



Rother District Council

Auditor's Annual Report
Year ending 31 March 2025

December 2025



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for Rother District Council during 2024/25 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The Value for Money Auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Under Section 30 of the Local Audit and Accountability Act 2014, the auditor of a local authority has a duty to consider whether there are any issues arising during their work that indicate possible or actual unlawful expenditure or action leading to a possible or actual loss or deficiency that should be referred to the Secretary of State. They may also issue:

- Statutory recommendations to the full Council which must be considered publicly
- A Public Interest Report (PIR).

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. The NAO has consulted on and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. This new deadline requirement is introduced from November 2025.

Local government – context

Local government has remained under significant pressure in 2024/25

National

Past



Funding Not Meeting Need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.



Workforce and Governance Challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Present



Financial Sustainability

Many councils continue to face significant financial challenges, including housing revenue account pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.



External Audit Backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.

Future



Funding Reform

The UK government plans to reform the system of funding for local government and introduce multi-annual settlements. The state of national public finances means that overall funding pressures are likely to continue for many councils.



Reorganisation and Devolution

Many councils in England will be impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Local

The District has a population of 94,000 residents. The Council operates under an Executive decision-making model, which oversees the formation of all major policies, strategies and plans and as such the Council’s formal decision making and governance structure constitutes the Full Council and an Executive (the Cabinet). Full Council and Cabinet are supported by an Overview and Scrutiny committee. The Council has 38 councillors and is led by a coalition of the Rother Association of Independents, Labour, Liberal Democrat and Green Councillors, totalling 26 of these councillors. In December 2024, the English Devolution White Paper set out the government’s vision for a simpler form of local government. This will see reconfiguration of county and district services into one or more new unitary councils. Rother, along with Lewes, Eastbourne, Hastings and Wealden district Councils, and East Sussex County Council, have developed proposals for a one unitary model for East Sussex, which is supported by Rother District Council. The Section 151 (S151) Officer left the Council 31 October 2025, as part of a management restructure. The Head of Finance took over this role from this date. It is within this context that we set out our commentary on the Council’s value for money arrangements in 2024/25.

02 Executive Summary

Executive Summary – our assessment of value for money arrangements

Our overall summary of our Value for Money assessment of the Council’s arrangements is set out below. Further detail can be found on the following pages.

Criteria	2023/24 Assessment of arrangements	2024/25 Risk assessment	2024/25 Assessment of arrangements
Financial sustainability	A No Significant weakness in arrangements identified but four improvement recommendations raised.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but one new improvement recommendation made to support the Council in improving arrangements for replenishing reserves. Two prior year recommendations are partially addressed and remain in progress.
Governance	A No Significant weakness in arrangements identified but five improvement recommendations raised.	No risks of significant weakness identified	A No significant weaknesses in arrangements identified, but one improvement recommendation made, and two prior year recommendations yet to be fully addressed.
Improving economy, efficiency and effectiveness	A No Significant weakness in arrangements identified but three improvement recommendations raised.	No risks of significant weakness identified	G No significant weaknesses in arrangements identified, and no new improvement recommendations made. Our prior year recommendations have been addressed.

- G** No significant weaknesses or improvement recommendations.
- A** No significant weaknesses, improvement recommendation(s) made (or remain open from prior year).
- R** Significant weaknesses in arrangements identified and key recommendation(s) made.

Executive Summary

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.



Financial sustainability

The Council's final outturn for 2024/25 reported a surplus of £433k which allowed a contribution to reserves, a significant improvement from budget which expected a draw down from reserves of £186k. The Council has made progress in aligning its financial planning with strategic priorities, improving in-year monitoring, and embedding risk awareness into budget setting.

Savings delivery in 2024/25 was strong following the implementation of a refreshed savings strategy – the Fit for the Future Programme. Future plans remain reliant on reserves, a finite resource, requiring an alternative solution in the medium term.

Capital and treasury strategies are well-integrated, and scenario planning has been introduced to further strengthen budget setting arrangements.

Post-implementation reviews of savings schemes are not undertaken, and the absence of a formal reserves' strategy limits transparency. We have raised improvement recommendations to support the Council's financial resilience in these respects. We raised five improvement recommendations in prior years, three have been addressed and two partially addressed.



Governance

The Council's risk management arrangements remain appropriate, although the Council could still benefit from presenting their risk register to Cabinet Members as decision makers, at least annually.

Internal Audit's overall view of internal controls was positive with most reviews receiving 'good' or substantial' assurances, however concerns were raised in two 'minimal' assurance reports. Actions have been taken to respond, lesson learned exercises initiated and ongoing liaison with Internal Audit to bring recommendations to completion.

Capacity in the Finance Team has been strengthened, reducing reliance on interim appointment, through permanent appointments to key roles. Although some delay to accounts preparation was experienced for 2024/25 this is not expected to impact the ability to audit these by the national deadline.

Effective collaboration with other councils in East Sussex in relation to plans for Local Government Reorganisation, with plans being well communicated both internally and externally. Council decision making continues to focus on sustainability for the District despite the uncertainty LGR presents.

We raised six improvement recommendations in prior years, four have been addressed, one partially addressed and one remains open.

Executive Summary



Improving economy, efficiency and effectiveness

The Council demonstrates strong non-financial performance across a range of metrics, keeping these under review to ensure they reflect the changing operating environment as required. Specifically positive, and improved performance, is noted in relation to complaints and complaints handling processes year on year.

The Council has continued to proactively review and strengthen governance arrangements in relation to Rother DC Housing Company, specifically seeking to ensure the relevant expertise required are obtained and performance monitoring is formally reported to a new Cabinet sub-committee for this purpose.

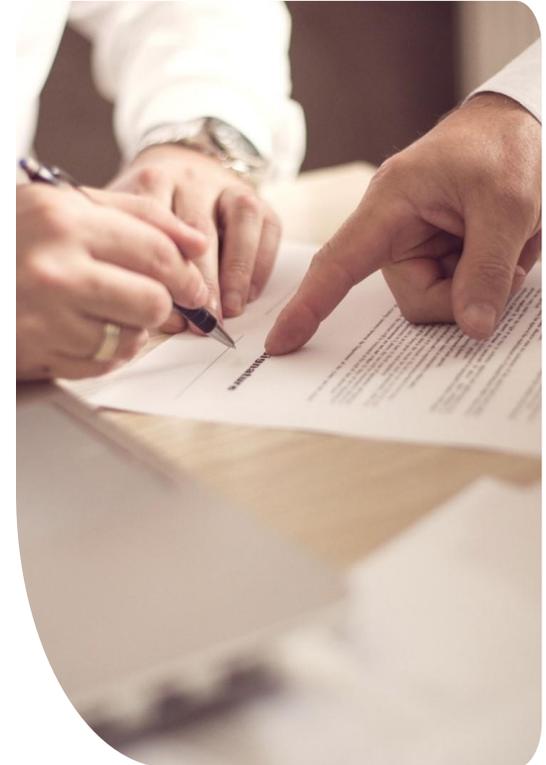
The Council successfully completed the Spine Road element of the Blackfriars project in 2024/25. This has allowed the project to progress, with the Housing Company now taking development of 200 homes forward as planned. The Capital programme has been reviewed to ensure it realistically reflects approved business cases for housing development via the Company.

We raised four improvement recommendations in prior years, three have been addressed and one partially addressed.

Executive summary – auditor’s other responsibilities

This page summarises our opinion on the Council’s financial statements and sets out whether we have used any of the other powers available to us as the Council’s auditors.

Auditor’s responsibility	2024/25 outcome
<p>Opinion on the Financial Statements</p>	<p>Our audit of your financial statements commenced in September and is planned to conclude in December 2025. Thereafter, we will issue our audit opinion following the Audit Committee meeting on 16 February 2026.</p>
<p>Use of auditor’s powers</p>	<p>We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014.</p> <p>We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.</p> <p>We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.</p>



03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Council's financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

Our audit of your financial statements commenced in September and is planned to conclude in December 2025. Thereafter, we will issue our audit opinion following the Audit Committee meeting on 19 January 2026. Our opinion will be included in the Council's Financial Report for 2024/25, which can be obtained from the Council's website.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year then ended
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2024/25
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts 3 weeks after the national deadline of 30 June 2025. Draft financial statements were of a reasonable standard and supported by detailed working papers.

Our audit work was completed during September and December and extended into January 2026 to accommodate the late receipt of IFRS 16 working papers and responses to group consolidation queries. We identified adjustments to the financial statements that have resulted in adjustment to the Authority's Comprehensive Income and Expenditure Statement. We have also raised and agreed recommendations with management to further strengthen your accounts preparation.

Our work is now complete and the items outstanding in relation to group consolidation and group disclosure are now complete. We further identified some minor adjustments to both CIL, interest income and staff recharges on pages 33 and 34.

Our financial statements audit report opinion was unmodified.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Council's Audit Committee on 16 February 2026. Requests for this Audit Findings Report should be directed to the Council.

Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls. The audit is currently ongoing and the outcome of our work on the Annual Governance Statement will be reported as part of our Audit Findings to the Council's Audit Committee on 19 January 2026.

Our work is complete and there is no issue arising.



04 Value for Money commentary on arrangements

Value for Money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All Councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Council's report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and budget management, risk management, and making decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial sustainability – commentary on arrangements

We considered how the Council: [Commentary on arrangements](#)

Rating

identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The Council's final outturn for 2024/25 reported a surplus of £433k, an improvement from the original budget which anticipated a £186k drawdown from reserves, but the surplus resulted in a net addition instead. Despite the surplus, cost pressures persist in Planning (£511k), premises costs (£269k), and the Chief Executive's office (£231k), primarily due to income shortfalls and consultancy costs.

The Council starts the 2025/26 year with total usable reserves of £32.34m. This comprises of General Fund Reserves, Earmarked Reserves, Capital Receipts Reserve and Capital Grants Unapplied (the capital reserves having conditions attached to the usage). The 2025/26 budget includes a planned drawdown of £694k from General Fund (GF) reserves, later revised to £944k due to in-year pressures from strategic asset management (reduced business rates from voids, consultancy and interim staff costs and additional repairs). At Q1 of 2025/26 General Fund reserves are forecast to be £4.056m at year-end, equivalent to 25.3% of budgeted net service costs (£16.015m), we would expect between 5-10% to be an acceptable minimum for an organisation of this nature and size, and so the Council's forecast reserve position is adequate for 2025/26. The Council also expects to have £5.6m of earmarked reserves. However, General Fund reserves are projected to decline to £2.8m by March 2027 and £1.8m by March 2028. While current General Fund reserve levels are adequate, the absence of a formal reserves' strategy limits assurance over future sustainability. We have therefore raised an improvement recommendation on page 20 with further details.

Cash balances have declined from £22.6m at 2024/25 year-end to a forecasted £9.55m by end of 2025/26, as the Council have used cash resources for capital expenditure as an alternative to external borrowing. Liquidity is actively monitored via an 18-month rolling forecast, but further analysis (such as sensitivity analysis) and defining clear liquidity ratio thresholds could strengthen oversight. The Medium-Term Financial Plan (MTFP) spans 2025/26 to 2028/29 and incorporates updated inflation assumptions and revised income forecasts. A prior year recommendation to improve non-pay inflation accuracy has been addressed, see page 37 for more details.

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Grant Thornton insight

Managing Liquidity Amid Declining Cash Balances - Cash balances are forecast to decline from £22.6m at the end of 2024/25 to £9.55m by 2025/26, driven by using to fund capital expenditure, as opposed to external borrowing. The Council monitors liquidity through an 18-month rolling cash-flow forecast and periodic borrowing reviews. To strengthen financial resilience, it could be beneficial to introduce formal liquidity ratio thresholds and sensitivity analysis to assess the impact of further reductions and ensure sufficient cash is maintained to meet operational and capital needs.

Financial sustainability – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
<p>plans to bridge its funding gaps and identify achievable savings</p>	<p>In 2024/25, the Council set a savings target of £2.576 million (17% of the revenue budget), of which £2.157 million (87%) was delivered in full. For 2025/26, the Council began with a savings target of 10% of the net revenue budget for 2025/26, equating to £1.4 million. However, through the budget challenge process and Cabinet review, they were realistically able to work up £1.176 million of deliverable savings and income generation proposals.</p> <p>As at Quarter 1 of 2025/26, £1.084 million of savings were under active monitoring. Of this, £380k was rated deliverable, £567k partially deliverable, and £109k undeliverable. This mixed delivery highlights the need for continued scrutiny and supports the relevance of the prior year recommendation to strengthen savings planning and ownership. See Appendix C - page 38 for more details.</p> <p>Some elements of that recommendation have been addressed, but as it remains partially implemented we have applied an ‘amber’ rating. The Council has introduced bi-monthly Corporate Programme Board meetings and assigned named project managers and sponsors to key savings schemes. These arrangements support oversight and accountability.</p> <p>However, one aspect remains outstanding: post-implementation reviews. These were recommended in 2023/24 to assess the effectiveness of completed savings schemes and support learning. As of the current review period, no major Fit for the Future project had reached formal close-out, and the planned review of the Blackfriars Infrastructure Scheme was deferred until completion of the project (which completed in 2024/25, allowing Rother DC Housing Company to contractor from September 2024 to take the housing development element of the project forwards), therefore we will review as part of 2025/26 work whether reviews have taken place. Routine post-implementation reviews, would provide assurance over the long-term effectiveness of savings delivery.</p>	<p>A</p>

Financial sustainability – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

<p>plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities</p>	<p>The Council Plan 2025–2029, adopted in early 2025, replaced the previous 2020–2027 Corporate Plan and introduced three core themes: <i>A Thriving Local Economy</i>, <i>Live Well Locally</i>, and <i>Green to the Core</i>. These are underpinned by the Fit for the Future (FftF) programme, which guides service delivery and resource allocation. The MTFP for 2025/26–2028/29, approved alongside the 2025/26 budget, aligns with the new Council Plan. Budget challenge sessions and Cabinet Away Days ensured that savings and growth proposals were assessed against strategic priorities. The Capital Programme underwent a fundamental review in 2024/25, resulting in an £80m reduction to ensure affordability. Priority was given to schemes aligned with strategic outcomes, such as the Blackfriars, King Offa development, and De La Warr Pavilion regeneration. The reduction largely came from Blackfriars Housing, which although it had an approved business case in place, was several years old and required further business cases from the Rother DC Housing Company to draw down the originally agreed facility. This project has progressed in line with the submitted business cases, and the programme reduced where these have not been developed.</p> <p>Savings proposals focused on efficiency, income generation, and asset rationalisation, with no significant cuts to frontline services. Discretionary services remain at risk due to financial pressures, but the Council has sought to protect them where possible. Measures include transferring in areas that do not significantly impact objectives such as mediation services, Bexhill Museum, public toilets and introducing charges in previously free car parks. These will be provided outside of the Council, limiting the impact on residents. Overall, the Council demonstrates strategic alignment between its financial planning and corporate objectives, with flexibility to adapt to external risks and funding changes.</p>	<p>G</p>
<p>ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system</p>	<p>Workforce planning was integrated into the budget process through challenge sessions, linking staffing changes to financial pressures. The Council’s People Strategy and Workforce Plan, launched in 2024, informed budget assumptions, including pay awards and future cost pressures.</p> <p>The Strategic Asset Management Plan (SAMP) and Asset Disposal Policy were adopted in July 2024 following a fundamental review of the capital programme. These documents aim to align the Council’s property portfolio with its strategic objectives, support capital investment decisions, and guide the disposal of surplus assets. The SAMP acknowledges that asset replacement planning is not yet fully developed, but this is being progressed through its supporting Improvement Action Plan. Treasury and investment strategies were aligned with the MTFP, with internal borrowing used to manage costs and no breaches of prudential indicators reported.</p>	<p>G</p>

Financial sustainability – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

<p>(continued)</p>	<p>The Council also responded to emerging structural changes under Local Government Reorganisation (LGR), modelling transitional costs and identifying invest-to-save opportunities. Overall, the Council’s financial planning demonstrates alignment with workforce, capital, and operational strategies, supporting resilience and adaptability within a changing public sector landscape.</p>	
<p>identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans</p>	<p>The Council improved its approach to identifying and managing risks to financial resilience. Key demand-led pressures—such as homelessness and reduced car park income—were carried forward into the 2025/26 budget base to prevent recurrence of overspends. There is an appropriate focus on financial risk through the Council’s Strategic Risk Register, a red-rated risk is managed through this mechanism in relation to ‘failure to operate within a sustainable budget’. Although the overall risk is broad, drivers of the risk are highlighted and include a focus on LGR, homelessness, income generation and savings delivery.</p> <p>By Quarter 1 of 2025/26, the Council is forecasting a revenue shortfall of £250k. Monitoring of the £1.176m savings programme showed that £1.084m had been allocated to specific schemes, 35% of these savings are assessed as fully deliverable. A further 52% are considered partially deliverable, and 10% was unlikely to be achieved (the status of the remaining £28k – 3% was undetermined pending further information). This breakdown highlights that delivery risks remain and will require ongoing review throughout the year.</p> <p>Whilst the 2025/26 budget was in development the Council introduced a Spending Control Panel to review all purchase orders over £500, to challenge whether the purchases were necessary, even those within budget. Outcomes from this panel informed the budget, including debate on reserve sustainability and inflation assumptions. While some mechanisms existed previously, the Council has taken more structured and visible action in 2024/25, including a 10% budget challenge process and a Cabinet Away Day to test savings and growth proposals. The year end surplus outturn reflects the effectiveness of the actions taken.</p> <p>A prior year recommendation to improve scenario planning and transparency in budget setting has been addressed. The 2025/26–2028/29 Medium-Term Financial Plan includes best- and worst-case projections for service costs, funding gaps, and reserves, alongside detailed assumptions on pay, income, and grants.</p> <p>The Council’s arrangements demonstrate a clearer understanding of financial risks and assumptions, with evidence of these being incorporated into planning and monitoring processes. While some risks remain, the measures taken in 2024/25 show a more structured approach to managing financial resilience.</p>	<p>G</p>

Financial sustainability (continued)

Area for Improvement identified: Reserves Strategy

Key Finding: The Council has a track record of using reserves to balance the budget, with further reserve usage planned in the medium-term to do so, and further unmitigated gaps which could be an additional call on reserves. The Council does not currently have a formal reserves strategy in place to guide the planned use, replenishment, and minimum thresholds of reserves over the medium term.

Evidence: The Council's 2025/26 budget originally included a planned drawdown of £694k from General Fund reserves. However, by Quarter 1, this increased to £944k due to in-year pressures, including service overspends and income shortfalls. The Council has no formal reserves strategy, which limits transparency and consistency in how reserve levels are planned and justified.

The Medium-Term Financial Plan (MTFP) projects further drawdowns, with General Fund reserves expected to fall to £2.8m by March 2027 and £1.8m by March 2028 (see chart on the right). These levels, while still above minimum thresholds we might expect, at 12% of the net cost of services at the lowest level. However, plans do reflect a steady depletion trend. At the same time, budget gaps of £694k in 2026/27 and £1.055m in 2027/28 remain unmitigated, whilst General Fund reserves are sufficient to meet these gaps they would be depleted and leave the Council vulnerable to unanticipated future pressures. The Council does hold earmarked reserves, in addition to its General Fund, of £5.6m going into 2025/26. Total usable reserves at the start of 2025.26, including Capital Grants Unapplied and Capital Receipts Reserve are £32.34m, although the capital reserves have conditions attached for their usage and are not fully 'unallocated'. The Council is undertaking a detailed, multi-phase, line by line budget review as part of the 2026/27 budget and MTFP process. This is currently ongoing, with the results expected to be reported to Members through the Q2 budget monitoring report at the end of 2025, and the 2026/27 budget set in February 2026. The aim of this review is reduce the base budget through recurrent savings and efficiencies, that will reduce the emerging overspends in 2025/26, and gaps in all years of the MTFP.

The Council recognises the risk, red-rated, in its risk register. The risk relates to the potential 'failure to operate within a sustainable budget' and cites 'budgets being exceeded and inadequate reserves levels' as a driving cause of the risk. Actions include management of the Fit for the Future savings programme as a method of reducing reliance on reserves, ongoing budget monitoring arrangements, responding to any relevant Government consultations and continuing budget challenge sessions as part of annual budget setting processes.

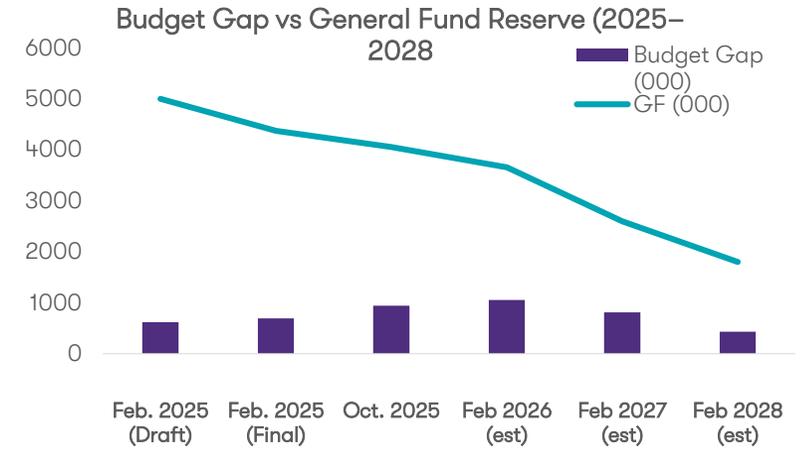
Impact: Unallocated General Fund reserves are a finite resource which protect the Council against future financial uncertainties. Reducing them substantially makes the Council vulnerable to unanticipated pressures. While the budget gap fluctuates moderately, the steady decline in General Fund reserves poses a growing sustainability risk. As actions are planned to respond to the emerging challenge an Improvement Recommendation is raised, however if the reserves position were to deteriorate as part of the 2026/27 budget setting process or 2025/26 outturn, this could lead to a weakness in arrangements being observed in 2025/26.

A formal strategy would help manage this risk by setting thresholds, guiding usage, and ensuring reserves are replenished through planned savings and income generation. There is uncertainty over the future delivery of services in the medium-term due to LGR. However, the Council has a duty to deliver best value to its residents in its existing form, ensuring it has appropriate resources with which to achieve that therefore continues to be of important, despite the backdrop of LGR.

Financial sustainability (continued)

Improvement Recommendation 1

IR1: The Council should prioritise measures to safeguard and rebuild reserves, ensuring resilience against unforeseen financial pressures. We also recommend that the Council develop and formally approve a comprehensive reserves strategy. This strategy should set out clear guidelines for the planned use, replenishment, and minimum reserve thresholds over the medium term. It should be closely aligned with scenario planning and risk assessments to support long-term financial sustainability



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Governance – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Audit Committee continue to have the delegated responsibility for risk management, they receive the Risk Register quarterly, which reflects the moderate risk profile of the Council (with 3 of 10 risks red-rated). Red-rated risks relate to Local Government Reorganisation (LGR), financial sustainability and housing, all of which are within our expectation and knowledge of the sector, and Council circumstances. Senior Leadership Team review the Risk Register prior to the Committee to provide an additional layer of scrutiny. Responsibility for managing operational risk remains with individual departments. There is evidence that the register is updated to reflect changes in the Council's operating environment, notably the refocussing of an existing political risk to reflect the Local Government Reorganisation agenda, occurring nationally and impacting the Council. The Risk Register is not reported to Cabinet, as decision makers, therefore our Improvement recommendation from prior year remains open, although the Council plans to implement this annually in 2025/26. This leads to our 'amber' rating.

The Head of Internal Audit Opinion for 2024/25 provided positive assurance over the Council's internal control environment, with the majority of individual reviews in the year receiving 'good' or 'substantial' ratings. Concerns were raised in 'minimal' assurance reports related to Estates Income and a joint report on the De La Warr Pavillion and Heart of Sidley Levelling Up Fund project (which have joint Capital Programme value of £26m). The latter was rated as such due to issues within the De La Warr Pavillion aspect of the review, specifically a high priority recommendation related to project timelines, amongst other project management improvements. The Council responded immediately, liaising with MHCLG to agree an extension to the grant deadline for the project and Internal Audit now consider this recommendation, and other findings, addressed. As part of the newly established Corporate Development Team (CDT) a formal lessons learned process has been initiated to ensure that similar issues are not repeated on other projects. These projects continue to be monitored closely by a Levelling Up Fund Programme Board, Corporate Programme Board and as part of the regular Budget Monitoring reports to Cabinet and Overview and Scrutiny Committee. On the Estates Income audit no high priority recommendations were identified, but a large volume of recommendations overall, which led to the rating. A follow up audit improved the assurance rating to "limited" upon review.

Two Improvement Recommendations were raised in prior years, relating to Internal Audit and Counter Fraud arrangements, full details are on pages 45, where it is confirmed these have been addressed and closed.

A

Governance – commentary on arrangements

We considered how the Council:	Commentary on arrangements	Rating
<p>approaches and carries out its annual budget setting process</p>	<p>The Council has an annual budget-setting process linked to its MTFP. Each autumn, services are asked to identify growth, pressures, and savings. A 10% savings target was initially set (£1.4m) for 2025/26. Proposals were reviewed through budget challenge sessions with senior officers and Cabinet before inclusion of the final proposal (£1.176m) in the draft budget. Budgets were reviewed and signed off by senior managers before submission to Cabinet and full Council. The process included internal engagement through Overview and Scrutiny and external engagement through public consultation. The consultation ran from November 2024 to January 2025 and received over 1,200 responses. Feedback influenced decisions, such as removing proposed charges in some car parks. The budget papers show that trends and spending profiles were considered. Known pressures, such as homelessness and car-park income shortfalls, were rebased in the 2025/26 budget. Monitoring reports during 2024/25 provided analysis of variances and savings delivery, which informed the 2025/26 budget setting process.</p> <p>Overall, governance arrangements for budget setting are clear, structured, and include both officer and member oversight.</p>	<p>G</p>
<p>ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships</p>	<p>The Council has a clear framework for budgetary control set out in its Finance Procedure Rules, which define responsibilities for the Chief Finance Officer (CFO), senior managers, and Members. For instance, Cabinet and Council approve the overall budget and policy framework and authorise virements above defined thresholds. The CFO left the Council 31 October 2025 due to a management restructure. The restructure followed due process and was approved by the HR Committee and Full Council in September 2025, and a consultation process is in progress to finalise arrangements. Statutory S151 duties continue to be fulfilled, pending completion of the restructure, by the existing Head of Finance. We will keep a watching brief and review any impact in 2025/26.</p> <p>Regular in-year reports to Cabinet and Overview & Scrutiny provide updates on revenue and capital positions, movements from original budget to forecast, and expected reserve use. Variances are explained by service, and savings delivery is tracked with RAG ratings. The annual outturn report reconciles forecasts to actual results, including reserve movements. Treasury Management reporting to Audit Committee includes prudential indicators, borrowing limits, and investment performance.</p>	<p>G</p>

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
(continued)	<p>The prior year recommendation to improve resilience in the Finance Team and reduce reliance on interim staff has been addressed. Capacity has been strengthened through permanent appointments to key roles, including the Head of Finance, Principal Accountant, and Senior Accountant. While the 2024/25 accounts were produced later than the 30 June target, they were completed earlier than in the previous year, and the audit is progressing in line with the statutory deadline. See Appendix C page 39 for more details.</p>	
<p>ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee</p>	<p>Under the Local Government Reorganisation (LGR) model the body, or bodies, by which services in East Sussex will be provided will change. Under this model Rother District Council, along with East Sussex County Council and four other District Councils (Eastbourne, Hastings, Lewes and Wealden), will be replaced by a new unitary Council (or number of unitary Councils) from 2028.</p> <p>Senior Management and Council Leaders worked with their counterparts across East Sussex to produce and Interim Plan submitted the MHCLG by the March 2025 deadline. Some resistance to the Plan was initially observed when reviewed by Cabinet, but was taken forward by majority vote, with ability to update the plan before a final submission. Following the submission the Council’s have received largely positive feedback on the Plan from MHCLG, which also provided some specific considerations for the final submission in September 2025.</p> <p>The Council effectively updated the public on the progress of the arrangements, at key milestones, via a dedicated LGR page on their external website. Development of proposals has been a collaborative approach both internally and externally, ensuring that the Council's requirements in the arrangements are voiced. Internally, the Cabinet set up comprehensive governance arrangements to discuss the emerging proposals and response to them. This includes oversight from weekly to monthly meetings of the East Sussex Leaders and Chief Executives group and an LGR Project Team. Information from this working group forms part of external discussions. Public consultation has also taken place.</p>	<p>G</p>

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
(continued)	<p>Potential risks around decision making which could emerge, and are emerging in other parts of the country, because of LGR. Governance arrangements and requirement to meet Best Value Duty must be maintained at predecessor bodies. We have reviewed arrangements, to date, and have not identified any significant concerns around the Council’s financial governance in this respect. However, we do note the Council’s medium term financial plans to reduce the general fund reserve position significantly to £1.8m (or 11.2% of the net budget). This is deemed an adequate minimum level of unallocated reserves, but plans will be reassessed in 2025/26 to determine if this remains the case. The budget provides the suggestion to Members that the Council could use its reserves to protect services in the run up to Reorganisation, however our Improvement Recommendation (IR1) which seeks to encourage protection and replenishment of reserves, seeks to ensure that the Council continues to prioritise ensuring it has sufficient resources to meet its Best Value Duty.</p>	
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	<p>Although the Annual Governance Statement (AGS) 2023/24 found that the Council had no significant governance issues, in line with best practice, an Action Plan was prepared, which assigned ten tasks to specific officers and the Audit Committee, to be addressed in 2024/25. Of those, five have been completed, and a further four are in progress, with several of those activities nearing completion. Where activity has been slower, this has related largely to resource gaps across the Council. A new Human Resources Manager is in place, and the new permanent Monitoring Officer commenced his role in June 2025, they have filled vital resourcing gaps and actions have progressed over the remainder of 2025. This is evidence that the Council is proactive in identifying, and improving, its governance arrangements, through the AGS process.</p> <p>The AGS for 2024/25, similarly, identifies no significant governance issues. It does highlight some emerging governance themes but confirms these aren’t significant issues. These relate to business continuity, governing financial documents, governance structure for the Housing Development Company and updating understanding of the relevant Codes of Conduct and Nolan Principles of public life. Improvements in these areas will be taken forward via a refreshed Action Plan in 2025/26.</p>	A

Governance – commentary on arrangements (continued)

We considered how the Council:	Commentary on arrangements	Rating
(continued)	<p>The Council, supported by its procurement partner East Sussex Procurement Hub (ESPH), has effectively updated its Procurement Procedure Rules to reflect the Procurement Act which came into effect in February 2025. In line with government guidelines the Council externally publishes details of Purchase Orders of £5k and its contract register. We identified gaps in the information being published as part of our prior year work, which has been rectified, with all quarterly information between 2014/15 and up to the end of 2024/25 available. This partially responds to our prior year Improvement Recommendation (page 42). However, the Council have not updated their processes in relation to Tender Waiver Reporting and so this element of our prior year recommendation remains unaddressed and is re-raised as a stand alone Improvement Recommendation this year (IR2).</p>	A

Governance (continued)

Area for Improvement identified: Reporting of waiver activity to Members

Key Finding: Although the Council reviews exemptions to its Procurement processes, as set out in its Procurement Procedure Rules, it does not report on this activity to Members during the year.

Evidence: A register of exemptions, related to tender activity, is maintained within the Procurement Team at ESPH. The Procurement Manager oversees these exemptions, providing confirmation of their review to the S151 Officer and Director for final approval. The register is not reported to Members, although it is overseen by a Statutory Officer of the Council.

Impact: Transparency could be improved via Member updates, as regularly as the Council deems appropriate.

Improvement Recommendation 2

IR2: The Council should explore ways it can improve transparency in its procurement activities, specifically reporting to Members on tender waiver activity.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

uses financial and performance information to assess performance to identify areas for improvement

Non-Financial Key Performance Indicators (KPIs), and associated targets, are reviewed and refreshed ahead of the start of each financial year to ensure they remain relevant. Only 2 of the 22 measurable KPIs for 2024/25 were red rated, therefore overall the Council demonstrates strong operational performance. 16 are green rated (72%) and therefore not indicative of any pervasive performance risks.

KPIs for 2025/26 were reviewed by Overview and Scrutiny Committee (OSC), several times, before being recommended for approval by Cabinet in February 2025. The approved KPIs for 2025/26 consist of 25 metrics across several areas of operations, there are no obvious omissions based on our knowledge of the Council’s operations. The Council has added two new Planning related KPIs, a theme noted from Ombudsman complaints, and the inclusion of a target for KPIs related to Temporary Accommodation, another key pressure at the Council. OSC expressed their disappointment at the low number of climate measures proposed, this was escalated to the Climate Change Steering Group to provide an objective view, before reaching final agreed KPIs. As such, Council governance arrangements have been effectively mobilised in reaching a conclusion

We have identified some potential opportunities for improvement in the Council’s performance reporting, however these represent the opportunity to achieve ‘best practice’ as opposed to correcting any weakness in arrangements and so we provide ‘insight’ on how this could be achieved. No recommendations raised due to overall appropriate arrangements.

G



Strengthening Performance Reporting

All KPIs are reported and include status, target and trend within each quarterly report. Potential areas of good practice would be to include a clear link to objectives, benchmarking and a responsible individual to ensure context and accountability for performance are achieved. Performance monitoring is undertaken by OSC at the Council. It is commonplace for performance monitoring to also be undertaken by Cabinet, at least annually, as the decision makers of the organisation to aid them in their role, improving transparency and accountability.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

evaluates the services it provides to assess performance and identify areas for improvement

Complaints are one of the tools available to gauge if the Council is delivering a good level of service to its residents. The Local Government Ombudsman receives referrals Between 1 April 2024 to 31 March 2025, the Ombudsman received 19 complaints (17 in 2023/24) related to Rother. However, only 2 required investigation (7 in 2023/24), both of which were upheld and required the Council to action. There has been an improvement in the number of complaints investigated and upheld since prior year, and overall the number of referrals, investigations and upheld complaints continues to be low.

The Council’s internal complaints monitoring process is extensive. Several reports are received by the Standards Committee twice a year (annually for housing matters), including monitoring of Code of Conduct Complaints and Other Standards Matters, Local Government and Social Care Ombudsman Complaints and Rother District Council Residential Accommodation Complaints and Tenant Satisfaction Report. Of the 28 Code of Conduct complaints raised in year (33 in 2023/24) , following investigation of each, 5 were upheld or partially upheld (7 in 2023/24). Appropriate resolution was provided in a timely manner and included additional training and guidance specific to the issue and issuing apologies. The process used the support of the Independent Person to ensure impartiality and fairness in the investigation and resolution.

We identified the opportunity for improvement in complaints handling in the prior year, full details of the Improvement Recommendation and Council response are on page 42. The Council has effectively strengthened its arrangements in line with the recommendation.

G



Improving Timeliness of Housing Complaints Reporting

The report to the December 2024 Standards Committee related to housing complaints between April 23 and March 24, therefore a 9 month time lag in the information, therefore making it outdated and unreliable with which to base any actions upon. Within this report, the Council had received no complaints regarding residential accommodation and where they have had service requests for maintenance to be completed, these are completed in a timely manner. Therefore, the risk is low, but timeliness could be improved to ensure the Council could react to any issues in an appropriate timeframe, should they arise in future.

Improving economy, efficiency and effectiveness – commentary on arrangements

We considered how the Council:

Commentary on arrangements

Rating

ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives

Rother DC Housing Company Ltd is wholly owned by the Council and acts as a delivery partner with the Council to achieve a number of mutual priorities related to housing, temporary accommodation and environmental issues. Governance arrangements at the Company consist of the Company Board, who meet quarterly, with extraordinary meetings as required. Previously, a Shareholder Representative Group (SHRG) was the mechanism by which the Council was informed of Company activities and how performance was monitored by the Council (as the sole shareholder). However, the Council and Company have worked together to strengthen arrangements, seeking greater transparency and oversight, and have replaced the SHRG with a new Cabinet-sub Committee (Shareholder Executive Committee). This Committee includes Council Members and also reports publicly, as of October 2025. Changes have been formalised via Terms of Reference for the Committee and reflected in the Articles of Association for the Company. Membership of the Committee is consistent with the previous SHRG, to retain vital knowledge of decisions to date. The need to increase financial/Treasury Management expertise on the Company Board was identified by the Council, as Shareholders, and this has resulted in the creation of a Financial Controller within the Company.

The Council’s Task and Finish Group has co-ordinated the development of the Council’s Housing Development Strategy. Its development included consultation with a range of stakeholders including local businesses, residents, developers, other local authorities and, notably, the Head of Housing and the Chair of Rother District Council Housing Company (RDCHC), thus evidencing alignment of Company and Council priorities. The Strategy was approved in June 2025 and will now be used to inform complementary strategies, including the Homelessness and Rough Sleeping Strategy 2025-2030, which was in draft form at the end of 2024/25.

Prior year Internal Audit recommendations in relation to Housing Company Governance have now been fully completed, strengthening arrangements. The response to our own recommendation related to the Housing Company (see page 42), has also been addressed. No new recommendations are raised.

G

Improving economy, efficiency and effectiveness – commentary on arrangements (continued)

We considered how the Council:

Commentary on arrangements

Rating

commissions or procures services, assessing whether it is realising the expected benefits

A key project for which the Council and the Housing Company are jointly responsible is the development of the Blackfriars site in Battle. With the Council being responsible for delivery of the Spine Road, which is essential works to provide access to the site, and the Company responsible (with the use of various contractors) for delivery of the housing project. The Spine Road was completed in 2024/25, negating the need for further updates on this element of the project to the Council and addressing our prior year recommendation. The site has been purchased by the Housing Company and work to now deliver 200 homes, with their contractor, has commenced with all relevant contracts in place. The Company has a contract in place with a preferred Register Provider to pre-sell 130 affordable homes, this aligns with the Council’s Housing, Homelessness and Rough Sleeping Strategy. The remaining 70 homes will be sold on the open-market.

At the start of 2024/25 the Council had a 5-year Capital Programme in place totalling £246m, of which £44m related to expenditure incurred in prior years, across several multi-year projects. At Month 5 of 2024/26 an extensive review of the programme took place, assessing original business cases for their continued viability based on updated construction and inflation costs. The impact was a reduction in the Capital Programme by circa £80m, with £60m of this related to the investment provided to the Housing Company. The original business case included provision for future projects, the reduction has taken place to reflect only the specific approved business case in place for the current housing delivery project for 200 homes. This has ensured that the programme is more realistic in its assumptions.

The Council has established the new Corporate Development Team (CDT) in 2024/25, having identified the need to increase resource levels, skills, and capacity in delivering the Capital Programme. Although recruitment into the team has been challenging delivery of the programme in year has been appropriate. Therefore, our prior year recommendation to improve access to construction related knowledge and experience has been addressed (see page 43 for full details). The Council delivered £24m of its Programme in 2024/25 representing 83% (2023/24 £19m and 93%), compared the updated projection of £29m for 2024/25. The current projection for spend from 2025/26 through to 2028/29 is £115m, with £52m of this falling in 2025/26.

G

05 Summary of Value for Money Recommendations raised in 2024/25

Improvement recommendations raised in 2024/25

	Recommendation	Relates to	Management Actions
IR1	The Council should prioritise measures to safeguard and rebuild reserves, ensuring resilience against unforeseen financial pressures. We also recommend that the Council develop and formally approve a comprehensive reserves strategy. This strategy should set out clear guidelines for the planned use, replenishment, and minimum reserve thresholds over the medium term. It should be closely aligned with scenario planning and risk assessments to support long-term financial sustainability	Financial sustainability	<p>Actions: The Council is working hard to identify savings and minimise costs with the express intention of safeguarding reserves and will seek to replenish them where feasible, however we are operating in a challenging financial environment with many of the available savings already identified and delivered. We accept the recommendation regarding developing a reserves strategy and will seek to implement this during the coming year.</p> <p>Responsible Officer: Director of Resources (Section 151 Officer)</p> <p>Due Date: April 2026</p>
IR2	The Council should explore ways it can improve transparency in its procurement activities, specifically reporting to Members on tender waiver activity.	Governance	<p>Actions: We accept this recommendation and will explore options regarding improving the transparency of our reporting on procurement activity to Members</p> <p>Responsible Officer: Director of Resources (Section 151 Officer) / ESPH Lead</p> <p>Due Date: May 2026</p>

06 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Chief Finance Officer is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B: Value for Money Auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council’s Value for Money arrangements

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.

 **A range of different recommendations can be raised by the Council’s auditors as follows:**

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council’s arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Executive or full Council
Interviews and discussions with key stakeholders	External review such as by the LGA, CIPFA, or Local Government Ombudsman
Progress with implementing recommendations	Regulatory inspections such as from Ofsted and CQC
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR1	The Council should explore ways that it can improve the accuracy of non-pay inflation assumptions within the budget for 2024/25 and beyond.	2023/24	The Council revised its non-pay inflation assumptions in the 2025/26 budget. Specifically, it applied a 2.2% inflation rate to most fees and charges, based on August 2024 CPI, and reviewed car park charges with increases of up to 6%. The updated approach reflects a more realistic alignment with current inflation trends and demonstrates improved accuracy in non-pay inflation forecasting. This marks a shift from the 0% increase applied to non-pay budgets in 2024/25, which we noted in prior year as "optimistic" given inflation was 3.4% at the time of budget setting and OBR forecasts suggested a reduction to 2% by mid-2024.	Recommendation addressed	No
IR2	The Council should seek assurances over the effectiveness of the Fit for the Future Programme by implementing a programme of post-implementation reviews to learn lessons from individual savings schemes, to apply to future projects.	2023/24	The Council achieved 87% of the 2024/25 FftF Programme target. Governance arrangements have been strengthened through a Corporate Programme Board that meets bi-monthly. Named officers and highlight reports are now in place for key savings schemes. However, post-implementation reviews are not yet done as no major Fit for the Future project had yet reached formal close-out.	Partially addressed	Yes, to be followed up in 2025/26

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR3	The Council should review and update its savings programme, and monitoring, to ensure fully developed plan are in place for all 'identified' schemes and each	2023/24	The 2025/26 savings target was originally set at £1.4 million, but the realistic, approved figure is £1.1 million, with £1.176 million of schemes worked up and aligned to budget. As at Quarter 1 of 2025/26, Rother District Council reported a forecast revenue budget deficit of £250,000, increasing the expected draw from reserves to £944,000. Of the £1.176million identified savings target, £1.084 million was under active monitoring, with £380,000 rated as deliverable, £567,000 as partially deliverable, and £109,000 as undeliverable.	Partially addressed	Yes, to be followed up in 2025/26
IR4	The Council should review its updated budget setting arrangements to ensure scenario planning is undertaken for expenditure, as well as income, assumptions and the risk assessment is reviewed for completeness and full transparency.	2023/24	The recommendation to review budget setting arrangements and ensure scenario planning and risk transparency has been addressed. While the risk assessment process is not explicitly detailed, the inclusion of assumptions and comparative scenarios indicates progress toward full implementation.	Recommendation sufficiently addressed	None

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR5	The Council should review its risk oversight arrangements to ensure they remain fit for purpose. Specifically, ensuring that Cabinet have oversight of the register at least annually	2023/24	The register has not been taken to Cabinet in 2024/25, updates from Officers confirm that the register will be reviewed by Cabinet annually, in line with these recommendations, from 2025/26 onwards	Recommendation unaddressed	Recommendation remains open to be reassessed in 2025/26
IR6	The Council should explore ways that it can improve resilience in the Finance Team and build up experience and capacity to avoid gaps occurring in future financial years.	2023/24	<p>The Council has secured permanent experienced staff which has strengthened the finance function. These therefore provide additional resource for both the production of the accounts, and audit process. However, the Council produced its 2024/25 accounts 2 weeks later than the national deadline, suggesting some remaining challenges with capacity in the finance team, despite recruitment taking place. The audit is progressing and there is no evidenced to suggest the national deadline for publishing audited accounts by 27 Feb 2026 would not be met.</p> <p>The Council acknowledge that the team do remain light on resource and work is being undertaken over the late summer/autumn 2025 to seek to recruit permanent senior Capital / Treasury Accountant role and a Finance Trainee to add further expertise and capacity. They acknowledge recruitment for the senior post may be challenging, but this is reflective of the difficulties recruiting in the sector more broadly.</p>	Recommendation partially addressed	Recommendation remains open to be reassessed in 2025/26

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR7	The Council should ensure that it undertakes an Audit Committee effectiveness review for 2024/25 in a timely manner and follows up recommendations all prior year recommendations from these reviews until completion.	2023/24	The outgoing Audit and Standards Committee undertook their self-assessment utilising the CIPFA toolkit on 22 May 2025, which was subsequently reported to the next meeting of the Audit Committee and the associated Action Plan adopted.	Recommendation addressed	No

Appendix C: Follow up of 2023/24 improvement recommendations

Prior Recommendation	Raised	Progress	Current position	Further action	
IR8	The Council should review its internal complaints handling processes to identify any common themes in relation to complaints being escalated to the Ombudsman or Internal Audit, and respond to the finding accordingly	2023/24	<p>In July 2025 Standards Committee was provided with a road map for improvements. This will be completed around February 2026, prior to the new LG Ombudsman complaint handling code enforcement from April 2026. Plans include complaint handling training for key staff and managers from the Ombudsman, complaint process review and design, amending complaint guidance, complaint system and website changes, communication to organisation before implementation of revised complaint handling process and standards by Feb 2026. In addition, following a review of 3 Ombudsman complaints regarding Planning Enforcement matters, the new Head of Planning and new Development Manager has reviewed the cases and are working to address the issues identified. Complaints have principally been around delays in Planning Enforcement and failing to give/record reasons for decisions taken. New Planning Enforcement Officer being recruited to help address high workloads and there is now better management support and project management of cases. Enforcement officers have been reminded of the importance of recording concise reasons for the decisions they take and this is being monitored. There has been a reduction, year on year, in complaints escalated to the Ombudsman, only were upheld by the Ombudsman. Internal reporting on complaints is comprehensive and shows fair resolution, involving Independent Persons</p>	Recommendation addressed	No

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR9	The Council should explore ways it can improve transparency in its procurement activities, including updates on performance of the Procurement Service and their activities being provided to Members, consistently reporting on Purchase orders over £5k quarterly and reporting to Members on tender waiver activity.	2023/24	<p>Procurement SLA has been agreed with Wealden Council District Council under the shared service procurement hub, ESPH. Rother's Deputy CEO to meet Cathy Nelson at ESPH to agree more consistent reporting, meeting September 2025.</p> <p>The Council publishes details of Purchase Orders of £5k, in line with Local Government Transparency Code for Contracts and Purchase Orders. Gaps identified in the information in the prior year have been rectified.</p> <p>There have been no changes to waiver reporting processes</p>	Recommendation partially addressed	Waiver reporting raised as a standalone Improvement Recommendation (IR2), to be followed up in 2025/26.
IR10	The Council and Housing Company should consider expanding its KPIs and performance monitoring arrangements to cover both financial, and non-financial performance, of the Company and Blackfriars Project	2023/24	Financial and non-financial KPI's have been developed between Council and Housing Company staff for future reporting. The discussion on which KPI's are most appropriate has taken place and the reporting of these implemented from October 2025.	Recommendation addressed	No

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR11	The Council should ensure that it updates Members of key changes in arrangements related to the Blackfriars development by upholding the 6-monthly update report observed in 2023/24 and 2024/25 to date.	2023/24	Although a regular Blackfriars report has not been upheld, Members of the Cabinet have been effectively updated on the project via the budget report in February 2025, via the Draft Housing Development Strategy and as part of the 2024/25 outturn report. The Blackfriars infrastructure project was managed and delivered by the Council, and is now complete. The site has been purchased by Rother District Council Housing Company (RDCHC) to now deliver the 200 homes with their contractor Greymoor. As such this element of the project, from the Council perspective, is no longer part of Council decision making and so the level of reporting observed at Cabinet is appropriate.	Recommendation addressed	No
IR12	The Council should ensure for future large construction projects it has, at the commencement of such projects, access to good quality and relevant construction knowledge and experience.	2023/24	In July 2024, the Council established the Corporate Development Team (CDT) to improve current resource levels, skills, and capacity, which were not deemed to support the Council's ambitious programme of works over the coming years. Although two rounds of recruitment took place, some new recruits left and the Council took the decision to leave certain roles vacant (due to a focus on the medium term outlook for the Council). Therefore, some roles have had to be filled with vacant posts and the opportunity to improve resilience in this team continues to exist. As the Capital Programme performance in 2024/25 has been at an appropriate level, lack of capacity hasn't hindered delivery in year.	Recommendation addressed	No

Appendix C: Follow up of 2023/24 improvement recommendations

Prior Recommendation	Raised	Progress	Current position	Further action
<p>IR13</p> <p>Whilst acknowledging that housing is a key priority within the corporate plan, the Council will need to ensure, when reviewing the programme, that it considers capital schemes that contribute to the achievement of a range of its corporate priorities</p> <p>Alongside the Capital Strategy and Programme the Council would benefit from an asset management plan as this will assist in planning disposals alongside new projects, will help identify funding from capital receipts and ensure that assets are not used for longer than their useful life by developing a replacement plan.</p>	2022/23	<p>The capital programme was comprehensively reviewed in 2024/25 and now includes schemes aligned with multiple priorities (community, economic, green agenda).</p> <p>The Strategic Asset Management Plan (SAMP) and Asset Disposal Policy (ADP) have been adopted.</p> <p>The council informed us that a Property & Services Investment & Disposal Panel has been established, and disposals have begun to generate capital receipts.</p>	<p>No further action at present, further embedding and reporting will be reviewed in future VfM audits.</p>	No

Appendix C: Follow up of 2023/24 improvement recommendations

	Prior Recommendation	Raised	Progress	Current position	Further action
IR14	It would be beneficial for the Audit and Standards Committee to have more frequent updates on Internal Audit's counter fraud work to be able to respond to their findings in a more timely manner.	2022/23	<p>The Council continues to report on Whistleblowing Activity annually alongside the Head of Internal Audit opinion. A total of 20 whistleblowing cases were received by the Audit Manager in 2024/25. This is a reduction on the previous year which had 32 cases. Given the reduction in cases we are satisfied that the frequency reflects the risk and so the recommendation is closed.</p> <p>The bulk of the 'Counter Fraud' work carried out by Internal Audit is in reality, 'Income Protection' work, where savings or uncollected income (rather than fraud) are identified and then realised with the assistance of officers in the relevant departments. The Council has no fraud investigators so any potential fraud tends to be referred to other agencies to investigate, such as the DWP. The Audit Manager does co-ordinate NFI data matching exercises but no fraud-related savings have been identified as a result of these matches. As such there are no such issues to report to the Audit Committee, and this is confirmed in the AGS.</p>	Recommendation addressed	No
IR15	Given the financial benefits, the Council should explore ways to prioritise concluding ongoing investigations, resulting from Internal Audit's counter fraud work, in a timely manner in 2023/24	2022/23	<p>The Head of Internal Audit has confirmed there are no ongoing investigations in this area. A total of 20 whistleblowing cases were received by the Audit Manager in 2024/25. This is a reduction on the previous year which had 32 cases. All have now been closed</p>	Recommendation addressed	No



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