

**Rother District Council**

**(DRAFT)**

**FINANCIAL REPORT AND**

**STATEMENT OF**

**ACCOUNTS**

**2024/25**



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# NARRATIVE

## Introduction

The draft unaudited Statement of Accounts for Rother District Council for the year ended 31 March 2025 has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Body.

The information contained in these accounts can be technical and complex to follow. The aim of this report, therefore, is to provide a narrative context to the accounts by presenting a clear and simple summary of the Council's financial position and performance for the year and its prospects for future years. This will give electors, local Rother residents, Council Members, partners, other stakeholders and interested parties confidence that public money which has been received and spent, has been properly accounted for and that the financial standing of the Council is secure.

The Accounts and Audit Regulations 2015 came into force on 1 April 2015, setting out the detailed requirements in relation to the duties and rights specified in the Local Audit and Accountability Act 2014. These regulations introduced earlier deadlines for publication of the accounts. For the financial year 2024-2025 the deadline for completion of the accounts is 30 June for the unaudited statement of accounts and 28 February 2026 for the audited statement of accounts.

As the financial statements demonstrate, the financial standing of the Council is sound. The Council has well established good financial management disciplines and processes and operates in an environment of continuous improvement. There are well identified financial challenges ahead and they are planned to be addressed through the implementation of the Fit for The Future Programme the monitoring of which will be an integral part of regular budget monitoring.

## Consolidated Group Accounts

The financial statements include Group Accounts to reflect the Council's 100% shareholding in Rother DC Housing Company Limited. The principal activity of the subsidiary centres around the Blackfriars housing development in Battle.

These accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the aim of the Group Accounts is to provide the reader with an overall view of the material economic activities that the Council controls. The Council has to prepare group accounts where it has any interests in Subsidiaries, Associates and any Joint Controlled Ventures, subject to consideration of materiality and using uniform Accounting Policies. Each year assessments are made of the Council's relationship with its partners and where an external body is assessed as having a group relationship (in accounting terms), group accounts are prepared.

This narrative report is structured as follows:

1. An Introduction to Rother
2. Summary of Achievements
3. Governance
4. Summary of the 2024/25 Financial Performance of the Council
5. Material assets/liabilities
6. Strategic Risks
7. Liability for Pensions Costs
8. Future Plans
9. Explanation of the Financial Statements
10. Acknowledgements

## 1. An Introduction to Rother

The Rother district covers an area of just under 200 square miles, a diverse geographical area that includes coastal towns, rural villages, and the High Weald National Landscape.

It benefits from a blend of some of the most beautiful countryside and coastline in Southeast England and contains the historic market towns of Battle and Rye, the Victorian/Edwardian seaside town (and administrative centre) of Bexhill-on-Sea and many picturesque villages.

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Its population of 94,900 (mid-year estimate 2023 by ONS) is divided almost equally between Bexhill-on-Sea and the rural surrounding area. 83% of Rother is in the High Weald National Landscape (formerly known as Area of Outstanding Natural Beauty) and there are many important sites for nature.

Although not a wealthy area relative to other more affluent parts of the Southeast, Rother is an attractive and safe place to live. However, despite the district having several positive attributes, the district also has some big challenges, increasing affordable housing supply, responding to environmental change, supporting economic growth and decent jobs, and tackling deprivation.

Overall, Rother is a diverse and historically rich area with a mix of urban and rural landscapes, offering residents and visitors a range of amenities and attractions.

Rother is in the 40% most deprived authorities in England. The 2019 Index of Multiple Deprivation gives an overall rank for Rother of 135 out of 317 English local authorities, with the most deprived local authority ranked as one. Rother has seen a slight improvement in the ranking since 2010, when Rother was higher in the ranking of most deprived local authorities at 132. (MySociety, 2024).

Rother has around 4,600 businesses, with small and micro businesses forming a fundamental part of the Rother economy with 88% of businesses in Rother employing less than 9 people.

The current Council Plan was adopted in December 2024 and sets out the intent and ambition of the authority for the period 2025–2029, putting residents at the heart of all we do. The Plan details the Council's vision up until 2029, providing the framework and context for the Council's service provision, project interventions and resource allocation (financial and staffing) during that period. It reflects the essential needs and aspirations of our customers and communities and how we feel the Council can best use its resources to deliver services and outcomes that make a positive difference for everyone who lives in, works in, or visits the district of Rother.

Whilst the Plan was drafted before announcements were made about Devolution and Local Government Reorganisation and will therefore need review shortly, it is anticipated that the main objectives and priorities will remain consistent, with a focus on areas that can be delivered ahead of April 2028 or will aid transition or formation of the new authority.

The Plan identifies three main themes against which medium term priorities and progress will be identified. They are:

- A Thriving Local Economy
- Live Well Locally
- Green to the Core

These themes are underpinned by our Fit for the Future programme, which ensures that we can deliver our priorities through effective and efficient services.

The full plan can be found here [Our Council Plan – Rother District Council](#)

# NARRATIVE

## The area we serve



## 2. Summary of Achievements

### Climate Emergency:

In 2019 the Council declared a Climate Emergency and pledged to become a carbon-neutral district by 2030. This means reducing our organisational emissions to net zero and using the Council's influence and powers to reduce district-wide emissions to reach net zero too.

In 2020 we published the Environment Strategy (2020) which identified the key priorities and action areas to meet this target. In 2023 we refreshed our approach and developed our new Climate Strategy, the actions of the strategy are captured in the Climate Action Plan 2023-2026.

Our vision is 'A climate-resilient Rother where communities are well-equipped to deal with the challenges of climate change and are no longer contributing to global warming'. And the aim of the strategy is to enable, encourage, and accelerate the reduction of greenhouse gas emissions across the district.

1. The built environment will be low carbon and climate resilient.
2. The need to travel will be reduced, those that do will be on foot, bike, public transport, or in a low/zero carbon vehicle.

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3. The district will produce less waste and support a thriving circular economy.
4. Nature will be in recovery across the district.
5. Clean, renewable energy will be produced locally.

During the year the Council has made significant progress in its actions and was recently noted by Climate Emergency UK (a body which assess councils on the actions they have taken towards net zero) as the most improved District Council in the country in its efforts to tackle climate change. We have risen from 50<sup>th</sup> of 51, to 9<sup>th</sup>.

Actions taken by the council which contributed to its score include;

- Including net zero targets in medium term financial plans
- Recording and reducing the organisation's emissions
- Ringfencing a proportion of Community Infrastructure Levy for projects that address climate change or environmental issues
- Introducing a tool to ensure every committee decision considers carbon emissions and environmental impacts
- Including the net zero target as a key focus of the Council Plan

The district council scored particularly well in the Governance and Finance section with a score of 62 per cent – the average district councils score was 31 per cent.

Further information on our approach, and actions we are taking can be found here [Climate Emergency – Rother District Council](#)

### Waste and Recycling

In the financial year 2024/25 our annual recycling rate achieved 48.63%. Similar to many Local Authorities across the country the Councils recycling rate has plateaued and this percentage has remained consistently around this level for some years (2023/24 49.38% and 2022/23 47.74%) and in RDC's case is largely influenced by garden waste tonnages.

The UK Environmental Bill received Royal Assent in Dec 2021 and includes household waste reduction and recycling strategies referred to as Simpler Recycling, (including food waste collections), which DEFRA are still progressing towards implementation. The focus at present is on the statutory requirement by DEFRA for all local authorities in England and Wales to implement Simpler Recycling and food waste collections as DEFRA has set an implementation from by date of 30 March 2026 for all local authorities in England and Wales and the new food waste collection service will potentially have the largest impact on the Council's medium term financial strategy for both capital and revenue expenditure.

We have now been allocated New Burdens funding to cover the capital cost to purchase food waste vehicles, food waste kitchen caddies and kerbside containers. At current estimates, we expect the funding to cover all of these costs. However, these prices may increase due to market demand and so it's important that we progress their purchase as soon as possible, and this is being actioned by the Joint Waste Partnership. We have also been allocated revenue funding towards project management, food waste container delivery, procurement and communications costs.

We await further details on ongoing revenue payments the Council may receive arising from the Government's Packaging Extended Producer Responsibility (pEPR) reforms which involves the producers of non- recyclable packaging having to pay for its collection and disposal. The revenue payments subsequently made to LA's will be required by DEFRA to improve the efficiency and effectiveness of recycling collections. Introduction of food waste collections which as it stands must be introduced by 2026 nationally.

In terms of general performance on the waste contract in 2024/25, our waste collections and street cleansing contractor Biffa has delivered a consistently high level of performance. The KPI recording the number of missed bins collected per 100,000 is consistently under the contract target of 62 per 100,000 (at 16 per 100,000 for 2024/25) and this in turn is reflected by the relatively low number of calls to Customer Services compared to previous years, and a reduction in service requests and complaints to the waste contract services team. Street cleansing is also, in general, meeting the contractual targets for litter, detritus, and dog fouling.

### Community Infrastructure Levy

A governance review of the CIL allocation process was recommended by the Strategic CIL Allocations Panel in December 2023. This review was undertaken and the outcome and proposed changes were considered by the CIL Panel in March 2024, Overview & Scrutiny Committee in July 2024 and approved by Council later that month.

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## Financial Stability & Fit for the Future Programme

A significant review was undertaken during 2024/25 on the Capital Programme in the light of the current economic climate, interest rates and the Council's broader financial stability. This reduced the programme in November 2024 by around £80 million.

In the light of ever-increasing budget pressures and reduced government support the Council launched its Fit for the Future programme, which included a Budget Challenge Process ahead of the 2025/26 budget. This programme will ensure that the Council services are fundamentally reviewed to identify what it provides and how it provides them to ensure it delivers what is needed as efficiently and cost effectively as possible. By doing so, this will aim to achieve a balanced, sustainable, resilient budget for the immediate and future years.

### There are four elements to this programme:

- People Strategy – involves organisation development, identifying our values and behaviours, creating and embedding a workforce plan.
- Financial Resilience Plan – encompasses ensuring our financial position is sound which will involve identifying and achieving savings and efficiencies, identifying income generation streams, identifying other ways of providing services more cost effectively e.g. via shared services, devolution of services etc.
- Digital Programme – Complete review of RDC's way of providing services with the aim of improving the customer's experience whilst channel shifting away from the traditional way of providing services to a more digital/ web-based format.
- Making the most of our assets – The creation of a Strategic Asset Management Plan to review assets and maximise returns.

The revised approach was significantly more successful than previous initiatives with around 87% of savings targets being met for 2024/25.

## Regeneration and Economic Development

The Council has continued to focus on the regeneration of the district by acquiring and developing assets that give a positive return to the Council as well as protecting and creating jobs in the district. The Council developed a new Strategic Assessment Management Plan to cover the systematic process of acquiring, developing, operating, maintaining, upgrading and disposing of assets in the most cost-effective manner.

The Council submitted a successful application to the Levelling Up Fund Round 2 for a cultural capital grant of £19.2m to allow development of a community hub in Sidley and the renovation of the De La Warr Pavilion on Bexhill seafront. Both projects aim to increase skills, tourism, and community cohesion.

The district has also been identified as an area eligible to receive up to £20m of Levelling Up Partnership capital funding for various project initiatives. This includes several schemes which the Council will deliver direct, one of which is housing: a new medical centre at Barnhorn road, and support for a new Welcome Centre at Camber Sands. The Camber Welcome Centre is nearing completion and currently anticipated to open in late summer 2025.

In addition, Bexhill has been included within the Long-Term Plan for Towns that forms part of the wider Levelling Up programme. It has led to the formation of the Bexhill Neighbourhood Board, that is now established and will soon submit to Government its 10-Year Vision to support the delivery of up to £2m of revenue and capital grant every year, for 10 years. The Council will act as accountable body for the BNB, supporting the delivery of its initial 3-Year Investment Plan.

### Supply of Affordable Housing:

- There were 23 affordable homes delivered (71 in 2023/24). Of the 23 homes, 7 were for affordable rent and 16 for shared ownership.



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There are extensive challenges affecting housing development currently and these extend to the development of affordable housing. Registered Providers are undertaking fewer new developments and are less active in acquiring s106 obligation homes. S106 homes make up the majority of historic affordable housing delivery in Rother.

- There continues to be an increase in the number of households applying for housing and being placed in temporary accommodation.
- As part of the Council's Temporary Accommodation Support Scheme, we have purchased 66 (49 as at 31.3.2024) houses and flats for use as temporary accommodation and provided a dedicated support service to secure alternative accommodation. That figure includes 2 HMO's (one 7 bedroom HMO and one 3 bed HMO), 23 Flats and 33 houses. We have an active pipeline of new property purchases, and we will continue to seek to secure further housing during 2025/26.

## Housing List Reduction:

We now own 66 units of accommodation (49 in the previous year) across Bexhill and Rye and are looking at increasing that number. The accommodation is all occupied. Support is currently delivered in house - this includes resident support and property management. Opportunities to acquire accommodation will be on-going throughout the next financial year, especially as we have been awarded over £2m in grant funding for Local Authority Housing Fund to support housing, temporarily, Ukrainians, Afghans, and general homeless households.

The Housing Allocations Policy is the criteria that the council uses to make nominations for vacant social housing properties which are managed by registered social landlords (housing associations). We currently 1,449 households on the housing register (as at 17 July 2025) and only 173 properties were let last year (January 2024 to December 2024).

We have a range of measures in place to prevent and relieve homelessness, including the Rother Tenant Finder (RTF). The RTF is a comprehensive tenant finding service where we introduce landlords to prospective tenants and assist them in securing accommodation in the private rented sector. We also have a dedicated team of homelessness prevention officers working in community setting to support households to sustain their existing accommodation or secure a new home. They are funded from a Rough Sleeping Initiative (RSI) government grant. In addition, The East Sussex RSI works to reduce rough sleeping and consists of a multi-disciplinary team with specialist workers provided by East Sussex Healthcare Trust, Sussex Partnership NHS Foundation Trust, Change Grow Live, East Sussex County Council and Probation.

## Disabled Facilities Grants

Over the year the Council approved 189 grants, completed 125, spending £1.552 million.

This money helps residents to remain in their own homes.

## Local Plan

A new Local Plan is being developed and will build on the Council Plan objectives of Green to the Core and Live Well Locally. The draft Plan was under initial public consultation summer 2024 and since then further work on the representations received and work to further develop the evidence base has been undertaken. There is a significant amount of work ahead and the Plan will go before the Planning Inspector by December 2026, which will be followed by examination and adoption.

## Empowered Organisation:

Reorganisation of senior management was approved by Cabinet in July 2024 and since the Head of Planning, Head of Finance and new Director of Governance & Community (Monitoring Officer) have all been appointed and commenced their roles at RDC. In addition a new HR Manager has been appointed & additional resources added to that team to enhance its capacity during this period of transformation.

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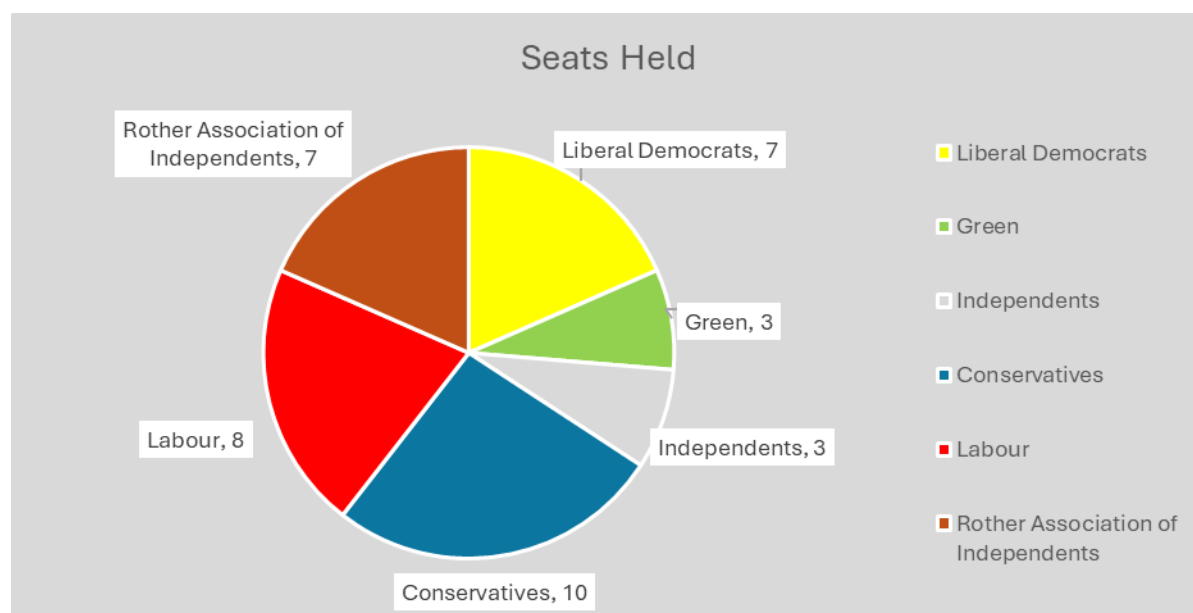
## An Open Council:

- All public Council meetings can be viewed live online via our website and the recording is available to view for up to 6 months afterwards.
- A new Digital & Customer strategy was adopted during 2024/25
- We have updated and modernised the Council's Constitution.
- During 2024/25 the Council gave local people an opportunity to have their say on a wide variety of local issues, such as, our budget and financial plans, Local Government Reorganisation and Devolution.

## 3. Governance

### The Council

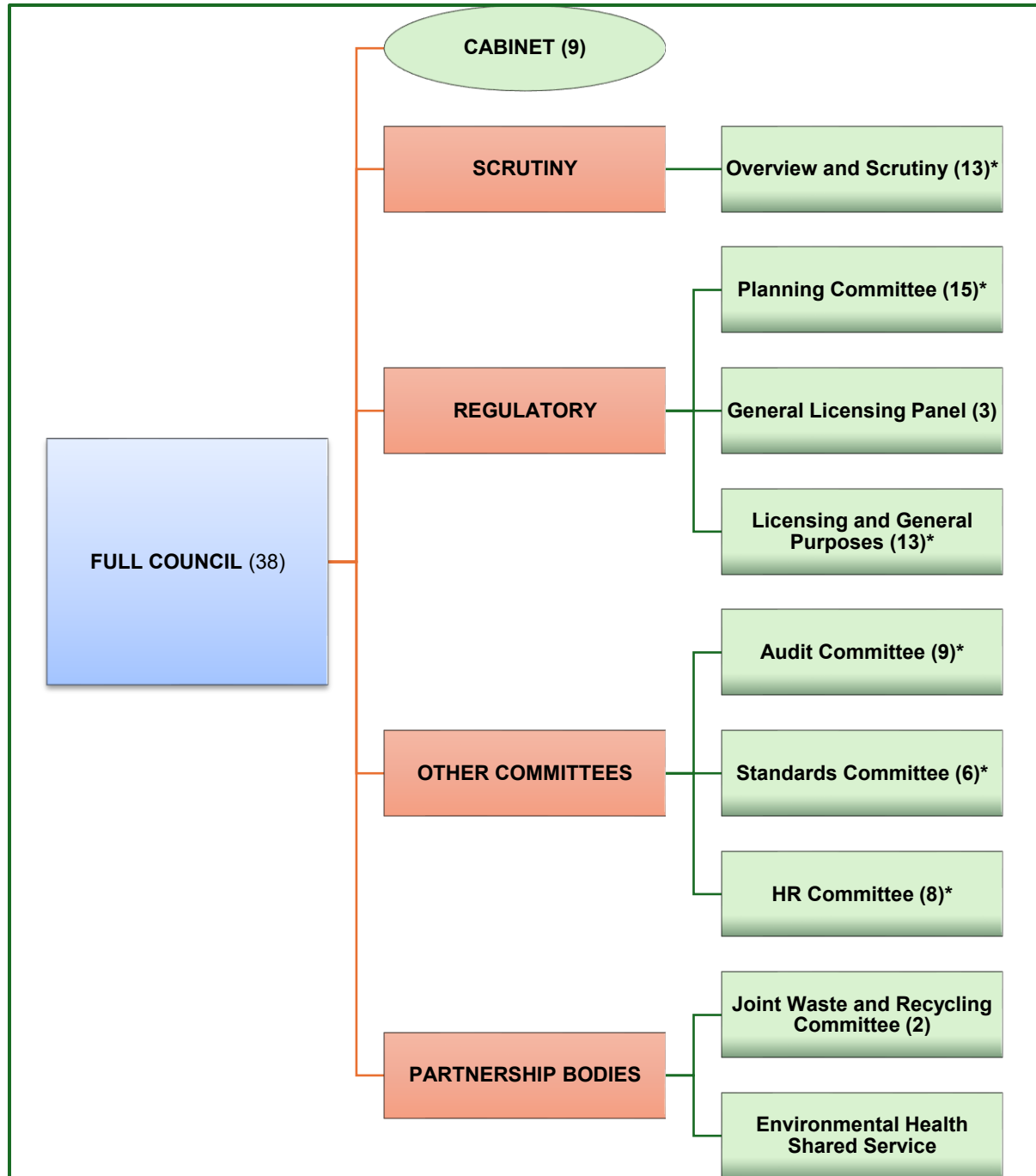
The Council has 38 District Councillors. The political composition of the Council at 31 March 2025 was:



As at 31 March 2025 the political make-up of the Council was 10 Conservatives, 8 Labour, 7 Rother Association of Independents, 7 Liberal Democrats, 3 Green and 2 Independents (non-group). The Council is led by a coalition of the Rother Association of Independents, Labour, Liberal Democrat and Green Councillors (25 Members).

All the Councillors meet together as Full Council and set the policy and budget framework within which the Council operates. Set out below is a diagram of the Decision-Making bodies for Rother District Council that were in place during 2024/25.

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\*Chair of Council sits as an ex-officio Member on these Committees but has no voting rights.

# NARRATIVE

## ***The Cabinet***

The Cabinet consists of the Leader of the Council and 8 other Councillors and usually meets monthly. The main functions are:-

- To propose the budget and policy framework for approval by the Council
- To carry out all of the Council's functions and take all decisions except:
  - (a) those reserved to Council, the Audit Committee, the Human Resources Committee, the Licensing and General Purposes Committee, the Planning Committee and the Standards Committee
  - (b) those delegated to the officers, providing those decisions are not in conflict with the approved budget policy framework
- To refer matters including the review of strategies and policies to the Overview and Scrutiny Committee for consultation, investigation and report

## ***Overview and Scrutiny Committee***

This Committee is responsible for overview and scrutiny, which supports the work of the Cabinet and the Council as a whole. The Committee is made up of 12 Councillors and usually meets 8 times per year. The main activities are:

- (a) Policy development and review:
  - Assist the Council and the Executive in the development of its budget and policy framework by in-depth analysis of policy issues;
  - Conduct research, community and other consultation in the analysis of policy issues and possible options;
  - Consider and implement mechanisms to encourage and enhance community participation in the development of policy options;
  - Question Members of the Executive and/or the Head of Paid Service, Directors or Service Managers about their views on issues and proposals affecting the area; and
  - Liaise with other external organisations operating in the area, whether national, regional or local, to ensure that the interests of local people are enhanced by collaborative working, and challenge the relevance of joint working, and in particular any service level agreements, in the delivery of the Council's aims.
- (b) Scrutiny:
  - Review and scrutinise the decisions made by, and the performance of the Executive and/or council officers both in relation to individual decisions and the impact of those decisions over time;
  - Review and scrutinise the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas;
  - Question Members of the Executive and/or the Head of Paid Service, Directors and Service Managers about their decisions and performance, whether generally in comparison with service plans and targets, over a period of time, or in relation to particular decisions, initiatives or projects;
  - Make recommendations to the Executive and/or Council arising from the outcome of the scrutiny process;
  - Review and scrutinise the performance of other public bodies in the area and invite reports from them by requesting them to address the Overview and Scrutiny Committee and local people about their activities and performance; and
  - Question and gather evidence from any person (with their consent).

## ***Planning Committee***

The Planning Committee is made up of 14 Councillors and usually meets monthly. The Planning Committee has specific responsibility for:

- Determining Planning Applications;
- Building Regulations and Safety of Buildings and Premises;
- Conservation and Listed Buildings;
- Tree Preservation and Planting;
- Strategic Highway and Transportation issues.

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## ***General Licensing Panel***

These are made up of 3 Councillors drawn from the membership of the Licensing and General Purposes and meet ad hoc to deal with business as it arises. The Panels consider all aspects of licence applications, variations, suspensions and revocations across the spectrum of local authority licensing responsibilities.

## ***Taxi and Private Hire Licensing Panel***

These are made up of 3 Councillors from the membership of the Licensing and General Purposes Committee and meet on an ad-hoc basis to deal with business as it arises. The Panels consider all aspects in regard to Hackney Carriage, Private Hire Driver, Operator and Vehicle Licences.

## ***Licensing and General Purposes Committee***

The Committee is made up of 12 Councillors and normally meets 4 times per year. The Licensing and General Purposes Committee has specific responsibility for:

- Licensing;
- Health and Safety at Work Act;
- Appeals against any decision made by or on behalf of the authority;
- Determination of applications for benefits and discretionary rate relief;
- Elections and Electoral Registration;
- Parish and Town Council matters;
- Standing Orders;
- Staffing matters;
- Control of pollution, contaminated land and air quality.

## ***Audit Committee***

The Audit Committee is made up of 8 Councillors and normally meets 5 times per year. From September 2024, the former Audit and Standards Committee was separated into two separate Committees, namely the Audit Committee and the Standards Committee.

The Audit Committee's purpose is

- to provide independent assurance of the adequacy of the risk management framework and the associated control environment;
- to provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

## ***Standards Committee***

The Standards Committee comprises an elected Member from each political group serving on the Council and not in accordance with political balance, together with two non-voting co-opted Members of Parish and Town Councils wholly in the Council's area, nominated by the Rother Association of Local Councils and two non-voting Independent Persons appointed in accordance with Section 28(7) of the Localism Act 2011.

Its main purpose is

- to promote and maintain high standards of conduct by Members and Co-opted Members of the Council;
- to adopt a Code of Conduct dealing with the conduct expected of Members and Co-opted Members of the Council when acting in that capacity;
- to put in place arrangements to investigate and make decisions on written allegations against Elected Members both at District and Parish level and undertake an overview of complaints handling and Local Government Ombudsman investigations, including the power to make payments or other benefits in cases of maladministration etc.

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## **Human Resources Committee**

The Committee is made up of 7 Councillors and normally meets 2 times per year.

Its purpose is

- To consider all matters relating to Human Resources within the Council, including the approval of policies and staff retention packages.
- To receive reports from the Human Resources Manager twice a year on the operational management of the organisation, highlighting fluctuations in trends on indicators affecting the staff resources of the Council, such as sickness, recruitment and equal opportunities.

## **Joint Waste and Recycling Committee**

The Joint Waste and Recycling Committee is made up of elected Member representatives from the Cabinets of East Sussex County Council, Hastings Borough Council (HBC), Rother District Council (RDC) and Wealden District Council (WDC). It is currently administered by Wealden District Council on behalf of the Partnership.

The Joint Waste and Recycling Committee also facilitates the authorities to work in partnership with East Sussex County Council as the Waste Disposal Authority to maximise integration opportunities.

## **The Management Structure of the Council**

Supporting the work of elected Members is the organisational structure of the Council headed by the Chief Executive. During 2024/25 the Chief Executive was supported by a senior leadership team comprising the Deputy Chief Executive/ Chief Finance Officer and Director of Place and Climate Change. The latter post was removed in the summer of 2024 and a post of Director of Governance and Community Services was created in its place but remained vacant until the end of the financial year.

The Council appoints a Monitoring Officer and Chief Finance Officer, as required by law. These officers have responsibility to take action if the Council has, or is about to, break the law or if the Council is about to set an unbalanced budget.

## **Staffing**

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

<b>Employees</b>	<b>2023/24</b>	<b>2024/25</b>
Total number of current permanent full and part time employees	247	237
Total number of current temporary / fixed term employees	10	6
Total number of current job share employees	0	2
<b>Total number of employees</b>	<b>257</b>	<b>245</b>
Total number of employees expressed as full-time equivalents (FTE)	226	217

<b>Posts</b>	<b>2023/24</b>	<b>2024/25</b>
Total number of permanent full and part time posts	252	284
Total number of temporary/fixed term posts	10	9
Total number of job share posts	0	1
<b>Total number of posts</b>	<b>262</b>	<b>294</b>
Total number of posts expressed as full-time equivalents (FTE)	231	253

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Sickness and accident statistics are shown in the table below:

	2023/24	2024/25
Short term sickness (days per FTE)	2.19	1.73
Medium term sickness (days per FTE)	0.95	1.64
Long term sickness (days per FTE)	3.76	3.09
Overall sickness (days per FTE)	6.90	6.47
Number of accidents	3	2

## 4. A Summary of the 2024/25 Financial Performance of the Council

### General Fund

The Council approved a Council Tax Demand of £8.017 m at its budget meeting on 26 February 2024 resulting in a Council Tax charge for a Band D property of £204.54, an increase of £5.38.

A summary of the General Fund position is shown below in the format used for management accounting and reporting (OSC 7 July 2025, subsequently amended for 28<sup>th</sup> July 2025 Cabinet meeting).

Line	Rother District Council General Fund Summary	Revised Budget 2024/25	Actual Period 12	Year End Outturn Variance
		£ (000)	£ (000)	£ (000)
1	Deputy Chief Executive	344	392	48
	Environmental Services, Licensing & Community			
1a	Safety	564	481	(83)
1b	Revenues & Benefits	1,298	976	(322)
1c	Internal Audit	163	172	9
1d	Digital & Customer Services	1,817	1,761	(56)
1e	Corporate Programme & Improvement	138	161	23
1f	Corporate Policy & Projects	417	177	(240)
2	Chief Executive	374	605	231
2a	Chief Finance Officer	1,592	1,786	194
2b	Democratic Services	677	645	(32)
2c	Human Resources Services	527	796	269
3	Director Place and Climate Change	120	111	(9)
3a	Planning Development Management	390	901	511
3b	Planning Policy	566	97	(469)
3c	Neighbourhood Services	4,655	4,454	(201)
3d	Climate Change Strategy	119	69	(50)
3e	Housing	2,600	2,718	118
3f	Regeneration	(996)	(847)	149
	<b>Total Cost of Services</b>	<b>15,365</b>	<b>15,455</b>	<b>90</b>
4	Interest from Investments	(1,316)	(1,699)	(383)
5	MRP	523	591	68
6	Interest payments	628	557	(71)

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7	Additional 1% Staff pay award	100	0	(100)
	<b>Net Cost of Services</b>	<b>15,300</b>	<b>14,904</b>	<b>(396)</b>
	<b>Income</b>			
8	Special Expenses	(787)	(787)	0
9	Net Business Rates and Section 31 Grants	(4,820)	(5,359)	(539)
10	Non-specific Revenue Grants	(1,490)	(1,634)	(144)
11	Council Tax Requirement (Rother only)	(8,017)	(8,247)	(230)
12	Contribution to surplus/deficit on the collection fund	0	0	0
13	<b>Total Income</b>	<b>(15,114)</b>	<b>(16,027)</b>	<b>(913)</b>
14	<b>Total revenue budget Surplus (-)/ Deficit (+)</b>	<b>186</b>	<b>(1,123)</b>	<b>(1,309)</b>
15	Contribution to/ from reserves for revenue expenditure	0	690	690
16	Contribution from revenue to capital expenditure	0	0	0
17	<b>Funding gap/(Surplus) - Amounts to be drawn from reserves (+) or Amounts to be contributed to reserves (-) to balance the budget</b>	<b>186</b>	<b>(433)</b>	<b>(619)</b>

<b>Impact on Reserves</b>				
18	<b>Opening Balance</b>	<b>9,835</b>	<b>9,433</b>	<b>(402)</b>
	<b>less</b> reserves movement in year:			
19	Reserves funding for revenue purposes	(186)	433	619
20	Contributions to Earmarked Reserves	0	822	822
21	Contributions from Earmarked Reserves		(132)	(132)
22	Reserves funding for capital purposes (contribution)		142	142
23	Reserves funding for capital purposes (draw)	0	(156)	(156)
24	<b>Total Reserves Funding in year</b>	<b>(186)</b>	<b>1,109</b>	<b>1,295</b>
25	<b>Closing Balance</b>	<b>9,649</b>	<b>10,542</b>	<b>893</b>

The General Fund Revenue Budget outturn is a surplus of £0.433m. When the budget was originally set in February 2024 the Council estimated it would need to draw down £0.186m. The reason for the difference is mainly due to additional income from interest from investments, high value of ringfenced revenue grants received in year (Housing and Planning) which have been transferred to Earmarked Reserves and can be used only for the prescribed purposes as well as positive variances on Collection Fund driven mainly by higher level of Section 31 grant (over £200,000) and an overall higher level of NNDR primarily due to lower than budgeted NNDR Net Levy charge. For details on variances please see the Revenue Budget Outturn Report.



# NARRATIVE

## General Fund: Capital Programme

The Capital Programme outturn as at 31st March 2025 is £24m representing 83% of the revised 2024/25 budget of £29m from February 2025. The budget was revised in year mainly due to the varying pace of the programme, influenced by external economic factors such as high price inflation, increasing construction and material costs, as well as organisational capacity issues.

The following summarises the council's capital investment activity for 2024/25:

<i>Capital Investment 2024/25</i>	<b>£'000</b>
Purchase of Property including units for temporary housing	3,223
Investment in Council owned properties	10,338
Loans to RDC housing	4,473
Grants to individuals and organisations	5,668
Purchase of Refuse Equipment	123
Investment In IT	241
	<b>24,066</b>
Financed by:	<b>£'000</b>
Prudential borrowing	1,205
Grants and contributions	22,481
Revenue/Reserve contributions	380
	<b>24,066</b>

## 5. Material assets/liabilities

In 2024-2025 the most significant assets purchased by the Council include Temporary Accommodation units for homeless households (£3.2m) and there was significant expenditure on the Blackfriars Infrastructure for the forthcoming housing development (£7.7m). The Council also distributed and/or oversaw the spend on capital projects as part of the Levelling Up Fund and Levelling Up Partnership grant schemes.

These were financed by largely from grants and heavy internal borrowing to reduce as much as possible the financing costs.. At 31<sup>st</sup> March 2025 the Council's borrowing stood at £26.327m of long term loans with the PWLB and a short term £2.5m loan with Coventry City Council.

The land at Blackfriars in Battle including the recently completed infrastructure was sold at a loss to the wholly owned Rother DC Housing Company Limited. In the last few years, the land benefited from investment in a complex infrastructure project to make a very challenging site developable. The infrastructure was delivered in partnership with Homes England who funded 85% of the nearly £20m project the costs. The sales transaction reflected the value of the land rather than the costs incurred on it and therefore resulted in a loss to the council reflected in the Comprehensive Income and Expenditure Statement but subsequently reversed in the Movement in Reserves Statement so it does not affect the General Fund reserve. The housing company have taken over the responsibility for the site from March 2025 and have also received loan funding of £4,473,000 to progress with the housebuilding activity now that the infrastructure is in place.

# NARRATIVE

## Collection Fund

The outturn on the Collection Fund for the year is a deficit of £1.364m on Business Rates against the budgeted deficit of £1.009m and a deficit of £0.205m on Council Tax against a budgeted surplus of £0.229m. The difference between actual and budgeted will be adjusted in 2026/27 budget setting.

In 2024-25 Rother received less grant funding than it provided reliefs. An appropriate accrual was made and will be reconciled by March 2026.

## 6. Strategic Risks

Risk	Impact	Mitigation
<b>Financial</b> Failure to operate within a sustainable budget including uncontrollable pressures such as temporary accommodation. . .	Failure to deliver corporate objectives, reduced service provision or standards attainable especially for discretionary services, potential staff redundancies, reputational damage and ultimately S.114 notice.	Strong partnership between Members and Officers.  Regular monitoring of the Medium-Term Financial Plan (MTFP). Quarterly budget monitoring of the savings plan (Fit for the Future)  Monitoring of project spend at Corporate Programme Board and enhanced management of the Development Programme  Annual budget challenge exercise Introduction of Spending Control Panel

## NARRATIVE

<p><b>Local Government Reorganisation (LGR) and Devolution</b> And associated impact to the delivery of Council services</p>	<p>Potential negative impact on finances, retention of staff, delivery of services and funding of other organisations.</p>	<p>Medium term financial plan well developed and regularly reviewed</p> <p>Regular budget/financial updates to Members</p> <p>Senior officer involvement with national bodies (e.g. LGA, Rural Services Network, Solace)</p> <p>Regular meetings with/lobbying of MPs East Sussex Lobbying priorities</p> <p>Proactive involvement with national consultations</p> <p>Effective collaboration within East Sussex</p> <p>Strategic Asset Management Plan</p>
<p><b>Project delivery compromised and project budgets exceeded</b></p>	<p>Project failures or inadequate delivery to budget, deadlines or specifications.</p> <p>Failure to secure external funding to make project financially viable.</p> <p>Inability to manage/implement centrally funded programmes such as LUP and LUF within agreed timeframes.</p>	<p>Additional resources allocated and operational including skilled project management. Robust risk management practices in place. Corporate Programme Board established for robust monitoring of risks, financials, project progress, milestones etc.</p>
<p><b>Reliance on Commercial Income</b> Exploring alternative sources of income to offset core funding reductions and also ensure value for money for residents, particularly in relation to the Property Investment Strategy.</p>	<p>A recession or other unexpected or uncontrollable events could leave the Council exposed to under-funding or large losses in income.</p>	<p>Robust monthly monitoring, which scrutinises forecast projections and challenges material movements against budgeted targets.</p>
<p><b>Medium Term impact on the economy of the high inflation/cost of living crisis</b> Possible impact of economic downturn on the number of businesses operating in Rother and potential increase in unemployment could reduce income from Council Tax as more households claim financial support from the Council.</p>	<p>Increased unemployment would see the claims for Council Tax reduction with resultant reduction in the taxbase and inability to compensate through higher levels of Council Tax charged to other households</p>	<p>Continuing to engage with the DLUHC through their consultations to mitigate the loss of income and administering support to residents and businesses through enhanced central government support</p>

# NARRATIVE

<b>Rother DC Housing Company Ltd</b>		
Blackfriars development - delay to the delivery of the agreed programme may result in financial implications for the Housing Company and RDC	Potential financial implications to the Company and Council due to marginal scheme.	Robust deliver plans and effective monitoring arrangements in place.  Robust financial monitoring. Changes to the governance arrangements of the shareholder.

## 7. Liability for Pensions Costs

The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.

The Council's net Pension Liability valued on an IAS 19 basis decreased from £1.440m net liability at 31st March 2024 to £1.052m at 31st March 2025. Gross liabilities have decreased by £9.6m mainly due to a change in financial assumptions and there's been £0.518m decrease in Gross employer assets. There was, however, an additional impact of an application of an asset ceiling as a result of IFRIC 14 regulations - see Note 8 to the accounts.

The Council does not operate its own Pension Fund but is part of the East Sussex Local Government Pension Scheme, which is administered by East Sussex County Council. Full details of the Pension Scheme and its accounts are available on-line at [www.eastsussex.gov.uk](http://www.eastsussex.gov.uk).

## 8. Future Plans

In common with the rest of local government, the Council has seen a steady reduction in its core funding in recent years. The Government's aim is to phase out non-specific grant funding altogether, instead allowing local authorities to retain a higher proportion of business rates collected locally.

The Medium Term Financial Strategy has recently been updated indicating that due to reductions in government funding and demands on Council services, as well as other economic factors, the financing of the Council services remains challenging.

To balance the budget, there will be a continuing need for service transformation, efficiencies and savings initiatives for the foreseeable future.

In December 2024 the Government made announcements through a White paper about Local Government Reorganisation and Devolution which will significantly change the local government landscape and how services are delivered in the future.

Reform of local government means two changes are planned which would affect people in Rother and the wider East Sussex area.

### 1. Reorganisation

Everyone would be served by just one council, providing all day-to-day services in East Sussex. This would replace the present two-tier system where some services are provided by the county council and some by a district (or borough) council.

### 2. Devolution

A strategic authority for the whole of Sussex, including an elected mayor, would have funding and powers to plan and decide long-term issues which affect the whole area.

Work is currently underway amongst the Councils in East Sussex on business case proposals which need to be submitted in September 2025. An interim plan was submitted in March 2025 in which Rother alongside East Sussex

# NARRATIVE

County Council and the four other district and borough councils have set out what they believe any new local authority would have to achieve including;

- Improving outcomes for residents and communities
- Making best use of resources now and for the future
- Enhance local democracy, local identity, transparency, accessibility, local decision making and accountability
- Support and drive decision making and public service reform at both Sussex and local level
- Provide a stronger and unified voice to help attract investment and tackle priorities

Final reorganisation proposals to create one or more unitary councils in East Sussex will be submitted to the government in September 2025. If accepted by Government, elections to the new council or councils would take place in 2027.

The new body would start work in April 2028 at which stage Rother District Council would cease to exist.

## The Medium Term Financial Plan

The Council's updated [MTFS Summary 202526](#) was set on 24 February 2025 with a reassessment of the deliverability of savings and income targets. The Budget for 2025/2026 was set in February 2025, presented and approved by Cabinet ([Draft Budget and Medium-Term Financial Plan 202526-202829 Cabinet](#)) and subsequently approved by Full Council ([Budget and Council Tax Setting 202526 Full Council](#)).

The updated medium term financial plan for the period 2025/26 to 2028/29 is set out in the table below:

### 2025/26-2028/29 Medium Term Financial Plan

	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget
	£ (000)	£ (000)	£ (000)	£ (000)
<b>Departmental Budgets</b>				
Chief Executive Officer	923	925	930	950
Deputy Chief Executive	8,287	8,200	8,000	8,000
Director of Governance and Community Services	6,505	6,500	6,300	6,000
<b>Total Cost of Services</b>	<b>15,715</b>	<b>15,625</b>	<b>15,230</b>	<b>14,950</b>
Net Financing Costs	300	750	1,000	1,000
<b>Net Cost of Services</b>	<b>16,015</b>	<b>16,375</b>	<b>16,230</b>	<b>15,950</b>
Special Expenses	(811)	(839)	(869)	(899)
Business Rates - retained share	(4,946)	(4,820)	(4,820)	(4,820)
Non-Specific Revenue Grants (Government)	(1,204)	(1,000)	(750)	(500)
Council Tax Requirement (Rother only)	(8,360)	(8,661)	(8,981)	(9,301)
<b>Total Income</b>	<b>(15,321)</b>	<b>(15,320)</b>	<b>(15,420)</b>	<b>(15,520)</b>
<b>Funding Gap</b>	<b>694</b>	<b>1,055</b>	<b>810</b>	<b>430</b>

# NARRATIVE

The Council has adopted a Property Investment Strategy (PIS) focussed on investment within Rother District in order to facilitate economic regeneration, secure existing employment and develop new employment space. This has been achieved in the last three years, and work on identifying other suitable properties continues.

## Income Generation

The Council has a number of key income streams besides Council Tax and Non-Domestic rates. These include car parking, planning, licensing and land charges. Please refer to Note 7b for details.

Another source of income is rents from land and industrial estates. The Council has increased the level of income it receives from property through the above-mentioned PIS. The table below highlights the contribution assets acquired through the PIS are making towards services:

<b>2023/24 Gross Additional Income</b>	<b>Property</b>	<b>2024/25 Gross Additional Income</b>
<b>£'000</b>		<b>£'000</b>
85	14 Terminus Road	80
90	18-40 Beeching Road	135
93	16 Beeching Road	92
475	Glovers House	448
195	Market Square, Battle	195
93	35 Beeching Road headlease	9
9	Ninfield Road, Sidley	9
583	Buckhurst Place	486
36	Beeching Park Estate	36
1,659	Total	1,490

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## Property Funds

The Council has £5m invested in the CCLA Property Fund and £3m in the Hermes Property Fund. The reason for these investments was, at the time of investment, the low interest rates offered by banks and to improve investment returns. These funds returned between 4.58% and 3.52%, respectively (equating to £334,000 in 2024-2025) which helped to support Council services. (Previous year's returns were 4.69% and 3.24%). They also provide a capital return or potential loss depending on property values, but this is not realised until the funds are sold. At 31<sup>st</sup> March 2025 the value of the units held by RDC was worth £778,000 less than the original investment (£145,000 decrease in loss since 2023-24).

During 2024/25 the Council was notified that the long-term future of the Hermes Property Fund was unknown. The fund had received a large number of investors seeking the redemption of their funds which resulted in the fund needing to sell assets in a challenging market. The fund was deemed not viable in its current form and the fund managers have been working during the year to find a solution that is in the best interests of the investors. The final stages of due diligence are currently being undertaken, and the fund is proposed to merge with another. However, RDC will not be eligible to join the new fund as eligibility is restricted to UK registered pension funds. We anticipate that funds will be returned to RDC is August 2025, however the final valuation is currently unknown, but a loss is anticipated during 2025/26 as a result of the accounting treatment required under IFRS 9.

## Capital Strategy 2024/25

The CIPFA revised 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which seeks to provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activities contribute to the provision of services;
- an overview of how associated risk is managed;
- the implications for future financial sustainability.

Of most significance are the Council plans to continue with its capital investment on Housing schemes and its Property Investment Strategy as part of its regeneration ambitions.

The Council's latest Capital Strategy was approved by Cabinet on 4 March 2025 and is available on the Council's website. Capital budgets have been updated following the 2024/25 outturn as reported to [Overview and Scrutiny Committee 07 July 2025](#) and are shown in the table below:

Project	Revised 2024/25 Budget	2024/25 Outturn	2024/25 Variance	Revised 2025/26 Budget	Revised 2026/27 Budget	Revised 2027/28 Budget	Revised 2028/29 Budget
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Development Programme</b>							
Capital - Blackfriars	8,086	7,732	354	1,534	498		
Capital - Colonnade	75	19	56	606	25		
Capital - Beeching Road Hotel & Foodstore Development		5	(5)	310			
Capital - Barnhorn Green	180	257	(77)	875	4,323	3,842	1,329
Capital - Development of Council Owned Sites	9	30	(21)	25			
Capital - King Offa Leisure & Residential Development	433	188	245	560	1,941		
Capital - RDC Housing Ltd Investment (RDC loan funding to company)	5,265	4,473	792	25,165	5,754		
Capital - Old Lydd Road	346	19	327	53			
Capital - LUF De La Warr Pavilion Project	1,978	1,297	681	3,670	4,940	7,547	
Capital - The Heart of Sidley Community Hub Project	1,211	289	922	2,728	121		
Capital - Camber Sands Welcome Centre	1,847	1,027	820	1,331	152		
Capital - Lift for Amherst Road Offices		4	(4)	126			
Capital - Sidley Waste Depot	1,075	54	1,021	665	356		

# NARRATIVE

Watch Oak - Feasibility				20			
Pett Level - Feasibility				20			
Udimore - Feasibility				20			
Broad Oak - Feasibility				25			
Watch Tower Rye - Feasibility				20			
Capital - The Villas Roof Repairs		3	(3)	241			
	<b>20,505</b>	<b>15,397</b>	<b>5,108</b>	<b>37,994</b>	<b>18,110</b>	<b>11,389</b>	<b>1,329</b>
<b>A Thriving Local Economy</b>							
Capital - De La Warr Pavilion - Capital Grant	54	59	(5)	59	59		
Capital - UKSPF- UK Shared Prosperity Fund	220	251	(31)	35			
Capital - Battle Train Station CIL					1,000		
Capital - Plan for Neighbourhoods (formerly Long Term Plan for Towns)					1,500	1,500	11,936
Capital - Beeching Road Studios	124	118	6				
Capital - Skinners Sheds Wainwright Road				200			
Capital - West Station Pub Terminus Road				300			
Capital - Chamber of Trade Capacity Pots	130		130	62			
	<b>528</b>	<b>428</b>	<b>100</b>	<b>656</b>	<b>2,559</b>	<b>1,500</b>	<b>11,936</b>
<b>Live Well Locally</b>							
Capital - Fairlight Coastal Protection Scheme (Preservational Trust)	20	11	9	90	15	15	76
Capital - Disabled Facilities Grant	1,810	2,143	(333)	1,625	1,625	1,625	1,495
Capital - Community Grants	110	126	(16)	110	110	110	273
Capital - Sidley Recreation Ground				8			
Capital - Refuse Equipment	137	123	14	125	125	149	
Capital - Temporary Accommodation	3,357	3,223	134	4,300	4,000	1,657	
Capital - Ticehurst Village Centre (CIL)				200			
Capital - Bexhill Promenade - Outfall pipe	13	13					
Capital - Improvements to existing Bexhill leisure centre and pool				62			
Capital- Egerton Park Toilets	78	79	(1)				
Capital - Sedlescombe Traffic Calming Measures - CIL					74		
Capital - Battle Sports Pavilion - CIL				400			
Capital - Rural England Prosperity Fund	232	581	(349)	13			
Capital - LTA Egerton Park Tennis Courts	13	16	(3)				
Capital - Rye Sports Centre - Improvements and LUP Projects	450	203	247	697			
Capital - Env Health - DISC (A Crime Information-Sharing System for UK Business)	30	23	7	3			
Capital - Mobile Community Hub	138	67	71	64			
Capital - Bexhill Community Hub	600	531	69	411	35		
Capital - The Pelham	167	151	16	172			
Capital - Food Waste Vehicles and Containers	326	318	8	1,024			
Capital - Egerton Park Modular Toilets	99	5	94	94			
Capital - Devolution of PCs (CIL)		16	(16)		202		
London Road Improvement Project - CIL					300		
Capital - Waste Vehicles				2,950	2,950		
Capital - Ticehurst Sports Pavilions				62			
Capital - Robertsbridge Doctors Surgery					1,200		
	<b>7,580</b>	<b>7,629</b>	<b>(49)</b>	<b>12,410</b>	<b>10,636</b>	<b>3,556</b>	<b>1,844</b>



# NARRATIVE

<b>Fit for the Future</b>							
Capital - Corporate Document Image Processing System		25	(25)	61			
Capital - Rother 20/20 ICT Investment				106			
Capital - New Website Development	1	1		5			
Capital - Invest to Save Project	30	149	(119)	169			
Capital - Planning Software (Invest to Save)	349	66	283	293			
	<b>380</b>	<b>241</b>	<b>139</b>	<b>634</b>			
<b>Green to the Core</b>							
Capital - Village Halls Energy Project	380	342	38	61			
Capital - LUF Parks Sidley House Open Space Improvements				16			
Capital - Pollution Monitoring Equipment				3			
Capital - Electric Vehicle ORCS Funding				165			
Capital - Micro Woods Grants (CLHF)	25	8	17	18	1		
Capital - Community Orchard Grants (CLHF)	23	21	2	28			
	428	371	57	291	1		
	<b>29,421</b>	<b>24,066</b>	<b>5,355</b>	<b>51,985</b>	<b>31,306</b>	<b>16,445</b>	<b>15,109</b>
<b>FUNDING</b>							
Grant		22,124		13,405	12,019	9,490	13,509
Borrowing		1,205		32,799	15,332	5,648	1,329
CIL		357		1,717	2,828	850	
Capacity Funding				17		129	
Contributions				75			
NHLF (Development phase)						218	
S106				200			
Reserves		156					
Capital Receipts		225		3,772	1,127	110	273
		<b>24,066</b>		<b>51,985</b>	<b>31,306</b>	<b>16,445</b>	<b>15,109</b>

## 9. Explanation of the Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. There have been no changes to accounting policies.

These statements contain a number of different elements which are explained below.

**Statement of Responsibilities** sets out the respective responsibilities of the Council and the Chief Finance Officer.

**Independent Auditor's Report** gives the auditor's opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

### Statement of Accounts

- **Comprehensive Income and Expenditure Statement** shows the cost of providing services in the year in accordance with International Financial Reporting Standards, rather than the amount to be funded from taxation.

## NARRATIVE

- ***Movement in Reserves Statement*** shows the movement in the year on the different reserves held by the Council, analysed between usable reserves (i.e., those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.
- ***Balance Sheet*** shows the value of the Council's assets and liabilities at the reporting date. These are matched by usable and unusable reserves.
- ***Cash Flow Statement*** shows the changes in the Council's cash and cash equivalents during the reporting period.
- ***Collection Fund*** is an agent's statement that reflects the statutory obligation of billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers of Council Tax and National Non-Domestic Rates (NNDR) and its distribution to precepting bodies.

### 10. Acknowledgements

I would like to thank all those involved in managing the Council's finances and preparing this Statement of Accounts. Their support under ever increasing competing demands has been appreciated throughout these challenging times.

**Andrew Vallance**

Deputy Chief Executive and s151 Officer

# ANNUAL GOVERNANCE STATEMENT - *DRAFT*

## 1. SCOPE OF RESPONSIBILITY

1.1. Rother District Council (RDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for and used economically, efficiently, effectively and equitably. RDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2. In discharging this requirement, RDC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

1.3. RDC has approved and adopted a Local Code of Corporate Governance, although this has been reviewed and updated for the 2024/25 financial year based on the 'Delivering Good Governance in Local Government: Framework' (CIPFA/Solace, 2016) ('the Framework') which was introduced in 2016/17. A copy of the Council's Local Code can be accessed on our website. This statement demonstrates how RDC has complied with the Framework and supports the requirement of the Accounts and Audit (England) Regulations 2015 in relation to the approval (Part 2 regulation 6) and publication (Part 3 regulation 10) of an Annual Governance Statement (AGS). The statement is prepared in accordance with proper practices in relation to internal control and is reviewed annually or more frequently as required. In addition, RDC's framework for delivering good corporate governance is embedded within its Constitution, policies and procedures.

## 2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1. The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to appropriate, cost-effective service delivery.

2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.

2.3. The governance framework has been in place at RDC for the year ended 31 March 2025 and up to the date of approval of the statement of accounts.

## 3. THE GOVERNANCE FRAMEWORK – THE SEVEN CORE PRINCIPLES

3.1. The Council's governance framework is derived from the following core principles as per the CIPFA/SOLACE 2016 Framework which is based upon the 7 core principles of the International Framework for Corporate Governance in the Public Sector as follows:

- A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law;
- B - Ensuring openness and comprehensive stakeholder engagement;
- C - Defining outcomes in terms of sustainable economic, social and environmental benefits;

# ANNUAL GOVERNANCE STATEMENT - *DRAFT*

- D - Determining the interventions necessary to optimise the achievement of the intended outcomes;
- E - Developing the entity's capacity, including the capability of its leadership and the individuals within it;
- F - Managing risks and performance through robust internal control and strong public financial management and;
- G - Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.2. The Local Code of Corporate Governance highlights how good governance supports the Council and demonstrates what we aim to achieve by following the seven core principles, along with the tools we use to support our compliance. It goes further to identify the behaviours and actions that can demonstrate our compliance with the code, how we put this into practice and the source documents, policies, procedures and frameworks that enable us to evidence compliance.

## 3.3. Vision and Priorities

The current Council Plan was adopted in December 2024 and sets out the intent and ambition of the authority for the period 2025–2029, putting residents at the heart of all we do. The Plan details the Council's vision up until 2029, providing the framework and context for the Council's service provision, project interventions and resource allocation (financial and staffing) during that period. It reflects the essential needs and aspirations of our customers and communities and how we feel the Council can best use its resources to deliver services and outcomes that make a positive difference for everyone who lives in, works in, or visits the district of Rother.

Whilst the Plan was drafted before announcements were made about Devolution and Local Government Reorganisation and will therefore need review shortly, it is anticipated that the main objectives and priorities will remain consistent, with a focus on areas that can be delivered ahead of April 2028 or will aid transition or formation of the new authority.

The Plan identifies three main themes against which medium term priorities and progress will be identified. They are:

- A Thriving Local Economy
- Live Well Locally
- Green to the Core

These themes are underpinned by our Fit for the Future programme, which ensures that we can deliver our priorities through effective and efficient services.

The full plan can be found here [Our Council Plan – Rother District Council](#)

3.4. Quality of Services - The Council monitors both performance and the delivery of objectives and key performance indicators (KPIs), with quarterly performance reviews being considered by Cabinet and the Overview and Scrutiny Committee. We publish information about our performance and carry out satisfaction surveys so that everyone can see the progress we are making.

3.5. Constitution and Responsibilities - A comprehensive document setting out the [Constitution - Rother District Council](#) exists which sets out the clearly defined structure for the Council's organisational and decision-making arrangements based upon a Cabinet/Executive model. In essence the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere including the setting of the council tax;
- Cabinet is allocated authority by Council to approve policies not reserved for consideration by Council, deliver policies and to take most significant executive decisions;
- Cabinet follows a [Work Programme](#) which is updated on a monthly basis and provides details of forthcoming decisions for up to four months ahead;
- All executive decisions are recorded in a [Decision List](#), with formal minutes being available for public inspection;
- The work of the Cabinet and the Council as a whole is supported by the Overview and Scrutiny Committee and its task and finish groups;

# ANNUAL GOVERNANCE STATEMENT - *DRAFT*

- The Scrutiny Committee has developed its own work programme for the review of Council services in addition to scrutinising the work of the Cabinet. It can 'call-in' a decision which has been made by the Executive but not yet implemented;
- The Audit Committee is well established and is responsible for the review of the work of the Internal and External Audit functions and provides independent assurance of the effectiveness of governance arrangements, risk management and financial management processes. It also has the responsibility for the approval of the Statements of Accounts;
- Separate committees exist for Planning and Licensing as well as Audit and Standards (from July 2024);
- Delegation arrangements to committees, the Executive and officers are set out in detail within the Constitution; and
- Regular meetings take place between relevant senior officers and Members of the Council to discuss and propose policy.

The Constitution also includes sections on procedure rules, financial regulations and conduct of meetings. The Constitution is reviewed periodically with interim updates made as and when appropriate.

3.6. Codes of Conduct - The Council has various Codes of Conduct applying to both Members ([here](#)) and officers as well as a protocol for Councillor/officer relationships. These have enabled the authority to develop an inclusive culture over the years, whereby Members and officers work together to deliver the Council's vision and quality services to its residents. The Codes include reference to the need to declare any interests that may conflict with the individual's role at the Council and such registers for Councillors and officers are maintained by the Council.

3.7. Complaints - The Council has in place a [Whistle-blowing Policy](#) (which was revised during the year) as well as a [complaints procedure](#) that ensures that any referrals are fully investigated, properly resolved and learning applied to service delivery. Systems and procedures have been enhanced to ensure that complaints/service requests are the cornerstone of the Council's management approach.

3.8. Policies, Procedures, Laws and Regulations - The Council's statutory officers are the Chief Executive (Head of Paid Service), the Deputy Chief Executive (Section 151 Officer - Chief Finance Officer) and the Director of Governance & Community (Monitoring Officer). They are responsible for ensuring the Council acts within the law and in accordance with established policies and procedures. The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources. There is also a requirement to ensure the authority's financial management arrangements conform to the governance requirements as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) statement on the Role of the Chief Financial Officer. Service Managers are responsible for ensuring legislation and policy relating to service delivery and health and safety are implemented in practice.

3.9. Development and training needs – RDC is a learning organisation, both in terms of Members and officers and continues to deliver a programme to develop the skills of its workforce. RDC is committed to investing in staff development and ensures that staff are valued and given the opportunities to develop and achieve their full potential. Training and Development is at the core of the appraisal system and our most recent Staff Survey was conducted late 2024 and we have plans in place to act upon the feedback. RDC continues to deliver a training and development programme to provide Members with the support and skills necessary to assist them in carrying out their duties as evidenced through the Member induction programme following the May 2023 elections.

3.10. Risk Management – The Council's [Risk Management Framework](#) shows how the Council manages risk in an active way in terms of service delivery, reporting the Corporate Risk Register to the Audit Committee at least every 6 months. Lower-level operational risks are also monitored and considered through the Council's Service Planning process. The more significant capital schemes also have their own requirements in relation to risk and risk logs. The Council is in the process of reviewing Business Continuity Plans (BCPs) to ensure that they are consistent and regularly reviewed and updated to address key operational risks. All committee reports contain a mandatory risk section to ensure that Members can consider the risks and opportunities of any recommendations or options, so that the consideration of risk forms an integral part of all decision making.

# ANNUAL GOVERNANCE STATEMENT - *DRAFT*

3.11. Communication – The Council believes public understanding of its work, achievements and services, coupled with consultation with residents is key to maintaining high satisfaction levels. This is achieved through continuous communications and consultation activity and upholding the Council's values of transparency and openness. RDC regularly publishes information on its website and via a variety of social media channels, working with the local media to provide information to ensure residents are kept informed. This is further supported by the Council's ['My Alerts'](#) which provides a weekly email update for residents and businesses

3.12. Partnerships – The Council is involved with a variety of partnerships that have developed over the years, this does however need to be supported by a Partnership Governance Framework and Partnership Register to help ensure that we maintain a consistent approach when entering into any new partnerships.

3.13. Transparency – As a Council we want to be publicly accountable and present our work with openness and transparency, we present a range of information on our ['Transparency Data'](#) pages on the website, ranging from contract and purchasing information to car park data.

3.14. If there are any areas outlined above which require strengthening, these are highlighted within the Annual Governance Statement as part of the Action Plan within Section 5.

## 4. REVIEW OF EFFECTIVENESS

4.1. RDC annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and from comments made by the external auditors and other inspection agencies.

4.2. Reviews have taken place both during the year and at year end, and cover the following:

4.2.1. Cabinet is responsible for considering overall financial and performance management and receives comprehensive reports on a quarterly basis. It is also responsible for key decisions and for initiating corrective action where appropriate while the Audit Committee consider corporate risk and internal control issues.

4.2.2. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. It is a 'living document' and is subject to amendment and updating on a regular basis.

4.2.3. The Council has an Overview and Scrutiny Committee that can establish 'task and finish' groups, to look at particular issues in depth, taking evidence from internal and external sources, before making recommendations to the Cabinet. Scrutiny can "call-in" decisions of the Cabinet, which are yet to be implemented, to enable it to consider whether the decision is appropriate. In addition, the Overview and Scrutiny Committee can exercise its scrutiny role in respect of any Cabinet function, regardless of service area or functional responsibility, and will conduct regular performance monitoring of all services, with particular attention to areas identified as under-performing.

4.2.4. The Local Government and Public Involvement in Health Act 2007 include powers to enable Councillors to champion local issues where problems have arisen in their ward. The Council has embedded the "Councillor Call for Action" which allows Councillors to ask for discussion at Overview and Scrutiny Committee on issues where other methods of resolution by the District Member have been exhausted.

4.2.5. The development of the procurement function across the public sector has led to the establishment of several framework agreements for purchasing where the detailed work on price and quantity with suppliers has already been carried out. Contracts for supply are only established when goods, works or services are called off under the agreement.

4.2.6. The Council has in place a [Procurement Strategy](#) and works in partnership as part of the [East Sussex Procurement Hub](#) with Wealden and Hastings.

# ANNUAL GOVERNANCE STATEMENT - *DRAFT*

4.2.7. The Standards and Conduct provisions of the Localism Act 2011 came into force on 1st July 2012. The authority has appointed an Independent Person pursuant to the Act and has incorporated the standards element into the Standards Committee (Audit and Standards Committee until July 2024). The Council has also appointed an Independent Person in respect of the Audit Committee function in line with best practice.

4.2.8. The Council also has in place an [anti-fraud and corruption framework](#) which provides a suite of policies and procedures to help raise awareness of fraud and corruption issues and to promote their prevention, detection and investigation. These documents are known collectively as the Anti-Fraud and Corruption Framework.

4.2.9. The Audit Committee met four times during the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework, internal control and standards environment. The Committee received regular reports on, internal control and governance matters in accordance with its agreed work programme. In addition the predecessor Committee (Audit & Standards Committee – A&SC) met 3 times to consider the above matters before the committee's were split.

4.2.10. The Annual Internal Audit Plan was considered and approved by the A&SC on the 25 March 2024 meeting ahead of the forthcoming financial year. The 2024/25 Internal Audit Plan approved included a total of 493 days, encompassing 21 internal audit reviews, plus provisions for counter fraud work to provide adequate coverage over the Governance, Risk Management and Control framework informing the annual audit opinion. The Internal Audit Plan for 2025/26 was agreed by the Audit Committee on 24 March 2025.

4.2.11. During the 2024/25 financial year there were 21 planned internal audit assignments (21 in 2023/24) of which 18.3 were completed (15 in 2023/24). An adequate and effective audit opinion was given by the Audit Manager for the year overall.

4.2.12. An annual review of the effectiveness of the internal audit function is undertaken and this is reported to the Audit Committee prior to 31 March each year so that the Committee can place reliance on the findings of internal audit when considering the AGS. In summary, no new issues were highlighted as part of the March 2025 assessment demonstrating the Internal Audit Service continues to achieve a good level of compliance with the Standards. The Audit Manager committed to take further action to align the Internal Audit function with the requirements of the new global standards during 2025/26. He also concluded that there was a high level of compliance overall and this conclusion was supported by both the Section 151 Officer and Monitoring Officer.

4.2.13. The Accounts and Audit Regulations 2015 require that “a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”. The conclusions of the internal audit enable an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control to be provided. In addition, Internal Audit can undertake fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred. All significant weaknesses in the control environment identified by Internal Audit are reported to senior management and the Audit Committee. Three audits completed during the 2024/25 financial year received a good assurance rating (the highest level of assurance that can be achieved), and a further 13 audits were given a substantial assurance, which total 87.5% of the audits completed. However, two of the audits received limited or minimal assurance, namely:

- DWLP & Heart of Sidley – LUF & Programme Governance
- Estates Income

4.2.14. The Audit Manager also carries out regular reviews of the status of implementation of Internal Audit recommendations. There are 13 historical recommendations overdue at the year end, 1 relating to 2018/19, 4 for 2022/23 and 8 relating to 2023/24.

4.2.16. The External Auditor's Audit Findings Report for 2023/24 was considered by Audit Committee at its meeting of 27 January 2025, with a management response prepared in respect of the recommendations made.

4.2.17. Audit Committee and SLT/CMT monitor and continually review corporate risks and ensure that actions are being taken to effectively manage the Council's highest risks.

4.2.18. The Council continues to review its treasury management arrangements in line with best practice and in response to regular updates and advice from the Council's Treasury advisors, Link Group, who also provide training to both officers and Members on treasury management related issues.

# ANNUAL GOVERNANCE STATEMENT - *DRAFT*

4.3 The year-end review of the governance and the control environment arrangements by SLT included:

4.3.1. Obtaining assurances from the Chief Executive and Assistant Directors that key elements of the control framework were in place during the year in their departments.

4.3.2. The statement itself was considered and signed off by SLT and is supported by them as an accurate reflection of the governance arrangements in place for the year.

4.3.3. Obtaining assurances from other senior management, including the Monitoring Officer, that internal control and corporate governance arrangements were operating effectively within their areas of responsibility throughout the year.

4.3.4. Reviewing any high-level audit recommendations that remained outstanding at the year end and taking appropriate action if necessary.

4.3.5. Reviewing external inspection reports received by the Council during the year, the opinion of the Audit Manager in his annual report to management and an evaluation of management information in key areas to identify any indications that the control environment may not be sound.

4.3.6. Reviewing and updating the Council's Local Code of Corporate Governance, to include a detailed review in terms of the CIPFA best practice framework.

4.4. The Audit Committee received assurances from the Audit Manager that standards of internal control, corporate governance arrangements and systems of risk management were operating to an adequate standard in most cases, with a positive assurance being concluded.

4.5. The Audit Committee review the effectiveness of the governance framework as part of an annual review of the Local Code of Corporate Governance, and an improvement plan to address weaknesses and ensure continuous improvement of the system is in place.

## 5. GOVERNANCE ISSUES

5.1. The AGS is drafted in consultation with key officers before being considered by the SLT. Once approved by SLT the statement is approved by Audit Committee before being signed off by the Chief Executive and the Leader of the Council.

5.2. Following the review of the draft Annual Governance Statement for 2024/25, the following have been identified in terms of emerging or persistent themes for the organisation.

1. Business Continuity – whilst identified last year there remains work outstanding to ensure all service areas have had the opportunity to review and update their Business Continuity Plans and to have a more consistent approach to development of these plans corporately.
2. Governing Financial documents – in light of the constrained financial context of the Council, legislative changes, staff turnover and staff restructuring it is necessary to refresh these key documents and ensure staff are fully aware of the requirements within them
3. Significant work was undertaken in 2024/25 on the governance structure for the Housing Development Company, and further work will need to be undertaken to implement and embed this work
4. Due to transformation and staff and member changes it would be useful to refresh everyone's understanding of the relevant Codes of Conduct and the broader Nolan Principles of public life.

5.3. It is felt that there are no significant governance issues and governance arrangements are mainly consistent across the Council.

5.4. There have not been any alleged or proven frauds during the 2024/25 financial year.



## ANNUAL GOVERNANCE STATEMENT - *DRAFT*

5.5 The Audit Committee undertook a comprehensive self-assessment in May 2025 and identified areas for further development, which were reported to the committee at their meeting in June 2025.

5.5 The table below provides an update on the actions agreed to be progressed during 2024/25.

# ANNUAL GOVERNANCE STATEMENT - DRAFT

## UPDATE ON ANNUAL GOVERNANCE STATEMENT 2024/25 ACTION PLAN

Issue	Action/Outcome	Officer(s)	Target Date	Progress
At the start of April 2023, the Audit and Standards Committee (A&SC) undertook a self-assessment to help identify future improvements. One area highlighted was the need for an Annual Report to Full Council to be produced to update on the Committee's work each year.	The A&SC to continue to produce an annual report to Full Council each year.	Audit Committee	September 2024	<b>Completed</b> <i>The outgoing Audit Committee met on the 22 May 2025 to undertake an Effectiveness Review. The results of this session were tabled and agreed by the Audit Committee at their meeting in June 2025. The Annual report has been drafted and is being considered by the committee on 21 July 2025.</i>
A draft Communications Strategy to support our engagement initiatives has been developed with East Sussex County Council.	The Communications Strategy requires final completion.	Head of Corporate Services	September 2024	<b>Completed</b> <i>A Communications Framework has been drafted and considered and agreed the Senior Leadership Team (SLT) in July 2025.</i>
There is no formal Partnership Framework or guidance in place for officers to support this process or to help assess the benefits of partnerships so consideration should be given to developing one.	Service Level Agreements (SLAs) for Procurement, Legal and Environmental Services should be finalised as soon as possible.	Monitoring Officer (MO), Deputy MO and Deputy Chief Executive	December 2024	<b>In progress</b> <i>A draft procurement SLA has now been received from Wealden District Council and signing of a final agreement is imminent.</i>  <i>The SLA for Legal Services is currently in dispute. The MOs are reviewing our position and in regular contact with the provider.</i>  <i>The shared service agreement for Environmental Services has been in place with Wealden District Council since 2012.</i>
The Council does not have a Customer and Digital Strategy so this should be developed to further support the Council's overall governance and transparency arrangements and to help direct and prioritise our resources to digitally enable Council services.	The Council should sign off the Customer and Digital Strategy to act as a road map and provide strategic direction in relation to our customer and digital service aspirations.	Head of Digital and Customer Services	December 2024	<b>Completed</b> <i>The Digital and Customer Services Strategy was approved by Cabinet on 4 November 2024 (Minute CB24/43 refers) and adopted by Full Council on 16 December 2024 (Minute C24/45 refers).</i>

## ANNUAL GOVERNANCE STATEMENT - DRAFT

Issue	Action/Outcome	Officer(s)	Target Date	Progress
The Council should develop an up-to-date Asset Management Plan to further support decision making around assets.	The Council should complete the Asset Management Plan to support strategic asset decision making and the Capital Strategy as part of the 2025/26 budget process.	Development Team Strategic Lead	March 2025	<b>Completed</b>  <i>The Strategic Asset Management Plan was approved by Cabinet on 15 July 2024 (Minute CB24/19 refers).</i>
The Council does not have an overarching Workforce Plan and this is an issue which has been raised by the external auditors, so consideration should be given as to how best to deliver one.	Adopt the Workforce Plan to provide insight into current and future workforce requirements and development.	Human Resources Manager	Human Resources Manager	<b>In Progress</b>  <i>Human Resources (HR) will work with managers to deliver service-based Workforce Plans, which will feed into an overarching Workforce Plan. The timescale for this will be six to nine months to cover all the services. By the next round of Service Planning in 2026, HR will aim to be at each management service plan session to automatically update and build an ongoing live plan.</i>
While the Council does have in place a Scheme of Delegation, this needs urgent review and updating following the implementation of the new officer structure.	The Scheme of Delegation should be updated to reflect the new officer structure.	MO	December 2024	<b>Not yet commenced</b>  <i>The Director of Governance and Community recently took up their role (in June 2025), the Management Structure and Scheme of Delegation will be updated and reviewed as a priority now they have joined RDC.</i>
There is a need to introduce a more robust Performance Management Framework, particularly in relation to key corporate projects in terms of assessing and establishing them, gateway reviews, ongoing monitoring and governance and undertaking a formal review at the end of projects to consider 'lessons learnt' that can be fed back into future projects.	The Council should develop a robust Performance Management Framework to ensure there are adequate governance processes in place to assess, monitor and review corporate projects and benefit realisation.	Head of Corporate and Strategic Services	March 2024	<b>Completed</b>  <i>Rother District Council has introduced a Performance Management Framework whereby performance is monitored by the SLT and Heads of Service / Service Managers. Key Performance Indicators are agreed annually and performance against these is reported to Overview and Scrutiny Committee. A Project Management Toolkit has been introduced, and projects are being managed to standard project disciplines and lifecycles, from project initiation to lessons learned. Gated reviews are part of this process. Projects are controlled through the Corporate Programme Board led by Members and the SLT.</i>
Whilst it is not a statutory requirement, it is best practice to also have an officer designated as a Senior Information Risk Officer (SIRO), so consideration should be	The SLT should consider the benefits of allocating the SIRO role to an officer – new Director of Governance.	SLT	December 2024	<b>Completed</b>  <i>The Director of Governance and Community Services has been appointed and will commence employment from 23 June 2025.</i>

## ANNUAL GOVERNANCE STATEMENT - *DRAFT*

Issue	Action/Outcome	Officer(s)	Target Date	Progress
given as to the value such a role could play in strengthening the Council's information security arrangements.				<i>An interim Data Governance Officer joined the Council on 5 May 2025.</i>
There is a need to ensure that outstanding internal audit recommendations are cleared as soon as practically possible.	SLT should continue to reinforce the importance of timely completion of internal audit improvement actions to the Corporate Management Team (CMT).	CMT	Ongoing	<b><i>In Progress</i></b> <i>A new management meeting structure and updated terms of reference for each group have been established. It is now the responsibility of the CMT to review Audit actions; quarterly reviews have been scheduled, and a shared Teams channel has been set up to monitor all recommendations. The Statutory Officers Group has responsibility for signing off reports to the Audit Committee.</i>

5.6. Completion of the more detailed Local Code of Corporate Governance assessment in line with CIPFA best practice has highlighted a number of areas for further development and improvement. The following Action Plan has been developed to help address any control or governance issues identified as part of the Local Code and AGS process.

### ANNUAL GOVERNANCE STATEMENT 2025/26 ACTION PLAN

Issue	Action/Outcome	Officer(s)	Target Date
In light of the constrained financial context of the Council, legislative changes and staff restructuring it is necessary to refresh our governing financial documents	Update and revise where necessary the Finance Procedure Rules, Schedule of Delegations and Contract Standing Orders (including associated forms)	Section 151 Officer / Head of Finance	December 2025
In light of the constrained financial context of the Council, legislative changes, staff turnover and staff restructuring it is necessary to ensure all relevant staff are fully aware of our governing financial documents	Ensure relevant staff attend training and are supplied with suitable guidance on the updated documents	Section 151 Officer / Head of Finance	March 2026

## ANNUAL GOVERNANCE STATEMENT - *DRAFT*

Issue	Action/Outcome	Officer(s)	Target Date
In light of the constrained financial context of the Council, and staff restructuring /turnover it is necessary to refresh our governing financial documents	Update the Schedule of Delegations and related systems and processes to reflect current establishment	Section 151 Officer / Head of Finance	December 2025
Ensuring all staff and Members have a clear understanding of the code of conduct expectations and Nolan principles	Provide training for all staff and Members on the Nolan Principles and provide information to refresh everyone's awareness of the relevant code of conduct	Head of Corporate and Strategic Services	January 2026
Work has already been undertaken to ensure our governance arrangements particularly with reference to the shareholder role for the Housing Company reflects best practice.	Implement and Embed the agreed changes to the Governance arrangements with the Housing Development Company.	Director of Governance & Community / Deputy Chief Executive	November 2025
Ensure our Emergency Planning and Business Continuity arrangements are robust and effective.	Review Emergency Planning arrangements and Business Continuity Plans (BCPs) to ensure that they are consistent, address key risks and reflect good practice.	Head of Customer Services / Deputy Chief Executive	December 2025

### 6. CERTIFICATION

6.1. To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year except for those areas identified above. We propose over the coming year to take steps to address the above matters to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Cllr Doug Oliver

Leader of the Council

On behalf of Rother District Council

Lorna Ford

Chief Executive

On behalf of Rother District Council

# STATEMENT OF RESPONSIBILITIES

## The Council's Responsibility

The Council 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. At Rother District Council this officer is the Chief Finance Officer.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

## The Chief Finance Officer's Responsibility

The Chief Finance Officer is responsible for the preparation of the Council's statement of accounts, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts, the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the local authority Code.

The Chief Finance Officer has also:

- kept proper accounting records that were up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Chief Financial Officer Certificate

I certify that I have fulfilled my responsibilities noted above, and that the accounts set out on pages 37 to 94 give a true and fair view of the financial position of the Council and the financial position consolidated with its wholly owned subsidiary at 31<sup>st</sup> March 2025, as well as their income and expenditure for the year ended 31<sup>st</sup> March 2025, including the consolidated income and expenditure.

Andrew Vallance

Deputy Chief Executive / Chief Finance Officer

17 July 2025

## Approval of Accounts

The Audit Committee to be held on 21<sup>st</sup> July 2025 will consider the Draft accounts for approval.

Councillor John Barnes

Chairman of Audit Committee

# INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Rother District Council

**Report on the audit of the financial statements**

# INDEPENDENT AUDITOR'S REPORT



# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023-24					2024-25			
Expenditure	Income	Net	Group		Expenditure	Income	Net	Group
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
605	0	605	605	Chief Executive	606	0	606	606
1,040	(24)	1,016	1,016	Chief Finance Officer	2,141	(835)	1,306	1,327
1,088	(45)	1,043	1,043	Democratic Services	1,282	(623)	659	659
816	(160)	656	656	Human Resources Services	1,293	(99)	1,194	1,194
355	(27)	328	328	Deputy Chief Executive	453	(61)	392	392
2,923	(2,222)	701	701	Environmental Services, Licensing & Community Safety	3,074	(2,603)	471	471
20,076	(19,144)	932	932	Revenues & Benefits	20,300	(19,327)	973	973
163	0	163	163	Internal Audit	167	0	167	167
2,146	(112)	2,034	2,034	Digital & Customer Services	2,074	(93)	1,981	1,981
116	0	116	116	Corporate Programme & Improvement	161	0	161	161
489	(72)	417	417	Corporate Policy & Projects	332	(25)	307	307
114	(3)	111	111	Director Place and Climate Change	107	3	110	110
1,855	(1,070)	785	785	Planning Development Management	1,953	(1,081)	872	872
758	(290)	468	468	Planning Policy	457	(363)	94	94
10,166	(4,004)	6,162	6,162	Neighbourhood Services	10,271	(5,114)	5,157	5,157
187	0	187	187	Climate Change Strategy	440	(29)	411	411
6,556	(2,824)	3,732	4,808	Housing	6,468	(3,163)	3,305	3,796
1,550	(2,170)	(620)	(620)	Regeneration	9,919	(5,398)	4,521	4,521
<b>51,003</b>	<b>(32,167)</b>	<b>18,836</b>	<b>19,912</b>	<b>Cost of Services</b>	<b>61,498</b>	<b>(38,811)</b>	<b>22,687</b>	<b>23,199</b>
2,717	0	2,717	2,717	Parish Council Precepts	2,983	0	2,983	2,983
153	0	153	153	Levies	160	0	160	160
889	0	889	889	(Gains)\Loss on the disposal of assets	22,399	0	22,399	22,399
<b>3,759</b>	<b>0</b>	<b>3,759</b>	<b>3,759</b>	<b>Other Operating Expenditure</b>	<b>25,542</b>	<b>0</b>	<b>25,542</b>	<b>25,542</b>
(294)	0	(294)	(294)	Net interest on defined pension liabilities	0	(116)	(116)	(116)
0	(1,427)	(1,427)	(1,213)	Interest receivable and similar income	0	(1,699)	(1,699)	(1,315)
630	0	630	481	Interest payable and similar expenses	557	0	557	557
				Impairment losses	47	0	47	47
485	0	485	485	Gains and losses on financial assets	0	(145)	(145)	(145)
212	(857)	(645)	(645)	Income and expenditure in relation to investment properties and changes in their fair value	101	(1,469)	(1,368)	(1,368)
<b>1,033</b>	<b>(2,284)</b>	<b>(1,251)</b>	<b>(1,186)</b>	<b>Financing and Investment Income and Expenditure</b>	<b>705</b>	<b>(3,429)</b>	<b>(2,724)</b>	<b>(2,340)</b>
0	(11,341)	(11,341)	(11,341)	Council Tax Income	0	(11,751)	(11,751)	(11,751)
5,804	(7,880)	(2,076)	(2,076)	Non Domestic Rates	6,040	(6,917)	(877)	(877)
0	(5,178)	(5,178)	(5,178)	Non-ringfenced government grants	0	(5,536)	(5,536)	(5,536)
0	(12,083)	(12,083)	(12,083)	Capital grants and contributions	0	(20,768)	(20,768)	(19,637)
<b>5,804</b>	<b>(36,482)</b>	<b>(30,678)</b>	<b>(30,678)</b>	<b>Taxation and non-specific grant income and expenditure</b>	<b>6,040</b>	<b>(44,972)</b>	<b>(38,932)</b>	<b>(37,801)</b>
<b>61,599</b>	<b>(70,933)</b>	<b>(9,334)</b>	<b>(8,193)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>93,785</b>	<b>(87,212)</b>	<b>6,573</b>	<b>8,600</b>
		(2,861)	(2,861)	(Surplus) / Deficit on revaluation of non-current assets			(3,316)	(3,316)
		485	485	Re-measurement of the net defined benefit pension liability			211	211
		<b>(2,376)</b>	<b>(2,376)</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(3,105)</b>	<b>(3,105)</b>
		<b>(11,710)</b>	<b>(10,569)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>3,468</b>	<b>(5,495)</b>

## MOVEMENT IN RESERVES

	General Fund Balance	Ear-marked Reserves	Total GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Group Usable Reserves	Group Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>2024/25</b>										
Balance at 1 April 2024	5,000	4,433	9,433	8,300	10,284	28,017	67,830	95,847	23,882	67,830
Movement in Reserves in 2024/25:										
Surplus / (deficit) on the provision of services (accounting basis)	(6,573)	0	(6,573)	0	0	(6,573)	0	(6,573)	(8,600)	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	3,105	3,105	0	3,105
Total Comprehensive Income and Expenditure	(6,573)	0	(6,573)	0	0	(6,573)	3,105	(3,468)	(8,600)	3,105
Adjustments between accounting and funding basis under regulation - <i>note 7</i>	7,794	0	7,794	507	2,595	10,896	(10,896)	0	10,896	(10,896)
Net increase/decrease before transfers to Earmarked reserves	1,221	0	1,221	507	2,595	4,323	(7,791)	(3,468)	2,296	(7,791)
Transfers to/from Earmarked reserves - <i>note 11</i>	(1,221)	1,221	0	0	0	0	0	0	0	0
Rounding adjustment		1	1	0		1	0	1	1	0
Increase/(Decrease) in Year	0	1,222	1,222	507	2,595	4,324	(7,791)	(3,467)	2,297	(7,791)
<b>Balance at 31 March 2025</b>	<b>5,000</b>	<b>5,655</b>	<b>10,655</b>	<b>8,807</b>	<b>12,879</b>	<b>32,341</b>	<b>60,039</b>	<b>92,380</b>	<b>26,179</b>	<b>60,039</b>

## MOVEMENT IN RESERVES

	General Fund Balance	Ear-marked Reserves	Total GF Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Group Usable Reserves	Group Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>2023/24</b>										
Balance at 1 April 2023	5,000	7,827	12,827	6,637	8,768	28,232	55,905	84,137	25,238	55,905
Movement in Reserves in 2023/24:										
Surplus (deficit) on the provision of services (accounting basis)	9,334	0	9,334	0	0	9,334	0	9,334	8,193	0
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	2,376	2,376	0	2,376
Total Comprehensive Income and Expenditure	9,334	0	9,334	0	0	9,334	2,376	11,710	8,193	2,376
Adjustments between accounting and funding basis under regulation - <i>note 7</i>	(12,727)	0	(12,727)	1,663	1,516	(9,548)	9,548	0	(9,548)	9,548
Net increase/decrease before transfers to Earmarked reserves	(3,393)	0	(3,393)	1,663	1,516	(214)	11,924	11,710	(1,355)	11,924
Transfers to/from Earmarked reserves - <i>note 11</i>	3,393	(3,393)	0	0	0	0	0	0	0	0
Rounding adjustment		(1)	(1)		0	(1)	1		(1)	11
Increase/(Decrease) in Year	0	(3,394)	(3,394)	1,663	1,516	(215)	11,925	11,710	(1,356)	11,925
<b>Balance at 31 March 2024</b>	<b>5,000</b>	<b>4,433</b>	<b>9,433</b>	<b>8,300</b>	<b>10,284</b>	<b>28,017</b>	<b>67,830</b>	<b>95,847</b>	<b>23,882</b>	<b>67,830</b>

## BALANCE SHEET

31-Mar-24	GROUP			31-Mar-25	GROUP
£'000				£'000	
100,363	100,363	Property, Plant and Equipment	<i>Note 13</i>	89,001	89,001
12,891	12,891	Investment Properties	<i>Note 14</i>	13,205	13,205
218	218	Intangible Assets	<i>Note 15</i>	208	208
7,077	7,077	Long Term Investments	<i>Note 22</i>	7,222	7,222
5,013	65	Long Term Debtors	<i>Note 17</i>	9,848	767
877	877	Non-Current Assets Held for Sale	<i>Note 16</i>	877	877
<b>126,439</b>	<b>121,491</b>	<b>LONG TERM ASSETS</b>		<b>120,361</b>	<b>111,280</b>
7,442	7,291	Short Term Debtors	<i>Note 18</i>	10,477	9,194
14	981	Inventories		8	4,026
8,917	8,924	Cash and Cash Equivalents	<i>CFS</i>	14,270	14,377
<b>16,373</b>	<b>17,196</b>	<b>CURRENT ASSETS</b>		<b>24,755</b>	<b>27,597</b>
(7,973)	(7,983)	Short Term Creditors	<i>Note 19</i>	(6,228)	(6,151)
(255)	(255)	Provisions	<i>Note 20</i>	(386)	(386)
(5,594)	(5,594)	Short Term Borrowing	<i>Note 22</i>	(3,033)	(3,033)
(2,185)	(2,185)	Capital grants receipts in advance	<i>Note 21</i>	(13,134)	(13,134)
<b>(16,007)</b>	<b>(16,017)</b>	<b>CURRENT LIABILITIES</b>		<b>(22,781)</b>	<b>(22,704)</b>
(3,191)	(3,191)	Capital grants receipts in advance	<i>Note 21</i>	(2,918)	(2,918)
(26,327)	(26,327)	Long Term Borrowing	<i>Note 22</i>	(25,985)	(25,985)
(1,440)	(1,440)	Net Defined Pension liability	<i>Note 8</i>	(1,052)	(1,052)
<b>(30,958)</b>	<b>(30,958)</b>	<b>LONG TERM LIABILITIES</b>		<b>(29,955)</b>	<b>(29,955)</b>
<b>95,847</b>	<b>91,712</b>	<b>NET ASSETS</b>		<b>92,380</b>	<b>86,218</b>
5,000	865	General Fund		5,000	(1,162)
4,433	4,433	Earmarked Reserves	<i>Note 10</i>	5,655	5,655
8,300	8,300	Capital Receipts Reserve		8,807	8,807
10,284	10,284	Capital grants unapplied reserves		12,879	12,879
<b>28,017</b>	<b>23,882</b>	<b>USABLE RESERVES</b>		<b>32,341</b>	<b>26,179</b>
25,837	25,837	Revaluation Reserve		27,358	27,358
44,117	44,117	Capital Adjustment Account		35,240	35,240
65	65	Deferred capital receipts		40	40
(1,440)	(1,440)	Pensions Reserve		(1,052)	(1,052)
263	263	Collection Fund Adjustment Account		(584)	(584)
(89)	(89)	Accumulated Absences Account		(185)	(185)
(923)	(923)	Pooled Investment Funds Adjustment Account		(778)	(778)
<b>67,830</b>	<b>67,830</b>	<b>UNUSABLE RESERVES</b>	<i>Note 11</i>	<b>60,039</b>	<b>60,039</b>
<b>95,847</b>	<b>91,712</b>	<b>TOTAL RESERVES</b>		<b>92,380</b>	<b>86,218</b>

# CASH FLOW STATEMENT

2023-24	Group		2024-25	Group
£'000	RESTATED		£'000	
(18,315)	(18,315)	Taxation	(18,934)	(18,934)
(26,268)	(26,268)	Grants and Contributions	(37,670)	(37,670)
(13,354)	(13,354)	Sales of goods and rendering of services	(12,949)	(12,949)
(1,424)	(1,425)	Interest received	(1,311)	(1,313)
(72)	(72)	Other receipts from operating activities	(191)	(191)
<b>(59,433)</b>	<b>(59,434)</b>	<b>Cash inflows generated from operating activities</b>	<b>(71,055)</b>	<b>(71,057)</b>
9,600	9,722	Cash paid to and on behalf of employees	11,138	11,138
18,213	18,213	Housing benefit payments	18,479	18,479
5,804	5,804	NNDR levy and tariff payments	6,040	6,040
2,870	2,870	Precepts paid	3,142	3,142
16,692	18,730	Cash paid to suppliers of goods and services	18,697	23,072
561	561	Interest paid	624	624
8,363	8,363	Other operating cash payments	9,446	9,446
<b>62,103</b>	<b>64,263</b>	<b>Cash outflows generated from operating activities</b>	<b>67,566</b>	<b>71,941</b>
<b>2,670</b>	<b>4,829</b>	<b>Net cashflows from operating activities</b>	<b>(3,489)</b>	<b>884</b>
(1,658)	(1,658)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(547)	(547)
15,930	13,942	Purchase of property, plant and equipment, investment property and intangible assets	13,915	13,915
0	0	Other payments for investing activities (loan to RDC Housing Company Ltd)	4,473	0
(12,793)	(12,793)	Other receipts from investing activities	(24,461)	(24,461)
<b>1,479</b>	<b>(509)</b>	<b>Net cashflows from investing activities</b>	<b>(6,620)</b>	<b>(11,093)</b>
0	0	Cash Receipts - long/short term borrowing	(2,500)	(2,500)
328	328	Repayments of long/short term borrowing	5,000	5,000
1,363	1,363	Changes in Council Tax balances held for preceptors	1,751	1,751
(2,608)	(2,608)	Changes in National Non-Domestic Rates balances held for preceptors	505	505
0	0	Change in Covid grants held for Government – (increase) or decrease in creditors due to agency arrangements	0	0
0	0	Change in Energy Grants held for Government (increase) or decrease in creditors due to agency arrangements	0	0
<b>(917)</b>	<b>(917)</b>	<b>Net cashflows from financing activities</b>	<b>4,756</b>	<b>4,756</b>
<b>3,232</b>	<b>3,403</b>	<b>Net (Increase) / decrease in cash and cash equivalents</b>	<b>(5,353)</b>	<b>(5,453)</b>
12,149	12,327	Cash and cash equivalents 1 April	8,917	8,924
(3,232)	(3,403)	Net increase/(decrease) in cash and cash equivalents	5,353	5,453
<b>8,917</b>	<b>8,924</b>	<b>Cash and cash equivalents 31 March</b>	<b>14,270</b>	<b>14,377</b>
2	2	Cash in hand	1	1
6,517	6,517	Call accounts and short-term deposits	14,585	14,585
2,398	2,405	Bank balances	(316)	(209)
<b>8,917</b>	<b>8,924</b>	<b>Cash and cash equivalents 31 March</b>	<b>14,270</b>	<b>14,377</b>

# NOTES TO THE ACCOUNTING STATEMENTS

## NOTE 1. ACCOUNTING POLICIES

### 1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients whether for services or the provision of goods, is recognised when (or as) the goods are transferred to the service recipient in accordance with the performance obligations in the contract. However, for low individual value annual transactions (e.g. annual payment for beach hut licences) this is recognised on a cash basis.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption 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 receivable on investments is accounted for as income 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 revenue 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 debts may not 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 generally made for amounts exceeding £100.

### 3. Accounting for Council Tax and Non-Domestic Rates

The Council collects income from payers of Council Tax and Non-Domestic Ratepayers, but only part of the income relates to this Council, the balance being collected on behalf of other major precepting authorities, including the Government (for business rates). The amounts of debtors, adjustments for doubtful debts, overpayment creditors and receipts in advance that relate to the precepting authorities are shown as a single net debtor or creditor in the balance sheet. The element of the Collection Fund due to or from preceptors is held as part of the Short -Term Creditors or Debtors balance. Annual changes in the amounts held for preceptors are shown as part of financing activities in the Cash Flow Statement.

The amounts legally credited to the General Fund are those estimated before the start of the financial year, including distributions of estimated surplus, or contributions towards estimated deficits. In accounting terms, however, the Council's share of the collectable debit (including adjustments to allowances for doubtful debts and appeals) are credited to the Comprehensive Income and Expenditure Statement (CI&ES). The difference between the cumulative amounts for statutory and accounting purposes forms the Collection Fund Adjustment Account (an unusable reserve) and the annual adjustment forms part of the accounting and financing adjustments.

### 4. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. They will typically mature in no more than ninety days from the date of acquisition. In the Cash Flow Statement cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### 5. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment. Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change

# NOTES TO THE ACCOUNTING STATEMENTS

is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## 6. 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 cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. This provision, known as Minimum Revenue Provision (MRP), is equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the 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.

## 7. Employee Benefits

### Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that these benefits are charged to the General Fund in the financial year in which payment is made.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service cost line in the CI&ES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### Post-Employment Benefits

The majority of the Council's employees are members of the Local Government Pensions Scheme, administered by East Sussex County Council. The Scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the East Sussex pension fund attributable to the 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

# NOTES TO THE ACCOUNTING STATEMENTS

relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.

- The assets of the East Sussex pension fund attributable to the Council are included 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 pension liability is analysed into the following components:
  - current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the CI&ES to the services for which the employees worked;
  - past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CI&ES as part of the cost of the Resources service;
  - net interest on the defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the financing and investment income 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 defined benefit liability at the beginning of the period – taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
  - remeasurements comprising:
    - the return on plan assets, excluding amounts included in net interest on the net defined liability, charged to the Pension Reserve as Other Comprehensive Income and Expenditure;
    - actuarial gains or 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 pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, 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 pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions 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. There was additional impact due to application of an asset ceiling as a result of IFRIC 14 regulations - see Note 8 to the accounts.

## 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.

## 8. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.



# NOTES TO THE ACCOUNTING STATEMENTS

## 9. Fair Values

The Council measures some of its non-financial assets (surplus assets and investment properties), and any available for sale financial asset, at fair value at each reporting date. The Council also discloses fair values for financial assets and liabilities categorised as loans and receivables. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction at the year end. The fair value measurement assumes that the transaction takes place either in the principal market for the asset or liability, or, in the absence of a principal market, in the most advantageous market.

The Council measures the asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that they act in their economic best interest. When measuring the fair value the Council takes into account the market participants' ability to generate economic benefits by using the asset or liability in its highest or best use, or by selling it to another party that would use the asset or liability for its highest and best use. The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques for assets and liabilities that are measured or disclosed in the financial statements 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 year end;
- Level 2 Inputs, other than quoted prices within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 Unobservable inputs for the asset or liability.

## 10. 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 initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CI&ES 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.

This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CI&ES is the amount payable for the year according to the loan agreement. Liabilities include trade payables. It has been assessed that the carrying amount in the Balance Sheet is a proxy for the fair value of those liabilities.

### 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 business model of the Council is to hold investments to collect contractual cash flows. Financial assets are therefore classified at 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 then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CI&ES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the

## NOTES TO THE ACCOUNTING STATEMENTS

instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CI&ES is the amount receivable for the year in the loan agreement.

However, the Council has from time to time made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CI&ES (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 CI&ES at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, 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 CI&ES 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/debited to the Financing and Investment Income and Expenditure line in the CI&ES.

### *Expected Credit Loss Model*

*The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Lifetime losses are recognised for trade receivables (debtors) held by the Council.*

*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 substantially since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased substantially or remains low, losses are assessed on the basis of 12-month expected losses.*

*The Council has a substantial amount of investments and employs treasury management advisers in addition to full time professional staff. However, reasonable and verifiable information to support the measurement of lifetime losses on individual instruments is not available without undue cost or effort. Losses are mainly assessed for the portfolio on a collective basis.*

*Financial Assets are amalgamated into the following groups to assess risk and associated loss allowances whilst making use of a simplified approach contained in regulations.*

- Group 1 – Commercial investments in line with treasury management policy including counterparties that have external credit ratings of A or better. Loss allowances will be assessed on a group basis using the simplified approach of collective assessment;
- Group 2 – Loans to related parties. Loss allowances for these loans are assessed on an individual basis and / or an individual borrower basis;
- Group 3 – Other loans to local businesses, in support of the Council vision and objectives. Loss allowances for these loans are assessed on an individual basis and / or an individual borrower basis.

### *Financial Assets Measured at Fair Value through Profit or 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 authority can access at the measurement date;*
- *Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly;*
- *Level 3 inputs – unobservable inputs for the asset.*

# NOTES TO THE ACCOUNTING STATEMENTS

*Any gains or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CI&ES.*

## *Financial Assets Measured at Fair Value through Other Comprehensive Income*

*Financial assets that are measured at FVOCI 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 charged to the Other Comprehensive Income and Expenditure and are held in the Financial Instrument Revaluation Reserve. Movements in amortised cost are charged to the Surplus or Deficit on the Provision of Services. Cumulative gains/losses on fair value are transferred to the Surplus or Deficit on the Provision of Services on derecognition.*

## **11. Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third- party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the CI&ES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as liabilities. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CI&ES.

Where capital grants are credited to the CI&ES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

The above treatments relate to grants received by the Council as the Principal. However, where the Council acts as an agent passporting support grants to local residents and businesses, both the grant income and expenditure are removed from the financial statements and any potential difference between the two at the end of the financial year results in creation of a debtor or creditor with the central government.

The Council has elected to charge a Community Infrastructure Levy (CIL) on new builds with appropriate planning consent. The income from the levy will be used to fund various projects described as “infrastructure” in a broader sense than used for Council property in Note 9 below. The infrastructure investment is determined by a panel and it is not necessarily this Council that will undertake the works. Part of the CIL income is retained to offset the cost of administration and is accounted for as income for the Strategy and Planning service. Some is also payable to parishes: this is treated as an agency service and is excluded from the CI&ES. The rest is intended for use to finance capital and is treated as capital contributions. As it is received without conditions it is recognised immediately as capital grants and contributions income and is then transferred to the Capital Grants Unapplied Reserve.

The income from CIL is accounted for on an accruals basis and recognised immediately in the CI&ES at the commencement date of the chargeable development. Surcharges and interest received in accordance with the CIL regulations will be accounted for as if they were CIL receipts.

## **12. Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

# NOTES TO THE ACCOUNTING STATEMENTS

Properties are not depreciated but are revalued 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 CI&ES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. 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 (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## 13. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and that the Council will be able to generate future economic benefits or deliver service potential by being able to use the asset. Costs relating to the development of computer software for internal use are capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred in the development phase. When the software is available for its intended use, these costs are amortised in equal annual amounts over the estimated useful life of the software.

Amounts capitalised include the total cost of any external products or services and labour costs directly attributable to development. Management judgement is involved in determining the appropriate internal costs to capitalise and the amounts involved. The useful life is determined by management at the time the software is acquired and brought into use and is regularly reviewed for appropriateness. For computer software licences, the useful life represents management's view of the expected period over which the Council will receive benefits from the software.

Intangible assets are measured initially at cost. The depreciable amount of an intangible asset is written down over its useful life, to the appropriate line in the CI&ES. No intangible assets are recorded with indefinite lives. An asset is tested for impairment whenever there is an indication that the asset might be impaired, and any losses are posted to the appropriate line in the Income and Expenditure Statement.

The calculated amounts for amortisation and impairment are charged to the Cost of Services in the CI&ES, 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.

## 14. 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. A finance lease is a lease that transfers substantially all of the risk and rewards incidental to ownership to the lessee. For assets leased out by the Council, any lease that does not come within this definition of a finance lease is accounted for as an operating lease.

### 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.

# NOTES TO THE ACCOUNTING STATEMENTS

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 finance leases or operating leases as set out below

Where the Council uses or occupies an asset held under a finance lease, the asset is recognised as such in the appropriate line in the balance sheet, subject to the de minimis limit noted 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.

## 15. Overheads and Support Services

The cost of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

## 16. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management;
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The cost of assets acquired other than by purchase is deemed to be its current value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Vehicles, plant, etc. and infrastructure - depreciated historical cost.
- Community assets and assets under construction - historic cost.
- Land and buildings - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV). Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.
- Surplus Properties – fair value, as described in accounting policy 9 above, equating to market value for their highest and best use from a market participant's perspective.

# NOTES TO THE ACCOUNTING STATEMENTS

Assets included in the Balance Sheet at current value are subject to a full valuation once every five years, but are subject to a desktop review at the end of each year to ensure that their carrying amount is not materially different from their current value, or fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CI&ES where they arise from the reversal of a loss previously charged to a service. Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CI&ES.

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.

The values of Land and Buildings assets individually worth less than £10,000 are recorded, but not included in the balance sheet values.

## Impairment

Assets are assessed at each year-end as to whether there is any indication that the value of an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CI&ES.

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

## Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets 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 bases:

- dwellings and other buildings - straight-line allocation over the useful life of the property as estimated by the Valuer. Useful life is between 10 and 50 years depending on the asset.
- vehicles, plant, furniture and equipment – straight line allocation over the useful life of the asset. Useful life is between 7 and 25 years.
- Infrastructure - straight-line allocation over 50 years.

No depreciation is charged in year of acquisition but is charged at a full year rate in the year of disposal.

Reclassified assets are depreciated from year of reclassification.

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 of Property Assets

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. Where the Council has revalued a property, or carried out major capitalised works, it has been necessary to identify the major components making up the property using the following major component analysis:

- Land
- Buildings
- External areas (such as car parks)

# NOTES TO THE ACCOUNTING STATEMENTS

- Plant and equipment (such as lifts and heating systems)

The Council has reviewed its approach and elected to componentise elements of buildings which make up at least 10% of the building value or £50,000, whichever is higher.

## Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the other Operating Expenditure line in the CI&ES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CI&ES 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). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value 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 appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## 17. Provisions, Contingent Liabilities and Contingent Assets

### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CI&ES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## 18. Reserves

The Council maintains two groups of reserves, usable and unusable.

Usable reserves comprise the following:

- Capital Receipts Reserve: proceeds from the sales of non-current assets are initially credited to the CI&ES, but legally can only be used to finance capital expenditure, and so are transferred to the Capital Receipts Reserve and afterwards used for this specific purpose.

# NOTES TO THE ACCOUNTING STATEMENTS

- Capital Grants Unapplied: the Council receives grants and contributions towards capital expenditure, and, where repayment conditions are not present or no longer apply, they are credited to the CI&ES and immediately transferred into the Capital Grants Unapplied Reserve until required to finance capital investment.
- Earmarked Reserves: the Council may set aside earmarked reserves to cover specific projects or contingencies. These are transferred from the General Fund, and amounts are withdrawn as required to finance such expenditure. The expenditure itself is charged to the appropriate line in the CI&ES. There are no legal restrictions on the use of earmarked reserves, and unspent balances can be taken back to the General Fund in the same way.
- General Fund: this represents all other usable reserves, without legal restrictions on spending, which arise from annual surpluses or deficits.
- Unusable Reserves consist of those which cannot be used to finance capital or revenue expenditure:
- Revaluation Reserve: this consists of accumulated gains on individual items of Property, Plant and Equipment. The Reserve contains only gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains before that date were consolidated into the balance on the Capital Adjustment Account. 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.
- Capital Adjustment Account: Receives credits when capital is financed from the General Fund or from the Capital Receipts or Capital Grants Unapplied reserves,
- and receives debits to offset depreciation and other charges relating to capital which are not chargeable against the General Fund. The account contains revaluation gains accumulated on non-current assets before 1 April 2007, the date on which the Revaluation Reserve was created to hold such gains.
- Deferred Capital Receipts: in some cases (particularly former housing stock disposed of, where the purchaser financed the transaction through a mortgage from the Council) an asset is disposed of, but the income cannot be collected immediately. The Council maintains records for a long-term debtor, offset by a balance in the Deferred Capital Receipts Account. When the income is received the debtor is written down and a transfer is made between this account and the Capital Receipts Reserve.
- Pensions 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 CI&ES 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.
- Collection Fund Adjustment Account: this represents the differences arising from the recognition of Council Tax income and Non-Domestic Rates in the CI&ES as they fall due from payers, compared with the statutory arrangements for paying across amounts from the Collection Fund to the General Fund.
- Accumulated Absences Reserve: this contains the difference between the statutory and accounting liability for the cost of accumulated absences: the cost is properly chargeable to the CI&ES, but not to the General Fund.
- Pooled Investment Fund Adjustment Account: this contains the unrealised gains or losses made by the Council arising from increases or decreases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments.

## 19. Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset is charged as expenditure to the relevant service in the CI&ES in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## 20. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

## 21. Interests in Companies and Other Entities



# NOTES TO THE ACCOUNTING STATEMENTS

The Council is 100% shareholder of Rother DC Housing Company Ltd. The company was incorporated in October 2020. Group accounts were prepared in 2022/23 for the first time and have been prepared in the two subsequent years. The largest transactions between the council and the company have been disclosed as part of Note 28.

## NOTE 2. 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

## NOTE 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the Accounting Policies, the Council has made certain judgements about transactions, relationships, and uncertainty about future events. The critical judgement made in the Statement of Accounts is:

### Rother District Council Housing Company Ltd

The Council has an interest in Rother District Council Housing Company Ltd (HDC) which falls within the group boundary of the Council on the grounds of control in line with the Code. The Council's interest in the wholly owned company is material to the Council's overall financial position due to loans having been provided to it, therefore consolidated accounts have been prepared.

The company's accounts have been prepared on a going concern basis. The contracts are now in place for the sale of 130 units to Places for People and for the construction of the homes with the contractor. Additionally, the company and RDC have entered into a Finance Agreement to enable the company to draw down up to £35 million of loans from RDC to facilitate the Blackfriars site development. The scheme does remain a challenging one with marginal surplus anticipated and will be dependent on build rates and sales income remaining as forecast. Close monitoring both within the HDC and through RDC is in place. The Board of the HDC have requested a Letter of Comfort from RDC to support their going concern status, as they continue to roll up the interest incurred and have no current sources of immediate income during this phase of the development (as anticipated).

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

The Financial Statements contain estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be

# NOTES TO THE ACCOUNTING STATEMENTS

materially different from the assumptions and estimates. The main items in the Council's Balance Sheet at 31st March 2025 on which such assumptions have been made are as follows:

## Pensions Liability

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, Barnett Waddingham LLP, is engaged to provide the Council with expert advice about the assumptions to be applied. For instance:

- A 0.1% decrease in the real discount rate assumption would result in an increase in the pension liability of £1.064m;
- A 0.1% increase in the Salary Increase Rate would result in an increase in the pension liability of £0.077m;
- A 0.1% increase in the Pension Increase Rate would result in an increase in the pension liability of £1.017m;
- A 1 year increase in estimated life expectancy would result in an increase in the pension liability of £3.272m.

Changes in any one assumption would be affected by changes in others, so that the effect of a number of changes would be a complex calculation.

## Property, Plant and Equipment and Investment Properties

The property, plant and equipment and investment properties valuations are not being reported as being subject to material valuation uncertainty.

PPE and Investment Properties are one of the largest values on the balance sheet being £89m and £13.205m respectively. If their valuations were to change by just 1%, the effect would be significant as it could mean an increase or decrease in the balance sheet value of £1.022m.

### Depreciation charges applied to Property, Plant and Equipment

The depreciation charge for the year is based on the assumed remaining Useful Economic Life (UEL) of relevant assets and was calculated as £1,356,000 for 2024/2025. If the UEL applied were to be decreased or increased it would have had the following effect on the depreciation charge.

Change to Estimated remaining Useful Economic life (UEL) across the board	Impact on Depreciation charge Increase/(decrease)
-20%	£339,000
-10%	£151,000
10%	(£123,000)
20%	(£226,000)

## Allowance for impairments of doubtful debts

The Balance Sheet contains figures for various groups of debtors, including sundry debtors, council tax, non-domestic rates, and recoveries of overpayments of housing benefits. Allowances are made, and updated at the end of each financial year, on the basis of recent rates of recovery of the particular class of debt, as far as it can be ascertained.

Taking into account these individual judgements, the total allowance for impairments of doubtful debts included in the financial statements is £1,589,000. If, as a result of changes to these judgements, there was a need to increase the allowance, an aggregated increase of 10% would require an additional allowance of £158,900.

## Allowance for impact of rating appeals

There are a number of appeals against rating values outstanding, a few going back to 1 April 2010, and this Council is liable for its share (currently 40%) of the losses resulting from successful appeals.

## NOTES TO THE ACCOUNTING STATEMENTS

Following the 2017 revaluation, where average rateable values in the district rose by 12.4%, a new check, challenge, appeal process has been introduced, the impact of which is highly uncertain whilst the outstanding cases are still being processed by the Valuation Office Agency. Then the 2023 revaluation followed. The Council has made a provision for the likely impact on its yield of expected future successful appeals based on both the 2017 and 2023 lists for the period to the end of March 2025 based on work completed by Analyse Local. There is now no provision for the 2010 list as all appeals should have been lodged and resolved by now. The allowance was increased to £386,000 in 2024-2025.

If appeals on the list are rejected or settled at a lower value from the amount taken into account in the appeals provision, the provision for the excess would be released. If appeals on the list are settled at a higher value than the appeals provision or appeals are settled that are not included on the list at 31 March 2025, there would be an impact on the business rates income to the authority under the Rates Retention Scheme. A £100,000 increase which represents just over 10% change in provision for appeals including settlements would mean a £40,000 corresponding decrease in NNDR income for the council, however there is a great deal of uncertainty around what appeals and when might be lodged with the VOA by the ratepayers and this allowance could be materially different in 12 months' time.

# NOTES TO THE ACCOUNTING STATEMENTS

## Note 5. EXPENDITURE AND FUNDING ANALYSIS

2023-24			2024-25			
Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement				
£'000	£'000	£'000		Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
				£'000	£'000	£'000
614	(8)	606	Chief Executive	555	51	606
1,314	(297)	1,017	Chief Finance Officer	1,113	193	1,306
1,033	10	1,043	Democratic Services	599	60	659
581	74	655	Human Resources Services	759	435	1,194
328	0	328	Deputy Chief Executive	392	0	392
719	(18)	701	Environmental Services, Licensing & Community Safety	188	283	471
954	(22)	932	Revenues & Benefits	839	134	973
176	(13)	163	Internal Audit	145	22	167
1,841	193	2,034	Digital & Customer Services	1,579	402	1,981
123	(7)	116	Corporate Programme & Improvement	136	25	161
342	75	417	Corporate Policy & Projects	166	141	307
117	(6)	111	Director Place and Climate Change	106	4	110
790	(6)	784	Planning Development Management	723	149	872
488	(20)	468	Planning Policy	36	58	94
5,687	475	6,162	Neighbourhood Services	4,312	845	5,157
117	70	187	Climate Change Strategy	60	351	411
2,286	1,447	3,733	Housing	2,543	762	3,305
(109)	(512)	(621)	Regeneration	(551)	5,072	4,521
17,401	1,435	18,836	Cost of Services	13,700	8,987	22,687
(20,265)	(7,905)	(28,170)	Other Income and Expenditure	7,107	(23,221)	(16,114)
(2,864)	(6,470)	(9,334)	(Surplus) or Deficit on Provision of Services	20,807	(14,234)	6,573
Earmarked Reserves	General Fund	Total		Earmarked Reserves	General Fund	Total
£'000	£'000	£'000		£'000	£'000	£'000
7,827	5,000	12,827	Opening balances	4,433	5,000	9,433
	9,334	9,334	(Surplus) or Deficit on Provision of Services		(6,573)	(6,573)
	0	0				0
(3,393)	(9,334)	(12,727)	Transfers between General Fund and earmarked reserves	1,221	6,573	7,794
(1)		(1)	Rounding	1		1
4,433	5,000	9,433	Closing General Fund balance	5,655	5,000	10,655

# NOTES TO THE ACCOUNTING STATEMENTS

	Financing and Accounting Adjustments				
	Capital and Assets	Pensions	Tax Collection	Other	Total
	£'000	£'000	£'000	£'000	£'000
<b>2024-25</b>					
Chief Executive	0	44	0	7	51
Chief Finance Officer	0	186	0	7	193
Democratic Services	16	40	0	3	59
Human Resources Services	388	45	0	2	435
Deputy Chief Executive	0	0	0	0	0
Environmental Services, Licensing & Community Safety	4	262	0	17	283
Revenues & Benefits	0	123	0	11	134
Internal Audit	0	24	0	(2)	22
Digital & Customer Services	221	164	0	18	403
Corporate Programme & Improvement	0	23	0	2	25
Corporate Policy & Projects	126	10	0	5	141
Director Place and Climate Change	0	4	0	0	4
Planning Development Management	0	160	0	(11)	149
Planning Policy	0	54	0	4	58
Neighbourhood Services	711	125	0	9	845
Climate Change Strategy	342	9	0	1	352
Housing Regeneration	587 4,966	157 100	0 0	17 6	762 5,072
Cost of Services	7,361	1,530	0	96	8,987
	(22,113)	(116)	(847)	(145)	(23,221)
Other Income and Expenditure from the Expenditure and Funding Analysis					
<b>Total for 2024-25</b>	<b>(14,752)</b>	<b>1,414</b>	<b>(847)</b>	<b>(49)</b>	<b>(14,234)</b>

# NOTES TO THE ACCOUNTING STATEMENTS

	Financing and Accounting Adjustments				
	Capital and Assets	Pensions	Tax Collection	Other	Total
	£'000	£'000	£'000	£'000	£'000
<b>2023-24</b>					
Chief Executive		(3)	0	(3)	(6)
Chief Finance Officer		(299)	0	2	(297)
Democratic Services	17	(6)	0	(1)	10
Human Resources Services	80	(7)	0	1	74
Deputy Chief Executive			0	0	0
Environmental Services, Licensing & Community Safety	0	(18)	0	(0)	(18)
Revenues & Benefits		(21)	0	(1)	(22)
Internal Audit		(13)	0	1	(12)
Digital & Customer Services	217	(22)	0	(2)	193
Corporate Programme & Improvement		(8)	0	1	(7)
Corporate Policy & Projects	81	(5)	0	(1)	75
Director Place and Climate Change		(5)	0	(1)	(6)
Planning Development Management		(19)	0	12	(7)
Planning Policy		(9)	0	(12)	(21)
Neighbourhood Services	668	(27)	0	3	644
Climate Change Strategy	80	(10)	0	(0)	70
Housing	1,465	(15)	0	(3)	1,447
Regeneration	(509)	(6)	0	2	(513)
Cost of Services	2,099	(493)	0	(2)	1,604
Other Income and Expenditure from the Expenditure and Funding Analysis	(10,450)	(294)	2,452	387	(7,905)
<b>Total for 2023-24</b>	<b>(8,351)</b>	<b>(787)</b>	<b>2,452</b>	<b>385</b>	<b>(6,301)</b>

# NOTES TO THE ACCOUNTING STATEMENTS

## NOTE 6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
<b>2024-25</b>					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(150)	0	0	150	0
Depreciation and impairment of non-current assets	(6,343)	0	0	6,343	0
Movements in value of Investment Properties	698	0	0	(698)	0
Disposal of non-current assets	(23,046)	0	0	23,046	0
Capital receipts to Usable Capital Receipts Reserve	647	(672)	0	25	0
Capital grants and contributions to Capital Grants Unapplied Reserve	2,963	0	(2,963)	0	0
Difference between accounting and statutory employment benefit	(96)	0	0	96	0
Difference between accounting and statutory credit for Council Tax	(265)	0	0	265	0
Difference between accounting and statutory credit for Non-Domestic Rates	(583)	0	0	583	0
Revenue Expenditure Financed from Capital under Statute	(5,127)	0	0	5,127	0
Difference between accounting and statutory credit for pension costs	599	0	0	(599)	0
Difference between accounting and statutory credit for pooled investment funds	145	0	0	(145)	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Capital expenditure financed from revenue	0	0	0	0	0
Other adjustments					
Minimum revenue provision	591	0	0	(591)	0
Capital expenditure financed from Capital grants and contributions	22,173	165	368	(22,706)	0
<b>Total for 2024-25</b>	<b>(7,794)</b>	<b>(507)</b>	<b>(2,595)</b>	<b>10,896</b>	<b>0</b>

# NOTES TO THE ACCOUNTING STATEMENTS

	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
<b>2023-24</b>					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(148)	0	0	148	0
Depreciation and impairment of non-current assets	(1,636)	0	0	1,636	0
Movements in value of Investment Properties	33	0	0	(33)	0
Disposal of non-current assets	(2,548)	0	0	2,548	0
Capital receipts to Usable Capital Receipts Reserve	1,658	(1,663)	0	5	0
Capital grants and contributions to Capital Grants Unapplied Reserve	1,916	0	(1,916)	0	0
Difference between accounting and statutory employment benefit	2	0	0	(2)	0
Difference between accounting and statutory credit for Council Tax	(82)	0	0	82	0
Difference between accounting and statutory credit for Non-Domestic Rates	2,534	0	0	(2,534)	0
Revenue Expenditure Financed from Capital under Statute	(2,159)	0	0	2,159	0
Difference between accounting and statutory credit for pension costs	787	0	0	(787)	0
Difference between accounting and statutory credit for pooled investment funds	(389)	0	0	389	0
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Capital expenditure financed from revenue	250	0	0	(250)	0
Other adjustments					
Minimum revenue provision	527	0	0	(527)	0
Capital expenditure financed from Capital grants and contributions	11,982	0	400	(12,382)	0
<b>Total for 2023-24</b>	<b>12,727</b>	<b>(1,663)</b>	<b>(1,516)</b>	<b>(9,548)</b>	<b>0</b>



# NOTES TO THE ACCOUNTING STATEMENTS

## NOTE 7A. EXPENDITURE AND INCOME ANALYSIED BY NATURE

2023-24			2024-25		
Surplus / Deficit on the Provision of Services	Group		Surplus / Deficit on the Provision of Services	Group	
£'000			£'000		
11,215	11,259	Employee benefits expenses	13,222	13,222	
43,727	44,759	Other service expenses	47,925	48,207	
630	481	Interest payments	557	557	
1,784	1,784	Depreciation, amortisation, impairment etc	6,493	6,493	
2,870	2,870	Precepts and levies	3,142	3,142	
889	889	Loss on the disposal of assets	22,399	22,399	
96	96	IFRS Adjustments	47	47	
388	388	Changes in value of Long term investments	0	0	
<b>61,599</b>	<b>62,526</b>	<b>Total Expenditure</b>	<b>93,785</b>	<b>94,067</b>	
(12,291)	(12,291)	Fees, charges and other service income	(14,340)	(14,340)	
(33)	(33)	Investment Properties changes in fair value	(698)	(698)	
(1,427)	(1,213)	Interest and investment income	(1,815)	(1,689)	
(19,220)	(19,220)	Council Tax and Non-Domestic Rate income	(18,669)	(18,669)	
(37,962)	(37,962)	Grants and Contributions	(51,545)	(51,545)	
0	0	Gains on the disposal of assets	0	0	
0	0	Changes in the value of long term investments	(145)	(145)	
<b>(70,933)</b>	<b>(70,719)</b>	<b>Total income</b>	<b>(87,212)</b>	<b>(87,086)</b>	
<b>(9,334)</b>	<b>(8,193)</b>	<b>Net</b>	<b>6,573</b>	<b>6,981</b>	

# NOTES TO THE ACCOUNTING STATEMENTS

## NOTE 7B. REVENUE FROM CONTRACTS WITH SERVICE RECIPIENTS

Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:

2023/2024		2024/2025
£'000	Acquisitions, Transformation, Regeneration	£'000
30	Street Naming/House Numbering and other income	75
	<b>Environmental Health Services</b>	
95	Alcohol Licensing	96
76	Taxi Licensing	84
103	Other income	93
	<b>Executive Directors and Corporate Core</b>	
7	Feed in Tariff and other income	4
	<b>Housing and Community Services</b>	
2,026	Car Parks	2,418
1,392	Refuse Collection	1,874
177	Cemeteries	205
96	Other income	103
	<b>Resources</b>	
80	Printing income	50
	<b>Planning</b>	
762	Planning Applications	600
127	Land Charges	191
144	Planning Enquiries	125
<b>5,115</b>	<b>Total included in Comprehensive Income and Expenditure Statement</b>	<b>5,918</b>

## NOTE 8. DEFINED BENEFIT PENSION SCHEME

### Characteristics of defined benefit plans and associated risks

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations as amended and summarised on the LGPS website and the Fund's membership booklet. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These could affect the value of the liabilities in respect of accrued benefits and therefore an allowance may be needed to be included in an employer's report. An allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

The administering authority for the Fund is East Sussex County Council. The Pension Fund Committee oversees the management of the Fund whilst the day-to-day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

# NOTES TO THE ACCOUNTING STATEMENTS

As administering authority to the Fund, East Sussex County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the Fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The actuarial valuation of the Fund was carried out as at 31<sup>st</sup> March 2022 and contributions for the period from 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026 were set accordingly. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. On the Employer's withdrawal from the Fund, a cessation valuation will be carried out in accordance with Regulation 64 of the LGPS Regulations 2013 which will determine the termination contribution due by the Employer, on a set of assumptions deemed appropriate by the Fund Actuary.

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the East Sussex County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers. All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

2023-24 £'000		2024-25 £'000
	<b>Comprehensive Income and Expenditure Statement</b>	
1,230	Current Service Cost	1,378
87	Past service cost (inc. curtailments)	103
<b>1,317</b>	<b>Cost of Services</b>	<b>1,481</b>
(294)	Net interest expense / (income)	(116)
<b>(294)</b>	<b>Financing and Investment Income and Expenditure</b>	<b>(116)</b>
<b>1,023</b>	<b>Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services</b>	<b>1,365</b>
(2,724)	Return on plan assets, less included in interest expense	3,489
	Actuarial gains & losses:	
(1,062)	Changes in demographic assumptions	(224)
(1,726)	Changes in financial assumptions	(10,611)
236	Other	(205)
5,761	Changes as a result of Asset Ceiling plus interest	7,762
<b>485</b>	<b>Remeasurement of the net defined benefit liability</b>	<b>211</b>
<b>1,508</b>	<b>Total Comprehensive Income and Expenditure Statement</b>	<b>1,576</b>

# NOTES TO THE ACCOUNTING STATEMENTS

<b>Movement in Reserves Statement</b>		
1,023	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	1,365
(1,810)	Employer's pension contributions and direct payments to pensioners payable in the year	(1,964)
<b>(787)</b>	<b>Total taken to Note 6</b>	<b>(599)</b>

The table below details the fair value of the scheme assets – factors such as current high levels of inflation will affect the returns on bonds and property investments.

<b>2023-24</b>		<b>2024-25</b>
<b>£'000</b>	<b>Reconciliation of Fair Value of Employer Assets (scheme Assets):</b>	<b>£'000</b>
99,503	Value of Assets at 1 April	105,930
5,195	Interest income on plan assets	5,352
467	Contributions by Members	506
1,810	Contributions by the Employer	1,964
2,724	Return on assets excluding amounts recognised in Other Comprehensive Income	(3,489)
(3,684)	Benefits Paid	(4,760)
(85)	Administration expenses	(91)
0	Other Actuarial gains and (losses)	0
<b>105,930</b>		<b>105,412</b>
<b>Reconciliation of Defined Benefit Obligation (scheme Liabilities):</b>		
(89,029)	Value of Liabilities at 1 April	(88,751)
(1,145)	Current Service Cost	(1,287)
(87)	Past service cost (incl. curtailments)	(103)
(4,259)	Interest Cost	(4,285)
(467)	Contribution by Members	(506)
	Actuarial Gains and (Losses):	
1,062	Change in demographic assumptions	224
1,726	Change in financial assumptions	10,611
(236)	Other experience gains and (losses)	205
3,684	Benefits Paid	4,760
<b>(88,751)</b>		<b>(79,132)</b>
<b>17,179</b>	<b>Pension liability at 31 March 2025</b>	<b>26,280</b>
<b>Reconciliation of Pension Asset Ceiling</b>		
(12,216)	Opening impact of asset ceiling	(18,619)
(642)	Interest on impact of asset ceiling	(951)
(5,761)	Actuarial losses/(gains)	(7,762)
0	Initial valuation of asset ceiling	0
<b>(18,619)</b>		<b>(27,332)</b>
<b>(1,440)</b>	<b>Net defined pension liability at 31 March 2025</b>	<b>(1,052)</b>

## NOTES TO THE ACCOUNTING STATEMENTS

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, mortality rates and expected returns on pension fund investments. The firm of actuaries Barnett Waddingham LLP was engaged to provide the Council with expert advice about assumptions to be applied. The accounts now include an asset ceiling, which is the present value of any economic benefit available to the employer in the form of refunds or reduced future employer contributions. This was based on the following assumptions:

- There is no prospect of the Employer having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund
- The Employer is a scheduled body and assumed to participate indefinitely.
- Primary contributions are considered to be a minimum funding requirement (MFR – it aims to ensure that a scheme's assets cover its liabilities)
- The MFR exceeds the current cost of accrual so the potential economic benefit from future contribution reductions is nil. Since this is less than the unadjusted net of asset of £27,026,000, the initial impact of the asset ceiling is £27,026,000.
- The Employer is currently paying deficit contributions towards a funding deficit. The actuary has assessed the minimum funding requirement and calculated that it constitutes an onerous funding commitment. There is an additional liability of £306,000 to be recognised.
- The unadjusted funded surplus is £27,026,000. There is an initial impact from an asset ceiling of £27,026,000, plus an additional liability of £306,000. The final funded net asset to be recognised is - £306,000.

In addition, there is an unfunded liability of £746,000. The final deficit to be recognised is £1,052,000.

### Fair value of employer assets

The percentage of the Total Fund held in each asset class is as follows:

31 March 2025			
Asset Category	Quoted Prices in Active Markets	Prices not quoted in Active markets	Total
	%	%	%
Index Linked Government Securities:			
UK	0	7.0	7.0
Overseas	0	0	0
Corporate Bonds:			
UK	0	0	0
Overseas	0	10.0	10.0
Equities:			
UK	0	0	0
Overseas	8.0	36.0	44.0
Property (all)	0	6.0	6.0
Others:			
Absolute return portfolio	0	15.0	15.0
Private Equity	0	7.0	7.0
Infrastructure	0	8.0	8.0
Other	0	1.0	1.0
Cash/temporary invests	2.0	0.0	2.0
<b>Totals</b>	<b>10.0</b>	<b>90.0</b>	<b>100.0</b>

# NOTES TO THE ACCOUNTING STATEMENTS

(The estimated return on the Fund, on a bid value to bid value basis, for the year to 31<sup>st</sup> March 2025 is 1.78%). The Employer's share of the assets of the Fund is approximately 2.11%.

The estimated asset allocation for Rother District Council at 31<sup>st</sup> March 2025 is as follows:

31 March 2024			31 March 2025		
Total		Asset Category	Total		
£'000	%		£'000	%	
72,719	69%	Equities	68,617	65%	
15,764	15%	Bonds	18,523	18%	
15,952	15%	Property	15,581	15%	
1,495	1%	Cash	2,691	3%	
<b>105,930</b>	<b>100%</b>		<b>105,412</b>	<b>100%</b>	

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Pension scheme liabilities have been assessed by Barnett Waddingham LLP, an independent firm of Actuaries, estimates being based on the latest full valuation of the scheme at 31<sup>st</sup> March 2025.

2023-24		2024-25	
2.90%	Rate of increase in salaries	2.90%	
2.90%	Rate of increase in pensions (CPI)	2.90%	
4.9%	Rate for discounting scheme liabilities	5.8%	
3.25%	RPI Inflation	3.2%	

The projections of liabilities assume the following mortality rates:

2023-24		2024-25	
Mortality assumptions:			
Longevity at 65 for current pensioners:			
20.9	Men		20.9
23.8	Women		23.9
Longevity at 65 for future pensioners:			
21.9	Men		21.9
25.4	Women		25.4

# NOTES TO THE ACCOUNTING STATEMENTS

## Sensitivity analysis for impact in the defined benefit obligation in the scheme

	Increase in assumption	Decrease in assumption
	£'000	£'000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(1,040)	1,064
Rate of increase in salaries (increase or decrease by 0.1%)	77	(76)
Rate of increase in pensions (increase or decrease by 0.1%)	1,017	(994)
Longevity (increase or decrease in 1 year)	3,272	(3,128)

## Impact on the Council's Cash Flows

The Council anticipates paying £1,848,000 of contributions to the scheme in 2025/26.

## NOTE 9. INCOME FROM GRANTS AND CONTRIBUTIONS

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

2023-24 £'000		2024-25 £'000
(4)	Covid grants and related support	(7)
(16,655)	DWP benefits grants	(16,661)
(1,844)	Grants for revenue financed from capital under statute	(4,510)
(2,199)	Other Grants and Contributions	(4,045)
0	New Burdens Grants	(19)
<b>(20,702)</b>	<b>Total within Cost of Services</b>	<b>(25,242)</b>
<b>2023-24 £'000</b>		<b>2024-25 £'000</b>
(145)	New Burden Grant	(73)
(230)	Benefits Administration Grant	(222)
(226)	New Homes Bonus	(136)
(3,762)	Section 31 Grant Income	(3,892)
(12)	Local Services Support Grant	0
(802)	Other grants	(1,212)
(12,054)	Grants and contributions towards capital expenditure	(20,626)
(30)	Unused DFG grant moved to the Grants reserve	(142)
<b>(17,261)</b>	<b>Total within Taxation and non-specific grant income</b>	<b>(26,303)</b>
<b>(37,963)</b>	<b>Total income from grants and contributions</b>	<b>(51,545)</b>

Other Grants and Contributions figure of £4,045,000 includes among others:

- £707,000 Homelessness Prevention Grant (£629,000 in 2023-24)
- £263,000 Housing Support Funding grant funded by East Sussex County Council (£305,000 in 2023-24)
- Afghan and Syrian Resettlement Scheme Grants from the government to fund these schemes totalling £571,000 (£370,000 in 2023-24).
- £280,000 in revenue Levelling Up Partnership funding and £178,000 in Plan for Neighbourhoods funding

# NOTES TO THE ACCOUNTING STATEMENTS

- £484,000 in revenue UK Shared Prosperity Funding

The values not included in the above tables or in the Council's accounts due to the Council acting as an intermediary (agent):

- The Council administered the Homes for Ukraine Scheme as an agent for the government. £244,000 (£350,000 in 2023-24) was paid to Ukrainian hosts in 2024-2025 and a grant to the same value was received or accrued.

## NOTE 10. EARMARKED RESERVES

The Council maintains a number of Earmarked Reserves for a variety of purposes. Below is an analysis of the Council's reserves showing the movements and transfers that took place.

	Balance at 31 March 2023	Transfers out	Transfers in	Balance at 31 March 2024	Transfers out	Transfers in	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Medium Term Financial Strategy Reserve	2,091	(2,124)	33	0	(156)	547	391
Repairs and Renewals Reserve	858	(324)	9	543		31	574
Corporate Development Reserve	28	0	0	28			28
Planning Improvement & LDF Reserve	97	(13)	0	84	(13)	354	425
Grants Reserve	3,753	(153)	178	3,778	(123)	582	4,237
Business Rates Volatility Reserve	1,000	(1,000)	0	0	0	0	0
<b>Total</b>	<b>7,827</b>	<b>(3,614)</b>	<b>220</b>	<b>4,433</b>	<b>(292)</b>	<b>1,514</b>	<b>5,655</b>

The transfer to reserves shown in the MIRS as at the 31<sup>st</sup> March 2025 is £1,222,000 (£1,514,000-£292,000). In 2023-2024 there was a drawdown of £3,393,000.

The purposes of these reserves are set out below. The reserves were re-assessed at the end of the financial year and consolidated by transfers into MTFS reserve or General Fund Reserve.

**Medium Term Financial Strategy**      A reserve created to help the Council meet our agreed objectives not just now but moving into the future. It is primarily aligned with the Council's Corporate Plan but can also be used to respond to the pressures and uncertainties of the current financial climate.

**Repair and Renewals**                      A reserve to fund expected repairs and renewals of the Council's assets.



# NOTES TO THE ACCOUNTING STATEMENTS

Corporate Development	A reserve funding a variety of Council provided services supporting among others Tourism, Economic Development, Democratic Engagement, Staff and Member training etc.
Planning Improvement and LDF	A reserve supporting the development and maintenance of the Council's long term Planning Strategy.
Grant Reserve	A reserve created to hold grants received in one year with no conditions but used in following years.
Business Rates Volatility Reserve	This reserve has been created to help smooth the effect of variances in Section 31 grants on funding future collection fund deficits

## NOTE 11. UNUSABLE RESERVES

### Revaluation Reserve

2023-24		2024-25
£'000		£'000
23,665	Balance 1 April	25,837
	Comprehensive Income & Expenditure:	
2,860	Gain/(loss) on revaluation of assets	3,316
	Accounting/Financing Adjustments:	
(241)	Depreciation charged to Revaluation Reserve	(276)
(437)	Other movements*	(1,5190)
<b>25,837</b>	<b>Balance 31 March</b>	<b>27,358</b>

\* Removal of Revaluation reserve amounts on Disposals and reclassifications

### Capital Adjustment Account

2023-24		2024-25
£'000		£'000
36,736	Balance 1 April	44,117
	Accounting/Financing Adjustments:	
(148)	Amortisation of Intangible Assets	(150)
(1,636)	Depreciation and impairment of non-current assets	(6,343)
33	Movements in value of Investment Properties	698
(2,548)	Disposals of non-current assets	(22,290)
(2,159)	Revenue Expenditure Financed from Capital under Statute	(5,127)
250	Capital expenditure financed from revenue	0
527	Minimum revenue provision	591
12,381	Capital expenditure financed from Capital grants and contributions	22,706
241	Depreciation charged to Revaluation Reserve	276
437	Other movements*	1,520
0	Disposal of AUC assets	(756)
3	Roundings	(2)
<b>44,117</b>	<b>Balance 31 March</b>	<b>35,240</b>

\*Removal of Revaluation reserve amounts on Disposals and reclassifications

# NOTES TO THE ACCOUNTING STATEMENTS

## Deferred Capital Receipts Reserve

2023-24		2024-25
£'000		£'000
70	Balance 1 April	65
0	Addition of Finance lease – council as a lessor	0
	Accounting / Financing Adjustments:	
(5)	Deferred receipts received to Capital Receipts Reserve	(25)
<b>65</b>	<b>Balance 31 March</b>	<b>40</b>

## Pensions Reserve

2023-24		2024-25
£'000		£'000
(1,742)	Balance 1 April	(1,440)
	Comprehensive Income & Expenditure:	
(485)	Remeasurement of the net defined benefit liability	(211)
	Accounting / Financing Adjustments:	
	Difference between accounting and statutory credit for pension costs	599
787		
<b>(1,440)</b>	<b>Balance 31 March</b>	<b>(1,052)</b>

## Collection Fund Adjustment Account

2023-24		2024-25
£'000		£'000
(2,189)	Balance 1 April	263
	Accounting / Financing Adjustments:	
	Difference between accounting and statutory credit for Council Tax	(265)
(82)		
	Difference between accounting and statutory credit for Non-Domestic Rates	(583)
2,534		
	Rounding	1
<b>263</b>	<b>Balance 31 March</b>	<b>(584)</b>

## Accumulated Absences Account

2023-24		2024-25
£'000		£'000
(91)	Balance 1 April	(89)
	Accounting / Financing Adjustments:	
2	Difference between accounting and statutory employment benefit	(96)
	Rounding difference	
<b>(89)</b>	<b>Balance 31 March</b>	<b>(185)</b>

# NOTES TO THE ACCOUNTING STATEMENTS

## Pooled Investment Funds Adjustment Account

2023-24		2024-25
£'000		£'000
(534)	Balance 1 April	(923)
	Comprehensive Income & Expenditure:	
(389)	Gain/(Loss) revaluation Pooled Investment funds	145
<b>(923)</b>	<b>Balance 31 March – overall nominal gain (loss) on original investment</b>	<b>(778)</b>

## NOTE 12. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure charged in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), which is a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

2023-2024		2024-2025
£'000		£'000
43,469	Opening Capital Financing Requirement 1 April	49,343
	<b>Capital Investment</b>	
14,667	Property, Plant and Equipment	14,326
3	Intangible assets	140
2,159	Revenue Expenditure Funded from Capital under Statute (REFCUS)	5,127
2,203	Loans to RDC Housing	4,859
(527)	Minimum Revenue Provision	(591)
	<b>Sources of finance</b>	
(10,537)	Government grants and other contributions	(18,196)
(250)	Sums set aside from revenue and reserves	0
(1,844)	Grants and contributions towards REFCUS	(4,510)
<b>49,343</b>	<b>Closing Capital Financing Requirement 31 March</b>	<b>50,498</b>

# NOTES TO THE ACCOUNTING STATEMENTS

The Capital Financing Requirement (CFR) is made up of the following balance sheet items.

30-Mar-24		30-Mar-25
£'000		£'000
101,240	Property, Plant and Equipment and Assets Held for Sale	89,877
12,891	Investment Properties	13,205
219	Intangible Assets	208
4,948	Long Term Debtor	9,807
(25,837)	Revaluation Reserve	(27,358)
(44,117)	Capital Adjustment Account	(35,240)
	Roundings	(1)
<b>49,343</b>		<b>50,498</b>

## NOTE 13. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Vehicles Plant etc	Infrastructure	Assets under Construction	Surplus Props.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
Opening value 1 April 2024	65,802	1,760	15,734	19,327	3,689	106,312
Additions	3,549	460	11	10,307	0	14,327
Disposals*	(86)	0	0	(20,723)	(2,236)	(23,045)
Impairment losses	(4,897)	0	0	0	(90)	(4,987)
Reclassifications**	(753)	383	110	(1,576)	2,220	384
Revaluations	3,426	0	0	0	(110)	3,316
Other movements	0	0	0	0	0	0
Value 31 March 2025	67,041	2,603	15,855	7,335	3,473	96,307
Cumulative Depreciation:						
Opening value 1 April 2024	(1,295)	(635)	(4,019)	0	0	(5,949)
Charge for the year	(836)	(195)	(326)	0	0	(1,357)
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Other movements						
Balance 31 March 2025	(2,131)	(830)	(4,345)	0	0	(7,306)
<b>Net book value 31 March 2025</b>	<b>64,910</b>	<b>1,773</b>	<b>11,510</b>	<b>7,335</b>	<b>3,473</b>	<b>89,001</b>

# NOTES TO THE ACCOUNTING STATEMENTS

	Land & Buildings	Vehicles Plant etc	Infrastructure	Assets under Construction	Surplus Props.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost:						
Opening value 1 April 2023	60,088	1,589	14,670	13,319	2,125	91,791
Additions	5,166	171	11	9,319	0	14,667
Disposals*	(2,548)	0	0	0	0	(2,548)
Impairment losses	(1,146)	0	0	0	687	(459)
Reclassifications**	2,257	0	1,053	(3,310)	0	0
Revaluations	1,985	0	0	0	876	2,861
Other movements	0	0	0	0	0	0
Roundings				(1)	1	
Value 31 March 2024	65,802	1,760	15,734	19,327	3,689	106,312
Cumulative Depreciation:						
Opening value 1 April 2023	(585)	(461)	(3,727)	0	0	(4,773)
Charge for the year	(710)	(174)	(292)	0	0	(1,176)
Disposals	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Other movements						
Balance 31 March 2024	(1,295)	(635)	(4,019)	0	0	(5,949)
<b>Net book value 31 March 2024</b>	<b>64,507</b>	<b>1,125</b>	<b>11,715</b>	<b>19,327</b>	<b>3,689</b>	<b>100,363</b>

\*The disposals are the sale of Land at Blackfriars, Battle (Surplus) along with associated road infrastructure (Asset Under Construction) to Rother's subsidiary Rother DC Housing Company Ltd, the devolution of Devonshire Square toilets and removal of assets under construction from the asset register. The disposals figure also includes £756,000 worth of Assets Under Construction which should not have been capitalised in 2023-2024 but should have instead been treated as Revenue Expenditure Funded from Capital Under Statute. These refer to the ongoing government grant funded works to the De La Warr Pavilion (£746,000) and the cost of capital grants to local businesses and organisations under the Rural SPF grant scheme (£10,000). The error did not meet the materiality threshold for 2023-2024 and so no restatements were made for that year and balances amended in 2024-2025.

\*\* The reclassifications are Temporary Accommodation properties which have been completed or become operational since last year. There are also movements to and from Investment Properties where the use and purpose of holding assets has changed.

The Council arranged for a full revaluation of its land and property (including its investment property) as at 31 March 2025 as was the case last year. The exercise was undertaken by the new contractors: external valuers Bruton Knowles. Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired.

The Council's surplus properties consist of various parcels of land which are surplus to operational requirements, but which are not yet being actively marketed. There are no quoted prices for identical assets, but there are values available for similar assets, so it has been possible to value them at Level 2 of the Fair Value hierarchy (see Note 1.9 above), both at the start and end of the financial year. The main building at Watch Oak was reclassified to this category. It is not used for operational purposes and is not an investment property but its regeneration or residential housing potential are being considered.

The measurement bases for all the Council's property plant and equipment is set out in its accounting policies above.

## Capital Commitments

At 31 March 2025 the Council had a number of material commitments relating to capital expenditure on Property Plant and Equipment. There is ongoing work and associated commitments of £1,105,000 on the Blackfriars Spine Road,

# NOTES TO THE ACCOUNTING STATEMENTS

£218,000 on Barnhorn Green Development, £459,000 and £25,000 on Levelling Up Fund Grant funded De La Warr Pavillion and The Heart of Sidley Community Hub Projects respectively. There were also large commitments regarding some of the Levelling Up Partnership Capital Projects: Camber Sands Welcome Centre (£628,000), Bexhill Community Hub (£475,000) and the Pelham (£190,000). There were also a total £700,000 of other smaller capital commitments. For details of the capital programme please refer to the narrative report. In view of the current economic climate with high borrowing costs elements of the programme are being re-assessed for viability and affordability and the programme is being amended accordingly.

## NOTE 14. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

2023-24		2024-25
£'000		£'000
(824)	Rental income from investment property	(771)
212	Direct operating expenses arising from investment property	101
(33)	Net (gains)/losses from in year fair value adjustments	(698)
<b>(645)</b>	<b>Total</b>	<b>(1,368)</b>

Balance Sheet movements in Investment Properties during the year:

2023-24		2024-25
£'000		£'000
12,858	Balance at start of the year	12,891
0	Disposals	0
33	Net gains/(loss) from fair value adjustments	698
0	Assets reclassified from Property Plant & Equipment	395
0	Assets reclassified to Other Land and Buildings	(220)
0	Assets reclassified to Surplus Properties	(559)
<b>12,891</b>	<b>Balance at end of the year</b>	<b>13,205</b>

The Council's Investment Properties consist of commercial properties let at market rents. There are no quoted prices for identical properties and no significant observable values for similar properties. Values have therefore been assessed under Level 3 of the Fair Value hierarchy (see Note 1.9 above), both at the start and end of the financial year. They are measured using the income approach, by means of the discounted cash flow method, where the discounted cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. In all cases the highest and best use for these assets is their current use.

A full revaluation of the Council's investment properties at 31<sup>st</sup> March 2025 has been undertaken by Bruton Knowles with values updated accordingly.

## NOTE 15. INTANGIBLE ASSETS

2023-24		2024-25
£'000		£'000
936	Gross Carrying Amount 1 April	939
3	Additions	140
<b>939</b>	<b>Gross Carrying Amount 31 March</b>	<b>1,079</b>

# NOTES TO THE ACCOUNTING STATEMENTS

(573)	Accumulated Amortisation 1 April	(721)
(148)	Amortisation for the year	(150)
(721)	Accumulated Amortisation 31 March	(872)
<b>218</b>	<b>Net Carrying Amount</b>	<b>208</b>

## NOTE 16. NON CURRENT ASSETS HELD FOR SALE

The Council has got one asset held for sale. It is Plot 2 of Land at Mount View Street and it has a carrying value of £877,000. The whole site was purchased for £4.5m in 2021-2022 and was subsequently divided into three plots, two of which were subject to Options Agreements with an NHS Trust while the third one remained as part of Property Plant and Equipment, but was subsequently sold within 2023/2024. The fair value of Plot 2 was £2,330,000 as at 31 March 2025 (£3,505,700 as at 31 March 2024), however as per the Code it is being held at the lower of the carrying value and the fair value less cost to sell.

## NOTE 17. LONG TERM DEBTORS

The Council lent to its wholly owned subsidiary, Rother DC Housing Company Limited, £9,081,300 to 31 March 2025 to enable it to develop much needed housing in the district. Interest accrued on the loan amounts to £725,700 giving a total of £9,807,000

A formal working capital agreement and a loan agreement between the company and the Council were finalised in March 2025 and loans tranches are now drawn by the company quarterly.

The remainder of the £9,848,000 long term debtor balance on the balance sheet consists of £41,000 Finance Lease receivable. £21,000 of outstanding loan on a mortgage to Hastings Furniture Service was repaid in full within 2024-2025

## NOTE 18. SHORT TERM DEBTORS

31 March 2024		31 March 2025
£'000		£'000
749	Central government bodies	1,886
2,402	Other Local Authorities & Public Bodies	2,320
0	NHS	18
6,087	All other bodies	7,841
<b>9,238</b>	<b>Total short term debtors before impairment provision</b>	<b>12,065</b>

### Impairment provision of short term debtors

31 March 2024		31 March 2025
£'000		£'000
(976)	Local taxation	(720)
(287)	Housing Benefits	(278)
(251)	Housing	(304)
(282)	Other	(286)
<b>(1,796)</b>	<b>Total impairment</b>	<b>(1,588)</b>
<b>7,442</b>	<b>Total Short Term Debtors</b>	<b>10,477</b>

# NOTES TO THE ACCOUNTING STATEMENTS

Short term debtors include amounts due to major preceptors and central government on council tax and business rates, for balances held on an agency basis.

31 March 2024	Business rates agency balances due	31 March 2025
£'000		£'000
(413)	Central government	7
(82)	Major precepting authorities	2
<b>(495)</b>	<b>Total</b>	<b>9</b>

## NOTE 19. SHORT TERM CREDITORS

31 March 2024		31 March 2025
£'000		£'000
	Amounts falling due within one year:	
(4,121)	Central government bodies	(961)
(1,061)	Other Local Authorities & Public Bodies	(1,398)
(2,791)	All other bodies	(3,869)
<b>(7,973)</b>	<b>Total short term creditors</b>	<b>(6,228)</b>

## NOTE 20. PROVISIONS AND CONTINGENT LIABILITIES

### Provisions

The Council has a liability for its share of refunds of rate income arising from successful appeals against rateable values. The provision increased from £255,000 to £386,000 during 2024/25.

### Contingent Liabilities - Municipal Mutual Insurance Limited (MMI)

In 1993 the Council's insurers, MMI, ceased accepting new business. On 13<sup>th</sup> November 2012 the Directors of MMI triggered the Scheme of Arrangement. The Scheme provides that following the occurrence of a Trigger Event, a levy may be imposed on all those scheme creditors which, since the record date, have been paid an amount or amounts in respect of established scheme liabilities which, together with the amount of Elective Defence costs paid by MMI on its behalf, exceed £50,000 in aggregate.

The Scheme Administrator, Ernst & Young LLP had originally determined that a levy rate of 15% shall be applied to the value of claims paid since 30<sup>th</sup> September 1993. This levy was increased to 25% in 2015. Following the payments of the levy there remains a potential liability for a further £179,451. The trigger event related to the Supreme Court ruling on 28<sup>th</sup> March 2012 which said that the insurer who was on risk at the time of an employee's exposure to asbestos was liable to pay compensation for the employee's mesothelioma. There have not been any subsequent changes to this liability.

### Contingent Liability – Merger of Federated Hermes Property Unit Trust with Legal & General Managed Property Fund

The Hermes Property Fund in which the council invested £3,000,000 in July 2018 will be merging with another fund in 2026 as a result of the decisions of Extraordinary General meetings held within 2024-2025 and since March 2025.

The Council is not able to move its holding into the merged entity as only pension funds and insurance companies are entitled to do that. As a result, in August 2025 the council will receive the updated value of its holding in cash. It is expected that this will mean a loss to the council on its original investment, however the value of the loss cannot be ascertained due to the extraordinary circumstances and the unknown impact of the recent decisions on the valuation.



# NOTES TO THE ACCOUNTING STATEMENTS

## NOTE 21. CAPITAL GRANTS RECEIPTS IN ADVANCE

31 March 2024		31 March 2025
£'000		£'000
	Amounts falling due within one year:	
	Levelling Up Partnership Grant	
0	• Temporary Accommodation	1,649
0	• Camber Welcome Centre	658
0	• Rye Swimming Pool and Leisure Centre	
0	Improvements	580
0	• Barnhorn Green Health Centre	4,743
0	• Rural Rother Mobile Community Hub	63
0	• Bexhill Community Hub	469
0	• Pelham Community Centre	189
0	• Beeching Road Studios	6
0	• Investment in DISC (Database & Intranet for Safer Communities)	2
0	• Capacity Pots for the Rye, Bexhill and Battle	
0	Chambers of Commerce	65
0	• Rother's Wine Economy	50
0	• Other	14
0	Food Waste Collection Grant	724
24	S106 Blackfriars Employment and Skills Plan Contribution	6
0	Local Authority Housing Fund	501
5	S106 Mount View Employment and Skills Plan contribution	5
150	Brownfield Land Release Fund – short term*	162
10	Brownfield Land Release Fund 2 – short term*	122
78	Changing Places Grant	0
49	Coronation Living Heritage - Community Orchards	28
27	Coronation Living Heritage Fund - Micro Woods Grant	19
124	Electric Vehicle Grant	124
220	Rural SPF Grant	0
2	Residual LTA Grant	0
1,495	LUF Capital Grant Residual of Tranche 1 and 2	2,955
1	Rounding	0
<b>2,185</b>	<b>Total short term capital grants received in advance</b>	<b>13,134</b>
	Amounts falling due after one year (all other bodies):	
862	S106 Unit 10 Ravenside, Bexhill-on-Sea	862
709	S106 Land off Pebsham Lane, Bexhill	709
141	Brownfield Land Release Fund*	0
131	Brownfield Land Release Fund 2*	0
167	S106 Station Road, Northiam	167
37	S106 The Saltings	37
266	S106 Barnhorn Road Willow Drive	266
876	S106 Worsham Farm	876
1	S106 Other	1
1	Rounding	0
<b>3,191</b>	<b>Total long term capital grants received in advance</b>	<b>2,918</b>

\*These grants were split between short term and long term based on projected spend in 2025-2026

## NOTES TO THE ACCOUNTING STATEMENTS

On the 21<sup>st</sup> August 2012, the Council entered into an agreement under Section 106 of the Town and Country Planning Act 1990, with regard to a site at Ravenside Retail Park, Bexhill-on-Sea. The agreement resulted in a payment to the Council of £959,000 which was received for the provision and improvement of leisure facilities in Bexhill and the enhancement of shopping facilities in Bexhill town centre. The monies have to be expended within 15 years of the date of the agreement or they will have to be repaid to the property owner plus interest.

On the 13<sup>th</sup> May 2015, the Council entered into an agreement under Section 106 of the Town and Country Planning Act 1990, with regard to a site at Pebsham Lane, Bexhill-on-Sea. The agreement resulted in 3 payments to the Council totalling £520,000. £134,000 was for a new leisure centre, £277,000 for maintenance of pitches and £109,000 was for creation of a Countryside Park, £109,000 was paid out in 2017/18 to the Coombe Valley Countryside Park. A further £193,000 was received for arts and public realm, £28,000 for a community worker and £77,000 employment contribution. The balance at 31<sup>st</sup> March 2025 is £709,000.

Purpose	£'000
A new leisure centre	134
Maintenance of pitches	277
Creation of a Countryside Park	109
Arts and public realm	193
A community worker	28
Employment contribution	77
<b>Total Receipts</b>	<b>818</b>
<b>Expenditure</b>	
Coombe Valley Countryside Park	(109)
<b>Balance</b>	<b>709</b>

On 24<sup>th</sup> March 2016 the Council entered into an agreement under Section 106 of the Town and Country Planning Act 1990, with regard to a site to the north east of Bexhill on Sea known as Worsham Farm. The agreement has so far resulted in the receipt by RDC the contractor's contribution among others to the Countryside Park, provision of leisure facilities and open spaces in the area as well as towards local employment and skills. £1,259,000 was received in total and £383,000 spent by the authority resulting in the remaining balance of £876,000.

In the financial year 2024-2025 the council received £18,000,000 of Levelling Up Partnership funding and almost half of the money has already been spent on allocated projects. The remainder is shown in the table above listed per project. The Council also received a number of other capital grants to improve availability of appropriate housing through development and acquisitions and other specified projects. They were incorporated in the council's capital programme and are going to be largely spent within 2025-2026 as reflected in the short term grants section above.

### NOTE 22. FINANCIAL INSTRUMENTS

#### Categories of Financial Instruments

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

# NOTES TO THE ACCOUNTING STATEMENTS

31 March 2024			31 March 2025	
Book Value £'000	Fair Value £'000		Book Value £'000	Fair Value £'000
		Financial assets at fair value through profit and loss		
7,077	7,077	Group 1- Commercial Investments in line with Treasury Management Policy	7,222	7,222
		Financial assets at amortised Cost		
44	44	Group 1 - Commercial investments in line with Treasury Management Policy	41	41
4,948	4,948	Group 2 - Loans to related parties	9,807	9,681
21	21	Group 3 - Other Loans to local businesses	0	0
<b>12,090</b>	<b>12,090</b>	<b>Long term Assets</b>	<b>17,070</b>	<b>16,944</b>
2,348	2,348	Short Term Debtors	851	851
2,777	2,777	Trade accounts receivable	4,527	4,527
6,517	6,532	Bank deposits less than 3 months	14,585	14,587
2,400	49	Cash and bank accounts	(315)	74
<b>14,042</b>	<b>11,706</b>	<b>Other financial assets at amortised cost</b>	<b>19,648</b>	<b>20,039</b>
<b>26,132</b>	<b>23,796</b>	<b>Total Financial Assets</b>	<b>36,718</b>	<b>36,983</b>

Group 2 Loans to related parties consists of a loan to a wholly owned subsidiary Rother DC Housing Company Limited. See Note 17.

The RDC Housing Company loan of £9,807,000 is the only significant item in the table above which would have to be consolidated in this note, therefore no consolidation figures have been presented. All inter-entity balances have been eliminated in the Balance sheet's group column.

The value of debtors and creditors reported in the table above are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes 18 and 19 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

31 March 2024			31 March 2025	
Book Value £'000	Fair Value £'000		Book Value £'000	Fair Value £'000
(2,939)	(2,939)	Short Term Creditors	(2,957)	(2,957)
(5,071)	(5,042)	Short term Market Loan	(2,508)	(2,508)
(523)	(523)	Public Works Loan Board	(525)	(525)
<b>(8,533)</b>	<b>(8,504)</b>	<b>Short -Term Financial liabilities at amortised cost</b>	<b>(5,990)</b>	<b>(5,990)</b>
0	0	Long Term Market Loan	0	0
(26,327)	(15,110)	Public Works Loan Board	(25,985)	(13,441)
<b>(26,327)</b>	<b>(15,110)</b>	<b>Long-Term Liabilities at amortised cost</b>	<b>(25,985)</b>	<b>(13,441)</b>
<b>(34,860)</b>	<b>(23,614)</b>	<b>Total Financial Liabilities</b>	<b>(31,975)</b>	<b>(19,431)</b>

# NOTES TO THE ACCOUNTING STATEMENTS

Certain financial instruments amounts would differ on the group accounts due to intercompany balances that will have been eliminated, but the loan to the Rother DC Housing company Ltd is the only financial instrument that would have resulted in a significantly different group figure being disclosed in the consolidated loans to related parties and long term liabilities.

## Valuation Techniques for Fair Values

The fair values valuations have been provided by the Council's Treasury Management advisor, MUFG Corporate Markets. This uses the Net Present Value (NPV) approach, which provides an estimate of the value of payments in the future in today's terms. This is a widely accepted valuation technique commonly used by the private sector. The discount rate used in the NPV calculation should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation, for an instrument with the same duration i.e., equal to the outstanding period from valuation date to maturity. The structure and terms of the comparable instrument should be the same.

Fair values in the tables above are calculated in line with the levels described in Accounting Policy 1.9 above. The Fair value through the profit and loss assets are assessed at Level 1 (quoted price), while the others are at Level 2 (observable inputs other than quoted prices). For loans from the PWLB, valued in line with level 2, new loan rates from the PWLB have been applied to provide the fair value.

## Nature and Extent of Risks arising from financial instruments

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

- (i) credit risk - the possibility that other parties might fail to pay amounts due to the Council;
- (ii) liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments;
- (iii) market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movement.

The Council's overall risk management procedures focus on the unpredictability of financial markets and seek to minimise the potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Council to comply with CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Risk Management is carried out by the Financial Services Team in accordance with the policies laid out in the Annual Treasury Management Strategy Statement and Annual Investment Strategy, which govern the maximum type of investment risk to which the Council can be exposed.

## Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet minimum credit criteria using the Link Asset Services creditworthiness model. The model uses a sophisticated modelling approach which uses credit ratings from all three ratings agencies (Fitch, Moody's and Standard and Poor's) overlaid with credit watches and outlooks, Credit Default Swap spreads and sovereign ratings. Deposits are not made with banks or financial institutions unless they are rated independently with a minimum score. The minimum score will depend on the type and length of investment as detailed in the Council's Treasury Management Strategy Statement and Annual Investment Strategy. Credit limits are set for each institution where deposits are placed.

The credit criteria in respect of the financial assets held by the Council at 31<sup>st</sup> March 2025 are summarised below.

- i. All investments will be with approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch.
- ii. The total principal funds invested for up to 6 months is 50%
- iii. The total principal funds invested for up to 3 months is 50%

# NOTES TO THE ACCOUNTING STATEMENTS

- iv. The total principal funds invested for up to 1 year is 30%
- v. The total principal funds invested for more than 1 year is £10mln

A copy of the Annual Treasury Management Strategy Statement Annual Investment Strategy is available on the Council's website.

The following analysis summarises the Council's potential maximum exposure to credit risk, based on a review during 2024/25 of past experience:

The council does not generally allow credit for customers such that £792,000 is past due for payment. The past due not impaired is analysed as follows:

31 March 2024		31 March 2025
£'000		£'000
0	0 to 28 days	31
10	1st reminder - 29 to 42 days	26
4	2nd reminder - 43 to 55 days	24
342	Over 55 days	711
<b>356</b>	<b>Total</b>	<b>792</b>

Debtors include trade receivables of £4,527,000 (£2,777,000 at 31<sup>st</sup> March 2024)). The historical experience of default is 9.52% (31<sup>st</sup> March 2024 13.83%) with an estimated exposure to default of non-collection of £431,000 (31<sup>st</sup> March 2024 £384,000). The Council has provided £431,000 (31<sup>st</sup> March 2023 £384,000) as a general impairment allowance for non-collection of this debt.

Deposits with Banks and Financial Institutions	Long Term Rating - Fitch	Amount at 31 March 2025	Historical Experience of Default	Estimated maximum exposure to default and uncollectability at 31 March 2025
		£'000	%	£'000
<b>Deposits more than 3 months</b>				
None		0		0
		<u>0</u>		
<b>Short-Term Deposits - less than 3 months (excluding accrued interest)</b>				
Santander 31 Day Notice Account and call account	A+	0	0.02%	0
Lloyds Treasury Call Deposit 1	A+	14,585	0.02%	3
Lloyds Bank Plc.	A+	74	0.02%	0
Customer Debtors		<u>4,527</u>	9.52%	<u>431</u>
<b>Total</b>		<u><b>19,186</b></u>		<u><b>434</b></u>

## Gains and Losses

31 March 2024		31 March 2025
£'000		£'000
96	Impairment change (gain)/loss	47
389	(Gains)/losses on financial assets measured at fair value through profit and loss	(145)
<b>485</b>	<b>Total</b>	<b>(98)</b>

## Liquidity Risk

The Council has a robust cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has access to borrowings from the Public Works Loans Board for long

# NOTES TO THE ACCOUNTING STATEMENTS

term funding and substantial reserves as well as the inter Local Authority market through brokers. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

31 March 2024	PWLB and Market	31 March 2025
£'000		£'000
6,132	Less than one year	3,570
1,747	Between one and two years	1,747
2,621	Between two and five years	2,621
4,368	Maturing in five to ten years	4,368
32,172	Maturing in more than ten years	31,298
<b>47,040</b>	<b>Total</b>	<b>43,604</b>

## Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments. Changes in interest rates on variable rate investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund balance. The average interest rate achieved by the council on its investments for the reported year was 4.67% (4.62% for 2023-24).

If interest rates had been 1% higher at 31<sup>st</sup> March 2025 with all other variables held constant, the financial effect would be:

	£'000
Increase or decrease in interest receivable on variable rate investments	279
<b>Impact on Surplus/Deficit on Provision of Services</b>	<b>279</b>

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 and affect the General Fund Balance.

## Price Risk

The Council held at 31<sup>st</sup> March 2025 an investment in the Local Authorities' (CCLA) Property Fund valued at £4.6m (£4.5m the previous year). A shift of 1% in the market value of the fund would therefore have resulted in a gain or loss of £46,360.

The Council held at 31<sup>st</sup> March 2025 an investment in the Hermes Property Fund valued at £2.6m (£2.5m the previous year). A shift of 1% in the market value of the fund would therefore have resulted in a gain or loss of £25,863.

The losses would only be realised if the Council decided to dispose of the investment. Any losses or gains do not affect the council tax payers, thanks to a statutory override which means that their impact is reversed and any cumulative loss or gain held in an Unusable reserve.

## NOTE 23. AGENCY EXPENDITURE AND INCOME

During the financial year the Council acted as the lead authority for one arrangement: the Rother and Wealden Environmental Health Shared Service.

Under the arrangement all expenditure is initially incurred by this Council and is subsequently recharged to Wealden District Council. Rother employs and manages staff who operate in both local authority areas. The cost of support services charges associated with the running of the partnership is excluded from total expenditure in the relevant columns shown below. Income from fees and charges is accounted for by each of the councils separately and does not feature in the table below.

# NOTES TO THE ACCOUNTING STATEMENTS

The table below summarises the transactions for the year. The amounts shown as recharged to the partner Council are treated as agency expenditure and therefore not included within this Council's Comprehensive Income and Expenditure Statement.

<b>2023-24</b>		<b>2024-25</b>	
<b>Environmental Health</b>		<b>Environmental Health</b>	
<b>£'000</b>		<b>£'000</b>	
1,913	Total expenditure	1,933	
(27)	Income	(34)	
<b>1,886</b>	<b>Net Cost</b>	<b>1,899</b>	
(727)	Recharged to Rother District Council	(723)	
(1,159)	Recharged to partner councils	(1,176)	
<b>(1,886)</b>	<b>Total recharges</b>	<b>(1,899)</b>	
<b>0</b>	<b>Net Cost</b>	<b>0</b>	

## NOTE 24. LEASES

### Council as a Lessee

Vehicles and equipment have been acquired through operating leases. The minimum lease payments due under non-cancellable leases in future years are:

<b>31 March 2024</b>		<b>31 March 2025</b>	
<b>£'000</b>		<b>£'000</b>	
83	Not later than one year	50	
98	Later than one year and not later than five years	43	
<b>181</b>	<b>Total</b>	<b>93</b>	

### Council as Lessor:

#### Operating Lease

The Council leases out property, a number of industrial and commercial units, land and other buildings under operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are:

<b>31 March 2024</b>		<b>31 March 2025</b>	
<b>£'000</b>		<b>£'000</b>	
1,691	Not later than one year	1,649	
4,882	Later than one year and not later than five years	5,770	
21,461	Later than five years	21,583	
<b>28,034</b>	<b>Total</b>	<b>29,002</b>	

# NOTES TO THE ACCOUNTING STATEMENTS

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. In 2024/2025 the Council received £324,000 in contingent rents, compared to £286,000 in 2023/24.

## Finance Lease

The council has leased out land at Hoads Wood, Fairlight and the Royal Oak Inn, Pett on finance leases with the term of 999 years. The council has a gross investment in the lease, made up of minimum lease payments expected to be received over the remaining term. The minimum lease payments comprise settlement of the long-term receivable for the interest in the property acquired by the lessee and finance income earned by the Council.

	31 March 2025 £'000
<b>Finance Lease receivable</b>	
Current	2
Non-Current	39
Interest	20
<b>Total</b>	<b>61</b>

	31 March 2025 £'000
<b>Gross investment in lease</b>	
Not later than one year	6
Later than one year and not later than five years	13
Later than five years	46
<b>Total</b>	<b>65</b>

	31 March 2025 £'000
<b>Minimum lease payments</b>	
Not later than one year	2
Later than one year and not later than five years	6
Later than five years	33
<b>Total</b>	<b>41</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

## NOTE 25. MEMBERS' ALLOWANCES

Allowances and expenses paid to Councillors during the year were:

2023-24 £'000		2024-25 £'000
243	Members Allowances	244
6	Travelling Expenses	3
<b>249</b>	<b>Total</b>	<b>247</b>



# NOTES TO THE ACCOUNTING STATEMENTS

## NOTE 26. OFFICERS' REMUNERATION AND EXIT PACKAGES

### Senior Officer Remuneration

The Council's Senior Employees' remuneration was as follows (expense allowances were nil for all posts in both 2023/24 and 2024/2025):

Post holder information - Post title	Salary Inc. fees & Allowances	Compensation for loss of office	Pension Contributions	Total Remuneration
	£	£	£	£
<b>Financial Year: 2024-25</b>				
Chief Executive	135,837	0	27,404	163,241
Deputy Chief Executive	105,750	0	21,176	126,926
Director of Place and Climate Change	24,638	64,925	4,225	93,788
Service Manager Environmental Services and Licensing	75,106	0	14,978	90,084
Head of Service Housing and Regeneration	75,106	0	15,311	90,417
Head of Service Neighbourhood Services	75,106	0	14,803	89,909
Head of Service Digital and Customer Services	75,106	0	0	75,106
Head of Service – Corporate and Strategic Services	63,319	0	12,446	75,765
Head of Service - Finance	18,641	0	3,931	22,572
Head of Service - Planning	10,544	0	2,224	12,768
<b>TOTALS</b>	<b>659,153</b>	<b>64,925</b>	<b>116,498</b>	<b>840,576</b>

Post holder information - Post title	Salary Inc. fees & Allowances	Compensation for loss of office	Pension Contributions	Total Remuneration
	£	£	£	£
<b>Financial Year: 2023-24</b>				
Chief Executive (up to 31 May 2023)	29,008	0	4,480	33,488
Deputy Chief Executive /Chief Exec (from 01 June 2023)	121,446	0	24,418	145,864
Director of Place and Climate Change	81,721	0	16,175	97,896
Service Manager Environmental Services and Licensing	72,445	0	14,484	86,929
Head of Service Housing and Regeneration	72,445	0	14,251	86,696
Head of Service Neighbourhood Services	72,445	0	14,251	86,696
Head of Service Digital and Customer Services	69,102		0	69,102
<b>TOTALS</b>	<b>518,612</b>	<b>0</b>	<b>88,059</b>	<b>606,671</b>

# NOTES TO THE ACCOUNTING STATEMENTS

## Remuneration over £50,000 at 31<sup>st</sup> March 2025

Remuneration includes the cost of compensation for loss of office.

The number of employees (including senior employees) whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2023/24	Band	2024/25
2	£50,000 - £54,999	2
8	£55,000 - £59,999	8
1	£65,000 - £69,999	1
4	£70,000 - £74,999	1
0	£75,000 - £79,999	6
1	£80,000 - £84,999	1
0	£110,000 - £114,999	1
1	£125,000 - £130,000	0
1	£130,000 - £134,999	0
0	£135,000 - £139,999	1
<b>18</b>		<b>21</b>

## Exit Packages

2023-24				Exit package cost band	2024-25			
Number of exit packages			Cost		Number of exit packages			Cost
Compulsory redundancies	Other departures	Total exit packages	Total		Compulsory redundancies	Other departures	Total exit packages	Total
			£'000					£'000
0	1	1	10	£0 - £20,000	3	1	4	22
1	0	1	29	£20,001- £40,000	1	1	2	74
0	0	0	0	£60,000 - £80,000	1	1	2	125
0	0	0	0	£80,001 - £100,000	0	0	0	0
0	0	0	0	£100,001 - £120,000	0	0	0	0
0	0	0	0	£120,001 - £140,000	0	0	0	0
<b>1</b>	<b>1</b>	<b>2</b>	<b>39</b>	<b>Total</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>221</b>

# NOTES TO THE ACCOUNTING STATEMENTS

## NOTE 27. EXTERNAL AUDIT COSTS

Fees were payable to Grant Thornton, the Council's external auditors as follows:

2023-24		2024-25
£'000		£'000
170	External audit services	170
36	Other services	45
<b>206</b>	<b>Total</b>	<b>215</b>

The amounts quoted are before VAT.

## NOTE 28. RELATED PARTIES

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### Central Government

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and subsidies and prescribes the terms of many of the transactions that the Council has with other parties (e.g. housing benefits). Grants received from the Government are set out in Note 9 (Income from Grants and Contributions).

### Rother DC Housing Company Ltd

In October 2020, the Council's wholly owned company, Rother DC Housing Company Ltd was formed. During 2024-2025 3 councillors were the directors of the Board 1 of whom joined the board on 1 March 2025 and resigned in May 2025. At 31 March 2025 the company owed the Council £9,081,300 plus interest compared to £4,608,000 at the end of 2023-2024.

### Members

Members of the Council have direct control over the Council's financial and operating policies. During 2024/25 related party transactions to the value of £6,387,115 as shown below, took place with organisations in which Members had a related party interest.

2023-24		2024-25
£		£
5,500	18 Hours	18,500
3,400	Battle Pre-school	0
5,355	Battle Town Council	26,147
175	Bexhill Community Bus	0
0	Bexhill Community Land Trust	6,750
364	Bexhill Environmental Group	0
973	Bexhill in Bloom	0
9,763	Bexhill Museum Ltd	16,853
0	Bexhill Town Council	16,579

# NOTES TO THE ACCOUNTING STATEMENTS

0	Bexhill United Football Club	15,000
157,888	Combe Valley Countryside Park Community Interest Company	19,997
648,189	De La Warr Pavilion Charitable Trust	592,421
3,116	District Councils Network	2,675
1,018,744	East Sussex County Council	641,816
275	Etchingham Trust for Sport and Recreation	700
19,000	Hastings Advice & Representation Centre	19,000
2,100	Hastings and Rother Mediation Service	0
39,853	Hastings Furniture Service Ltd/Hastings and Rother Furniture Service	1,928
9,750	Local Government Association	13,968
4,910	Pevensey and Cuckmere Water Level Management Board	5,199
147,547	Romney Marsh Internal Drainage Board	154,354
1,988,300	Rother DC Housing Company**	4,473,000
85,000	Rother District Citizens Advice Bureau/Citizens Advice 1066	85,000
38,000	Rother Voluntary Action	62,995
51,032*	Royal National Lifeboat Institution (RNLI)	62,793
0	Rye and District Chamber of Commerce	37,850
240	Rye Partnership	8,000
676	Rye Town Council	3,500
0	Sedlescombe Parish Council	16,573
6,063	South East Employers	6,650
75	St Mary the Virgin Battle	0
346	Strandliners	0
72,140	Sussex Police & Crime Commissioner	10,629
4,574	Sussex Wildlife Trust	6,764
0	The Great Dixter Charitable Trust	20,000
180	The Herdman Association	360
17,500	The HUG Forum (Bexhill Homelessness Unity Group)	0
85,500	Ticehurst Parish Council	18,460
6,992	Tourism South East	22,654
<b>4,433,520</b>	<b>Total</b>	<b>6,387,115</b>

\*2023/2024 figures are shown as restated where transactions with an entity were not shown for that year as they were not related parties in the prior year, but they were in 2024-25. They were added for comparison purposes.

\*\* The Rother District Housing Company figure represents the loan funding provided by Rother District Council to its wholly owned subsidiary. In addition to this, there were also three sales invoices totalling £235,000 raised by the council to the housing company for the recharges of costs incurred in providing services to the company.

## Officers

During 2024/25 officers with pecuniary interests made appropriate declarations during Committee meetings and took no part in decision making. Interests are recorded in the minutes of the relevant meetings and are available at [www.rother.gov.uk](http://www.rother.gov.uk).

# NOTES TO THE ACCOUNTING STATEMENTS

## **East Sussex County Council pension fund**

The Council made payments totalling £1,964,000 during 2024/25 to East Sussex County Council as the administering body for the East Sussex Local Government pension fund, compared to £1,810,000 in 2023/24. Note 8 provides further information on the Council's pension arrangements.

## **NOTE 29. EVENTS AFTER THE BALANCE SHEET**

### *Non-adjusting events*

The financial statements were authorised by the Deputy Chief Executive on 9 July 2025. Events taking place after this date are not reflected in the financial statements. Where events taking place before this date provided further information about conditions existing after 31<sup>st</sup> March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The Council's wholly owned subsidiary Rother District Housing Company Ltd has proposed to change its legal name to Novio Homes, this awaits consideration by the Shareholder representative.

An Extraordinary General Meeting of Federated Hermes Property Unit Trust held on 4 June 2025 decided on a merger with L&G Managed Property Fund which the Council is not eligible to transfer its units to. This means that its holding will be monetised at the value it will be in August 2025 as stated in the Contingent Liability Note.

# COLLECTION FUND STATEMENT

2023-24		2024-25
£'000		£'000
	<b><u>Council Tax</u></b>	
	<b>INCOME</b>	
(91,602)	Income from Council Taxpayers	(95,867)
	Apportionments of previous year deficit:	
0	East Sussex County Council	0
0	Sussex Police Authority	0
0	East Sussex Fire Authority	0
0	Rother District Council	0
(183)	Transfer from General Fund-S13(1)(c) Discounts	(3)
<b>(91,785)</b>		<b>(95,870)</b>
	<b>EXPENDITURE</b>	
	Precepts and demands on Collection Fund	
65,247	East Sussex County Council	69,705
9,242	Sussex Police Authority	9,914
4,020	East Sussex Fire Authority	4,213
11,118	Rother District Council	11,787
	Apportionments of previous year surplus	
1,798	East Sussex County Council	1,346
251	Sussex Police Authority	191
111	East Sussex Fire Authority	83
305	Rother District Council	229
	Bad & Doubtful Debts	
106	Write offs of uncollectable income	199
244	Provision for uncollectable income-addition	353
(1)	Rounding	
<b>92,441</b>		<b>98,020</b>
<b>656</b>	<b>Movement on Fund Balance - (surplus)/deficit</b>	<b>2,150</b>
	<b>FUND BALANCE FOR COUNCIL TAX</b>	
(2,600)	Balance brought forward	(1,944)
656	Deficit/(Surplus) for year	2,150
<b>(1,944)</b>	<b>Balance - (surplus)/deficit carried forward</b>	<b>206</b>

## COLLECTION FUND STATEMENT

2023-24 £'000		2024-25 £'000
	<b><u>Non-Domestic Rates</u></b>	
	<b>INCOME</b>	
(16,616)	Income from Ratepayers (note 3)	(16,191)
	Apportionments of previous year deficit	
(2,973)	Government	(504)
(535)	East Sussex County Council	(91)
(59)	East Sussex Fire Authority	(10)
(2,378)	Rother District Council	(404)
(2,126)	Transitional relief	(858)
<b>(24,687)</b>		<b><u>(18,058)</u></b>
	<b>EXPENDITURE</b>	
	Precepts and demands on Collection Fund	
9,655	Government	9,879
1,738	East Sussex County Council	1,778
193	East Sussex Fire Authority	198
7,724	Rother District Council	7,904
	Transitional Relief	
	Apportionment of previous year surplus	
0	Government	0
0	East Sussex County Council	0
0	East Sussex Fire Authority	0
0	Rother District Council	0
	Bad & Doubtful Debts	
40	Write offs of uncollectable income	15
304	Provision for uncollectable income	(745)
	Impairments resulting from appeals	
(613)	Write offs of uncollectable income	(1,925)
(836)	Provision for uncollectable income	2,251
148	Transfer to General Fund - Cost of Collection Allowance	160
(1)	Rounding	
<b>18,352</b>		<b><u>19,515</u></b>
<b>(6,335)</b>	<b>Movement on Fund Balance - (surplus) / deficit</b>	<b><u>1,457</u></b>
	<b>FUND BALANCE FOR NON-DOMESTIC RATES</b>	
6,276	Balance brought forward	(59)
(6,335)	(Surplus)/deficit for year	1,457
<b>(59)</b>	<b>Balance - (surplus)/deficit carried forward</b>	<b><u>1,398</u></b>
	<b>TOTAL COLLECTION FUND BALANCE</b>	
3,676	Balances brought forward	(2,003)
(5,679)	(Surplus)/deficit for year	3,607
<b>(2,003)</b>	<b>Balance – (surplus)/deficit carried forward</b>	<b><u>1,604</u></b>

# COLLECTION FUND STATEMENT

## NOTE 1. GENERAL

These accounts represent the transactions of the Collection Fund (accounting separately for income relating to council tax and non-domestic rates), which is a statutory fund separate from the main accounts of the Council, although the elements relating to this Council are included within its accounting statements and notes. The account has been prepared on the accruals basis. The costs of administering collection are accounted for within Central Services in the Cost of Services in the Comprehensive Income and Expenditure Statement.

## NOTE 2. COUNCIL TAX

Council Tax derives from charges raised according to the value of residential properties, which have been classified into 9 valuation bands (A-H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

	Number of Chargeable Dwellings	Relationship to Band D	Band D Equivalent
<b>Band &amp; Value</b>	<b>Total</b>		
Band A - up to £40,000 (disabled)	4.1	5/9	2.3
Band A - up to £40,000	3,250.2	6/9	2,167.0
Band B - over £40,000 up to £52,000	5,025.3	7/9	3,908.8
Band C - over £52,000 up to £68,000	7,937.8	8/9	7,055.9
Band D - over £68,000 up to £88,000	8,310.5	9/9	8,311.4
Band E - over £88,000 up to £120,000	6,780.0	11/9	8,286.8
Band F - over £120,000 up to £160,000	3,737.5	13/9	5,398.6
Band G - over £160,000 up to £320,000	2,562.0	15/9	4,270.6
Band H - over £320,000	236.9	18/9	473.8
	<b>37,844.2</b>		<b>39,875.2</b>

The Council Tax Base is shown in the final column above before a collection rate of 98.3% has been applied..

## NOTE 3. INCOME FROM BUSINESS RATEPAYERS

Under the arrangements for business rates, the Council collects non-domestic rates for its area, which are based on local rateable values multiplied by a uniform rate. The national multipliers for 2024/25 were:

- 49.9p for qualifying Small Businesses (no change from 2023/24)
- 54.6 for other businesses (51.2p in 2023/24) – the standard multiplier

The rateable value at the 31<sup>st</sup> March 2025 was £60,753,225 (£60,977,107 at 31<sup>st</sup> March 2024).

<b>NOTE 3 - INCOME FROM RATEPAYERS</b>		
<b>2023-24</b>		<b>2024-25</b>
<b>£'000</b>		<b>£'000</b>
(30,271)	Gross rates payable	(29,617)
7,593	Mandatory business rate reliefs	8,542
2,837	Retail discount relief (coronavirus)	3,074
(11)	COVID-19 Additional Relief Fund (CARF)	(6)
3,236	Other business rate reliefs	1,686
<b>(16,616)</b>	<b>Total</b>	<b>(16,321)</b>



# GLOSSARY

## **ACCRUALS**

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## **ACTUARIAL GAINS & LOSSES**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or the actuarial assumptions have changed.

## **AMORTISATION**

The practice of reducing the value of intangible assets to reflect their reduced worth over time.

## **BUDGET**

The Council's plan expressed in financial terms for a specified period.

## **CAPITAL EXPENDITURE**

Expenditure on the provision and improvements of lasting assets such as land, buildings, vehicles and equipment. The Council may also incur capital expenditure on assets that it does not actually own (see Revenue Expenditure Financed from Capital under Statute).

## **CAPITAL RECEIPTS**

The proceeds from the sale of fixed assets.

## **CASH EQUIVALENTS**

Cash equivalents are investments that mature three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

## **CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING**

Standards issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) to prescribe approved accounting methods.

## **COMMUNITY ASSETS**

Assets that the Council intends to hold in perpetuity, which have no determinable useful life and have restrictions on their disposal. Examples include parks and open spaces.

## **CONTINGENCY**

A condition which exists at the Balance Sheet date and where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

## **CREDITORS**

Amounts owed by the Council but not paid at the date of the balance sheet.

## **DEBTORS**

Amounts owed to the Council but unpaid at the date of the balance sheet.

## **DEFINED BENEFIT SCHEME**

A pension scheme under which benefits are payable under regulations, in which the benefits are not directly related to the scheme investments. The scheme may be funded or unfunded.

## **DEPRECIATION**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, passing of time or obsolescence through technological or other changes.

# GLOSSARY

## **EARMARKED RESERVES**

Internal reserves set aside to finance future expenditure for purposes falling outside the definition of provisions.

## **EXCEPTIONAL ITEMS**

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

## **FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

## **FINANCIAL INSTRUMENTS**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. In simple terms it covers both financial assets and financial liabilities such as trade debtors and trade creditors and derivatives and embedded derivatives.

## **GENERAL FUND**

The main revenue account of the Council which collects the revenue income and expenditure of all services provided.

## **GOVERNMENT GRANTS**

Central Government contributions towards local authority expenditure. Examples are New Homes Bonus and Housing Benefit Subsidy.

## **INFRASTRUCTURE ASSETS**

Long-Term Assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. An example is the sea wall and promenade.

## **INTANGIBLE ASSETS**

Identifiable non-monetary assets such as software licences.

## **INVESTMENT PROPERTIES**

Property held solely to earn rentals or for capital appreciation or both.

## **LEASE**

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.

## **PAST SERVICE COST**

Discretionary pension benefits awarded on early retirement are treated as past service costs. This includes added years and unreduced pension benefits awarded before the 85 year rule.

## **PRECEPT**

The amount of money the County Council, Sussex Police & Crime Commissioner and the Fire Authority have instructed the Council to collect and pay out of council tax receipts held in the Collection Fund. The Council also pays from its General Fund precepts issued by parish and town councils within the district.

## **PROPERTY, PLANT & EQUIPMENT (PPE)**

Tangible assets that yield up benefit to the Council over more than one accounting period, eg Land and Buildings.

## **PROVISIONS**

Sums set aside for any liabilities or losses which are likely to be incurred, but uncertain as to the dates on which they will arise.

# GLOSSARY

**PUBLIC WORKS LOAN BOARD (PWLB)**

A Government body, which provides a source of long-term borrowing for local authorities.

**REVENUE EXPENDITURE**

Day to day expenditure on the running of services. It includes staff costs, utility charges, rent & business rates, IT and communications and office expenses.

**REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Legislation in England and Wales allows certain expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset, for example Disabled Facility Grants.

**SURPLUS ASSETS**

Items of Property Plant and Equipment that are currently not being used to deliver council services and are not being actively marketed.

**UNUSABLE RESERVES**

These are reserves, including those offsetting non-current assets and the negative reserve that offsets the long-term pension liability, that are not immediately available to support revenue or capital expenditure.

**USABLE RESERVES**

These reserves are available to support the Council's expenditure, although the Capital Receipts Reserve and the Capital Grants and Contributions Reserve may only be used for capital purposes.