approach will remain central to our work in 2025/26 and beyond, as we pursue our ambitions within the evolving context of Local Government Reorganisation (LGR) and Devolution.

Following the Government's White Paper on Devolution, County and District and Borough Councils across East Sussex approved a report to put forward the East Sussex area, alongside West Sussex and Brighton & Hove to be part of the Government Devolution Priority Programme.

As a result of this the Council contributed to the production of an Interim Plan, setting out LGR initial, high-level proposals which were submitted jointly by the East Sussex County, district and borough councils on 21

March 2025.

All local authorities have been required to undertake and develop more detailed and specific proposals, and to formalise the structures needed to deliver LGR. The full proposal for the East Sussex unitary arrangements have been submitted to the Government in September 2025. However, even as the pace of change continues to increase, the Council will strive to meet its ongoing strategic priorities and continue to work towards, including:

- Net Zero commitment
- Nature restoration
- Building more council homes
- Ensure our public realms are fit for the future
- Improve the Council's leisure amenities, play parks and green spaces.

The Statement of Accounts for 2024/25 are subject to the deadlines set out in the amended Accounts and Audit Regulations 2015, requiring local bodies to publish draft and audited accounts by statutory backstop dates. 2024/25 draft accounts were required to be submitted for audit by 30 June 2025 and the timeline for the publication of the audited accounts is 27 February 2026.

The Finance team have made significant strides to deal with the audit backlog and will continue its journey to improve its procedures and processes. We welcome and have taken on board the recommendations made by the External Auditor as part of the 2023/24 Annual Auditors Report that was presented to the Council's Audit & Governance Committee on 25 February 2025.

The Council's approach to finance will continue to evolve, developing and strengthening the financial management and efficiency in all operations by helping to advance finance skills for services and particularly those undertaking service review or transformation programmes, supporting current and future changes in the Council as it strives to optimise income, reduce costs, manage demand, transform working practices, introduce innovation, and maintain performance.

I wish to thank all of our officers and in particular our Finance team who have once again worked hard to close the accounts to a high standard. I also want to acknowledge the excellent work carried out to balance the 2024/25 budgets, and to monitor and manage the financial position of the Council throughout the financial year. Careful financial administration allows fully informed decision making when determining the best use of Council resources so that services of the best possible quality can be delivered.

I also extend my gratitude to the Audit and Governance Committee, executive leadership team, and Corporate Management Team for their continued support and commitment to robust financial governance.



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 2024/25 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 aim to provide information so that members of the public, including electors and residents of the district, Council Members, partners, stakeholders and other interested parties can:

- Understand the overarching financial position of the Council and the outturn for 2024/25.
- 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.

This narrative report provides information about the district of Lewes and aims to provide a clear and accessible overview of the Council's financial performance, its financial position at the end of the financial year, and the key factors that have influenced our financial standing. It is intended to assist members of the public, Council Members, stakeholders, and other interested parties in understanding how the Council has managed its resources to deliver services and achieve its objectives and is structured as follows:

- About the Council
- The Council's main objectives and strategy to achieve these
- The principle risks we face
- The outcomes against our objectives
- Financial performance of the Council in 2024/25
- Staffing
- Explanation of Financial Statements
- Further Information

A.2 ABOUT THE COUNCIL

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

Our responsibilities include:



Waste collection and recycling



Housing and homelessness prevention



Environmental health



Leisure and amenities



Collection of council tax and business rates



Tourism and culture



Planning



Democracy - local and general elections

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.

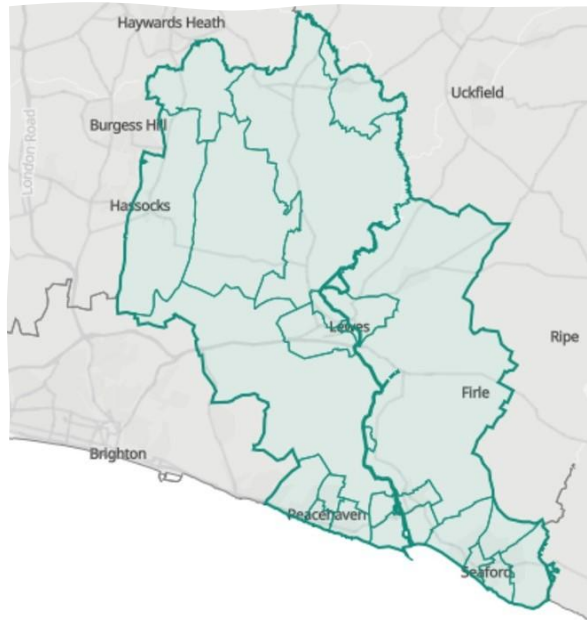
A. NARRATIVE REPORT

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. Lewes district has a vibrant and diverse contemporary arts scene and boasts a rich cultural heritage which is important to its economic prosperity.

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.



© OpenStreetMap

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 fallen slightly 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 4,400 per latest figures from the ONS published in November 2024.

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.

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.

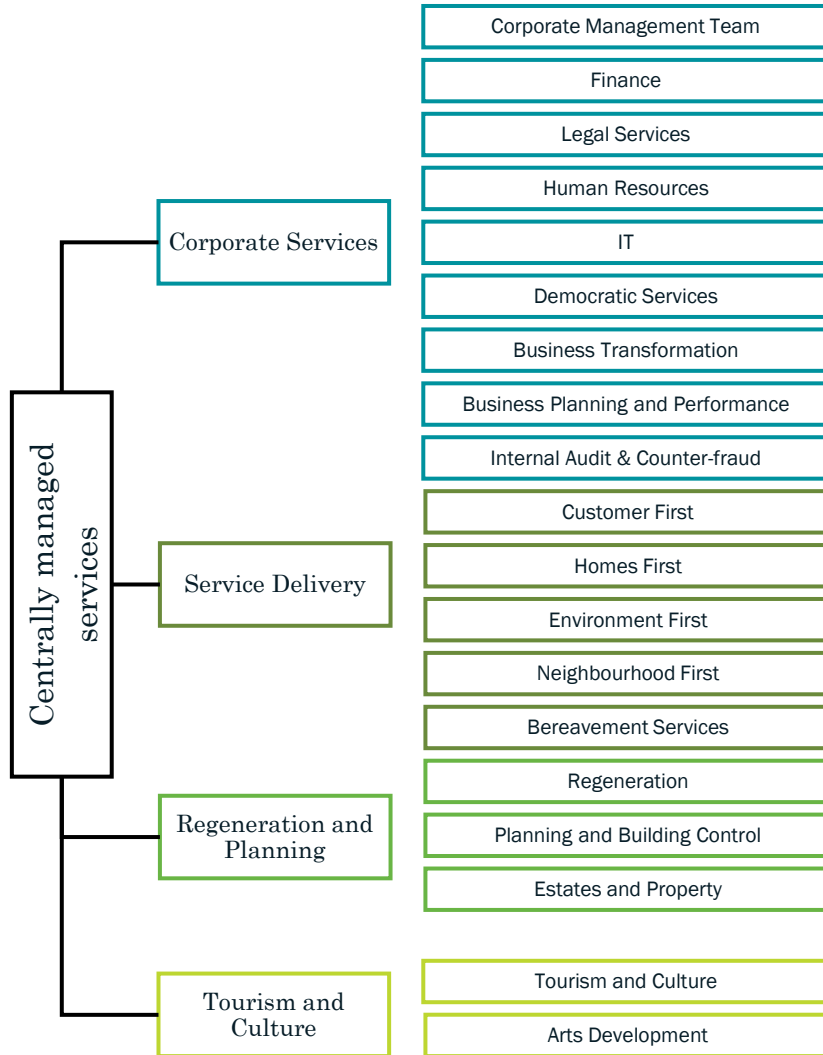
As a result of this, some local authorities have had to declare bankruptcy, and others have said that they may face that outcome in coming years. The Council has also faced its share of challenges. However, it has continued to be able to maintain its services whilst also delivering savings and efficiencies, 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 achievements have occurred in 2024/25:

- The Council bid and won grants of £2.7m from the Government Social Decarbonisation Fund to make 267 council homes more energy efficient and cheaper to run.
- The Council received £22m of capital grant from the Government under the Pathfinder funding pilot for transforming Newhaven.
- A development of 21 new affordable council homes at Stowe Place, on the site of the former police station in Newhaven, were completed in year.
- A significant programme of new refuse bins has been rolled out across the Lewes district.
- The Council has refurbished and installed new equipment at 18 playgrounds across the Lewes district.
- The Council distributed £20,000 to the food banks in crisis to boost their food supplies.
- A major capital project commenced to redevelop Newhaven Square to include a new Health and Wellbeing hub.
- The Cockshut Stream Restoration in Lewes won two prestigious design awards.

A. NARRATIVE REPORT

A.2.4 HOW THE COUNCIL IS ORGANISED AND DELIVERS ITS SERVICES



A.2.5 THE 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, with the next elections taking place in May 2027.

The current composition of the Council is:

Green Party	17 Councillors
Liberal Democrats	15 Councillors
Labour	9 Councillors

A.2.6 THE COUNCIL'S 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 five 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.

A. NARRATIVE REPORT

A.2.6 THE COUNCIL'S GOVERNANCE ARRANGEMENTS (cont.)

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 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.2.7 THE LEADERSHIP TEAM

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

- Chief Executive - Robert Cottrill (Head of Paid Service)
- Deputy Chief Executive and Director of Regeneration and Planning – Ian Fitzpatrick
- Director of Tourism, Culture and Organisational Development – Becky Cooke (role redundant from 31 March 2025)
- Director of Finance and Performance - Homira Javadi (Section 151 Officer)

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. NARRATIVE REPORT

A.3.1 THE COUNCIL'S MAIN OBJECTIVES AND STRATEGY TO ACHIEVE THESE

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.

One of the key outcomes of the Corporate Plan is achieving a robust financial strategy, the 2024/25 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.

Re-imagining Lewes District

High quality, responsive services

Providing excellent customer service and focusing on resolving questions and problems first time is central to how this Council operates.

We will continue to ensure that our services meet our residents' needs and strive to deliver consistently high quality and responsive services.

Supporting through challenging times

The Council has an important role in supporting those in most need in society.

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.

This work will continue, especially whilst the national economic situation continues to be difficult.

We are taking a holistic approach to this, working across all departments in the Council.

Climate, nature and food systems

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.

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.

Community wealth and wellbeing

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.

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.

We will support the development of social enterprises and identify where additional social value can be achieved in local communities.

Building genuinely affordable homes

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.

We will seek to rebalance our local housing markets and help build sustainable communities.

We will deliver and maintain affordable, high-quality homes.

We will do this in partnership with the Tenants of Lewes District.

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.

Using our planning policies, we will work to ensure provision of the right homes in the right places for local people.

A. NARRATIVE REPORT

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 2025-26

- 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 2025-26

- Maintain our new support regime of 100 per cent 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.



A. NARRATIVE REPORT

A.3.2. THE MEDIUM-TERM FINANCIAL STRATEGY

Climate, nature and food systems

Priorities for 2025-26

- 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 2025-26

- 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 2025-26

- Acquire additional properties with the Local Authority Housing Fund grant
- Develop affordable housing on across S106 sites (19 properties)
- New build homes

Key long-term objectives

- Enabling the delivery of just under 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

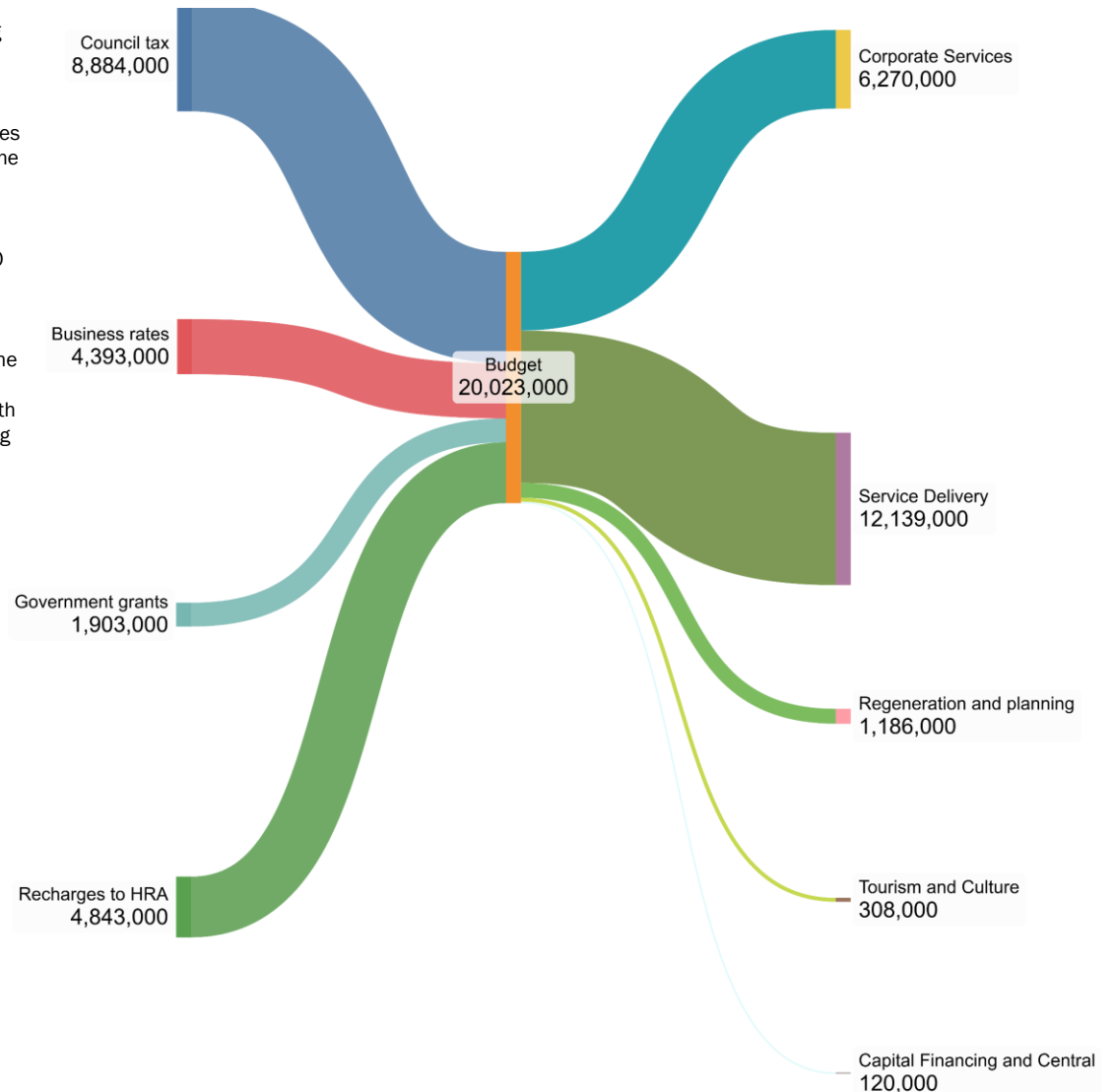


A. NARRATIVE REPORT

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

In 2024/25, the Council set a balanced budget within the context of continuing financial challenges for the Council. With the impact of the inflationary and cost-of-living pressures still keenly felt, the year was anticipated to see the impact of wider government policy on key areas such as the increase in homelessness and temporary accommodation placements as local authorities across the county look to protect the most vulnerable in our communities. The following assumptions were included:

- There will be a one-off New Homes Bonus contribution to the MTFS in 2024/25.
- Cost recovery or an uplift in discretionary fees and charges averaging 10 per cent will be implemented in 2024/25.
- A Council Tax increase of 2.99 per cent for 2024/25, with increases of 2.00 per cent applied throughout the remaining years of this MTFS. The rate of 2.99 per cent has been confirmed in the Autumn Statement as the rate at which there is no requirement for a referendum.
- An increase in council house rents of 7.7 per cent in 2024/25 in line with Government guidelines and confirmed by the Regulator of Social Housing (Consumer Prices Index (CPI) on 30th September 2023 + 1 per cent).



A. NARRATIVE REPORT

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. Project and strategic risks are held on performance management software so they can be updated regularly by managers who have ownership and responsibility for reviewing and updating risks.

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

The following strategic risks are reviewed by the Corporate Management Team, and reported to the Audit and Governance Committee, quarterly. The full risk assessment can be found attached to the latest quarterly report to the committee which can be found on the Lewes-Eastbourne.gov.uk website.

Risk:	1. No political and partnership continuity/consensus regarding organisational objectives.	2. Changes to the economic environment makes the Council economically less sustainable.
Why it matters?:	Sudden changes of political objectives at either national or local level renders the Council, its current corporate plan and Medium-Term Financial Strategy, unfit for purpose.	<ol style="list-style-type: none"> 1. Economic development of the district suffers. 2. Council objectives cannot be met. 3. Residual inflation affecting cost of services is having a serious impact on the Council's finances. 4. Rising energy prices and inflation affecting the cost of living will affect the ability of customers to pay rent and council tax. 5. Increased homelessness presentations due to the economic situation, lack of available social housing and rising private sector rents leads to an increased number that require prevention or place into emergency accommodation. This will have a detrimental impact on the resource required for prevention and the General Fund. The nightly paid accommodation budget will be impacted and, more significantly, the loss of Housing Benefit Subsidy will increase at the end of the financial year.
Original risk score:	Likelihood: 4 Impact: 4	Likelihood: 5 Impact: 5
Key mitigations:	<ol style="list-style-type: none"> 1. Create inclusive governance structures which rely on sound evidence for decision making. Reduces Impact 2. Annual review of corporate plan and MTFS. 3. Creating an organisational architecture that can respond to changes in the environment. 4. Initial report on Devolution and Local Government Reorganisation was taken to Cabinet in March 2025. 5. Communications to Members and staff regarding Devolution and Local Government Reorganisation. 6. Cross authority working groups established to consider Devolution and Local Government Reorganisation. 	<ol style="list-style-type: none"> 1. Robust MTFS reviewed annually and monitored quarterly. Refreshed in line with macroeconomic environment triennially. 2. Creating an organisational architecture that can respond to changes in the environment. 3. 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 the Council's circumstances. 5. Continuous review and monitoring of government fiscal policies. 6. Responding to government consultation. 7. Maintaining appropriate levels of earmarked provisions. 8. Continuous review and monitoring of the council's Housing Revenue Business Plan.
Residual likelihood change after mitigation:	↓	↓
Residual impact change after mitigation:	↓	↓

A. NARRATIVE REPORT

A.4 THE PRINCIPAL RISKS WE FACE

Risk:	3. Unforeseen socioeconomic and/or demographic shifts creating significant changes of demands and expectations.	4. The employment market provides unsustainable employment base for the needs of the Council.	5. Not being able to sustain a culture that supports the Council's objectives and future development
Why it matters?:	<ol style="list-style-type: none"> Unsustainable demand on services. Service failure. Council structure unsustainable and not fit for purpose. Heightened likelihood of fraud. Failure to support Newhaven Port Authority could result in an economic downturn in the town 	<ol style="list-style-type: none"> Employment market unable to fulfil recruitment, and the Council unable to retain staff, resulting in a decline in performance standards and an increase in service costs. Devolution and the Local Government Reorganisation may impact the ability to recruit and retain staff. 	<ol style="list-style-type: none"> Decline in performance. Higher turnover of staff. Decline in morale. Increase in absenteeism. Service failure. Increased possibility of fraud.
Original risk score:	Likelihood: 5 Impact: 5	Likelihood: 4 Impact: 4	Likelihood: 4 Impact: 4
Key mitigations:	<ol style="list-style-type: none"> 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). Ensuring community and interest group engagement in policy development (e.g. Neighbourhood Management Schemes; Corporate Consultation Programme). Working with the Port Authority to provide support, advice and to help explore funding options. 	<ol style="list-style-type: none"> Changes undertaken to increase non-financial attractiveness of the Council to current and future staff. Appropriate reward and recognition policies reviewed on a regular basis. Pursuit of mutually beneficial shared service arrangements. Maximising flexibility around recruitment and retention. 	<ol style="list-style-type: none"> Build an organisational culture that supports equality and inclusivity through communication and support. Continue to develop our performance management capability to ensure early intervention where service and/or cultural issues arise. Continue to develop communications through ongoing interactions with staff.
Residual likelihood change after mitigation:	↓	↑	↓
Residual impact change after mitigation:	↓	↓	↔

A. NARRATIVE REPORT

A.4 THE PRINCIPAL RISKS WE FACE

Risk:	6. Council prevented from delivering services for a prolonged period.	7. Council materially impacted by the medium to long term effects of an event under the Civil Contingencies Act.	8. Failure to meet regulatory or legal requirements.
Why it matters?:	<ol style="list-style-type: none"> Denial of access to property. Denial of access to technology/information. Denial of access to people. 	<ol style="list-style-type: none"> Service profile of the Council changes materially because of the impact of the event. Cost profile of the Council changes materially because of the impact of the event. Work adversely affected by reduced staff numbers due to effects of pandemic virus. Emergency caused by a climate change event. 	<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. Local Ombudsman finding of maladministration. Failure to provide adequate enforcement where appropriate.
Original risk score:	Likelihood: 5 Impact: 5	Likelihood: 5 Impact: 5	Likelihood: 3 Impact: 4
Key mitigations:	<ol style="list-style-type: none"> Adoption of best practice IT and Asset Management policies and procedures. The Council has created a more flexible, less locationally dependent, service architecture. Regularly reviewed and tested Business Continuity Plans and updated contingency plans actioned. Regularly reviewed and tested Disaster Recovery Plan. 	<ol style="list-style-type: none"> Working in partnership with other public bodies. Robust emergency planning and use of Council's emergency powers. Working with the Environment Agency on climate change measures. Ongoing and robust risk profiling of local area (demographic and geographic). Review budget and reserves in light of risk profile. Funds set aside to help fund responses to an event. Departmental risk registers consider pressures caused by climate change and other civil contingencies events. Adoption of, and action to implement, the Council's Climate Change and Sustainability Strategy. 	<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 of 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.
Residual likelihood change after mitigation:	↓	↓	↓
Residual impact change after mitigation:	↓	↓	↔

A. NARRATIVE REPORT

A.4 THE PRINCIPAL RISKS WE FACE

Risk:	9. Commercial enterprises and investments do not deliver financial expectations or do not meet governance requirements.	10. Council suffers a personal data breach by inadequate handling of data or by an IT incident.	11. Governance failures, indicating failure of internal controls, leading to financial and reputational loss.
Why it matters?:	<ol style="list-style-type: none"> 1. Unfamiliar activity with staff inexperienced in this area. 2. Council finances affected if projects do not meet financial expectations. 3. Reputational damage if governance procedures are inadequate. 	<ol style="list-style-type: none"> 1. Trust and confidence in the Council are negatively impacted. 2. Deterioration of financial position because of regulatory intervention/penalties. 3. Deterioration of service performance because of regulatory intervention/penalties. 4. Increased probability of compensation claims by persons affected by a personal data breach. 	Control failures lead to: <ul style="list-style-type: none"> • Fraud and error occurring. • Qualified accounts. • Local Ombudsman finding of maladministration. • Critical inspection reports. • Disruption of service delivery. • Failure to meet corporate objectives. • Failure to provide adequate enforcement where appropriate.
Original risk score:	Likelihood: 5 Impact: 5	Likelihood: 3 Impact: 4	Likelihood: 4 Impact: 4
Key mitigations:	<ol style="list-style-type: none"> 1. Hire suitably qualified/experienced staff to give legal and specialist support. 2. Up-, or re-, skill staff to maximise commercial opportunities. 3. Ensure that projects meet core principles. 4. Ensure governance processes are set up and adhered to. 	<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. 8. Incident management procedures to mitigate loss or breach of data are in place. 	<ol style="list-style-type: none"> 1. Holding an up-to-date constitution. 2. Having a committee structure that oversees governance. 3. Statutory roles of S. 151 Officer, Monitoring Officer, and RIPA (Regulation of Investigatory Powers Act) Monitoring Officer. 4. Quarterly meetings of the Governance Assurance Group. 5. Annual Governance Statement and Local Code of Corporate Governance. 6. Regularly reviewed Strategic Risk Register. 7. Committee report format including sections on Finance, Legal, Risk, Equality and Environmental Sustainability implications. 8. Regularly reviewed policies and procedures. 9. Internal Audit and Counter Fraud reviews. 10. External reviews as required, including External Audit.
Residual likelihood change after mitigation:	↓	↓	↓
Residual impact change after mitigation:	↓	↔	↓

A. NARRATIVE REPORT

A.4.1 KNOWN BUDGET PRESSURES

The Council, alongside many other local authorities and organisations across the nation, has seen a significant impact on its finances originating from external factors beyond its control. The main drivers of these cost pressures are highlighted below:

- The high cost of borrowing affecting the Council's ability to fund Capital Expenditure.
- Cost-of-living pressures impacting on pay awards, the net cost of borrowing, contract inflation and energy costs.
- The lack of clarity over Government funding for local government particularly around business rates and a long-term settlement to enable planning over the medium term.

As a result of these externally driven financial challenges, the Corporate Management Team continues to be focused on reducing the cost-of-service delivery to support the Council to forecast spend closer in line with the budget, while ensuring that quality services are still delivered. Coupled with a background of uncertain and reducing (in real terms) financial settlements, the Council's resources have been significantly stretched by these pressures throughout recent years.

The financial challenges experienced in 2024/25 will continue in 2025/26 and beyond.

The introduction of multi-year settlements from 2026/27 and Local Government Reorganisation now a certainty will all affect the whole of the Local Government sector over coming years.



A. NARRATIVE REPORT

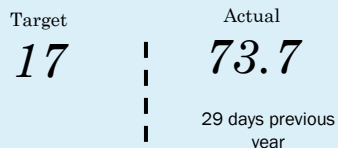
A.5 THE OUTCOMES AGAINST OUR OBJECTIVES

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.

Objective

High quality, responsive services: We want to provide excellent customer service and focusing on resolving questions and problems first time.

Average days to process new claims for housing/council tax benefit



A new IT system was brought into use in December 2023 and the team continues to work through backlog caused by the system migration.

Average days to process changes in circumstances (housing benefit) or council tax



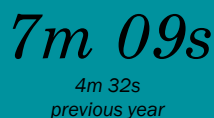
A new IT system was brought into use in December 2023 and the team continues to work through backlog caused by the system migration.

Average days lost per FTE employee due to sickness



Sickness level is slightly above target as more employees returned to office space and is above the average public sector absence level for 2024 of 8.3 days per employee.

Average time taken to answer calls*



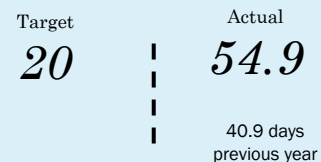
The year has seen a significant increase in correspondence which has led to a greater number of calls. Vacancies in the customer contact team will be filled in 2025/26.

Objective

Supporting through challenging times:

Support people experiencing hardship due to the cost-of-living crisis and provide sufficient homes for those needing accommodation.

Housing: Average void re-let time in days key to key (month & YTD)



Performance has been negatively impacted due to staffing shortages and backlogged repairs. Additional contractors have been brought in to improve turnaround times for voids.

Increase the percentage of Major Planning Applications processed within 13 weeks



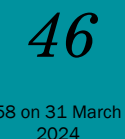
Performance continues to be above target.

Housing: Rent arrears of current tenants (expressed as a % of rent debt)



Arrears have been reduced to the lowest level ever recorded, With collection 0.91% above the target.

Number of households living in emergency (nightly paid) accommodation on 31 March 2025*



End of year performance shows significant improvements on 2023/24 year and reduction in emergency accommodation placements and associated costs is a focus for 2025/26

* Data only

* Data only

A. NARRATIVE REPORT

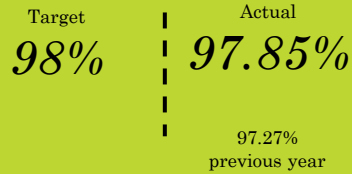
A.5 THE OUTCOMES AGAINST OUR OBJECTIVES (cont.)

Objective

Community wealth and wellbeing:

ensuring that local people and the local economy are placed at the centre of how the Council operates

Percentage of Council Tax collected during the year



We have seen an annual increase on collection of 0.58% from 2023/24.

Percentage of Business Rates collected during the year



We exceeded target by 0.32% and saw an increase on the 2023/24 annual collection rate by 1.34%

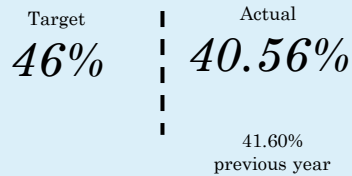


Objective

Tackling climate and nature emergencies:

Reducing carbon emissions and aim to become a fully climate-resilient council by 2030

Percentage of household waste sent for reuse, recycling and composting



Data is provided by East Sussex County Council. Performance continues to be below target.

A. NARRATIVE REPORT

A.6 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 that have a life beyond one year and that also add value to a fixed asset (known as non-current assets). This is financed largely by Government capital grants, loans and other capital contributions.

The MTFs spending plans for 2025/26 to 2028/29 were updated and published in December 2024 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.

Despite the challenges highlighted in the foreword, the Council has worked diligently to manage its budget effectively and prioritise spending in line with its strategic objectives. The Statement of Accounts provides a detailed breakdown of our income and expenditure during the year. Key highlights include:

- **Revenue Expenditure:** The Council's total expenditure on the provision of services for the year amounted to £108.0m. This reflects the cost of delivering the wide range of services mentioned earlier.
- **Revenue Income:** Our income streams include council tax, national non-domestic rates, Government grants, fees and charges for services and investment income, totalling (£121.8)m.
- **Budget Management:** Throughout the year, robust budget monitoring processes were in place to track spending against the approved budget and to identify and address any potential variances.
- **Specific Service Performance:** The Statement of Accounts includes detailed information on the financial performance of key service areas, highlighting both the costs of delivery and any income generated.

A.6.1 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 'surplus' for 2024/25 of (£13.8)m. (Split between General Fund surplus (£16.6)m and HRA deficit £2.8m). The Movement in Reserves Statement reconciles this International Financial Reporting Standards (IFRS) 'deficit' together with other reserve transfers into a net decrease in the general fund balance of £1.5m and an increase to the HRA surplus of (£0.2)m.

The General Fund and Housing Revenue Account outturn detailed below does not reconcile with

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

A.6.2 THE BALANCE SHEET

The Balance Sheet as at 31 March 2025 provides a snapshot of the Council's assets, liabilities, and reserves at the end of the financial year. Key aspects of our financial position include:

- **Assets:** This includes property, plant and equipment used to deliver services, as well as financial assets and investments, totalling £442.7m.
- **Liabilities:** These are the Council's obligations to external parties, including borrowing, creditors and provisions for future liabilities, totalling (£76.5)m.
- **Reserves:** These represent the Council's accumulated funds, which are held for specific purposes or as general contingency, totalling (£366.2)m. The Council maintains a limited but prudent level of reserves to mitigate future financial risks and to support its strategic priorities.

As ever, the Council is committed to delivering its key services and providing an environment where everyone works to create a confident and ambitious district.

These Statement of Accounts have been prepared within the context of continuing financial challenges for the Council, with the ongoing impact of inflationary and cost-of-living pressures still keenly felt.

A. NARRATIVE REPORT

A.6 USAGE OF FINANCIAL RESOURCES (cont.)

A.6.3 THE 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 £16.49m (amount to be funded by Government Grant, Council Tax and Business Rates). The Council set a Band D council tax rate for 2024/25 of £228.17, being a 2.99 per cent increase over 2023/24 Band D council tax rate.

The 2024/25 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	Original Budget	Net revised budget	Net outturn reported to Cabinet July 2025	Net variance to revised budget
Corporate Services	6,093	6,270	7,137	867
Service Delivery	10,696	12,139	12,630	491
Regeneration and Planning	1,352	1,186	1,632	446
Tourism and Culture	323	308	377	69
Service Total	18,463	19,903	21,776	1,873
Recharged to the Housing Revenue Account	(4,757)	(4,843)	(4,718)	125
Total general fund service expenditure	13,706	15,060	17,058	1,998
Capital Financing and interest	2,781	120	(1,878)	(1,998)
Total Expenditure	16,487	15,180	15,180	0
Transfers to/(from) reserves	78	-	-	-
Business Rates	(5,451)	(4,393)	(4,393)	-
Council Tax	(8,884)	(8,884)	(8,884)	-
Government Grants	(2,229)	(1,903)	(1,903)	-
Total Funding	(16,487)	(15,180)	(15,180)	-

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

A.6.4 HOUSING REVENUE ACCOUNT

The Council owns just over 3,200 homes generating rental income of over £18.7m in the year (£16.8m in 2023/24). 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 75 additional properties to the HRA by March 2027 and 60 additional properties by March 2028.

The HRA has an underspend of £0.386m against the revised operational expenditure budget of £17,392m. The actual outturn also includes £4.48m in depreciation charges on the HRA capital assets (£5.18m in 2023/24). All depreciation charged on the HRA capital assets is added to the Major Repairs Reserve. In turn, this reserve funded capital works of £4.11m on HRA homes in 2024/25 (£4.53m in 2023/24).

A.6.5 THE 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 element has been completed and shows the opening surplus has decreased by £0.15m during the year to £2.07m as at 31 March 2025 (£2.22m at 31 March 2024).

Collection Fund surpluses or deficits declared by the billing authority in relation to council tax are apportioned to the relevant precepting bodies in the subsequent financial year. The January 2025 forecast surplus for the council tax element of the fund of £1.39m will be distributed to precepting bodies pro rata to their Band D Council Tax during 2025/26. This Council's share as at 31 March 2025 was £203K (£233k in 2023/24).

The Business Rates opening deficit has decreased by £2.56m during the year to £2.56m as at 31 March 2025 (£5.12m at 31 March 2024). The January 2025 forecast business rate deficit of £3.31m will be recovered from precepting bodies on the agreed preceptor percentage split during 2025/26. The Council's estimated share of the deficit as at 31 March 2025 was £1.33m (£2.048m at 31 March 2024).

A. NARRATIVE REPORT

A.6 USAGE OF FINANCIAL RESOURCES (cont.)

A.6.6 THE CAPITAL PROGRAMME

The Council's capital programme spending in the year was £33.6m (£16.3m in 2023/24), compared with a revised budget of £78.0m (£26.1m in 2023/24), giving a net underspend of £44.5m. 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 £28.3m reflects the review of the HRA 30-year business plan that was undertaken as part of the 2025/26 budget setting process. The 2024/25 revised budget was approved by Cabinet in February 2025. The revised capital budget reflected an overall increase against the original budget of £11.3m 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 2024/25 is £14.3m, a variance of £14.0m representing a 49% spend against the revised budget.

Similarly, the revised general fund capital budget for the year of £49.8m was also reviewed and authorised as part of the 2025/26 budget setting process and reflects an overall reduction against the original budget of £3.8m primarily due to reprofiling the Regeneration projects funded from the Government Levelling Up Fund capital schemes.

2024/25 Capital Programme Outturn - Summary	Revised capital programme	Outturn at 31 March 2025
	£000	£000
HRA Housing	28,291	14,324
General Fund Housing	3,910	2,043
Housing Investment Companies	500	-
Regeneration	23,642	11,700
Service Delivery	8,935	655
Parks and Pavilions	1,043	236
Indoor Leisure Facilities	1,489	1,170
Coastal Defence Works	410	95
Asset Management	2,799	1,120
Local Energy Schemes	3,895	-
Community Infrastructure Levy	900	1,223
Open Spaces/Biodiversity	1,628	615
Information Technology	334	347
Stabilisation & Growth	268	41
TOTAL CAPITAL PROGRAMME	78,044	33,570
FUNDING		
HRA		
Borrowing	1,695	-
Capital Receipts	1,815	4,815
Major Repairs Reserve	8,091	4,112
Capital Grants & Contributions	16,189	3,284
Revenue Contributions	500	1,693
General Fund		
Borrowing	22,977	7,212
Capital Receipts	226	183
Reserves	511	379
Capital Grants & Contributions	26,029	11,893
Capital Expenditure Financed from Revenue (General Fund)	11	-
TOTAL FUNDING	78,044	33,570

A. NARRATIVE REPORT

A.6 USAGE OF FINANCIAL RESOURCES (cont.)

A.6.7 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 decreased from £3.12m to an asset of £70.13m (£73.25m at 31 March 2024). However, under International Financial Reporting Standards, the amount of a net defined benefit asset that can be recognised is limited to the lower of the value of the asset and an "asset ceiling".

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

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

Therefore, the asset ceiling has been calculated by the Pension Scheme actuaries to be £0.297m. This caps the asset that can be recognised by the Council also to £0.297m. The Defined Benefit Obligations have decreased from £63.29m at 31 March 2024 to £55.92m at 31 March 2025. It is important to note that this accounting change does not trigger an immediate change in contribution rates, as these are assessed with a longer-term view of liabilities and of investment performance.

A.6.8 TREASURY MANAGEMENT

The Council's external loan debt at 31 March 2025, comprising long and short-term borrowing, stood at £56.9m excluding accrued interest payable. This is made up of £41.7m repayable in more than one year and £15.2m repayable in less than one year. This is a net increase of £4.6m over the previous year.

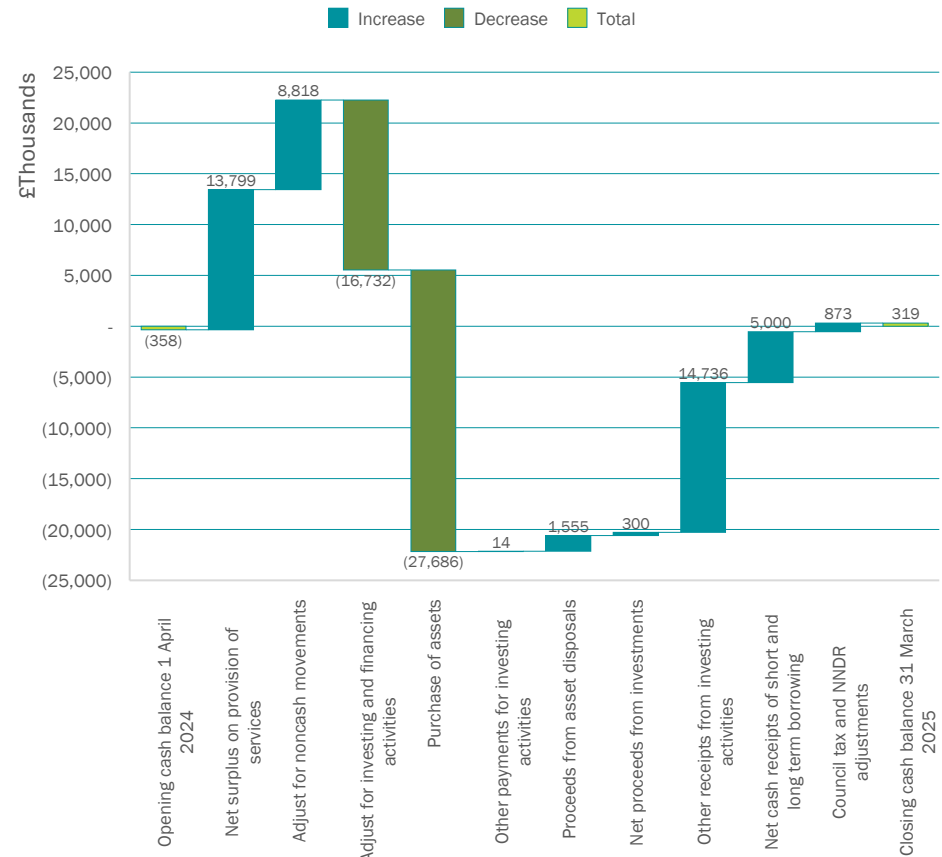
Short-term investments of £4.59m held at 31 March 2025 (£4.51m in prior year). The Council held cash balances as at 31 March 2025 of £0.319m, compared to £(0.358)m as at 31 March 2024.

A.6.9 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 11.87 full time equivalent (10.43 in 2023/24).

A.6.10 CASHFLOWS

The Council's cash flows for 2024/25



A. NARRATIVE REPORT

A.7 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:

- **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.
- **Movement in Reserves Statement** – this statement shows the movements in the year of the different reserves held by the Council. It also provides the interaction of the economic costs and legislation and their impact on changes in the Council's reserves, showing the true cost of the provision of Council services funded by council taxpayers.
- **Balance Sheet** - this statement sets out the overall financial position of the Council as at 31 March 2025. It shows the balances and reserves at the Council's disposal, its long-term indebtedness and incorporates the values of all assets and liabilities.
- **Cash Flow Statement** – this statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes for the financial year. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
- **Notes to the accounting statements** - required to provide more detail, in line with accounting and statutory requirements. The statement of accounting policies, which describe the underlying accounting policies and concepts used in producing the figures in the accounts, are included here.

The Supplementary Single Entry Financial Statements:

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

A.8 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 Director of Finance and Performance, Lewes District Council, 6 High Street, Lewes, BN7 2AD.



Homira Javadi CPFA, FCCA, ACCA

Director of Finance and Performance (S151 Officer)

A.9 ADOPTION OF THE ACCOUNTS

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

The Statement of Accounts for 2024/25 has been approved at the meeting of the Audit and Governance Committee on 16 February 2026.

Signed



Councillor Stephen Gauntlett

Chair, Audit and Governance Committee

Date 25 February 2026

B. STATEMENT OF RESPONSIBILITIES

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 Director of Finance and Performance (S151 Officer);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

THE DIRECTOR OF FINANCE AND PERFORMANCE'S RESPONSIBILITIES

The Director of Finance and Performance 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 Director of Finance and Performance 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 Director of Finance and Performance 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 DIRECTOR OF FINANCE AND PERFORMANCE

I certify that the Statement of Accounts presents the true and fair financial position of the Council as at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.



Homira Javadi CPFA, FCCA, ACCA

Director of Finance and Performance (S151 Officer)

Date 25 February 2026

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 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves, 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 2024-25.

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 2025 by 27 February 2026 (the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. 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 2025 as a whole are free from material misstatement. We were unable to obtain sufficient appropriate audit evidence over the corresponding figures or whether there was any consequential effect on the Authority's Comprehensive Income and Expenditure Statement for the year ended 31 March 2025 for the same reason.

We have concluded that the possible effect of these matters on the financial statements 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 of the Regulations to publish the financial statements for the year ended 31 March 2025 by the backstop date.

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 2024-25, 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 Director of Finance and Performance (S151 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.

C. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEWES DISTRICT COUNCIL

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, 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 Director of Finance and Performance (S151 Officer). The Director of Finance and Performance (S151 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 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the Director of Finance and Performance (S151 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 Director of Finance and Performance (S151 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.

C. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEWES DISTRICT COUNCIL

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 2025.

We have nothing to report in respect of the above matter except on 25 February 2025 we identified significant weaknesses:

- in the Authority's arrangements for governance, relating to risk management. Risk management was not fully embedded across the Authority. Our 2024/25 assessment noted progress, but the improved arrangements were not in place throughout the financial year. We recommended the Authority should ensure its improvements are fully embedded during 2025/26, particularly to demonstrate consistent reporting of the significant risk register throughout the year and consistent maintenance and review of the departmental risk registers to demonstrate the Council has a fully established and consistent approach.
- in the Authority's arrangements for governance, related to the failure to implement Internal Audit recommendations. Our 2024/25 assessment reported a continuing weakness. We recommended the Authority should: establish a formal escalation mechanism through the Audit and Governance Committee to hold management accountable for overdue actions, particularly high-risk items; and require departments to provide written explanations and revised timelines for any recommendations not implemented by the agreed target date.
- in the Authority's arrangements for governance in respect of financial reporting. Our 2024/25 assessment reported a continuing weakness. The 2024/25 accounts were produced three months after the statutory deadline and were not supported by a full suite of working papers. We recommended the Authority should: review the working papers for the financial statements as well as the year balance reconciliation processes to make sure they are fit for purpose to facilitate an efficient audit and reassess if the capacity of the Finance Team is sufficient to service both councils' audits simultaneously to meet a deadline of 30 November in future years.
- in the Authority's arrangements for governance, in respect of its commercial companies. Our 2024/25 assessment reported some progress to address the weakness with more to do to improve council oversight. We recommended the Authority should complete its governance arrangements for Aspiration Homes by finalising and adopting the new business plan by March 2026; establishing a formal shareholder oversight mechanism; embedding the conflicts of interest policy into operational practice; and formalising scrutiny arrangements for council owned companies.
- in the Authority's arrangements for improving economy, efficiency and effectiveness in respect of contract management. Our 2024/25 assessment determined that a new procurement strategy and contract procedure rules are in place, but improvements identified by external reviews have not yet been completed and embedded. We recommended the Authority should urgently implement the further actions identified in its Procurement Strategy approved in July 2025 and the findings of internal audit's review of Procurement Waivers, ensuring a complete and accurate record of all waivers is reported to either the Cabinet or Audit and Governance Committee. Following the tender process for the next grounds maintenance contract, we recommended internal audit assess if its 2024 recommendations have been implemented.
- On 16 February 2026 we identified a significant weakness in arrangements for the quality of decision making on major planning applications. Central government issued a designation notice for Lewes District Council under Section 62A of the Town and Country Planning Act 1990 meaning applicants for major developments in Lewes can choose to submit their applications directly to the Secretary of State via the Planning Inspectorate instead of the Council. We recommended the Authority ensures an Improvement Plan for the major application service is in place, agreed and submitted to government as soon as possible and that a planned timeframe is put in place for the Council to have the Designation Notice removed.

C. INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEWES DISTRICT COUNCIL

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 the Authority's 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 have undertaken 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 have documented 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 have considered 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 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

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
25 February 2026

D. CORE FINANCIAL STATEMENT

D.1 COMPREHENSIVE INCOME & EXPENDITURE

2023/24			2024/25				
Gross Expenditure	Gross Income	Net Expenditure/(Income)	Note	Gross Expenditure	Gross Income	Net Expenditure/(Income)	
£000	£000	£000		£000	£000	£000	
9,946	(2,412)	7,534	Corporate Services	9,982	(1,956)	8,026	
41,155	(30,443)	10,712	Service Delivery	41,108	(28,464)	12,644	
8,671	(3,275)	5,396	Regeneration and Planning	9,497	(3,736)	5,761	
586	(176)	410	Tourism and Enterprise	456	(125)	331	
17,353	(19,121)	(1,768)	Housing Revenue Account	15,775	(20,866)	(5,091)	
77,711	(55,427)	22,284	Cost of Services	76,818	(55,147)	21,671	
4,864	-	4,864	Town and Parish Council Precepts	5,264	-	5,264	
385	-	385	Grants to Parish and Town Councils	1,225	-	1,225	
5,656	(854)	4,802	(Gain) / Loss on sale and de-recognition of non-current assets	7,162	(1,525)	5,637	
10,905	(854)	10,051	Other Operating Expenditure	13,651	(1,525)	12,126	
4,111	-	4,111	Interest payable & similar charges	22	4,084	-	4,084
-	(468)	(468)	Net Interest on the Net Defined Benefit Liability	29	20	-	20
-	(3,303)	(3,303)	Interest & other investment income	22	-	(2,869)	(2,869)
292	(1,621)	(1,329)	Investment Properties	3,075	(512)	2,563	
140	(464)	(324)	Trading Accounts	228	(251)	(23)	
4,543	(5,856)	(1,313)	Financing and Investment Income and Expenditure	7,407	(3,632)	3,775	
-	(15,229)	(15,229)	Non ring-fenced grants and contributions	15	-	(34,552)	(34,552)
-	(13,523)	(13,523)	Council Tax income	-	(14,125)	(14,125)	
8,954	(10,873)	(1,919)	Non Domestic Rates Income and Expenditure	10,097	(12,791)	(2,694)	
8,954	(39,625)	(30,671)	Taxation and Non-specific Grant Income and Expenditure	10,097	(61,468)	(51,371)	
102,113	(101,762)	351	Deficit / (Surplus) on the Provision of Services	107,973	(121,772)	(13,799)	
		12,693	Deficit on revaluation of Property, Plant and Equipment Assets	28		43,404	
		728	Re-measurement of the net defined benefit liability	29		(828)	
		13,421	Other Comprehensive Expenditure			42,576	
		13,772	Total Comprehensive Expenditure			28,777	

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

D. CORE FINANCIAL STATEMENT

D.2 MOVEMENT IN RESERVES

	2023/24	General Fund	HRA Balance	Earmarked Reserves (Note 16)	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants & Contributions Unapplied	Total Usable Reserves	Unusable Reserves (Note 28) *	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as 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 during 2023/24										
Total Comprehensive Expenditure and Income		(3,847)	4,198	-	-	-	-	351	13,421	13,772
Adjustments between accounting basis & funding basis under regulations (Note 8)		3,993	(3,927)	-	(518)	5,408	(955)	4,001	(4,004)	(3)
Transfers (to)/from Earmarked Reserves (Note 15)		(74)	27	46	-	-	-	(1)	-	(1)
(Increase) / Decrease in Year		72	298	46	(518)	5,408	(955)	4,351	9,417	13,768
Balance as at 31 March 2024		(3,573)	(3,363)	(9,306)	(10,722)	(15,766)	(15,718)	(58,448)	(336,522)	(394,970)
	2024/25	General Fund	HRA Balance	Earmarked Reserves (Note 16)	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants & Contributions Unapplied	Total Usable Reserves	Unusable Reserves (Note 28) *	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2024		(3,573)	(3,363)	(9,306)	(10,722)	(15,766)	(15,718)	(58,448)	(336,522)	(394,970)
Movement in Reserves during 2024/25										
Total Comprehensive Expenditure and Income		(16,572)	2,773	-	-	-	-	(13,799)	42,576	28,777
Adjustments between accounting basis & funding basis under regulations (Note 8)		19,329	(2,962)	-	(364)	3,357	(13,352)	6,008	(6,008)	-
Transfers (to)/from Earmarked Reserves (Note 15)		(1,222)	41	1,182	-	-	-	1	-	1
(Increase) / Decrease in Year		1,535	(148)	1,182	(364)	3,357	(13,352)	(7,790)	36,568	28,778
Balance as at 31 March 2025		(2,038)	(3,511)	(8,124)	(11,086)	(12,409)	(29,070)	(66,238)	(299,954)	(366,192)

This statement shows the movements in the year on the different reserves held by the Council, analysed into "usable reserves" (those that can be used immediately to fund expenditure or to reduce local taxation) and other reserves. The purpose and more details are given for earmarked and unusable reserves in Notes 16 and 28 respectively. Total Comprehensive Expenditure and Income shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

D. CORE FINANCIAL STATEMENT

D.3 BALANCE SHEET

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



Homira Javadi CPFA, FCCA, ACCA

Director of Finance and Performance (S151 Officer)

Date 25 February 2026

31 March 2024	Note	31 March 2025
£000		£000 £000
414,427	18	382,439
11,165	19	12,286
15,415	20	13,973
369	21	71
4,312	24	4,156
445,688		412,925
4,510	22	4,210
57		271
18,196	24	24,957
-	30	319
22,763		29,757
(358)	30	-
(10,255)	22	(15,231)
(14,131)	25	(15,328)
(986)	26	(356)
(25,730)		(30,915)
(3,586)	15	(3,087)
(41,673)	22	(41,673)
(1,982)		(1,114)
(512)	29	297
(47,753)		(45,577)
394,968		366,190
(58,446)	27	(66,236)
(336,522)	28	(299,954)
(394,968)		(366,190)

* Balance restated per Note 1.2

D. CORE FINANCIAL STATEMENT

D.4 CASHFLOW STATEMENT

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.

2023/24	Note	2024/25
£000		£000
(351) Net surplus on the provision of services		13,799
11,977 Adjustment to Net Surplus or Deficit on the provision of services for non-cash movements	31	8,818
(10,083) Adjustment for items included in the Net Surplus or Deficit on the provision of services that are investing and financing activities		(16,732)
1,543 NET CASH INFLOWS FROM OPERATING ACTIVITIES		5,885
2,704 Investing Activities	31	(11,081)
(3,517) Financing Activities	31	5,873
730 NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		677
(1,089) Cash and cash equivalents at the beginning of the reporting period	31	(358)
(359) CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIODS		319

E. NOTES TO THE ACCOUNTS

1. ACCOUNTING CONVENTIONS

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

The Council adopted IFRS 16 from 1 April 2024, to recognise all right of use assets. IFRS 16 will mean that leases where the Council acts as lessee will come onto the balance sheet and lessor accounting is unchanged. Right-of-use assets and lease liabilities are calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

1.2. PRIOR PERIOD ADJUSTMENTS

The prior period has been adjusted for the Housing Benefit Overpayment debtor where the data was not available at the time the Statement of Accounts were produced due to the implementation of the new Revenue and Benefits IT system. See Note 32.1 for a reconciliation of the adjustment.

S106 balances held on behalf of other bodies have been reclassified within Long-term liabilities as Other Long-term liabilities whereas previously were held in capital grants received-in-advance. See Note 25 for a reconciliation of the adjustment.

The total number of exit packages has been restated to correct the 2023/24 disclosures.

Property, plant & equipment and heritage assets have been restated to include adjustments arising from prior period audits. See Note 32.2 and Note 32.3 for a reconciliation of the adjustments.

Investment property and intangible assets have been restated for adjustments arising from prior period audits. See Note 20 and 21 for a reconciliation of the adjustments,

2. ACCOUNTING POLICIES

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Council Accounting in the United Kingdom 2024/25, 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.
Leases	On initial recognition, leases will be measured at fair value. Subsequent measurement, at current value, will follow the appropriate class of property, plant and equipment. Intangible assets are measured at fair value where relevant.
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 the 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 as 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 carrying value, amortised cost and fair value as appropriate.
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.

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.1 ACCRUALS OF EXPENDITURE AND INCOME

We account for activity in the year that transactions 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 and 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 for the final week of the financial year as it is deemed not material.
- Housing Benefit Payments are made on a weekly basis. No adjustment is made to the accounts at year end to record payments to 31 March unless the adjustment is material.

2.2 ACCOUNTING FOR COUNCIL TAX

While the council tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund or paid out to the major preceptors. The amount credited to the General Fund under statute is the Council's demand for the year plus or minus the Council's share of the surplus or deficit on the Collection Fund for the previous year.

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

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

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

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

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

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

2.4. CASH AND CASH EQUIVALENTS

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

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.5. 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 5.75 per cent (based on the indicative rate of return on the iBoxx Sterling Corporates Index, AA over 20 years) Previously the discount rate used was 4.85 per cent.
- We include the assets of the East Sussex County Council Pension Fund attributable to this Council in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.
- The change in the net pensions liability is analysed into the following components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - past services cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement;
 - net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Re-measurement comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

- Contributions paid to the East Sussex County Council's Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

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

DISCRETIONARY BENEFITS

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

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.6. FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

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

- **Modification** - Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.
- **Substantially Different** - Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.
- **Early repayment of loans** - The accounting treatment for premiums and discounts arising on the early repayment of loans is largely dictated by the general principle that financial instruments are derecognised when the contracts that establish them come to an end. The amounts payable or receivable are cleared to the Comprehensive Income and Expenditure Statement upon extinguishment. In line with regulations and statutory guidance, the impact of premiums is spread over future financial years. These provisions are effected in the Movement in Reserves Statement on the General Fund Balance, after debits and credits have been made to the Comprehensive Income and Expenditure Statement. The adjustments made in the Movement in Reserves Statement are managed via the Financial Instruments Adjustment Account.

FINANCIAL ASSETS

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

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

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

FINANCIAL ASSETS MEASURED AT AMORTISED COST

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

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

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

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.6. FINANCIAL INSTRUMENTS (cont.)

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.

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.7. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

2.8. GOVERNMENT GRANTS AND OTHER CONTRIBUTIONS

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

2.9. PROPERTY PLANT AND EQUIPMENT

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

RECOGNITION

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

VALUATION

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

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

IMPAIRMENT

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

- Where there is a balance of revaluations 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.

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

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.9. PROPERTY PLANT AND EQUIPMENT (cont.)

DISPOSALS AND NON-CURRENT ASSETS HELD FOR SALE

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

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

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

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

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

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

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

DEPRECIATION

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

Depreciation is calculated on the following basis:

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

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

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

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

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

COMPONENTISATION

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Council Dwellings are componentised by reference to the 30-year business plan which identifies the key components to be replaced at regular intervals over the life of the asset, costs of all capital works and their projected timing. The major components are identified and depreciated over their useful economic life and any residual is treated as an extended life asset which is depreciated over 60 years.

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.10. INFRASTRUCTURE ASSETS

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

RECOGNITION

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

DEPRECIATION

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

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

DISPOSALS AND DERECOGNITION

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

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

REGULATIONS

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

2.11. INVESTMENT PROPERTY

Investment properties are those assets that are held solely to earn rentals or for capital appreciation, or both. Properties that are used to facilitate the delivery of a service or to support Council policy objectives fall under the category of property, plant and equipment (see Note 2.9) and not investment property.

Investment properties are initially measured at cost and subsequently at fair value being the price that would be received to sell such an asset in orderly transactions between market participants at the measurement date. As a non-financial asset, Investment Properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Cost of Services within the Comprehensive Income and Expenditure Statement. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.12. INTANGIBLE ASSETS

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

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

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

2.13. LEASES

The Council adopted IFRS 16 from 1 April 2024, to recognise all right of use assets. IFRS 16 means that leases where the Council acts as lessee will come onto the balance sheet and lessor accounting is principally unchanged. Right-of-use assets and lease liabilities are calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

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 1 year, or for assets valued at less than £10,000 are exempt from the new arrangements. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

PEPPERCORN LEASES

Leases for nil or nominal consideration are those that do not include the provision of consideration but that in all other respects meet the definition of a 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 leases.

Where the Council uses or occupies an asset held under a lease, the asset is recognised as such in the appropriate line in the balance sheet, subject to the de minimis limit noted 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. The lease liability is initially measured at the present value of the unpaid lease payment at the lease commencement date, discounted using the interest rate implicit in the lease, or if this rate cannot be readily determined, by the Council's incremental borrowing rate.

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.

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.14. REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE

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

2.15. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

2.16. VALUE ADDED TAX

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

2.17. INTERESTS IN COMPANIES AND OTHER ENTITIES

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

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 providing housing. The Council's share of the investment in AH calculated in proportion to the value of loans made to the partnership. At 31 March 2025, the Council's loans to AH was £3m compared to Eastbourne Borough Council's loans of £14m, which represents a 22 per cent share of the initial investment plus the post-

acquisition profit or loss.

2.18. ROUNDING

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

E. NOTES TO THE ACCOUNTS

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom ("the Code") requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2024/25 Code.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2025/26:

a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

b) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- In 2024/25, the Council's share of the pension scheme has become a net benefit asset. IAS19 requires that the amount of a net defined benefit asset to be recognised is the lower of the accounting surplus and the "asset ceiling". The asset ceiling is the present value of any economic benefits available in the form of refunds or reductions in future contributions. The Council has adopted the position that it is not automatically entitled to refunds from the scheme and that it will continue to contribute to the pension scheme indefinitely thus any economic benefits from reductions to future contributions reduces to nil. As a result, the asset ceiling has been calculated by the Pension Scheme actuaries to be £0.297m. This caps the asset that can be recognised by the Council also to £0.297m.
- Group accounts are not prepared for Aspiration Homes as the share of post acquisition gains and losses is not material for the Council. The post gains for 2024/25 was £0.26m.

E. NOTES TO THE ACCOUNTS

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

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

estimates.

The items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequence if results are different to assumptions
VALUATION OF PROPERTY, PLANT AND EQUIPMENT	Land and buildings are revalued every five years, but a revaluation review is carried out annually which provides an indexation to be applied to some assets. Indexation is applied to a class of assets but does not consider any individual assets and therefore the net book value at year end for some assets may change when a new professional valuation is carried out.	<p>The carrying value of PPE at 31 March 2025 was £382.44m.</p> <p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10 per cent, this would result in a charge to the Comprehensive Income and Expenditure Statement (CIES) of approximately £35m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>
FAIR VALUE MEASUREMENTS	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. 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>The yield model is used to measure the fair value of investment properties and a discounted cash flow model for other 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 2025 is £13.97m. A 10% decrease would reduce the value by £1.4m.</p>
PENSIONS VALUATION	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The present value of the pension liability at 31 March 2025 was £55.9m. The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1 per cent increase in the real discount rate assumption would result in a decrease in the pension obligation of £0.6m, a 1 year increase in member life expectancy would increase the pension obligation by £2.8m, a 0.1 per cent increase in the Long Term Salary Increase Rate would increase the pension liability by £0m and a 0.1 per cent increase in the Pension Increase Rate would increase the pension obligation by £0.6m. See Note 29.7.</p> <p>The Virgin Media vs NTL Pension Trustees II Limited case has the potential to impact benefits due under defined benefit pension schemes. Virgin Media's appeal was dismissed in July 2024. The Government announced in June 2025 that they would be introducing legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. At present, the impact on the pension scheme and the Council's liabilities is not known and will be assessed as more information becomes available</p>

E. NOTES TO THE ACCOUNTS

6. MATERIAL ITEMS OF INCOME & EXPENDITURE

- The effect of the transition to IFRS 16 at 1 April 2024 was no change to the Net Book Value of assets held under leases as the impact is not material.

7. EVENTS AFTER THE REPORTING PERIOD

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

There have been no events after the reporting period that require adjustment in these statement of accounts.

E. NOTES TO THE ACCOUNTS

8. EXPENDITURE AND FUNDING ANALYSIS

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

2023/24					2024/25					
As reported for Resource Management	Adjustments to arrive at the Net Amount chargeable to the General Fund and HRA	Net Expenditure Chargeable to the General Fund and HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES		As reported for Resource Management	Adjustments to arrive at the Net Amount chargeable to the General Fund and HRA	Net Expenditure Chargeable to the General Fund and HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
6,494	150	6,644	890	7,534	Corporate Services	7,138	415	7,553	473	8,026
7,407	279	7,686	3,026	10,712	Service Delivery	12,630	(4,671)	7,959	4,685	12,644
1,909	606	2,515	2,881	5,396	Regeneration and Planning	1,632	1,738	3,370	2,391	5,761
405	-	405	5	410	Tourism and Enterprise	377	(50)	327	4	331
(1,506)	(5,850)	(7,356)	5,588	(1,768)	Housing Revenue Account	(4,719)	(6,682)	(11,401)	6,310	(5,091)
14,709	(4,815)	9,894	12,390	22,284	Net Cost of Services	17,058	(9,250)	7,808	13,863	21,671
1,682	10,280	11,963	(3,224)	8,738	Other Income and Expenditure	(997)	16,960	15,963	(62)	15,901
(15,254)	(6,181)	(21,435)	(9,235)	(30,671)	Financing	(15,180)	(6,023)	(21,203)	(30,168)	(51,371)
(13,572)	4,099	(9,472)	(12,459)	(21,933)	Total	(16,177)	10,937	(5,240)	(30,230)	(35,470)
1,137	(716)	422	(69)	351	Deficit/(Surplus) on the Provision of Services	881	1,687	2,568	(16,367)	(13,799)

Opening General Fund and HRA Balances at 1 April	(16,658)
Deficit on General Fund and HRA for year	420
Transfer from reserves	-
Closing General Fund and HRA Balances at 31 March	(16,238)

Opening General Fund and HRA Balances at 1 April	(16,238)
Deficit on General Fund and HRA for year	2,568
Transfer from reserves	-
Closing General Fund and HRA Balances at 31 March	(13,670)

Note:

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

E. NOTES TO THE ACCOUNTS

8. EXPENDITURE AND FUNDING ANALYSIS (cont.)

8.3 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

2023/24	2024/25
£000	£000
Expenditure	
21,551 Employees benefits expenses	22,821
43,673 Other service expenses*	43,648
13,039 Depreciation, amortisation, impairment losses and reversals	15,664
4,111 Interest payments	4,085
4,864 Precepts and levies	5,264
8,812 Business Rates Tariff	9,329
- Payments to the Housing Capital Receipts Pool	-
5,657 Loss on the disposal of assets	7,161
101,707 Total expenditure	107,972
Income	
(28,459) Fees, charges and other service income	(30,205)
(3,303) Interest and investment income	(2,870)
(24,396) Income from Council Tax and Non-Domestic Rates	(26,916)
(43,245) Government Grants and Contributions*	(60,256)
(1,098) Gains on the revaluation of Investment Property	-
(854) Gain on the disposal of assets	(1,525)
(101,355) Total income	(121,772)
352 (Surplus) or Deficit on the Provision of Services	(13,800)

* Balance restated per Note 1.2 for inclusion of Housing Benefit Overpayments

8.4 SEGMENTAL INCOME

Fees, charges and other service income received is analysed below:

2023/24	2024/25
£000	£000
(629) Corporate Services	(448)
(5,016) Service Delivery	(5,486)
(2,499) Regeneration and Planning	(2,535)
(174) Tourism and Enterprise	(125)
(19,093) Housing Revenue Account	(20,848)
(1,048) Trading Accounts and Investment Properties	(763)
(28,459) Total Fees, Charges & Other Service Income	(30,205)

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The total above includes from income from contracts with customers, accounted for in accordance with IFRS 15 and income outside the scope of IFRS 15 such as £19,212k of Housing Rents (£16,840k in 2023/24), car parking charges of £754k charge (£560k in 2023/24), planning charges of £1,222k (£1,196k in 2023/24) and waste collection of £1,763k (£1,531k in 2023/24).

E. NOTES TO THE ACCOUNTS

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2024/25	General Fund	HRA Balance	Major Repairs Reserve	Capital Receipts	Capital Grants & Contributions Unapplied
	£000	£000	£000	£000	£000
ADJUSTMENT TO THE REVENUE RESOURCES					
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</i>					
• Pensions costs (transferred to/from the Pensions Reserve)	(19)	-	-	-	-
• Council tax and NDR (transferred to/from Collection Fund Adjustment Account)	1,609	-	-	-	-
• Holiday Pay (transferred to/from the Accumulated Absences Reserve)	-	-	-	-	-
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account):					
Charges for depreciation	(2,381)	(4,476)	-	-	-
Revaluation Losses	(472)	553	-	-	-
Movements in the fair value of investment properties	(2,610)	-	-	-	-
Amortisation of intangible assets	(309)	-	-	-	-
Revenue expenditure funded from capital under statute	(5,915)	-	-	-	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(298)	(6,863)	-	-	-
Expected Credit Loss	-	-	-	-	-
Capital Grants and Contributions Received	23,833	154	-	-	(23,987)
TOTAL ADJUSTMENTS TO REVENUE RESOURCES	13,438	(10,632)	-	-	(23,987)
ADJUSTMENTS BETWEEN REVENUE AND CAPITAL RESOURCES					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	24	1,616	-	(1,641)	-
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	-	4,476	(4,476)	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	947	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	348	1,693	-	-	-
TOTAL ADJUSTMENTS BETWEEN REVENUE AND CAPITAL RESOURCES	1,319	7,785	(4,476)	(1,641)	-
ADJUSTMENTS TO CAPITAL RESOURCES					
Use of Capital Receipts Reserve to finance capital expenditure	-	-	-	4,998	-
Use of Major Repairs Reserve to finance capital expenditure	-	-	4,112	-	-
Use of Grants and Contribution to finance capital expenditure	4,572	-	-	-	10,635
Cash payments in relation to deferred capital receipts	-	(115)	-	-	-
TOTAL ADJUSTMENTS TO CAPITAL RESOURCES	4,572	(115)	4,112	4,998	10,635
TOTAL ADJUSTMENTS FOR 2024/25	19,329	(2,962)	(364)	3,357	(13,352)

E. NOTES TO THE ACCOUNTS

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS (cont.)

2023/24	General Fund	HRA Balance	Major Repairs Reserve	Capital Receipts	Capital Grants & Contributions Unapplied
	£000	£000	£000	£000	£000
ADJUSTMENT TO THE REVENUE RESOURCES					
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</i>					
• Pensions costs (transferred to/from the Pensions Reserve)	771	-	-	-	-
• Council tax and NDR (transferred to/from Collection Fund Adjustment Account)	6	-	-	-	-
• Holiday Pay (transferred to/from the Accumulated Absences Reserve)	-	-	-	-	-
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account):					
Charges for depreciation	(1,660)	(5,178)	-	-	-
Revaluation Losses	(56)	(261)	-	-	-
Movements in the fair value of investment properties	991	-	-	-	-
Amortisation of intangible assets	(406)	-	-	-	-
Revenue expenditure funded from capital under statute	(5,371)	-	-	-	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(309)	(5,349)	-	-	-
Expected Credit Loss	-	-	-	-	-
Capital Grants and Contributions Received	7,615	620	-	-	(8,235)
TOTAL ADJUSTMENTS TO REVENUE RESOURCES	1,581	(10,168)	-	-	(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	-	5,178	(5,179)	-	-
Statutory provision for the repayment of debt (transfer to 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	6,269	(5,179)	(882)	-
ADJUSTMENTS TO CAPITAL RESOURCES					
Use of Capital Receipts Reserve to finance capital expenditure	-	-	-	6,290	-
Use of Major Repairs Reserve to finance capital expenditure	-	-	4,661	-	-
Use of Grants and Contribution 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 FOR 2023/24	3,993	(3,927)	(518)	5,408	(955)

E. NOTES TO THE ACCOUNTS

10. AUDIT FEES

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

2023/24		2024/25
£000		£000
136	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	154
136	Total	154

Note:

The 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.

11. MEMBERS ALLOWANCES

Allowances paid to the Councillors during the year amounted to:

2023/24		2024/25
£000		£000
263	Members Allowances	328
2	Expenses	2
265	Total	330

E. NOTES TO THE ACCOUNTS

12. OFFICERS REMUNERATION

12.1. SENIOR MANAGEMENT REMUNERATION

2023/24						2024/25					
Salary, Fees and Allowances	Expenses	Election Expenses	Compensation for loss of Office	Pension Contribution	Total	Salary, Fees and Allowances	Expenses	Election Expenses	Compensation for loss of Office	Pension Contribution	Total
£	£			£	£	£	£			£	£
2,660		7,586	-	28,847	193,416	160,564	350	7,125	-	30,010	198,049
2,130		15,748	-	25,932	180,728	140,341	17,154	8,092	-	26,571	192,158
-		450	-	19,198	122,588	107,840	9,097	-	-	20,112	137,049
3,307		540	53,739	13,795	145,344	-	-	-	-	-	-
-		540	-	18,775	119,987	105,514	8,522	993	118,450	19,678	253,157

* Director of Service Delivery left the Council on 8 December 2023

** Director of Tourism, Culture and Organisational Development left the Council on 31 March 2025

Senior management remuneration is shown gross of recharges between EBC and the Council

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

	The Council's Share
Chief Executive	50%
Deputy Chief Executive	40%
Director of Finance and Performance	40%
Director of Service Delivery*	50%
Director of Tourism, Culture & Organisational Development**	45%

E. NOTES TO THE ACCOUNTS

12. OFFICERS REMUNERATION (cont.)

12.2. REMUNERATION BANDS

The Council's other employees (excluding those in the Corporate Management table above) who received more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band	2024/25 Number of Employees	2023/24 Number of Employees*
£50,000 - £54,999	30	20
£55,000 - £59,999	16	20
£60,000 - £64,999	10	14
£65,000 - £69,999	9	8
£70,000 - £74,999	8	8
£75,000 - £79,999	6	2
£80,000 - £84,999	1	1
£85,000 - £89,999	3	-
£90,000 - £94,999	-	2
£95,000 - £99,999	-	-
£100,000 - £104,999	2	-
£105,000 - £109,999	-	1
£110,000 - £114,999	-	-
£115,000 - £119,999	1	-
£120,000 - £124,999	-	1
£125,000 - £129,999	1	-
Total	87	77

Note: Remuneration for leavers includes exit and redundancy payments in addition to salary and wages.

* Prior period restated, see note 1.2

12.3. EXIT PACKAGES

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	Number of Employees		Number of Employees		Number of Employees		£	£
£0 - £20,000	8	-	11	16	19	16	128,858	118,696
£20,001 - £40,000	1	-	4	6	5	6	157,715	176,225
£40,001 - £60,000	1	-	3	1	4	1	197,795	53,739
£60,001 - £80,000	-	-	1	1	1	1	70,831	63,794
£100,001 - £120,000	-	-	1	-	1	-	118,450	-
Total cost included in bandings	10	-	20	24	30	24	673,650	412,454

Notes:

* 2023/24 exit package totals have been restated to reflect full number in prior year.

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

In 2024/25 Lewes District Council were recharged £245,905 (£78,453 in 2023/24) for their share of exit packages and Eastbourne Homes Ltd were recharged £3,056 (£2,256 in 2023/24).

E. NOTES TO THE ACCOUNTS

13. RELATED PARTIES

DEFINITION

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

CENTRAL GOVERNMENT

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

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 2024/25 this amount was £317,503 (£323,413 in 2023/24).

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 was 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 2024/25 and no amounts were owing to, or owed by, LHIC at the end of the year. Dormant accounts were filed by the company in December 2024 for the year ending 31 March 2024.

ASPIRATION HOMES LLP

Aspiration Homes LLP is a limited liability partnership owned equally by the Council and EBC. 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 2025 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 2025.

Group accounts have not been prepared for 2024/25. 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 2024/25 the Council paid Wave fees of £104,204 (£104,204 in 2023/24). 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 £48,722 in 2024/25 (£40,205 in 2023/24). This lease is currently and previously accounted for as a leasehold and is included on the balance sheet.

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 2024/25 is shown in Note 11. 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. NOTES TO THE ACCOUNTS

14. LEASING

COUNCIL ACTING AS LESSOR

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

2023/24	2024/25
Minimum Lease Income	Minimum Lease Income
£000	£000
1,507 Within one year	1,367
3,803 Between two and five years	4,541
22,895 Later than five years	27,876
28,205	33,784

The lease income relates to various land and buildings owned by the Council and leased out on varying terms and conditions. The total rental income recognised in the Comprehensive Income and Expenditure Statement for 2024/25 was £2,068k (£2,186k in 2023/24). The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

E. NOTES TO THE ACCOUNTS

15 GRANTS AND CONTRIBUTIONS RECEIVABLE

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

2023/24	2024/25
£000	£000
Grants and contributions within Cost of Services	
(23,174) DWP Benefit grants	(21,359)
(4,841) Other grants and contributions	(4,346)
(28,015) Total within Cost of Services	(25,705)
Grants and contributions within Taxation and non-specific grant income	
(4,156) Section 31 Business Rates	(4,380)
(394) New Homes Bonus	(713)
(180) Localising Council Tax Support	-
(228) Housing Benefit Administration	(229)
(9,230) Grants and contributions towards capital expenditure	(28,559)
(1,041) Other grants and contributions	(670)
(15,229) Total within Taxation and non-specific grant income	(34,551)
(43,244) Total	(60,256)

E. NOTES TO THE ACCOUNTS

16. TRANSFER TO/FROM EARMARKED RESERVES

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

Earmarked Reserve	2023/24			2024/25			Balance as at 31 March 2025 £000
	Balance as at 31 March 2023	Transfers In	Transfers Out	Balance as at 31 March 2024	Transfers In	Transfers Out	
	£000	£000	£000	£000	£000	£000	
Asset Management	(875)	-	280	(595)	(17)	484	(128)
Economic Regeneration	(4,202)	(1,409)	441	(5,170)	(1,396)	1,371	(5,195)
Revenue Grants and Contributions	(562)	-	147	(415)	(545)	-	(960)
Strategic Change	(711)	-	491	(220)	-	134	(86)
Vehicle & Equipment Replacement	(273)	-	231	(42)	-	-	(42)
Business Rates Equalisation	(861)	-	-	(861)	-	467	(394)
Income Protection	(125)	-	-	(125)	-	125	-
Capital Financing Support	(500)	-	-	(500)	-	-	(500)
Community Grants	(105)	-	-	(105)	-	-	(105)
Flats	(86)	-	-	(86)	(35)	-	(121)
Cost of Living Pressures	(302)	(170)	384	(88)	-	36	(52)
Budget Carry Forwards	(750)	-	-	(750)	-	671	(79)
BEIS Reserve Fund	-	(192)	-	(192)	-	-	(192)
Strategic Regeneration Partnership – Clear Futures	-	(20)	-	(20)	(10)	-	(30)
Levelling Up Fund Reserve	-	(85)	-	(85)	-	12	(73)
S106 Employment Monitoring Reserve	-	(24)	-	(24)	(5)	-	(29)
HRA Revenue Grant	-	(28)	-	(28)	(6)	-	(34)
Sustainability	-	-	-	-	(104)	-	(104)
Total	(9,352)	(1,928)	1,974	(9,306)	(2,118)	3,300	(8,124)

E. NOTES TO THE ACCOUNTS

16. TRANSFER TO/FROM EARMARKED RESERVES (cont.)

The purpose of each reserve is set out below:

Reserve name	Purpose of reserve
Asset Management	The Asset Management reserve support investment in the Council's non-housing property through programmes of maintenance, repair and replacement.
Economic Regeneration	The Economic Regeneration reserve support growth of local business and enterprise including the Newhaven Enterprise Zone
Revenue Grants and Contributions	The Revenue Grants and Contributions contains amounts paid to the Council by the Government and third parties to support specific initiatives.
Strategic Change	The Strategic Change reserve supports the Council's programme of change.
Vehicle and Equipment Replacement	The Vehicle and Equipment Replacement reserve supports the replacement of vehicles and equipment.
Business Rates Equalisation	The Business Rates Equalisation reserve mitigates the risk of appeals.
Income Protection	The Income Protection reserve provide resilience against future income losses.
Capital Financing Support	The Capital Financing Support reserve mitigates against future fluctuations in financing costs.
Community Grants	The Community Grants reserve is to support grant funding to voluntary and community organisations.
Flats	The Flats reserve serves as the maintenance reserve for sold flats.
Cost of Living Pressure	The Cost of Living Pressures reserve manages fluctuations in the economy.
Budget Carry Forwards	There are a wide range of ongoing Services initiatives that were delayed or span more than one financial year or for which funds have been budgeted but not yet started. The budget carry-forward reserve will ensure that such initiatives can be completed.
BEIS Reserve Fund	To set aside unused revenue funds received from Business, Energy and Industrial Strategy (COVID-19 Grant Fraud Administration, Energy Bills Support Scheme Alternative Funding and other funding).
Strategic Regeneration Partnership- Clear Futures	To hold income received from Clear Futures, a strategic delivery collaboration between the Council, LDC, and AECOM and Robertson.
Levelling Up Fund Reserve	To hold revenue funding received from the Department to support the additional revenue costs incurred to support the delivery of the capital Levelling Up projects.
S106 Employment Monitoring Reserve	To hold contributions from developers to support local initiatives for construction employment and training.
HRA Revenue Grant	To hold and carry forward revenue grant income relating to the HRA and separate from other income streams.
Sustainability Reserve	To hold earmarked fund to be used for revenue costs relating to the Council's sustainability programme.

E. NOTES TO THE ACCOUNTS

17. SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

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

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

31 March 2024	31 March 2025
£000	£000
99,784 Opening Capital Financing Requirement	106,847
Capital Investment	
22,734 Property, Plant and Equipment	27,655
5,169 Revenue expenditure financed from capital under statute	5,915
14 Loans and Advances	(14)
(2) Loans and Advances repaid	(22)
27,915 Total Capital Investment	33,534
Sources of finance	
(6,290) Capital receipts	(4,998)
(8,274) Grants and contributions	(15,207)
(4,661) Major repairs reserve	(4,112)
(1,160) Revenue contribution to capital	(2,041)
(467) Revenue provision for repayment of debt	(947)
(20,852) Total Sources of finance	(27,305)
7,063 Movement in the Year	6,229
106,847 Closing Capital Financing Requirement	113,076
Explanation of movements in year	
7,063 Increase in underlying need to borrowing (unsupported by government financial assistance)	6,229
7,063 Increase in Capital Financing Requirement	6,229

E. NOTES TO THE ACCOUNTS

18. PROPERTY, PLANT AND EQUIPMENT

18.1 MOVEMENT IN YEAR 2024/25

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

	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 2024	321,553	59,357	21,919	1,203	1,858	16,923	3,302	426,115
Additions	6,906	912	1,134	123	272	12,025	-	21,372
Revaluations recognised in the Revaluation Reserve	(51,970)	5,602	-	-	-	-	(78)	(46,446)
Revaluations recognised in the Surplus or Deficit on Provision of Services	273	(108)	-	-	-	-	(33)	132
De-recognition & Disposals	(6,568)	(391)	(1,733)	-	-	(191)	-	(8,883)
Transfers	8,882	-	-	-	750	(10,557)	-	(925)
At 31 March 2025	279,076	65,372	21,320	1,326	2,880	18,200	3,191	391,365
Accumulated Depreciation and Impairment at 1 April 2024	(1,981)	(831)	(8,874)	-	-	-	-	(11,686)
Depreciation Charge for the year	(4,296)	(569)	(1,638)	(136)	-	-	-	(6,639)
Depreciation written out on revaluation	6,277	1,400	-	-	-	-	-	7,677
De-recognition & Disposals	-	-	1,721	-	-	-	-	1,721
At 31 March 2025	-	-	(8,791)	(136)	-	-	-	(8,927)
Net Book Value								
At 31 March 2025	279,076	65,372	12,529	1,190	2,880	18,200	3,191	382,438
At 31 March 2024	319,572	58,526	13,045	1,203	1,858	16,923	3,302	414,429

E. NOTES TO THE ACCOUNTS

18. PROPERTY, PLANT AND EQUIPMENT (cont.)

18.1 MOVEMENT IN YEAR (Cont.) 2023/24

Restated 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	4,294	245	75	9,009	-	21,456
Revaluations recognised in the Revaluation Reserve	(16,201)	(2,469)	-	-	-	-	528	(18,142)
Revaluations recognised in the Surplus or Deficit on Provision of Services	(282)	(222)	-	-	-	-	187	(317)
De-recognition & Disposals	(5,193)	-	(1,713)	-	-	(156)	(316)	(7,378)
Transfers	592	(621)	-	-	-	(1,966)	(74)	(2,069)
Restated At 31 March 2024*	321,553	59,357	21,919	1,330	1,858	16,923	3,302	426,242
Accumulated Depreciation and Impairment at 1 April 2023	(1,966)	(851)	(9,593)	-	-	-	-	(12,410)
Depreciation Charge for the year	(4,990)	(513)	(1,002)	(127)	-	-	-	(6,632)
Depreciation written out on revaluation	4,975	533	-	-	-	-	-	5,508
De-recognition & Disposals	-	-	1,721	-	-	-	-	1,721
Restated At 31 March 2024*	(1,981)	(831)	(8,874)	(127)	-	-	-	(11,813)
Net Book Value								
Restated At 31 March 2024*	319,572	58,526	13,045	1,203	1,858	16,923	3,302	414,429
At 31 March 2023	334,559	60,097	9,745	1,085	1,783	10,036	2,977	420,282

See Note 32.2 for reconciliation of restated figures.

E. NOTES TO THE ACCOUNTS

18. PROPERTY, PLANT AND EQUIPMENT (cont.)

18.2 INFRASTRUCTURE ASSETS

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

Net Book Value (modified historical cost)	2023/24	Adj.	Restated at 2023/24	2024/25
	£000	£000	£000	£000
Opening Balance	1,085	-	1,085	1,203
Additions	245	-	245	123
Disposals	-	-	-	-
Revaluations	-	-	-	-
Impairment	-	-	-	-
Depreciation	(55)	(72)	(127)	(136)
Transfers	-	-	-	-
Movement	190	(72)	118	(13)
Closing Balance	1,275	(72)	1,203	1,190

18.3 VALUATION OF PROPERTY

Three of the categories shown in the tables above (council dwellings, other land and buildings and surplus properties) are subject to periodic revaluation; all such assets are revalued at 5-year intervals with a market review carried out annually. These were last valued as at 31 March 2025 by the Wilkes, Head & Eve. The next full revaluation, for all three categories of assets, is due to be carried out as at 31 March 2030.

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

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at Historical Cost	-	-	8,888	1,190	2,880	18,200	-	31,158
Values at current or fair value in:								
31 March 2025	279,076	65,372	3,641	-	-	-	3,191	351,280
31 March 2021 – 31 March 2024	-	-	-	-	-	-	-	-
Total cost or valuation	279,076	65,372	12,529	1,190	2,880	18,200	3,191	382,438

E. NOTES TO THE ACCOUNTS

18. PROPERTY, PLANT AND EQUIPMENT (cont.)

18.4 DEPRECIATION

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

Category	Useful economic life
Council dwelling structures	53-56 years
Other land and buildings	15 to 60 years
Vehicles, Plant and Equipment	5 to 30 years
Infrastructure	40 years

18.5 CAPITAL COMMITMENTS

At 31 March 2025, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment to cost £15,279,000 as detailed in the table below. Similar commitments at 31 March 2024 were £5,199,000. This includes significant grant funded regeneration schemes in Newhaven.

	At 31 March	At 31 March
	2024	2025
	£000	£000
HRA dwellings	4,477	980
Other Land & Building commitments	722	14,299
Total	5,199	15,279

18.6 FAIR VALUE HIERARCHY

As at 31 March 2025, there are five properties classed as surplus, compared to six in the previous year. The fair value hierarchy of surplus assets at 31 March are as follows:

Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Other significant unobservable inputs (Level 3)	Total
£000	£000	£000	£000

Surplus Assets NBV at 31 March 2025	-	3,191	-	3,191
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Surplus Assets NBV at 31 March 2024	-	3,302	-	3,302
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The surplus assets are measured at Level 2 in the fair value hierarchy (see Note 2.6) as the measurement technique uses significant observable inputs to measure the fair value. The fair value has been derived on a comparable basis for income producing assets or residential properties (using rent yield or capital value per square metre) or derived through an assessment of prevailing land values for unconsented sites or a residual land appraisal.

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

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

E. NOTES TO THE ACCOUNTS

19. HERITAGE ASSETS

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

- works of art and museum exhibits
- civic regalia
- land and building

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.

	Works of Art	Museum Exhibits	Civic Regalia	Land & Buildings	Total
	£000	£000	£000	£000	£000
Balance as at 31 March 2023	309	453	23	10,051	10,836
Additions	-	-	-	593	593
Revaluations	-	-	-	(59)	(59)
Depreciation*	-	-	-	(205)	(205)
Restated Balance as at 31 March 2024	309	453	23	10,380	11,165
Additions				6,027	6,027
Revaluations				(4,687)	(4,687)
Depreciation				(218)	(218)
Balance as at 31 March 2025	309	453	23	11,502	12,287

19.1 HERITAGE ASSET POLICY

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

WORKS OF ART AND MUSEUM EXHIBITS

- These 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

- These comprise of 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. Newhaven Fort has

undergone a significant restoration in 2024/25 as part of the grant funded regeneration programme in Newhaven.

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

HERITAGE ASSET 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.

HERITAGE ASSET 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. NOTES TO THE ACCOUNTS

20. INVESTMENT PROPERTIES

In 2024/25 the Council received £431,000 as rental income from investment properties, compared to £590,000 received in 2023/24.

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 shows movements in the fair value for Investment Properties:

2023/24	Adj.	Restated at 2023/24	2024/25
£000	£000	£000	£000
11,869	-	11,869	Balance at 1 April
485	-	485	Additions
930	61	991	Net gains / (losses) from fair value adjustments
-	-	-	Disposals & Derecognition
2,069	-	2,069	Transfers
15,353	61	15,414	Balance at 31 March

20.1. FAIR VALUE HIERARCHY

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

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

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

20.3. HIGHEST AND BEST USE

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

20.4. VALUATION PROCESS FOR INVESTMENT PROPERTIES

The Council's investment property has been valued as at 31 March 2025 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. NOTES TO THE ACCOUNTS

21. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets also cover the initial purchased licences on implementation.

All software is given a finite useful life based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council range between five and seven years.

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

Published 2023/24		Restated 2023/24		2024/25		
Net Book Value	Adjustment	Net Book Value		Gross Cost	Amortisation	Net Book Value
£000	£000	£000		£000	£000	£000
776	776	776	Balance 1 April	1,953	(1,584)	369
Written down to services						
(114)	(293)	(407)	Corporate Services	-	(288)	(288)
-	-	-	- Service Delivery	-	(22)	(22)
-	-	-	- Regeneration and Planning	-	-	-
-	-	-	- Housing Revenue Account	-	-	-
(114)	(293)	(407)	Total	-	(310)	(310)
-	-	-	- Added during year	13	-	13
-	-	-	- Transfers	-	-	-
-	-	-	- Written out on completion of expected life	-	-	-
-	-	-	- Net transactions during the year	13	-	13
662	483	369	Balance at 31 March	1,966	(1,894)	72

The Council's Joint Transformation Programme, which started in 2016/17, makes up £2k (£278k 31 March 2024) of the total and is being amortised over remaining periods of 2 years.

	2023/24	2024/25	
	Carrying Amount	Remaining Amortisation (years)	
	£000	£000	
Joint Transformation Programme	559	2	2 years

E. NOTES TO THE ACCOUNTS

22. FINANCIAL INSTRUMENTS

22.1. CATEGORIES OF FINANCIAL INSTRUMENTS

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

31 March 2024		31 March 2025	
Long-term	Current	Long-term	Current
£000	£000	£000	£000
Financial Assets			
Fair Value through Profit and Loss			
-	-	-	-
Amortised Cost			
4,312	7,283	4,156	11,939
-	4,510	-	4,529
4,312	11,793	4,156	16,468
-	10,913	-	13,018
4,312	22,706	4,156	29,486
Financial Liabilities			
Fair Value through Profit and Loss			
-	-	-	-
Amortised Cost			
-	(9,301)	-	(9,450)
(41,673)	(10,613)	(41,673)	(15,231)
(41,673)	(19,914)	(41,673)	(24,681)
(5,568)	(4,830)	(4,201)	(5,878)
(47,241)	(24,744)	(45,874)	(30,559)

E. NOTES TO THE ACCOUNTS

22. FINANCIAL INSTRUMENTS (cont.)

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

The balance of financial assets at 31 March 2025 was £nil (£nil at 31 March 2024). There were no financial liabilities designated at fair value through profit or loss. No financial assets or liabilities were classed as fair value through other comprehensive income. No financial assets or liabilities were re-classified during the year.

22.3. INCOME, EXPENSE, GAINS AND LOSSES

2023/24		2024/25	
Surplus or Deficit on Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on Provision of Services	Other Comprehensive Income and Expenditure
£000	£000	£000	£000
			Net (gains) / losses on:
-	-	-	Financial assets measured at FVPL
-	-	-	Financial liabilities measured at FVPL
			Interest revenue:
(3,303)	-	(2,869)	Financial assets measured at amortised cost
			Interest expense:
4,111	-	4,084	Financial liabilities measured at amortised cost

22.4. FAIR VALUE

The basis for recurring fair value measurements is:

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

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

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31 March 2024	As at 31 March 2025
			£000	£000
Fair Value through profit or loss				
Other financial instruments	Level 1	Unadjusted quoted prices in active markets for identical shares	-	-

E. NOTES TO THE ACCOUNTS

22. FINANCIAL INSTRUMENTS (cont.)

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

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

- For loans from the PWLB payable, the fair value has been calculated using new loan rates;
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2024		31 March 2025	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Liabilities				
Financial Liabilities at amortised cost	(41,673)	(37,269)	(41,673)	(35,967)
Total Long Term	(41,673)	(37,269)	(41,673)	(35,967)
Short Term				
Borrowing and Creditors	(19,914)	(19,914)	(24,681)	(24,681)
Total Short & Long Term	(61,587)	(57,183)	(66,354)	(60,648)

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 2025, arising from a commitment to pay interest to lenders below current market rates.

	31 March 2024		31 March 2025	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Financial Assets				
Long Term Debtors	4,312	4,312	4,156	2,835
Total Long Term	4,312	4,312	4,156	2,835
Short Term				
Investments and Debtors	11,793	11,793	16,468	16,468
Total Short & Long Term	16,105	16,105	20,624	19,303

E. NOTES TO THE ACCOUNTS

22. FINANCIAL INSTRUMENTS (cont.)

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

31 March 2024				Recurring fair value measurements using:	31 March 2025			
Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total		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		£000	£000	£000	£000
				Financial Liabilities				
-	(37,269)	-	(37,269)	Financial Liabilities at amortised cost	-	(35,967)	-	(35,967)
-	(37,269)	-	(37,269)	Total Long Term	-	(35,967)	-	(35,967)
				Financial Assets				
-	4,312	-	4,312	Long Term Debtors	-	2,835	-	2,835
-	4,312	-	4,312	Total Long Term	-	2,835	-	2,835

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

assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

FINANCIAL ASSETS

- no early repayment or impairment is recognised;
- estimated ranges of interest rates at 31 March 2025 for loans receivable, based on new lending rates for equivalent loans at that date;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

FINANCIAL LIABILITIES

- no early repayment is recognised;
- estimated ranges of interest rates at 31 March 2025 for loans payable based on new lending rates for equivalent

E. NOTES TO THE ACCOUNTS

23. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

23.1. OVERALL PROCEDURES FOR MANAGING RISK

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

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

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

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

The annual treasury management strategy which incorporates the prudential indicators was approved by the Full Council on 19 February 2024 and is available on the Council website.

The key items within the strategy were:

- The Authorised Limit for 2024/25 was set at £145.9m. This is the maximum limit of external borrowings or other long-term liabilities;
- The Operational Boundary was expected to be £139.5m. This is the expected level of debt and other long-term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100 per cent and 25 per cent based on the Council's net debt;
- The maximum and minimum exposures to the maturity structure of debt (see table below).
- Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).
- Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

E. NOTES TO THE ACCOUNTS

23. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

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.</p> <p>Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which is available on the Council's website.</p>	<p>The full Investment Strategy for 2024/25 was approved by Full Council on 19 February 2024 and is available on the Council's website.</p> <p>The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.</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 Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element.</p> <p>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;</p> <ul style="list-style-type: none"> 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, considering their financial position, previous history and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. 	<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 2025 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 2025 by the type of counterparty:</p> <table border="1"> <thead> <tr> <th></th> <th>12 Month ECL</th> <th>Lifetime ECL</th> <th>Lifetime ECL - Simplified Approach</th> <th>Total</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Balance as at 1 April 2024</td> <td>(54)</td> <td>-</td> <td>(4,274)</td> <td>(4,328)</td> </tr> <tr> <td>Change in credit loss</td> <td>1</td> <td>-</td> <td>(676)</td> <td>(675)</td> </tr> <tr> <td>Balance as at 31 March 2025</td> <td>(53)</td> <td>-</td> <td>(4,950)</td> <td>(5,003)</td> </tr> </tbody> </table>		12 Month ECL	Lifetime ECL	Lifetime ECL - Simplified Approach	Total		£000	£000	£000	£000	Balance as at 1 April 2024	(54)	-	(4,274)	(4,328)	Change in credit loss	1	-	(676)	(675)	Balance as at 31 March 2025	(53)	-	(4,950)	(5,003)
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E. NOTES TO THE ACCOUNTS

23. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

Risk	Description	Controls and mitigating activity	The Council's exposure																											
CREDIT RISK (CONT.)			<p>Council tax and business rates are non-financial assets and the provision for bad debts is calculated separately and based on incurred losses.</p> <p>The table below summarises the credit risk exposures of the Council's investment portfolio at 31 March 2025 by the type of counterparty:</p> <table border="1"> <thead> <tr> <th></th> <th>As at 31 March 2024</th> <th>As at 31 March 2025</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>5,492</td> <td>5,869</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>5,492</td> <td>5,869</td> </tr> </tbody> </table>		As at 31 March 2024	As at 31 March 2025		£000	£000	Banks, Building Societies & Corporates			AAA	-	-	AA	-	-	A	5,492	5,869	Money Market Funds - AAA	-	-	Local Authorities - unrated	-	-	Total Long and Short Term	5,492	5,869
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LIQUIDITY RISK	The possibility that the Council might not have funds available to meet its commitments to make payments.	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>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.</p> <p>The maturity analysis of financial assets is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>As at 31 March 2024</th> <th>As at 31 March 2025</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Less than one year</td> <td>11,793</td> <td>16,468</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>4,312</td> <td>4,156</td> </tr> <tr> <td>More than ten years</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>16,105</td> <td>20,624</td> </tr> </tbody> </table>		As at 31 March 2024	As at 31 March 2025		£000	£000	Less than one year	11,793	16,468	Between one and two years	-	-	Between two and five years	-	-	Between five and ten years	4,312	4,156	More than ten years	-	-	Total	16,105	20,624			
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E. NOTES TO THE ACCOUNTS

23. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

Risk	Description	Controls and mitigating activity	The Council's exposure																																								
RE-FINANCING AND MATURITY RISK	The possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.	<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.</p> <p>The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks, and the central treasury team address the operational risks within the approved parameters.</p> <p>This includes:</p> <ul style="list-style-type: none"> monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs. 	<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"> <thead> <tr> <th></th> <th>Approved Lower Limit</th> <th>Approved Upper Limit</th> <th>As at 31 March 2024</th> <th>As at 31 March 2025</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>(19,914)</td> <td>(24,681)</td> </tr> <tr> <td>Between one and two years</td> <td>0%</td> <td>40%</td> <td>-</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>(61,587)</td> <td>(66,354)</td> </tr> </tbody> </table>		Approved Lower Limit	Approved Upper Limit	As at 31 March 2024	As at 31 March 2025		%	%	£000	£000	Less than one year	0%	25%	(19,914)	(24,681)	Between one and two years	0%	40%	-	-	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			(61,587)	(66,354)
	Approved Lower Limit	Approved Upper Limit	As at 31 March 2024	As at 31 March 2025																																							
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Total			(61,587)	(66,354)																																							

E. NOTES TO THE ACCOUNTS

23. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont.)

Risk	Description	Controls and mitigating activity	The Council's exposure								
MARKET RISK	The possibility that financial loss might arise for the Council because of changes in such measures as interest rates or stock market movements.	<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; and Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances). <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.</p> <p>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 a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.</p>	<p>According to this assessment strategy, at the end of the financial reporting period, if all interest rates had been 1 per cent higher (with all other variables held constant) the financial effect would be:</p> <table border="1"> <thead> <tr> <th></th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Increase in interest rate on variable rate borrowings</td> <td>-</td> </tr> <tr> <td>Increase in interest rate on variable rate investments</td> <td>59</td> </tr> <tr> <td>Total impact on Comprehensive Income and Expenditure</td> <td>59</td> </tr> </tbody> </table>		£000	Increase in interest rate on variable rate borrowings	-	Increase in interest rate on variable rate investments	59	Total impact on Comprehensive Income and Expenditure	59
	£000										
Increase in interest rate on variable rate borrowings	-										
Increase in interest rate on variable rate investments	59										
Total impact on Comprehensive Income and Expenditure	59										
PRICE RISK		The Council is not exposed to significant price risk given the nature of its financial assets.									
FOREIGN EXCHANGE RISK		The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.									

E. NOTES TO THE ACCOUNTS

24. DEBTORS

Short Term debtors outstanding as at 31 March are:

As at 31 March 2024	As at 31 March 2025
£000	£000
Financial assets	
1,427 Trade Receivables	2,164
5,855 Other Receivables*†	9,774
7,282 Total financial assets	11,938
Non financial assets	
307 Prepayments	623
8,961 Debtors for Local Taxation	9,420
1,645 Other Receivables	2,976
10,913 Total non financial assets	13,019
18,195 Total short term receivables	24,957

*Other Receivables includes a provision for losses at 31 March 2025 of £4.950m (£4.046m at 31 March 2024).

†Other Receivables restated per Note 1.2

Debtors for Local Taxation includes Business Rates due from the Government. Debtors for Local Taxation includes a provision for losses at 31 March 2025 of £0.934m (£0.956m at 31 March 2024).

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

As at 31 March 2024	As at 31 March 2025
£000	£000
5,982 Less than one year	4,924
2,974 Between one and two years	2,928
4,698 Between two and five years	5,192
2,264 Between five and ten years	3,025
547 More than ten years	821
16,465 Total	16,890

Note: The gross debtors includes preceptors' shares as well as those owed to the Council. The Council's share of the Debtors for Local Taxation is 40 per cent of the gross debt.

Long-term debtors outstanding as at 31 March are:

As at 31 March 2024	As at 31 March 2025
£000	£000
4,312 Other Receivable Amounts	4,156
4,312 Total long receivables	4,156

Long term debtors at 31 March 2025 include £0.651m (£0.772m at 31 March 2024) relating to council dwelling sales, £3.044m (£3.064m at 31 March 2024) of capital loans to Aspiration Homes and other loans £0.515m (£0.530m at 31 March 2024) and an expected credit loss credit of £0.054m (£0.054m 31 March 2024).

E. NOTES TO THE ACCOUNTS

25. CREDITORS

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

Balance as at 31 March 2024	Balance as at 31 March 2025
£000	£000
Financial Liabilities	
(476) Trade Payables	(5,244)
(8,825) Other Payables	(4,206)
(9,301) Total	(9,450)
Non Financial Assets	
(1,912) Receipts in Advance	(2,435)
(2,888) Creditors for Local Taxation	(3,414)
(30) Other Payables	(29)
(4,830) Total	(5,878)
(14,131) Total	(15,328)

OTHER LONG-TERM LIABILITIES

31 March 2024	31 March 2025
£000	£000
- Lease Liability	-
- Total	-

CAPITAL GRANTS RECEIPTS IN ADVANCE

Originally published 31 March 2024	Adjustment	31 March 2024	31 March 2025
£000	£000	£000	£000
(4,962)	2,011	(2,951) Balance at 1 April restated*	(3,586)
(1,600)	(29)	(1,629) Amounts receivable during the year	(4,073)
994	-	994 Amounts applied to finance new capital investment	4,572
(606)	(29)	(635) Net Transfer to / (from) Capital Unapplied Account	499
(5,568)	1,982	(3,586) Balance at 31 March restated*	(3,087)

* Balance at 1 April has been restated to reclassify balances held on behalf of other local authorities to Other Liabilities on the balance sheet. See Note 1.2

26. PROVISIONS

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

	Balance as at 1 April 2024	Additions	Amounts used	Balance as at 31 March 2025
	£000	£000	£000	£000
Business Rate Appeals	(986)	630	-	(356)
Total	(986)	630	-	(356)

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

E. NOTES TO THE ACCOUNTS

27. USABLE RESERVES

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

*See Note 1.2 for restatement of General Fund balance.

2023/24	2024/25
£000	£000
(3,573) General Fund Balance*	(2,039)
(9,306) Earmarked Reserves	(8,124)
(3,362) HRA Balance	(3,510)
(10,722) Major Repairs Reserve	(11,085)
(15,766) Capital Receipts Reserve	(12,409)
(15,718) Capital Grants & Contributions Unapplied	(29,070)
(58,447) Total Usable reserves	(66,237)

MAJOR REPAIRS RESERVE

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

2023/24	2024/25
£000	£000
(10,204) Balance at 1 April	(10,721)
(5,178) Posting of HRA resources from revenue to the major repairs reserve	(4,476)
4,661 Use of the major repairs reserve to finance capital expenditure	4,112
(10,721) Balance at 31 March	(11,085)

CAPITAL RECEIPTS RESERVE

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

2023/24	2024/25
£000	£000
(21,174) Balance at 1 April	(15,766)
(887) Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	(1,674)
5 Administrative costs of non-current asset disposals	33
- Payments to the government housing receipts pool	-
6,290 Use of the capital receipts reserve to finance capital expenditure	4,998
(15,766) Balance at 31 March	(12,409)

CAPITAL GRANTS & CONTRIBUTIONS UNAPPLIED ACCOUNT

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

2023/24	2024/25
£000	£000
(14,763) Balance at 1 April	(15,718)
(8,235) Grants and contributions received	(23,987)
7,280 Application of capital grants to finance capital expenditure	10,635
(955) Net Transfer to / (from) Capital Unapplied Account	(13,352)
(15,718) Balance at 31 March	(29,070)

E. NOTES TO THE ACCOUNTS

28. UNUSABLE RESERVES

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

2023/24	2024/25
£000	£000
(802) Deferred Capital Receipts Reserve	(686)
1,835 Collection Fund Adjustment Account	226
(196,247) Revaluation Reserve	(150,128)
(141,829) Capital Adjustment Account	(149,078)
512 Pension Reserve	(297)
9 Accumulated Absence Account	9
(336,522) Total Unusable reserves	(299,954)

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.

2023/24	2024/25
£000	£000
(830) Balance at 1 April	(802)
Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	116
- Transfer to the Capital Receipts Reserve upon receipt of cash	-
(802) Balance at 31 March	(686)

COLLECTION FUND ADJUSTMENT ACCOUNT

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

2023/24	2024/25
£000	£000
1,841 Balance at 1 April	1,835
Amount by which council tax debited or credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	23
260	
Amount by which non-domestic rate income debited or credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rate income calculated for the year in accordance with statutory requirements	(1,632)
(266)	
(6) Total	(1,609)
1,835 Balance at 31 March	226

E. NOTES TO THE ACCOUNTS

28. UNUSABLE RESERVES (cont.)

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.

2023/24		2024/25	
£000		£000	£000
(211,912)	Balance at 1 April		(196,247)
	- Transfer from the Capital Adjustment Account	-	
	Upward revaluation of assets		
12,693	Downward revaluation of assets	43,404	
12,693	Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		43,404
	2,718 Difference between fair value depreciation and historical cost depreciation	2,136	
254	Accumulated gains on assets sold or scrapped	580	
2,972	Amount written off to the Capital Adjustment Account		2,716
	(196,247) Balance at 31 March		(150,127)

E. NOTES TO THE ACCOUNTS

28. UNUSABLE RESERVES (cont.)

PENSION RESERVE

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023/24	2024/25
£000	£000
555 Balance at 1 April	512
(2,585) Re-measurement of the net defined benefit liability/(asset)	(3,765)
3,313 Asset Ceiling - Adjusted Funding Surplus	2,937
(578) 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	220
(193) Employer's pensions contributions and direct payments to pensioners payable in the year	(201)
512 Balance at 31 March	(297)

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.

2023/24	2024/25
£000	£000
9 Balance at 1 April	9
(9) Settlement or cancellation of accrual made at the end of the preceding year	(9)
9 Amounts accrued at the end of the current year	9
9 Balance at 31 March	9

E. NOTES TO THE ACCOUNTS

29. PENSIONS

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 pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet the actual pension payments as they eventually fall due. The Council also has liabilities for discretionary payments for added years, etc. These are charged directly to the accounts of the Council, as they are not a charge upon the Pension Fund.

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

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

29.2. TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS

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

2023/24	2024/25
£000	£000
Service Cost comprising:	
117 Current Service Cost	137
Financing & Investment Income & Expenditure	
(529) Net Interest	20
61 Administration Expenses	63
(351) Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	220
Other Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	
(1,948) Return on Assets	2,185
(90) Changes in financial assumptions	(5,622)
(798) Changes in demographic assumptions	(166)
251 Other experience	(162)
- Other Actuarial	-
227 Settlement gain	-
3,313 Asset Ceiling - Adjusted Funding Surplus	2,937
955 Other Comprehensive Income & Expenditure	(828)
604 Total Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	(608)
Movement in Reserves Statement	
351 Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	288
193 Actual amount charged to the General Fund Balance for pensions in the year	201
544 Net adjustment in Movement in Reserves Statement	489

E. NOTES TO THE ACCOUNTS

29. PENSIONS (cont.)

29.3. PENSION ASSETS AND LIABILITIES RECOGNISED IN THE BALANCE SHEET

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

2023/24	2024/25
£000	£000
73,254 Fair value of employer assets	70,131
(62,781) Present value of funded liabilities	(55,470)
(512) Present value of unfunded liabilities	(446)
(10,473) Asset Ceiling - Adjusted funding surplus	(13,918)
(512) Net (liability)/asset arising from defined benefit obligation	297

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

2023/24	2024/25
£000	£000
70,952 Opening fair value of assets	73,254
(61) Administration Expenses	(63)
3,648 Interest income	3,449
Re-measurement gain/(loss):	
1,948 Return on plan assets	(2,185)
193 Contributions from employer - Funded	201
43 Contributions from employees into the scheme	44
(4,053) Benefits paid - Funded	(4,508)
(62) Benefits paid - Unfunded	(61)
646 Settlement prices paid	-
73,254 Closing fair value of scheme assets	70,131

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

2023/24	2024/25
£000	£000
(64,347) Opening balance at 1 April	(63,293)
(117) Current service costs	(137)
(3,119) Interest costs	(2,961)
(43) Contributions from scheme participants	(44)
Re-measurement (gains) and losses:	
90 Changes in financial assumptions	5,622
798 Changes in demographic assumptions	166
(251) Other experience	162
4,053 Benefits paid - funded	4,508
62 Benefits paid - unfunded	61
(419) Liabilities assumed on settlement	-
(63,293) Closing Balance at 31 March	(55,916)

29.6. RECONCILIATION OF CHANGE IN IMPACT OF ASSET CEILING

2023/24	2024/25
£000	£000
- Opening impact of asset ceiling	10,473
- Interest on impact of asset ceiling	508
10,473 Actuarial losses / gains	2,937
10,473 Closing impact of asset ceiling	13,918

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 IFRIC14.

E. NOTES TO THE ACCOUNTS

29. PENSIONS (cont.)

29.7. LOCAL GOVERNMENT PENSION SCHEME ASSETS COMPRISE:

	31 March 2024		31 March 2025	
	£000	%	£000	%
Equities	50,288	68.6%	45,651	65.1%
Bonds	10,901	14.9%	12,324	17.6%
Property	11,031	15.1%	10,366	14.8%
Cash/other assets	1,034	1.4%	1,790	2.5%
	73,254	100.0%	70,131	100.0%

The detail of assets as at 31 March 2025, representing the percentages of the total Fund held in each asset class (split by those that have a quoted market price in an active market, and those that do not) is:

	31 March 2024		31 March 2025	
	Quoted %	Unquoted %	Quoted %	Unquoted %
Index Linked Government Securities				
UK	-	5%	-	7%
Overseas	-	-	-	-
Corporate Bonds				
UK	-	9%	-	0%
Overseas	-	-	-	10%
Equities				
UK	-	-	-	-
Overseas	8%	35%	9%	35%
Property				
All	-	7%	-	6%
Others				
Absolute Return Portfolio	-	17%	-	15%
Private Equity	-	8%	-	7%
Infrastructure	-	9%	-	8%
Bonds				
Private Debt	-	1%	-	1%
Other	-	0%	-	0%
Cash/Temporary Investments	1%	-	2%	-
Net Current Assets				
Debtors	0%	-	-	-
Creditors	-	-	-	-
	9%	91%	11%	89%

Note: The bid values are estimated where necessary. The individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100 per cent. The final asset allocation of the Fund assets as at 31 March 2025 may be different from that shown due to estimation techniques.

29.8. 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, an independent firm of actuaries, being based on the latest full valuation of the scheme as at 31 March 2022. The main assumptions used in their calculations are:

2023/24		2024/25
Mortality assumptions:		
Longevity at 65 for current pensioners:		
20.9	Males	20.9
23.8	Females	23.9
Longevity at 65 for future pensioners:		
21.9	Males	21.9
25.4	Females	25.4

The duration of the Council's funded liabilities is 12 years.

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

E. NOTES TO THE ACCOUNTS

29. PENSIONS (cont.)

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.

	Present Value of Total Obligation £000	Present Value of Total Obligation %
0.1% increase in Discount Rate	(609)	-1.1%
0.1% increase in the Salary Increase Rate	-	0.0%
0.1% increase in the Pension Increase Rate	638	1.1%
1 year increase in life expectancy	2,800	5.0%

29.9. IMPACT ON THE COUNCIL'S CASH FLOWS

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

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31 March 2017. The Act provides for scheme

regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council anticipates paying £141,000 expected contributions to the scheme in 2025/26.

E. NOTES TO THE ACCOUNTS

30. CASH AND CASH EQUIVALENTS

Balance as at 31 March 2024	Balance as at 31 March 2025
£000	£000
- Cash held by the Authority	-
(358) Bank Current Accounts	319
- Bank Call Accounts	-
(358) Total	319

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

2023/24	2024/25
£000	£000
6,837 Depreciation	6,857
317 Impairment and (reversal) of impairment and valuation movements	(81)
406 Amortisation	309
(861) Increase/(Decrease) in Creditors	770
968 (Increase)/Decrease in Debtors	(7,982)
33 (Increase) / Decrease in Inventories	(214)
(771) Movement in pension liability	19
5,657 Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	7,161
(609) Other non-cash items charged to the net surplus or deficit on the provision of services	1,979
11,977 Adjustment for Non-Cash Movements included in the provision of services	8,818

£000	£000
(854) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,525)
(9,229) Other items for which the cash effects are investing or financing activities	(15,207)
(10,083) Adjustment for items that are investing and financing activities	(16,732)

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

£000 Investing Activities	£000
(22,233) Purchase of property, plant and equipment, investment property and intangible assets	(27,686)
(217,400) Purchase of short-term and long-term investments	(272,100)
(14) Other payments for investing activities	14
885 Proceeds from sales of property, plant and equipment, investment property and intangible assets	1,555
231,600 Proceeds from short and long term investments	272,400
9,866 Other receipts from investing activities	14,736
2,704 Net cash flows from investing activities	(11,081)

£000 Financing Activities	£000
8,000 Cash receipts of short and long-term borrowing	43,700
(8,000) Repayment of short and long-term borrowing	(38,700)
(3,517) Other payments for financing activities	873
(3,517) Net cash flows from financing activities	5,873

E. NOTES TO THE ACCOUNTS

30. CASH AND CASH EQUIVALENTS (cont.)

Reconciliation of Liabilities arising from Financing Activities	31 March 2024	Financing Cash Flows	Non- Cash Changes	31 March 2025
	£000	£000	£000	£000
Short Term Borrowings	(10,255)	(5,000)	24	(15,231)
Long Term Borrowings	(41,673)	-	-	(41,673)
Net cash outflow from financing activities	(51,928)	(5,000)	24	(56,904)

Reconciliation of Liabilities arising from Financing Activities	31 March 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)

31. CONTINGENT LIABILITIES AND ASSETS

31.1 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. Per the latest available financial statements for Wave Active Limited as at 31 March 2024 the pension asset of Wave was £3,191,000 (£2,571,000 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 13.

E. NOTES TO THE ACCOUNTS

32. RESTATEMENT OF PRIOR PERIOD

32.1 RESTATEMENT OF CIES

	Originally Stated 2023/24			Adjustment			Restated 2023/24		
	Gross Expenditure	Gross Income	Net Expenditure/(Income)	Gross Expenditure	Gross Income	Net Expenditure/(Income)	Gross Expenditure	Gross Income	Net Expenditure/(Income)
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Corporate Services	9,669	(2,412)	7,257	277	-	277	9,946	(2,412)	7,534
Service Delivery	40,589	(29,197)	11,392	566	(1,246)	(680)	41,155	(30,443)	10,712
Regeneration and Planning	8,630	(3,275)	5,355	41	-	41	8,671	(3,275)	5,396
Tourism and Enterprise	586	(176)	410	-	-	-	586	(176)	410
Housing Revenue Account	17,392	(19,121)	(1,729)	(39)	-	(39)	17,353	(19,121)	(1,768)
Cost of Services	76,866	(54,181)	22,685	845	(1,246)	(401)	77,711	(55,427)	22,284
Town and Parish Council Precepts	4,864	-	4,864	-	-	-	4,864	-	4,864
Grants to Parish and Town Councils	385	-	385	-	-	-	385	-	385
(Gain) / Loss on sale and de-recognition of non-current assets	5,150	(854)	4,296	506	-	506	5,656	(854)	4,802
Other Operating Expenditure	10,399	(854)	9,545	10,905	(854)	10,051	10,905	(854)	10,051
Interest payable & similar charges	4,111	-	4,111	-	-	-	4,111	-	4,111
Expected Credit Loss	-	-	-	-	-	-	-	-	-
Net Interest on the Net Defined Benefit Liability	-	(468)	(468)	-	-	-	-	(468)	(468)
Interest & other investment income	-	(3,303)	(3,303)	-	-	-	-	(3,303)	(3,303)
Investment Properties	353	(1,621)	(1,268)	(61)	-	(61)	292	(1,621)	(1,329)
Trading Accounts	140	(464)	(324)	-	-	-	140	(464)	(324)
Financing and Investment Income and Expenditure	4,604	(5,856)	(1,252)	4,543	(5,856)	(1,313)	4,543	(5,856)	(1,313)
Non ring-fenced grants and contributions	-	(15,229)	(15,229)	-	-	-	-	(15,229)	(15,229)
Council Tax income	-	(13,523)	(13,523)	-	-	-	-	(13,523)	(13,523)
Non Domestic Rates Income and Expenditure	8,954	(10,873)	(1,919)	-	-	-	8,954	(10,873)	(1,919)
Taxation and Non-specific Grant Income and Expenditure	8,954	(39,625)	(30,671)	8,954	(39,625)	(30,671)	8,954	(39,625)	(30,671)
Deficit / (Surplus) on the Provision of Services	100,823	(100,516)	307	102,113	(101,762)	351	102,113	(101,762)	351
Deficit on revaluation of Property, Plant and Equipment Assets			10,823			1,870			12,693
Re-measurement of the net defined benefit liability			728			-			728
Other Comprehensive Expenditure			11,551			1,870			13,421
Total Comprehensive Expenditure			11,858			2,221			13,772

E. NOTES TO THE ACCOUNTS

32. RESTATEMENT OF PRIOR PERIOD

32.2 RESTATEMENT OF PROPERTY, PLANT & EQUIPMENT

Original published 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)
Restated At 31 March 2024*	322,002	61,283	22,048	1,330	1,858	16,977	3,302	428,800
Accumulated Depreciation and Impairment 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
Restated At 31 March 2024*	(1,981)	(894)	(8,882)	(55)	-	-	-	(11,812)
Net Book Value								
Restated 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

E. NOTES TO THE ACCOUNTS

32. RESTATEMENT OF PRIOR PERIOD

32.2 RESTATEMENT OF PROPERTY, PLANT & EQUIPMENT CONT.

Adjustment to 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	-	-	-	-	-	-	-	-
Additions	-	-	(146)	-	-	(55)	-	(200)
Revaluations recognised in the Revaluation Reserve	19	(1,889)	-	-	-	-	-	(1,870)
Revaluations recognised in the Surplus or Deficit on Provision of Services	55	(37)	-	-	-	-	-	18
De-recognition & Disposals	(523)	-	17	-	-	-	-	(506)
Transfers	-	-	-	-	-	-	-	-
Restated At 31 March 2024*	(449)	(1,926)	(128)	-	-	(55)	-	(2,558)
Accumulated Depreciation and Impairment at 1 April 2023	-	-	-	-	-	-	-	-
Depreciation Charge for the year	-	63	8	(72)	-	-	-	(1)
Depreciation written out on revaluation	-	-	-	-	-	-	-	-
De-recognition & Disposals	-	-	-	-	-	-	-	-
Restated At 31 March 2024*	-	63	8	(72)	-	-	-	(1)
Net Book Value								
Restated At 31 March 2024*	(449)	(1,863)	(121)	(72)	-	(55)	-	(2,559)
At 31 March 2023	-	-	-	-	-	-	-	-

E. NOTES TO THE ACCOUNTS

32. RESTATEMENT OF PRIOR PERIOD

32.2 RESTATEMENT OF PROPERTY, PLANT & EQUIPMENT CONT.

Restated 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	4,294	245	75	9,009	-	21,456
Revaluations recognised in the Revaluation Reserve	(16,201)	(2,469)	-	-	-	-	528	(18,142)
Revaluations recognised in the Surplus or Deficit on Provision of Services	(282)	(222)	-	-	-	-	187	(317)
De-recognition & Disposals	(5,193)	-	(1,713)	-	-	(156)	(316)	(7,378)
Transfers	592	(621)	-	-	-	(1,966)	(74)	(2,069)
Restated At 31 March 2024*	321,553	59,357	21,919	1,330	1,858	16,923	3,302	426,242
Accumulated Depreciation and Impairment at 1 April 2023	(1,966)	(851)	(9,593)	-	-	-	-	(12,410)
Depreciation Charge for the year	(4,990)	(513)	(1,002)	(127)	-	-	-	(6,632)
Depreciation written out on revaluation	4,975	533	-	-	-	-	-	5,508
De-recognition & Disposals	-	-	1,721	-	-	-	-	1,721
Restated At 31 March 2024*	(1,981)	(831)	(8,874)	(127)	-	-	-	(11,813)
Net Book Value								
Restated At 31 March 2024*	319,572	58,526	13,045	1,203	1,858	16,923	3,302	414,429
At 31 March 2023	334,559	60,097	9,745	1,085	1,783	10,036	2,977	420,282

E. NOTES TO THE ACCOUNTS

32. RESTATEMENT OF PRIOR PERIOD

32.3 RESTATEMENT OF HERITAGE ASSETS

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

Adjustment	Works of Art	Museum Exhibits	Civic Regalia	Land & Buildings	Total
	£000	£000	£000	£000	£000
Balance as at 31 March 2023	-	-	-	-	-
Additions	-	-	-	-	-
Revaluations	-	-	-	-	-
Depreciation	-	-	-	(13)	(13)
Balance as at 31 March 2024	-	-	-	(13)	(13)

	Works of Art	Museum Exhibits	Civic Regalia	Land & Buildings	Total
	£000	£000	£000	£000	£000
Balance as at 31 March 2023	309	453	23	10,051	10,836
Additions	-	-	-	593	593
Revaluations	-	-	-	(59)	(59)
Depreciation*	-	-	-	(205)	(205)
Restated Balance as at 31 March 2024	309	453	23	10,380	11,165

F. HOUSING REVENUE ACCOUNT (HRA) STATEMENTS

F.1 HRA INCOME AND EXPENDITURE STATEMENT

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

2023/24	2024/25
£000	£000
Income	
(16,840) Dwelling Rents	(18,734)
(333) Non-Dwelling Rents	(322)
(1,649) Charges for Services and Facilities	(1,541)
(270) Contributions Towards Expenditure	(243)
(19,092) Total Income	(20,840)
Expenditure	
6,524 Repairs and Maintenance	6,191
3,383 Supervision and Management	3,674
1,634 Special Services	1,590
358 Rents, rates, taxes and other charges	201
5,438 Depreciation, Amortisation and Impairment of Non Current Assets	3,923
(162) Movement in the allowance for bad debts	24
35 Debt Management Costs	25
17,210 Total Expenditure	15,628
(1,882) Net Expenditure or HRA Services as included in the whole authority Income and Expenditure Statement	(5,212)
115 HRA services share of Corporate and Democratic Core	120
(1,767) Net Expenditure for HRA Services	(5,092)
4,515 (Gain)/loss on sale of HRA assets	5,363
2,972 Interest Payable and Similar Charges	3,121
(901) Interest and Investment Income	(619)
(620) Capital Grants and Contributions Received	-
4,199 (Surplus) / Deficit for the Year	2,773

F. HOUSING REVENUE ACCOUNT (HRA) STATEMENTS

F.2 MOVEMENT ON THE HRA STATEMENT

2023/24	2024/25	
£000	£000	£000
(3,661) HRA opening balance		(3,363)
4,198 Deficit on HRA Income and Expenditure Statement	2,773	
Adjustments between accounting and funding basis:		
(5,349) Gain on disposal of non-current assets	(6,863)	
861 Transfer from Capital Receipts Reserve	1,617	
230 Capital expenditure funded by the HRA	1,693	
620 Capital grants and contributions	154	
(28) Deferred Capital Receipts Reserve	(116)	
(5,440) Transfer from Capital Adjustment Account	(3,923)	
5,179 Transfer to Major Repairs Reserve	4,476	
(3,927)	(2,962)	
27 Transfers to earmarked reserves	41	
298 (Increase) / Decrease in the year		(148)
(3,363) HRA closing balance		(3,511)

F. HOUSING REVENUE ACCOUNT (HRA)

F.3 NOTES TO THE HOUSING REVENUE ACCOUNT STATEMENTS

1. HOUSING STOCK

The Council's housing stock consisted of:

31 March 2024		31 March 2025
Houses and Bungalows		
218	- one bedroom	218
645	- two bedrooms	641
842	- three bedrooms	849
75	- four or more bedrooms	78
1,780	Total Houses and Bungalows	1,786
Flats and Maisonettes		
135	- bed-sits	135
702	- one bedroom	712
546	- two bedrooms	555
51	- three or more bedrooms	51
1,434	Total Flats	1,453
3,214	All Dwellings	3,239

In addition, the Council has shared ownership arrangements covering 16 full property equivalents (16 at 31 March 2024). The Council no longer has any properties under short-term property leases.

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

	31 March 2024	31 March 2025
	£000	£000
Council Dwellings*	319,215	278,546
Other Land & Buildings	5,242	8,577
Other Assets	8,271	9,186
Total	332,728	296,309

*HRA Council dwellings excludes four properties owned by the General Fund

F. HOUSING REVENUE ACCOUNT (HRA)

NOTES TO THE HOUSING REVENUE ACCOUNT STATEMENTS

2. VACANT POSSESSION

The Council's stock of council dwellings was re-valued by Wilks, Head & Eve as at 31 March 2025, which resulted in a market vacant possession value of the housing stock at 31 March 2025 of £773m, excluding any acquisitions and new build. The vacant possession value of garages is £5.9m. The regional adjustment factor used for dwellings at 'social rent' is 67 per cent thereby reducing the balance sheet value of these dwellings to 33 per cent of their open market value. The Government considers that the difference between this figure and the Balance Sheet figure shown above represents the economic cost to Government of providing council housing at less than open market rents.

3. MAJOR REPAIRS RESERVE (MRR)

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

2023/24	2024/25
£000	£000
(10,204) Balance as at 1 April	(10,721)
4,661 Financing of Capital Expenditure	4,112
(5,178) Depreciation	(4,476)
(10,721) Balance as at 31 March	(11,085)

4. CAPITAL EXPENDITURE AND FINANCING

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

2023/24	2024/25
£000	£000
11,408 Total Capital Expenditure	14,324
Funding:	
- Borrowing	420
6,046 Capital Receipts	4,815
4,661 Major Repairs Reserve	4,112
621 Grants & Contributions	3,284
80 Revenue	1,693
11,408 Total Funding	14,324

5. CAPITAL RECEIPTS FROM ASSET DISPOSALS

2023/24	2024/25
£000	£000
687 Right to Buy Sales of Houses and Flats	429
180 Other Sales	1,221
867 Total Receipts	1,650

6. DEPRECIATION

2023/24	2024/25
£000	£000
4,990 Dwellings	4,291
49 Other Land and Buildings	49
139 Other Assets	152
5,178 Total Depreciation	4,492

7. REVALUATION OF HRA STOCK

Wilks Head & Eve carried out a full valuation of the housing stock at 31 March 2025. The current fair value of HRA stock is disclosed in Note 2 above.

8. RENT ARREARS

Rent arrears at 31 March 2025 amounted to £1,882,801 compared with £1,449,055 at 31 March 2024. These include former tenants' arrears. During 2024/25, former tenant arrears of £17,367 were written off (£97,857 in 2023/24). The Council has an impairment allowance for doubtful debts of £1,050,178 at 31 March 2025 (£1,028,693 at 31 March 2024).

G. THE COLLECTION FUND REVENUE ACCOUNT

THE COLLECTION FUND ACCOUNTS

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

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

2023/24			2024/25		
Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
£000	£000	£000	£000	£000	£000
Income					
-	(92,969)	(92,969)	-	(97,957)	(97,957)
-	(16)	(16)	-	(35)	(35)
(23,152)	-	(23,152)	(26,296)	-	(26,296)
(3,174)	-	(3,174)	(1,067)	-	(1,067)
(26,326)	(92,985)	(119,311)	(27,363)	(97,992)	(125,355)
Expenditure					
Precepts, Demands and Shares					
13,663	-	13,663	14,065	-	14,065
2,459	64,092	66,551	2,532	68,533	71,065
10,931	13,247	24,178	11,252	14,058	25,310
-	9,078	9,078	-	9,747	9,747
273	3,949	4,222	281	4,142	4,423
27,326	90,366	117,692	28,130	96,480	124,610
832	-	832	892	-	892
137	-	137	137	-	137
Charges to Collection Fund					
956	-	956	(1,573)	-	(1,573)
205	-	205	(43)	-	(43)
273	727	1,000	223	1,045	1,268
2,403	727	3,130	(364)	1,045	681
Apportionment of previous year's Collection Fund Surplus/(Deficit)					
(1,654)	-	(1,654)	(1,480)	-	(1,480)
(298)	2,513	2,215	(266)	439	173
(1,323)	536	(787)	(1,184)	91	(1,093)
-	350	350	-	62	62
(33)	155	122	(30)	27	(3)
(3,308)	3,554	246	(2,960)	619	(2,341)
26,421	94,647	121,068	24,806	98,144	122,950
95	1,662	1,757	(2,557)	152	(2,405)
COLLECTION FUND BALANCE					
4,148	(3,885)	263	4,243	(2,223)	2,020
95	1,662	1,757	(2,557)	152	(2,405)
4,243	(2,223)	2,020	1,686	(2,071)	(385)

G. THE COLLECTION FUND REVENUE ACCOUNT

NOTES TO THE COLLECTION FUND ACCOUNTS

1. INCOME FROM COUNCIL TAX

Amounts receivable from Council Taxpayers:	2024/25
	£000
Gross amount of Council Tax	119,334
Less	
Council Tax Support Scheme	(8,833)
Discounts	(9,923)
Exemptions	(2,497)
Disabled Relief	(124)
Net Yield from Council Tax	97,957

2. COUNCIL TAX BASE

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

Band	Chargeable Dwellings	Estimate Taxable Properties	Ratio to Band D	Band D Equivalent	Yield £000
A Disregarded	3	1	5/9	1	2
A	4,343	2,529	6/9	1,686	4,221
B	6,249	4,415	7/9	3,434	8,597
C	13,501	11,138	8/9	9,900	24,785
D	10,036	8,940	9/9	8,940	22,381
E	6,040	5,533	11/9	6,762	16,929
F	3,194	3,031	13/9	4,379	10,962
G	2,366	2,271	15/9	3,786	9,478
H	225	219	18/9	437	1,094
	45,957	38,078		39,325	98,449

Less average 2% reduction to allow for collection losses

(786) (1,968)

38,538 96,481

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.

G. THE COLLECTION FUND REVENUE ACCOUNT

NOTES TO THE COLLECTION FUND ACCOUNTS

Comparison of Actual versus Theoretical gross Yields:

Tax Base	A	38,538.30
Band D Council Tax	B	£2,503.48
Theoretical net yield	A x B	£96,479,863.28
Actual net yield (as above)	C	£97,957,059.30
Theoretical net yield - actual net yield	(A x B) - C	-£1,477,196.02

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

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

The table below shows the total rateable value and multipliers:

		2023/24	2024/25
Total non-domestic rateable value	£m	80.7	80.2
Multiplier	p	51.2	54.6
Multiplier (Small businesses)	p	49.9	49.9
Product	£m	23.2	26.3

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

National non-domestic rates payable in 2024/25 were estimated before the start of the financial year as £27.8m. These sums have been paid into 2024/25 and charged to the collection fund in year. The Council's share is £11.3m.

G. THE COLLECTION FUND REVENUE ACCOUNT

NOTES TO THE COLLECTION FUND ACCOUNTS

4. PRECEPTS AND DEMANDS ON THE COLLECTION FUND

	COUNCIL TAX			NNDR		
	Precept	Distribution of prior year surplus	Total	Share	Recovery of prior year deficit	Total
Authority	£000	£000	£000	£000	£000	£000
Lewes District Council	14,058	91	14,149	11,252	(1,184)	10,068
Lewes District Town and Parish Councils	-	-	-	-	-	-
Central Government	-	-	-	14,065	(1,480)	12,585
East Sussex County Council	68,533	439	68,972	2,532	(266)	2,266
Sussex Police & Crime Commissioner	9,747	62	9,809	-	-	-
East Sussex Fire Authority	4,142	27	4,169	281	(30)	251
Total	96,480	619	97,099	28,130	(2,960)	25,170

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:

	2023/24	2024/25
	£000	£000
Actual Business Rate income due	12,410	13,705
Tariff payment	(8,812)	(9,136)
	3,598	4,568
Baseline Funding	(2,327)	(2,412)
Amount above (below) baseline	1,271	2,156

G. THE COLLECTION FUND REVENUE ACCOUNT

NOTES TO THE COLLECTION FUND ACCOUNTS

5. COLLECTION FUND BALANCE

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

	COUNCIL TAX		NNDR	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	-	£000	£000	£000
Lewes District Council	(324)	(301)	1,697	674
Central Government	-	-	2,122	843
East Sussex County Council	(1,577)	(1,470)	382	152
Sussex Police & Crime Commissioner	(224)	(209)	-	-
East Sussex Fire Authority	(96)	(89)	42	17
(Surplus) / Deficit	(2,221)	(2,069)	4,243	1,686

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

I. GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

EXPECTED RATE OF RETURN ON PENSIONS ASSETS The average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

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

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

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

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

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

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

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

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

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

NATIONAL NON-DOMESTIC RATES (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 Eastbourne are East Sussex County Council, Sussex Police & Crime Commissioner and East Sussex Fire Authority.

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

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

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

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

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

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

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

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