

Rother District Council

DRAFT

FINANCIAL REPORT AND

STATEMENT OF

ACCOUNTS

2025/26



CONTENTS

	Page
Narrative Report	3
Annual Governance Statement	27
Statement of Responsibilities	38
Independent Auditor's Report	39
Primary Financial Statements	40
Main Accounting Statements:	
Comprehensive Income and Expenditure Statement	41
Movement in Reserve Statement	42
Balance Sheet	44
Cash Flow Statement	45
Notes to the Financial Statements:	
1. Accounting policies	46
2. Accounting standards issued but not yet adopted	57
3. Critical judgements in applying accounting policies	58
4. Assumptions made about the future and other major sources of estimation uncertainty	58
5. Expenditure and Funding Analysis	60
6. Adjustments between accounting basis and funding basis under regulations	62
7a. Expenditure and Income analysed by nature	64
7b. Revenue from contracts with service recipients	65
8. Defined benefit pension scheme	66
9. Income from grants and contributions	71
10. Earmarked Reserves	72
11. Unusable Reserves	73
12. Capital expenditure and financing	75
13. Property plant and equipment	76
14. Investment properties	78
15. Intangible assets	79
16. Non-current assets held for sale	79
17. Long Term Debtors	79
18. Short Term Debtors	80
19. Short Term Creditors	80
20. Provisions and contingent liabilities	81
21. Capital grants receipts in advance	81
22. Financial Instruments	83
23. Agency expenditure and income	88
24. Leases	88
25. Members' allowances	90
26. Officers' remuneration and exit packages	90
27. External audit costs	92

CONTENTS

28. Related parties	92
29. Events After the Balance Sheet Date	94
Collection Fund Statement and Notes:	95
Group Accounts	98
Introduction	99
Group Comprehensive Income & Expenditure Statement	100
Group Movement in Reserves Statement	101
Group Balance Sheet	103
Group Cashflow Statement	104
Notes to the Group Accounts	105
Note 1 Group Accounting Policies	105
Note 2 Group Property, Plant and Equipment	105
Note 3 Group Inventories	105
Glossary	106

NARRATIVE

Introduction

The draft unaudited Statement of Accounts for Rother District Council for the year ended 31 March 2026 has been prepared and published in accordance with the Accounts and Audit (Amendment) Regulations 2024 and the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (“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 (Amendment) Regulations 2024 came into force on 30 September 2024. They introduced earlier deadlines for publication of the accounts. For the financial year 2025/2026 the deadline for completion of the accounts is 30 June for the unaudited statement of accounts and 31 January 2027 for the audited statement of accounts.

As the financial statements demonstrate, the Council remains a going concern, but faces some broader financial challenges, common with others in the sector. 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 which have been quantified and forecast within the Medium Term Financial Plan (MTFP). The Council also has identified savings to address these challenges and the monitoring of these will form 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 2025/26 (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 2025/26 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.

NARRATIVE

Its population of 96,133 (mid-year estimate 2025 by the Office of National Statistics) 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 more deprived than 69% of all local districts in England. The 2025 Indices of Multiple Deprivation is a set of descriptive statistics that ranks deprivation by local authority, with the most deprived ranked as one. Rother's ranking has increased from 135 in 2019 to 93 in 2025. There are pockets of high deprivation within the district, including one neighbourhood which falls in England's most deprived 10%.

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 refreshed in February 2026. It sets out the Council's vision to 2040 for the district and provides the framework and context for the Council's service provision, project interventions and resource allocation (financial and staffing) during the period 2025-2029. 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.

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

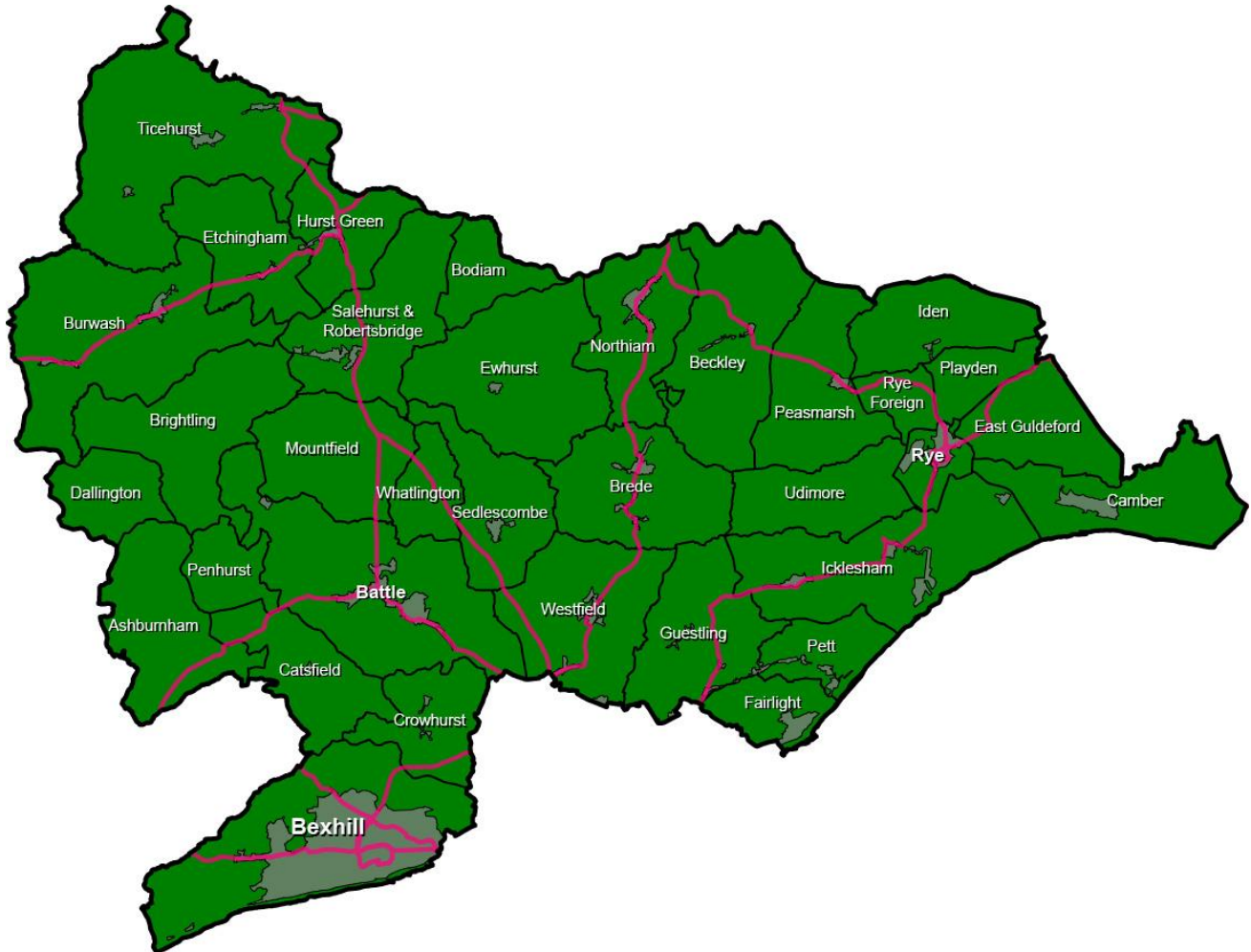
- A Thriving Local Economy
- Live Well Locally
- Green to the Core

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 on the following webpage: <https://www.rother.gov.uk/strategies-policies-and-plans/our-council-plan/>

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'. The aim of the strategy is to enable, encourage, and accelerate the reduction of greenhouse gas emissions across the district through the following objectives:

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.

NARRATIVE

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.

In 2025, the Council was 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 50th of 51, to 9th.

Actions taken by the Council in the past twelve months include:

- **Progress on low-carbon housing and buildings**
Initiatives include launching the Homewise retrofit tool, improving 18 homes through £350k of Warm Homes grant funding.
- **Promoting a shift toward sustainable transport**
Work with partners to improve public transport and active travel, growth in low-emission taxis (55 hybrid/EV vehicles), and increased staff use of sustainable commuting (up 50%)
- **Supporting a reduction in waste and promoting the circular economy**
A 30% reduction in office waste, rollout of food waste collections, recycling campaigns, and support for local reuse initiatives and sustainable food production.
- **Strengthening our action on biodiversity and renewable energy**
Declaration of a Nature Emergency in December 2025, tree planting and habitat projects across the district, plus investment in solar panels, heat pumps, and support for community energy schemes including a 5 Megawatt community solar farm.

The Further information on our approach, and actions we are taking can be found on the following webpage: <https://www.rother.gov.uk/climate-emergency/>.

Waste and Recycling

During 2025/26, the Council continued to provide waste, recycling and street cleansing services through the East Sussex Joint Waste Partnership with Hastings Borough Council and Wealden District Council.

A significant focus during the year was the implementation of the Government's Simpler Recycling reforms and the introduction of household food waste collections. Working with partner authorities and contractor Biffa, the Council progressed operational planning, procurement, communications and service preparations required to deliver these new statutory services. The Council also continued preparations for Packaging Extended Producer Responsibility reforms, which transfer a greater proportion of the cost of managing packaging waste from local authorities to packaging producers.

In terms of general performance on the waste contract during 2025/26, waste collections and street cleansing services continued to deliver a high level of performance. Missed collections remained consistently below the contractual target of 62 per 100,000 collections throughout the year, with monthly performance ranging from 10 to 34 per 100,000 collections. In May 2026, Rother recorded 24 missed collections per 100,000 collections.

Monthly operational performance indicated positive recycling trends, with the reported household recycling rate increasing from 54% in May 2025 to 59% in May 2026. Between 5 April 2026 and 14 June 2026, residents presented approximately 450 tonnes of food waste through the new food waste collection service.

Street cleansing services continued to achieve the required standards for litter, detritus and dog fouling. Contract monitoring recorded 0.00% failures against the required standards for litter, detritus and dog fouling.

Final annual waste tonnage and recycling performance figures for 2025/26 are not yet available, as the WasteDataFlow year-end return is currently being validated. Verified figures are expected to be available following completion of the year-end data assurance process.

NARRATIVE

Planning, Local Plan and Community Infrastructure Levy

In respect of the Planning service all Government targets, in relation to speed and quality of decision making, were met. The Community Infrastructure Levy continues to contribute important funding to the delivery of projects across the district.

A new Local Plan is being developed, building on the Council plan objectives of 'Green to the Core' and 'Live Well Locally'. The draft Local Plan (proposed development strategy and site allocations) was subject to public consultation in Quarter 4. Whilst there is a significant amount of work ahead on the Local Plan it remains on schedule.

Financial Stability & Fit for the Future Programme

Following a significant review and reduction of the Capital Programme in 2024/25 in the light of the economic climate, interest rates and the Council's broader financial stability, the Council has continued to closely monitor its programme and capital commitments.

In the light of ever-increasing budget pressures and reduced government support the Council again undertook its Budget Challenge process, which sought 10% savings through the Fit for the Future programme during 2025/26, into 2026/27. 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. For the first time in recent years, the Council was able to set a balanced budget for 2026/27 without the need to draw from reserves/

Regeneration and Economic Development

The Council has continued to work towards the key objectives of the 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 has continued its work on the development of a community hub in Sidley and the renovation of the De La Warr Pavilion on Bexhill seafront during the year, which are supported by the Levelling Up Fund. 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. This funding also supported the recent investment in the Welcome Centre at Camber Sands which opened during 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 and recently submitted 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 31 affordable homes delivered in 2025/26 (23 in 2024/25). Of these 31 homes 16 were for affordable rent and 15 for shared ownership.

The challenges highlighted previously to affordable housing development continue and have worsened in many areas despite welcome planning reforms and a new Social & Affordable Housing Programme (SOAHP) from Homes England. RP appetite to acquire s106 homes has remained low and we continue to rely on newer for-profit providers to acquire such homes on new schemes in Rother. Our LSVT partner, Southern Housing, has not returned to new development or s106 acquisition at a meaningful scale citing additional pressures on their business from managing and maintaining existing stock and tenant obligations.

NARRATIVE

Of the 31 homes delivered in 2025/26 only 7 of them were required by way of s106 planning obligation. This was on Worsham Farm in North Bexhill which has an unusually large affordable housing planning obligation due to the size of the phase of development (447 units requiring 154 affordable homes) We expect to see more of these homes delivered in 2026/27 alongside additionality shared ownership homes.

Given the challenges with delivery of affordable housing under s106 it is even more important that wholly affordable schemes and opportunities for additionality are supported when they are identified. It is also likely that the council will receive more receipts by way of commuted sums in lieu of on-site delivery of affordable housing. It is important that we are in a good position to allocate that funding in a timely manner to support delivery of social and affordable housing.

Homelessness:

There continues to be an increase in the number of households applying for housing and being placed in temporary accommodation. In 2025/2026 we undertook 682 homeless assessments which was an almost 9% increase on the previous year of 628. On 31st March 2026 there was a 17.6 % increase in TA placements when compared to 31 March 2025.

The Council now owns 75 Temporary Accommodation/Move-on Properties (66 reported in the previous year) across Bexhill and Rye. Eight properties completed during 2025/26 and two further properties (progressed during 25/26) completed early April 2026.

The total number of Temporary /Move-on properties will increase by at least 25 more properties to complete the April 2024 Cabinet commitment (to acquire 50 more properties). The team is currently on target to complete this by April 2028 to increase the total TA/Move-on stock to 100 homes. The Council has also been awarded a further round of grant funding under LAHF Round 4 totalling £2.4m to deliver 14 homes, this includes funding towards delivery of Afghan Resentment homes and general needs temporary housing.

Housing List Reduction:

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 have 1,519 households on the housing register (as at 19 June 2026) and only 76 properties were let last year (April 2025 to March 2026).

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 settings to support households to sustain their existing accommodation or secure a new home. They are funded from a Rough Sleeping Initiative (RSI) government grant. Total preventions/reliefs in 2025/26 were 217 compared with 176 in 2024/25. This is an excellent performance and demonstrates the benefits of increased investment in prevention services, funded from Homelessness Prevention Grant from MHCLG.

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 202 grants, completed 141, spending £1.802 million directly on capital works and a further £0.467 on enabling those.

NARRATIVE

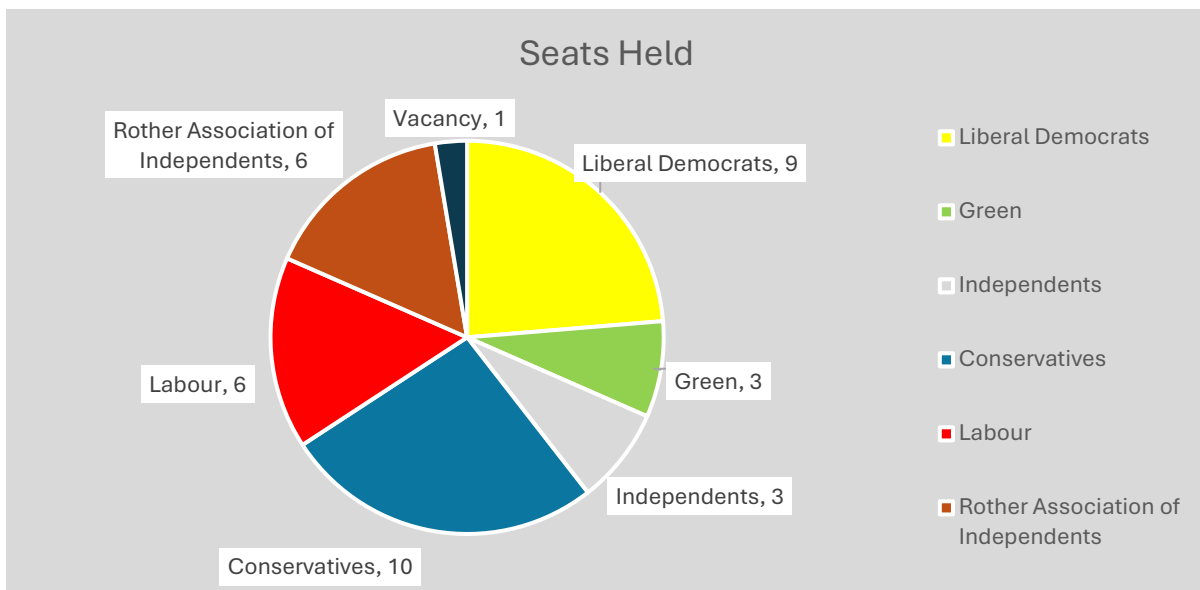
An Open Council:

- 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.
- We have updated the Council's Constitution where relevant.
- During 2025/26 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

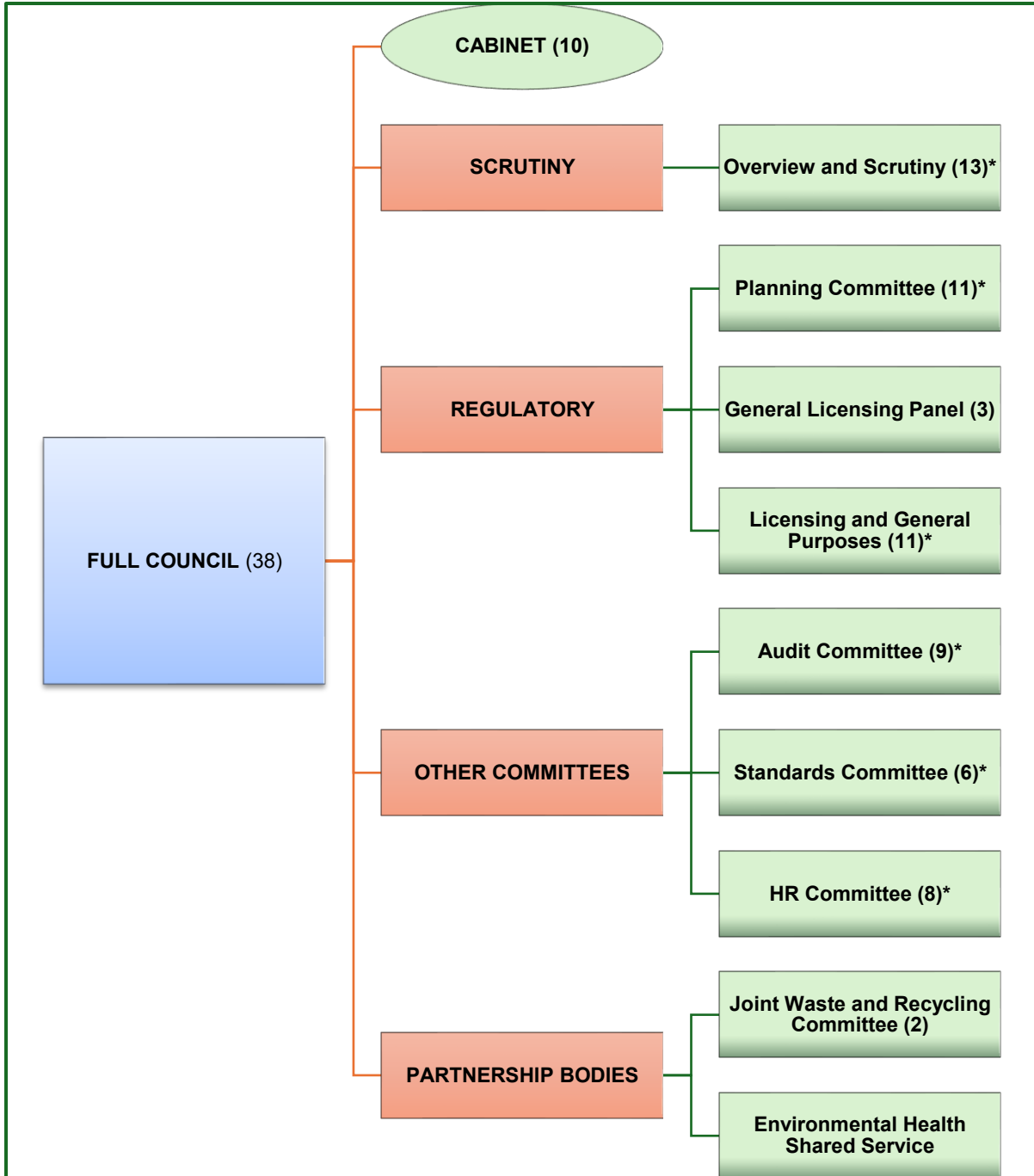
The Council has 38 District Councillors. The political composition of the Council at 31 March 2026 was:



As at 31 March 2025 the political make-up of the Council was 10 Conservatives, 9 Liberal Democrats, 6 Labour, 6 Rother Association of Independents, 3 Green, 3 Independents (non-group) and 1 vacancy. The vacancy was subsequently filled at a by-election held on 7 May 2026 and a Reform UK Councillor was elected. Additionally, since 31 March one Independent Councillor has joined the Conservative group. The Council is led by a coalition of the Rother Association of Independents, Labour, Liberal Democrat and Green Councillors.

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 2025/26.

NARRATIVE



*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 9 other Councillors and usually meets every 6 weeks. 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 usually meets monthly and is made up of 10 Councillors. 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.

NARRATIVE

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 10 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.

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.

NARRATIVE

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 2025/26 the Chief Executive was supported by a senior leadership team comprising the Deputy Chief Executive/ Chief Finance Officer and Director of Governance and Community Services. The Deputy Chief Executive post was deleted during 2025/2026 and replaced by a post of Director of Resources. The Director of Governance post was filled from June 2025 until the end of March 2026 after which it has become vacant.

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:

Employees	2024/25	2025/26
Total number of current permanent full and part time employees	237	244
Total number of current temporary / fixed term employees	6	10
Total number of current job share employees	2	0
Total number of employees	245	254
Total number of employees expressed as full-time equivalents (FTE)	217	230

Posts	2024/25	2025/26
Total number of permanent full and part time posts	275	293
Total number of temporary/fixed term posts	9	10
Total number of job share posts	1	0
Total number of posts	285	303
Total number of posts expressed as full-time equivalents (FTE)	249	267

NARRATIVE

Sickness and accident statistics are shown in the table below:

	2024/25	2025/26
Short term sickness (days per FTE)	1.73	2.16
Medium term sickness (days per FTE)	1.64	1.57
Long term sickness (days per FTE)	3.09	7.1
Overall sickness (days per FTE)	6.47	10.8
Number of accidents	2	3

4. A Summary of the 2025/26 Financial Performance of the Council

General Fund

The Council approved a Council Tax Demand of £8.360 m at its budget meeting on 24 February 2025 resulting in a Council Tax charge for a Band D property of £210.65, an increase of £6.11.

A summary of the General Fund position is shown below in the format used for management accounting and reporting (OSC 1 June 2026, subsequently amended for 15th June 2026 Cabinet meeting).

Appendix A

General Fund Summary - Year End Monitoring Outturn Report 2025/26

Rother District Council General Fund Summary	Revised Budget 25/26 £ (000)	2025/26 Outturn £ (000)	2025/26 Outturn Variance £ (000)
Chief Executive	189	223	34
Corporate & Strategic Services	1,961	1,587	(374)
Deputy Chief Executive	150	202	52
Finance (inc. Revenues & Benefits)	3,148	2,996	(152)
Housing	3,052	3,170	118
Strategic Asset Management	(1,255)	(447)	808
Digital & Customer Services	1,811	1,773	(38)
Capital Development Team	0	15	15
Director of Governance & Community Services	116	219	103
Neighbourhood Services	3,885	2,817	(1,068)
Planning	864	1,025	161
Democratic	736	729	(7)
Internal Audit	172	177	5
Environmental Services, Licensing & Community Safety	565	345	(220)
Legal Services Client	322	318	(4)
Total Cost of Services £15,716M	15,716	15,149	(567)

NARRATIVE

Interest from Investments	(1,214)	(650)	564
Written off abortive capital expenditure and realised loss on investments	0	1,183	1,183
MRP	540	666	126
Interest payments	974	871	(103)
Net Cost of Services	16,016	17,219	1,203
Income			
Special Expenses	(812)	(812)	0
Net Business Rates and Section 31 Grants	(4,816)	(4,708)	108
Non-specific Revenue Grants	(1,334)	(1,471)	(137)
Council Tax Requirement (Rother only)	(8,360)	(8,385)	(25)
Contribution to surplus/deficit on the collection fund			
Total Income	(15,322)	(15,376)	(54)
Total revenue budget Surplus (-)/ Deficit (+)	694	1,843	1,149
Contribution from revenue to capital expenditure	0	0	0
Contribution from capital to revenue under FCR regime	0	(488)	(488)
Funding (gap)/Surplus - Amounts to be drawn from reserves (-) or Amounts to be contributed to reserves (+) to balance the budget	(694)	(1,355)	(661)

Impact on Reserves			
Opening Balance	5,000	5,000	0
Earmarked reserves movement in year:			0
- Net transfer to earmarked reserves	0		0
Reserves funding for revenue purposes	(694)	(1,355)	(661)
Reserves funding for capital purposes	0	0	0
Total Reserves Funding in year	(694)	(1,355)	(661)
Closing Balance	4,306	3,645	(661)

The General Fund Revenue Budget outturn is an overall deficit of £1.355m against the approved budget drawdown from Reserves of £0.694m. The reason for the difference is a mixture of overspends and underspends on the cost of services as well as a realised loss on the investment in the Hermes Property Fund and in respect of £759,000 of capital costs written back to revenue in year primarily in respect of the Town Hall Renaissance and Old Lydd Road projects. For details on variances please see the Revenue Budget Outturn Report (<https://rother.moderngov.co.uk/documents/s15794/Budget%20Outturn%20202526%20Revenue%20and%20Capital%20Monitoring%20and%20Flexible%20Capital%20Receipts%20Policy.pdf>).

The figures in the table do not include the £1.870m interest income generated from loans provided to the Rother DC Housing Company Ltd and anticipated to be payable for 2025/2026. These have been transferred to an earmarked reserve (see note 10). They also do not include the effect of expected credit loss on the Housing Company loan which was assessed externally after the Outturn Report date. Both of these are fully reflected in these accounts.

NARRATIVE

General Fund: Capital Programme

The Capital Programme outturn as at 31st March 2026 is £41.5m representing 107% of the 2025/26 budget of £39m due to the acceleration of the programme. 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 2025/26:

<i>Capital Investment 2025/26</i>	£'000
Purchase of Property including units for temporary housing	2,745
Investment in Council owned properties	5,586
Loans to RDC housing company	23,946
Grants to individuals and organisations	8,039
Purchase of Refuse Equipment and Vehicles	1,018
Investment In IT	146
Infrastructure	32
	41,512
Financed by:	£'000
Prudential borrowing	25,463
Grants and contributions	14,252
Capital Receipts	1,629
Revenue/Reserve contributions	169
	41,512

5. Cash flows disclosure

The council's cashflows during the year were primarily influenced by the active capital programme expenditure shown above financed from previously received substantial government grants. The council continued to engage in internal borrowing for other projects for as long as it was possible but it then had to resort to a mix of short term PWLB and LA borrowing to be able to finance its operations.

The council was committed to providing development funding facility to its subsidiary Rother DC Housing Company Ltd in the future based on the Development Funding Agreement signed in March 2025 and a significant part of the borrowing related to this activity.

6. Material assets/liabilities

In 2025/2026 the most significant assets expenditure related to the completion of Camber Sands Welcome Centre (£1.6m) and the continuing works to the Heart of Sidley Community Hub (£2.4m). Other assets purchased by the Council include Temporary Accommodation units for homeless households (£2.7m) and there was significant expenditure on the Colonnade Refurbishment (£0.703m). 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.

Other sources of funding, primarily relating to the loan to the housing company was from PWLB. At 31st March 2026 the Council's borrowing stood at £53.485m of PWLB loans (short term and long term, £26.518m as at 31 March 2025) and a short term £7m loan with Wealden District Council.

NARRATIVE

Collection Fund

The outturn on the Collection Fund for the year is a deficit of £0.493m on Business Rates against the budgeted deficit of £1.980m and a surplus of £0.408m on Council Tax against a budgeted deficit of £0.414m. The budgeted amounts stem from the estimates of the final position for the preceding year before the actuals are known. The difference between actual and budgeted will be adjusted in 2027/28 budget setting.

In 2025/26 Rother received £115,000 less grant funding than it provided reliefs. An appropriate accrual was made and will be reconciled by March 2027.

7. Strategic Risks

Risk	Impact	Mitigation
<p>Financial Failure to operate within a sustainable budget including uncontrollable pressures such as temporary accommodation.</p>	<p>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.</p>	<p>Strong partnership between Members and Officers.</p> <p>Regular monitoring of the Medium-Term Financial Plan (MTFP). Quarterly budget monitoring of the savings plan (Fit for the Future)</p> <p>Monitoring of project spend at Corporate Programme Board and enhanced management of the Development Programme</p> <p>Annual budget challenge exercise Introduction of Spending Control Panel</p>

NARRATIVE

<p>Local Government Reorganisation (LGR) and Devolution 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>Project delivery compromised and project budgets exceeded</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>Reliance on Commercial Income 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>Medium Term impact on the economy of the high inflation/cost of living crisis 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

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

8. 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 £1.052m net liability at 31st March 2025 to £1.024m at 31st March 2026. Gross liabilities have increased by £6.5m mainly due to a change in financial assumptions but there has also been £8.5m increase in Gross employer assets. There was, however, the 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.

9. Future Plans

In common with the rest of local government, the Council has seen a steady reduction in its core funding in recent years. Whilst the Fair Funding Reform and associated Local Government Finance Settlement for 2026/27 did provide some additional support for RDC compared to the level anticipated, there remain real challenges in the availability and distribution of Government Grant to Local Authorities.

The Medium Term Financial Plan 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. The council also engaged in initiatives aimed at achieving future revenue savings using Flexible Capital Receipts funding.

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

NARRATIVE

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.

East Sussex County Council and the four other district and borough councils, including Rother, have submitted a One East Sussex proposal for a unitary authority with the current East Sussex footprint. It 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

The government were unable to reach a decision on the proposals submitted to the as part of the priority programme. They therefore deferred the decision anticipated in March 2026 and consulted statutory consultees on a potential boundary change within the Lewes District. Despite the delays, if LGR proceeds as anticipated, 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 budget and updated Medium Term Financial Plan 2026/2027 to 2028/2029 was set and presented to Cabinet on 2 February 2026 with a reassessment of the deliverability of savings and income targets. It is available on the following webpage: <https://rother.moderngov.co.uk/ieListDocuments.aspx?CIId=153&MIId=1058&Ver=4>.

It was subsequently approved by Full Council on 23 February 2026 (minutes available on the following webpage: <https://rother.moderngov.co.uk/ieListDocuments.aspx?CIId=137&MIId=1065&Ver=4>).

The updated medium term financial plan for the period 2026/27 to 2028/29 is set out in the table below:

NARRATIVE

MTFP (2026/27 - 2028/29)-Full Council 23.02.2026

	2026/27 Budget (£)	2027/28 Estimate (£)	2028/29 Estimate (£)
Service Area			
CHIEF EXECUTIVE			
Chief Executive	209,950	215,829	221,883
Corporate & Strategic Services	5,998,347	6,118,368	6,286,771
GOVERNANCE & COMMUNITY			
Director of Governance & Community Services	190,570	195,367	200,307
Legal Services Client	376,600	388,198	398,153
Environmental Services, Licensing & Community Safety	568,370	619,005	671,641
Democratic & Electoral Services	709,730	719,604	729,771
Internal Audit	173,510	178,538	183,717
Planning (including Planing Policy and Local Plan)	865,530	1,143,249	922,548
Emergency Planning, Beach & Coastal Management	418,570	421,724	426,258
RESOURCES			
Director of Resources	166,140	170,937	175,877
Digital & Customer Services	1,881,040	1,918,987	1,924,146
Financial Services	2,736,012	2,787,020	2,839,559
Housing	3,470,599	3,886,330	4,237,552
Strategic Asset Management	-1,301,500	-1,348,104	-1,381,643
Net Cost of Services	16,463,468	17,415,050	17,836,541
Productivity Plan / Savings	732,130	-372,000	-565,000
Financing Costs			
Interest received	-2,731,561	-1,350,748	-551,847
Interest Paid (including Minimum Revenue Provision)	2,676,773	2,150,341	1,599,543
TOTAL COSTS	17,140,810	17,842,644	18,319,237
FUNDING			
NNDR	-2,647,275	-2,708,010	-2,762,670
Council Tax	-9,375,904	-9,777,471	-10,196,211
Grants			
Revenue Support Grant	-3,937,864	-3,496,000	-3,029,173
Grants retained under FFR			
Recovery Grant	-99,068	-99,068	-99,068
Funding Floor	0	-242,464	-420,476
Adjustment Support Grant	-487,000	0	0
HB Administration Grant	-220,000	-220,000	-220,000
Use of Flexible Capital Receipts	-835,800	-693,000	-500,000
Reserve movements			
Contributions to reserves	1,761,700	1,338,570	1,377,540
Withdrawals from reserves	-1,299,600	-1,588,570	-1,546,704
Budget deficit / surplus (-)	-0	356,631	922,475
RESERVES			
MTFS & Corporate Development Reserve 1/4/2025	419,164		
Use of Reserves 2025/26 (Forecast)	0		
MTFS & Corporate Development Reserves Opening Balance Forecast	419,164	419,164	169,164
Use of Reserves (Earmarked)	0	-250,000	-169,164
MTFS & Corporate Development Reserve Closing Balance Forecast	419,164	169,164	-0
General Reserve 1/4/2025	5,000,000		
Use of Reserves 2025/26 (Forecast)	-2,501,000		
General Reserve Opening Balance Forecast	2,499,000	2,499,000	2,142,369
Use of Reserves	-0	-356,631	-922,475
General Reserve Closing Balance Forecast	2,499,000	2,142,369	1,219,894

NARRATIVE

Property Funds

At the beginning of 2025/2026 the Council had £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 4.28% and 2.19%, respectively (equating to £229,000 in 2025/2026) which helped to support Council services. (Previous year's returns were 4.58% and 3.52% and equated £334,000). They also provide a capital return or potential loss depending on property values, but this is not realised until the funds are sold.

During 2025/26 the Council was forced to dispose of the property units held in Hermes Property Fund due to its dissolution and the transfer of its assets into a different investment entity which did not accept local authority investors. This resulted in a realisation of the loss of £423,000, of which £413,000 had been incurred in previous financial years and was kept in a dedicated unusable reserve. The disposal meant that the full loss amount affected the revenue outturn and general fund in 2025.

At 31st March 2026 the value of the units held by RDC in CCLA was worth £364,000 less than the original investment (unchanged since 2024/2025).

Capital Strategy 2025/26

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 is available on the Council's website under the following link: <https://rother.moderngov.co.uk/documents/s15472/Appendix%201%20-%20Capital%20Strategy%20PDF.pdf>.

Capital budgets have been updated following the 2025/26 outturn as reported to Overview and Scrutiny Committee and subsequently Cabinet on 15th June 2026 (minutes from the meeting are available on the following webpage: <https://rother.moderngov.co.uk/ieListDocuments.aspx?CId=153&MId=1154&Ver=4>) and are shown in the table below:

Project	Approved	2025/26	2025/26	2025/26	Revised	Revised	Revised
	2025/26	2025/26	2025/26	2025/26	2026/27	2027/28	2028/29
	Budget	Budget	Budget	Outturn	Forecast	Forecast	Forecast
	B/Fwd	Change	C/Fd				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Development Programme							
Capital – Blackfriars	1,501	0	1,501	792	1,240	0	0
Capital - Colonnade Refurbishment	575	0	575	703	47	0	0
Capital - Beeching Road Hotel & Foodstore Development	316	0	316	10	0	0	0
Capital - Barnhorn Green	5,529	0	5,529	149	4,121	5,615	933
Capital - Development of Council Owned Sites	204	0	204	12	18	0	0
Capital - King Offa Leisure & Residential Development	560	0	560	50	0	25	0
Capital - RDC Housing Ltd Investment (RDC loan funding to company)	8,877	0	8,877	23,946	6,973	0	0
Capital - Old Lydd Road	190	0	190	0	0	0	0

NARRATIVE

Capital - LUF De La Warr Pavilion Project	4,175	0	4,175	2,115	6,450	12,117	3,359
Capital - The Heart of Sidley Community Hub Project	1,696	0	1,696	2,416	599	0	0
Capital - Camber Sands Welcome Centre	515	1,078	1,593	1,593	90	0	0
Capital - Lift for Amherst Road Offices	374	(339)	35	35	216	0	0
Capital - Sidley Waste Depot	0	436	436	436	1,519	215	0
Capital - Watch Oak - Feasibility	20	0	20	20	20	0	0
Capital - Pett Level - Feasibility	20	0	20	12	3	0	0
Capital - Udimore - Feasibility	20	0	20	11	5	0	0
Capital - Broad Oak - Feasibility	25	0	25	10	6	0	0
Capital - Watch Tower Rye - Feasibility	20	0	20	10	4	0	0
Capital - The Villas Roof Repairs	0	116	116	116	0	0	0
	24,617	1,291	25,908	32,436	21,311	17,972	4,292

A Thriving Local Economy

Capital - De La Warr Pavilion - Capital Grant	0	59	59	59	59	0	0
Capital - UKSPF- UK Shared Prosperity Fund	95	(68)	27	27	35	0	0
Capital - Battle Railway Station CIL	1,000	0	1,000	0	1,000	0	0
Capital - Plan for Neighbourhoods	1,500	0	1,500	0	360	1,736	1,605
Capital - Skinners Sheds Wainwright Road	200	0	200	22	279	0	0
Capital - West Station Pub Terminus Road	300	0	300	27	273	0	0
Capital - Chamber of Trade Capacity Pots	55	0	55	62	0	0	0
Capital - Rother Wine Economy	0	0	0	0	0	0	0
	3,150	(9)	3,141	197	2,006	1,736	1,605

Live Well Locally

Capital - Fairlight Coastal Protection Scheme (Preservational Trust)	10	22	32	32	413	52	0
Capital - Disabled Facilities Grant	2,289	(19)	2,270	2,270	1,625	1,625	1,675
Capital - Community Grants	110	0	110	157	100	100	100
Capital - Sidley Recreation Ground	8	(8)	0	0	0	0	0
Capital - Refuse Equipment	125	(16)	109	109	150	140	0
Capital - Temporary Accommodation	4,300	(1,549)	2,751	2,751	4,500	4,550	0
Capital - Homelssness Container Storage	0	0	0	0	20	0	0
Capital - Ticehurst Village Centre Project CIL	200	0	200	0	200	0	0
Capital - Improvements to existing Bexhill leisure centre and pool	3	(3)	0	0	3	0	0
Capital- Egerton Park Toilets	0	0	0	2	0	0	0
Capital - Sedlescombe Traffic Calming Measures - CIL	74	0	74	0	74	0	0
Capital - Battle Sports Pavilion - CIL	400	0	400	400	0	0	0
Capital - Rural England Prosperity Fund	380	(196)	184	181	18	0	0
Capital - Rye Sports Centre - Improvements and LUP Projects	450	109	559	559	139	0	0
Capital - Env Health - DISC (A Crime Information-Sharing System for UK Business)	0	0	0	0	0	0	0
Capital - Mobile Community Hub	0	0	0	64	0	0	0

NARRATIVE

Capital - Bexhill Community Hub	400	0	400	302	138	0	0
Capital - The Pelham	173	0	173	173	0	0	0
Capital - Food Waste Vehicles and Containers	1,016	(108)	908	908	116	0	0
Capital - Egerton Park Modular Toilets	0	85	85	85	4	0	0
Capital - Devolution of Public Conveniences - CIL	0	0	0	0	202	0	0
London Road Improvement Project - CIL	300	0	300	300	0	0	0
Capital - Waste Vehicles	0	0	0	0	5,540	0	0
Capital - Ticehurst Sports Pavilions	62	0	62	62	0	0	0
Capital - Robertsbridge Doctors Surgery	0	0	0	0	1,200	0	0
Capital - Bexhill Leisure Centre Refurb 2025	0	0	0	115	1,601	0	0
Capital - Ravenside Leisure Centre Refurb 2025	0	0	0	106	1,296	2	0
Capital - Cyprus Place - Feasibility	0	0	0	0	0	0	0
Capital - Pebsham Inclusive Play Area - CIL	0	0	0	0	63	0	0
Capital - Fairlight Foul Water Sewer - CIL	0	0	0	0	36	0	0
Capital - Battle GP Surgery Parking - CIL	0	0	0	0	375	0	0
Capital - Egerton Park Bowls Club	0	37	37	25	12	0	0
Capital - Solar Upgrades to Rye Harbour Village Hall - CIL	0	0	0	0	33	0	0
Capital - Battle Hill Crossing - CIL	0	0	0	0	200	0	0
Capital - Districtwide Bus Stop Improvements (ESCC) - CIL	0	0	0	0	330	0	0
	10,300	(1,646)	8,654	8,601	18,388	6,469	1,775

Fit for the Future

Capital - Corporate Document Image Processing System	86	(67)	19	19	42	0	0
Capital - Rother 20/20 ICT Investment	106	(106)	0	0	106	0	0
Capital - New Website Development	5	(5)	0	0	5	0	0
Capital - Invest to Save Project	305	(223)	82	82	141	0	0
Capital - Planning Software (Invest to Save)	0	108	108	108	101	42	42
	502	(293)	209	209	395	42	42

Green to the Core

Capital - Village Halls Energy Project	23	8	31	31	0	0	0
Capital - LUF Parks Sidley House Open Space Improvements	16	(16)	0	0	0	0	0
Capital - Pollution Monitoring Equipment	3	(3)	0	0	3	0	0
Capital - Electric Vehicle ORCS Funding	0	0	0	0	0	0	0
Capital - Micro Woods Grants (CLHF)	2	14	16	16	3	0	0
Capital - Community Orchard Grants (CLHF)	26	(4)	22	22	5	0	0
	70	(1)	69	69	11	0	0
	38,639	(658)	37,981	41,512	42,111	26,219	7,714

NARRATIVE

FUNDING	2025/26 Outturn	Revised 2026/27 Forecast	Revised 2027/28 Forecast	Revised 2028/29 Forecast
Grant	11,826	13,140	9,724	3,391
Borrowing	25,463	18,975	10,346	974
CIL	2,187	5,328	1,096	
Capacity Funding	17		129	
NHLF (Development phase)			4,609	3,249
S106	221	1,474		
Reserves	169	118	100	100
Capital Receipts	1,629	3,076	215	
	41,512	42,111	26,219	7,714

10. 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.
- **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.

NARRATIVE

11. 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 is appreciated...

A handwritten signature in cursive script, appearing to read 'C Spendley'.

Charlotte Spendley

Director of Resources and s151 Officer

ANNUAL GOVERNANCE STATEMENT

1. SCOPE OF RESPONSIBILITIES

- 1.1. Rother District Council ('RDC'; 'the Council') 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. In addition to its legal duties RDC will always seek to provide services which meet the needs and expectations of its residents and businesses.
- 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. This was last reviewed and updated in the 2024/25 financial year and is 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 online (<https://www.rother.gov.uk/strategies-policies-and-plans/local-code-of-corporate-governance/>).
- 1.4. 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 2026 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. These principles are 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

- 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 the council aims to achieve by following the seven core principles, along with the tools used to support compliance. It goes further to identify the behaviours and actions that can demonstrate compliance with the code, how this is put into practice and the source documents, policies, procedures and frameworks that enable the council to evidence compliance.

3.3. Vision and priorities

The current Council Plan was adopted in February 2026 and is a refreshed version of the plan that was adopted in December 2024. It provides the strategic direction for the Council and ensures that existing and planned work is aligned with its vision for Rother.

While local government reorganisation (LGR) will lead to significant changes, including the creation of a unitary authority that will replace RDC by April 2028, the plan will be used to guide work up to this date and serve as a point of reference for any successor authority. Given the anticipated impact of LGR, governance of transition planning, risk, capacity and continuity of statutory functions will be monitored through the Council's corporate governance and risk arrangements during 2026/27.

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 the Council's customers and communities and how 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.

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 the Fit for the Future programme, which ensures that the Council can deliver its priorities through effective and efficient services.

The full plan can be found here: <https://www.rother.gov.uk/strategies-policies-and-plans/our-council-plan/>.

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. The Council publishes information about its performance and carry out satisfaction surveys so that everyone can see the progress made.

3.5. Constitution and Responsibilities

A comprehensive document setting out the Constitution (<https://rother.moderngov.co.uk/ieListMeetings.aspx?Committeeld=280&info=1>) 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:

ANNUAL GOVERNANCE STATEMENT

- 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 (<https://rother.moderngov.co.uk/mgListPlans.aspx?RPId=153&RD=0&bcr=1>) 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 (<https://rother.moderngov.co.uk/ieDocHome.aspx?bcr=1>) , 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;
- The Overview and 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.
- A Sub-Committee of Cabinet was established during 2025 which undertakes the function of shareholder oversight of Rother District Council Housing Company (RDCHC). The Shareholder Executive Committee (SEC) monitors the performance against the agreed Business Plan of the Council's company RDCHC; aids the understanding of the respective roles and responsibilities; evaluates and monitors the associated risks, opportunities and returns (financial and otherwise) and monitors the progress of recommendations made. It also has delegated authority to consider matters which require Shareholder approval. The decisions of SEC are subject to the Council's call in procedures.

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. The Constitution is a live document and therefore something that is reviewed regularly. It is proposed that with a new Monitoring Officer that he, working with relevant statutory officers, will lead a review the Financial Procedure Rules and Officer Delegations, as well as any periodic updates required to aid clarity.

3.6. Codes of Conduct

The Council has various Codes of Conduct applying to both Members (<https://www.rother.gov.uk/accessing-council-services/members-code-of-conduct/>) 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. The Member / Officer protocol was updated during 2025/26.

3.7. Complaints

The Council has in place a Whistle-blowing Policy (<https://www.rother.gov.uk/strategies-policies-and-plans/anti-fraud-initiatives/whistleblowing-fraud-reporting/>) (which was revised during the year) as well as a complaints procedure (<https://www.rother.gov.uk/accessing-council-services/customer-complaints-process-2/>) 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 and service requests inform service learning improvement and management oversight.

ANNUAL GOVERNANCE STATEMENT

3.8. Policies, Procedures, Laws and Regulations

The Council's statutory officers are the Chief Executive (Head of Paid Service), the Director of Resources (Section 151 Officer - Chief Finance Officer) and Monitoring Officer. The Statutory Officers 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 are at the core of the appraisal system and our most recent Staff Survey was conducted in October 2025. A Wellbeing Action Plan has been developed 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.

3.10. Risk Management

The Council's Risk Management Framework (<https://www.rother.gov.uk/strategies-policies-and-plans/risk-management-policy-and-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. The Cabinet considered an update to the Risk Management Framework and Risk Appetite of the organisation during 2025/26.

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. 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 (Transparency Code – Rother District Council, <https://www.rother.gov.uk/data-protection-and-foi/transparency-code/>), ranging from contract and purchasing information to car park data.

3.13. 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

ANNUAL GOVERNANCE STATEMENT

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. During 2025/26 the Constitution Working Group was established to review various actions and that work culminated in updates to the Constitution which were considered by the Audit Committee in March 2026 and adopted into the Constitution by Full Council in May 2026 related to the Hybrid Meeting and Member-Officer Protocols. The Constitution should be a 'living document' the incoming Monitoring Officer will assess which sections require update, but it is anticipated that the Financial Procedure Rules and Officer Delegations will be refreshed in the coming year.
 - 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 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.
 - 4.2.5. The Council has in place a Procurement Strategy (<https://rdcpublic.blob.core.windows.net/website-uploads/2020/01/AS200518-15-Appendix-A-Rother-Procurement-Strategy.pdf>) and works in partnership as part of the East Sussex Procurement Hub with Wealden and Hastings (<https://www.wealden.gov.uk/transparency-spending-and-performance/transparency/procurement-selling-to-wealden-district-council/the-east-sussex-procurement-hub/>).
 - 4.2.6. 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. The Council has also appointed an Independent Person in respect of the Audit Committee function in line with best practice.
 - 4.2.7. The Council also has in place an anti-fraud and corruption framework (<https://www.rother.gov.uk/strategies-policies-and-plans/anti-fraud-initiatives/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.
 - 4.2.8. The Audit Committee met six 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.
 - 4.2.9. The Annual Internal Audit Plan was considered and approved by the Audit Committee on the 24 March 2025 meeting ahead of the forthcoming financial year. The 2025/26 Internal Audit Plan approved included 500 days of internal audit work, including 20 audit reviews/consultancy activities, plus provisions for counter fraud work to provide adequate coverage over the Governance, Risk Management and Control framework informing the annual audit opinion.
 - 4.2.10. An adequate and effective audit opinion was given by the Internal Audit Manager for the year overall.

ANNUAL GOVERNANCE STATEMENT

- 4.2.11. 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. This year was the first time that the Audit Manager had assessed the internal audit function's conformance against the new Global Internal Audit Standards (UK Public Sector) which came into effect on 1 April 2025. In summary, the latest assessment found that the majority of the requirements in the new standards had been met and there were no areas of material non-conformance. The Internal Audit Manager concluded that overall, the service generally conforms with the Standards, and this conclusion was supported by both the Section 151 Officer and Monitoring Officer.
- 4.2.12. 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. Thirteen of the audits completed during the 2025/26 financial year (including one carried over from 2024/25) received a substantial assurance rating. However, the four other audits completed in 2025/26 (including another audit carried over from 2024/25) only received limited assurance, namely:
- Estates Income (Follow-Up)
 - Cyber Security
 - Asset Management
 - Housing Company Governance

Management actions have been agreed for these areas and progress will be monitored through the usual internal audit recommendation tracking and Audit Committee reporting arrangements

- 4.2.13. The Audit Manager also carries out regular reviews of the status of implementation of Internal Audit recommendations. There were 5 historical recommendations overdue at the year-end, 1 relating to 2022/23, 1 for 2023/24 and 3 relating to 2024/25. The age and risk profile of these recommendations should continue to be monitored, with escalation where implementation is not progressing.
- 4.2.14. The External Auditor's Audit Findings Report for 2024/25 was considered by Audit Committee at its meeting of 16 February 2026, with a management response prepared in respect of the recommendations made.
- 4.2.15. Audit Committee and the Corporate Leadership Team (CLT) monitor and continually review corporate risks and ensure that actions are being taken to effectively manage the Council's highest risks.
- 4.2.16. 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, MUFG, who also provide training to officers on treasury management related issues.
- 4.3. The year-end review of the governance and the control environment arrangements included:
- 4.3.1. Oversight of the AGS by the Statutory Officers Group;
- 4.3.2. Wider officer assurance has been sought by the Chief Executive from Heads of Service who have been consulted and assurances have been sought that the governance and control environment has been operating effectively during the prior year within their departments.
- 4.3.3. The statement itself was considered and signed off by CLT and is supported by them as an accurate reflection of the governance arrangements in place for the year.
- 4.3.4. Obtaining assurances from other senior management, including the Deputy Monitoring Officer, that internal control and corporate governance arrangements were operating effectively within their areas of responsibility throughout the year.
- 4.3.5. Reviewing any high-level audit recommendations that remained outstanding at the year end and taking appropriate action if necessary.

ANNUAL GOVERNANCE STATEMENT

- 4.3.6. Reviewing the opinion of the Internal 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.
- 4.4. The Audit Committee received assurances from the Internal 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.

5. GOVERNANCE ISSUES

- 5.1. The AGS is drafted in consultation with key officers before being considered by the Statutory Officers Group (SOG). Once approved by SOG, 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 2025/26, the following have been identified in terms of emerging or persistent themes for the organisation:
- Governing financial documents – given the Council's constrained financial position, legislative changes and staff changes, these key documents need to be refreshed and staff reminded of their requirements.
 - The Constitution is a live document and is reviewed regularly. With the new Monitoring Officer in post, Officer Delegations will be reviewed in the coming year, alongside any further updates needed to improve clarity.
 - In light of staff and member changes and constitutional updates, it would be beneficial to refresh understanding of the relevant Codes of Conduct, including the Member/Officer Protocol and the Nolan Principles of public life.
 - The Local Code of Corporate Governance sets out how the Council aims to achieve good governance. Although the Council has adopted the Code, it plans to review compliance with it during the coming year.
- 5.2.1. On the basis of the review undertaken, the Council has concluded that there are no significant governance issues requiring disclosure, although the improvement actions set out below will be progressed during 2026/27. In reaching this conclusion, the Council has considered the limited assurance audit reports received during the year, the outstanding internal audit recommendations and the improvement actions carried forward from the previous AGS. These matters identify areas requiring management action and continued Audit Committee oversight. However, having regard to their nature, scope, agreed management responses and monitoring arrangements, they are not considered individually or collectively to amount to significant governance issues requiring separate disclosure. Progress will continue to be monitored through internal audit recommendation tracking, corporate risk reporting and the 2026/27 AGS action plan.
- 5.3. There have not been any alleged or proven frauds during the 2025/26 financial year.
- 5.4. The Audit Committee undertook a comprehensive self-assessment in May 2026 and identified areas for further development, which were reported to the Committee at their meeting in June 2026.
- 5.5. The table below provides an update on the actions agreed to be progressed during 2025/26.

UPDATE ON ANNUAL GOVERNANCE STATEMENT 2025/26 ACTION PLAN

Issue	Action/Outcome	Officer(s)	Target Date	Progress
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	Partial Completion. The Contract Standing Orders (CSO) were updated during the year and the Constitution amended to reflect those changes. Additionally, the Council's internal schedule of delegations within the financial system was refreshed to reflect restructuring changes. However, the Finance Procedure Rules (FPR) and Officer Delegations within the Constitution will be refreshed during 2026/27.
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	Partial Completion. Staff training on the updated CSO was delivered during the year. The broader training in respect of FPR remains outstanding and as noted above will be carried forward to 2026/27.
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	Completed. The Council's internal schedule of delegations within the financial system was refreshed to reflect restructuring changes during early 2025/26 (and again in early 2026/27).
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	This training has been deferred so it can be combined with training on the recent updates to the Member/Officer Protocols.
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	Completed. The SEC has met three times during the last year and is operating effectively. Members and Officers have also undertaken relevant training to support them in fulfilling their respective roles in managing the relationship with the Housing Company.

Issue	Action/Outcome	Officer(s)	Target Date	Progress
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	Ongoing. Emergency Planning arrangements have been reviewed with the support of the East Sussex Resilience and Emergencies Partnership. Business Continuity Plans have been updated. Further work is needed to ensure they are kept up to date and there is a consistent approach across the council.

1.1. The following Action Plan has been developed to help address any control or governance issues identified as part of AGS process.

ANNUAL GOVERNANCE STATEMENT 2026/27 ACTION PLAN

Issue	Action/Outcome	Officer(s)	Target Date
Governing financial documents – given the Council’s constrained financial position, legislative and staff changes, these key documents need to be refreshed, and staff reminded of their requirements.	Refresh the Finance Procedure Rules	Director of Resources	December 2026
	Provide training to relevant staff (spending officers) on the updated Finance Procedure Rules	Director of Resources	January 2027
The Constitution is a live document and is reviewed regularly. With the new Monitoring Officer in post, Officer Delegations will be reviewed in the coming year, alongside any further updates needed to improve clarity.	Update Officer Delegations within Constitution	Monitoring Officer	December 2026
In light of staff & member changes and constitutional updates, it would be beneficial to refresh understanding of the relevant Codes of Conduct, including the Member/Officer Protocol and the Nolan Principles of public life	Deliver training through Manager Forum on Staff Code of Conduct, Member/Officer Protocol and Nolan Principles of public life	Head of Corporate & Strategic Services/Monitoring Officer	November 2026
	Provide a Member briefing on Member Code of Conduct, Member/Officer Protocol and Nolan Principles of public life	Monitoring Officer / Chief Executive	November 2026
The Local Code of Corporate Governance sets out how the Council aims to achieve good governance. Although the Council has adopted the Code, it plans to review compliance with it during the coming year	Review compliance with adopted Local Code of Corporate Governance	SOG	March 2027

Ensure our Emergency Planning and Business Continuity arrangements are robust and effective.	Review Business Continuity Plans and ensure they are aligned with ESCC templates	Head of Planning, all Heads of Service	March 2027
--	--	--	------------

2. CERTIFICATION

2.1. 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 96 give a true and fair view of the financial position of the Council and the financial position consolidated with its wholly owned subsidiary at 31st March 2026, as well as their income and expenditure for the year ended 31st March 2026, including the consolidated income and expenditure.



Charlotte Spendley

Director of Resources and s151 Officer

June 2026

Approval of Accounts

The Audit Committee will be held on 20th July 2026 to consider the draft accounts.

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

PRIMARY FINANCIAL STATEMENTS

PRIMARY FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2024/2025			2025/26			
Expenditure	Income	Net		Expenditure	Income	Net
£'000	£'000	£'000		£'000	£'000	£'000
606	0	606	Chief Executive	213	0	213
6,352	(3,335)	3,017	Corporate & Strategic Services	5,825	(657)	5,168
0	0	0	Deputy Chief Executive	202	0	202
21,636	(19,359)	2,277	Financial Services (incl. Revenues and Benefits)	20,001	(17,569)	2,432
13,146	(5,448)	7,698	Housing & Strategic Asset Management	10,177	(5,257)	4,920
2,031	(93)	1,938	Digital & Customer Services	1,945	(121)	1,824
805	(805)	0	Capital Development Team	1,113	(1,099)	14
0	0	0	Director of Governance & Community Services	218	0	218
10,239	(5,044)	5,195	Neighbourhood Services	12,993	(6,514)	6,479
2,411	(1,444)	967	Planning, Coastal & Emergency Management	2,952	(1,600)	1,352
951	(291)	660	Democratic Services	736	(2)	734
167	0	167	Internal Audit	173	0	173
3,074	(2,603)	471	Environmental Services, Licensing & Community Safety	4,186	(838)	3,348
398	(61)	337	Legal Services Client	377	(59)	318
107	3	110	Director of Place & Climate Change	0	0	0
61,923	(38,480)	23,443	Cost of Services	61,111	(33,716)	27,395
2,983	0	2,983	Parish Council Precepts	3,323	0	3,323
160	0	160	Levies	165	0	165
21,643	0	21,643	(Gains)Loss on the disposal of assets	175	0	175
24,786	0	24,786	Other Operating Expenditure	3,663	0	3,663
0	(116)	(116)	Net interest on defined pension liabilities	0	(130)	(130)
0	(1,699)	(1,699)	Interest receivable and similar income	0	(2,520)	(2,520)
557	0	557	Interest payable and similar expenses	871	0	871
47	0	47	Impairment losses, incl ECL	745	0	745
0	(145)	(145)	Gains and losses on financial assets	10	0	10
101	(1,956)	(1,855)	Income and expenditure in relation to investment properties and changes in their fair value	141	(2,291)	(2,150)
705	(3,916)	(3,211)	Financing and Investment Income and Expenditure	1,767	(4,941)	(3,174)
0	(11,751)	(11,751)	Council Tax Income	0	(12,521)	(12,521)
6,040	(6,917)	(877)	Non Domestic Rates	6,209	(7,786)	(1,577)
0	(5,536)	(5,536)	Non-ringfenced government grants	0	(4,965)	(4,965)
0	(19,637)	(19,637)	Capital grants and contributions	0	(20,088)	(20,088)
6,040	(43,841)	(37,801)	Taxation and non-specific grant income and expenditure	6,209	(45,360)	(39,151)
93,454	(86,237)	7,217	(Surplus) or Deficit on Provision of Services	72,750	(84,017)	(11,267)
		(3,583)	(Surplus) / Deficit on revaluation of non-current assets			(127)
		211	Re-measurement of the net defined benefit pension liability			863
		(3,372)	Other Comprehensive (Income) and Expenditure			736
		3,845	Total Comprehensive (Income) and Expenditure			(10,531)

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
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2025/26								
Balance at 1 April 2025	5,000	5,655	10,655	8,807	11,748	31,210	60,793	92,003
Movement in Reserves in 2025/26:								
Surplus / (deficit) on the provision of services (accounting basis)	11,267	0	11,267	0	0	11,267	0	11,267
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	(736)	(736)
Total Comprehensive Income and Expenditure	11,267	0	11,267	0	0	11,267	(736)	10,531
Adjustments between accounting and funding basis under regulation - <i>note 6</i>	(11,244)	0	(11,244)	(639)	5,823	(6,060)	6,060	0
Net increase/decrease before transfers to Earmarked reserves	23	0	23	(639)	5,823	5,207	5,324	10,531
Transfers to/from Earmarked reserves - <i>note 10</i>	(2,299)	2,299	0	0	0	0	0	0
Rounding adjustment	0	0	0	(1)	0	(1)	1	0
Increase/(Decrease) in Year	(2,276)	2,299	23	(640)	5,823	5,206	5,325	10,531
Balance at 31 March 2026	2,724	7,954	10,678	8,167	17,571	36,416	66,118	102,534

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
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2024/25								
Balance at 1 April 2024	5,000	4,433	9,433	8,300	10,284	28,017	67,830	95,847
Movement in Reserves in 2024/25:								
Surplus / (deficit) on the provision of services (accounting basis)	(7,217)	0	(7,217)	0	0	(7,217)	0	(7,217)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	3,372	3,372
Total Comprehensive Income and Expenditure	(7,217)	0	(7,217)	0	0	(7,217)	3,372	(3,845)
Adjustments between accounting and funding basis under regulation - <i>note 6</i>	8,439	0	8,439	507	1,464	10,410	(10,410)	0
Net increase/decrease before transfers to Earmarked reserves	1,222	0	1,222	507	1,464	3,193	(7,038)	(3,845)
Transfers to/from Earmarked reserves - <i>note 10</i>	(1,222)	1,222	0	0	0	0	0	0
Rounding adjustment	0	0	0	0	0	0	1	1
Increase/(Decrease) in Year	0	1,222	1,222	507	1,464	3,193	(7,037)	(3,844)
Balance at 31 March 2025	5,000	5,655	10,655	8,807	11,748	31,210	60,793	92,003

BALANCE SHEET

31-Mar-25			31-Mar-26
£'000			£'000
89,361	Property, Plant and Equipment	<i>Note 13</i>	93,685
13,599	Investment Properties	<i>Note 14</i>	15,187
208	Intangible Assets	<i>Note 15</i>	291
7,222	Long Term Investments	<i>Note 22</i>	4,636
9,848	Long Term Debtors	<i>Note 17</i>	29,569
877	Non-Current Assets Held for Sale	<i>Note 16</i>	0
121,115	LONG TERM ASSETS		143,368
9,346	Short Term Debtors	<i>Note 18</i>	19,692
8	Inventories		6
14,270	Cash and Cash Equivalents	<i>CFS</i>	16,494
23,624	CURRENT ASSETS		36,192
(6,228)	Short Term Creditors	<i>Note 19</i>	(5,387)
(386)	Provisions	<i>Note 20</i>	(133)
(3,033)	Short Term Borrowing	<i>Note 22</i>	(35,103)
(13,134)	Capital grants receipts in advance	<i>Note 21</i>	(8,320)
(22,781)	CURRENT LIABILITIES		(48,943)
(2,918)	Capital grants receipts in advance	<i>Note 21</i>	(1,422)
(25,985)	Long Term Borrowing	<i>Note 22</i>	(25,637)
(1,052)	Net Defined Pension liability	<i>Note 8</i>	(1,024)
(29,955)	LONG TERM LIABILITIES		(28,083)
92,003	NET ASSETS		102,534
5,000	General Fund		2,724
5,655	Earmarked Reserves	<i>Note 10</i>	7,954
8,807	Capital Receipts Reserve		8,167
11,748	Capital grants unapplied reserves		17,571
31,210	USABLE RESERVES		36,416
27,625	Revaluation Reserve		26,824
35,727	Capital Adjustment Account		41,001
40	Deferred capital receipts		39
(1,052)	Pensions Reserve		(1,024)
(584)	Collection Fund Adjustment Account		(145)
(185)	Accumulated Absences Account		(213)
(778)	Pooled Investment Funds Adjustment Account		(364)
60,793	UNUSABLE RESERVES	<i>Note 11</i>	66,118
92,003	TOTAL RESERVES		102,534

CASH FLOW STATEMENT

2024/25		2025/26
£'000		£'000
(18,934)	Taxation	(19,456)
(37,670)	Grants and Contributions	(28,099)
(12,949)	Sales of goods and rendering of services	(9,009)
(1,311)	Interest received	(649)
(191)	Other receipts from operating activities	(188)
(71,055)	Cash inflows generated from operating activities	(57,401)
11,138	Cash paid to and on behalf of employees	10,691
18,479	Housing benefit payments	16,790
6,040	NNDR levy and tariff payments	6,209
3,142	Precepts paid	3,488
18,250	Cash paid to suppliers of goods and services	16,338
624	Interest paid	807
9,446	Other operating cash payments	13,053
67,119	Cash outflows generated from operating activities	67,376
(3,936)	Net cashflows from operating activities	9,975
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,341)
13,915	Purchase of property, plant and equipment, investment property and intangible assets	9,608
4,473	Other payments for investing activities (loan to RDC Housing Company Ltd)	23,946
0	Disposal of investments – Hermes Property Fund	(2,576)
(24,561)	Other receipts from investing activities - Capital grants and contributions	(10,466)
(6,173)	Net cashflows from investing activities	19,171
(2,500)	Cash Receipts - long/short term borrowing	(62,500)
5,000	Repayments of long/short term borrowing	30,842
1,751	Changes in Council Tax balances held for preceptors	(411)
505	Changes in National Non-Domestic Rates balances held for preceptors	699
4,756	Net cashflows from financing activities	(31,370)
(5,353)	Net (Increase) / decrease in cash and cash equivalents	(2,224)
8,917	Cash and cash equivalents 1 April	14,270
5,353	Net increase/(decrease) in cash and cash equivalents	2,224
14,270	Cash and cash equivalents 31 March	16,494
1	Cash in hand	1
14,585	Call accounts and short-term deposits	16,941
(316)	Bank balances	(448)
14,270	Cash and cash equivalents 31 March	16,494

NOTES TO THE ACCOUNTING STATEMENTS

NOTE 1. ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26, 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 or annual garden waste subscriptions) 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.

Rother District Council holds investments and surplus property assets that are classified as Level 3 in the fair value hierarchy under IFRS 13, as their valuations rely on significant unobservable inputs.

Since Level 3 relies on assumptions, the valuation is highly exposed to uncertainty.

The following table summarises the valuation techniques, inputs, and sensitivity analyses:

Asset Group	Valuation techniques (RICS Global Standards – Market, Income and Cost)	Key unobservable inputs	Sensitivity
Investment properties	Market approach	Market evidence is used and adjusted to take account of the asset being valued i.e. size, location, condition, tenant covenant, where applicable etc. the adjustments can be to the rent, yield etc.	Sensitivity issues arise because small changes in unobservable inputs can cause large swings in fair value. As the market approach has been adopted, comparable evidence has been used and adjusted for location, condition, size etc. if this evidence or any changes in market conditions, this could have significant impact on the assumptions and value applied to the asset.
Surplus properties	Market approach	Market evidence is used and adjusted to take account of the asset being valued i.e. size, location, proposed use, site conditions where applicable etc. assumptions are made on the price achieved based on a number of assumptions.	Sensitivity issues arise because small changes in unobservable inputs can cause large swings in fair value. As the market approach has been adopted, comparable evidence has been used and adjusted for location, condition, size etc. if this evidence or any changes in market conditions, this could have significant impact on the assumptions and value applied to the asset.

NOTES TO THE ACCOUNTING STATEMENTS

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 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 would be 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

NOTES TO THE ACCOUNTING STATEMENTS

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, though decreasing 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.

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

NOTES TO THE ACCOUNTING STATEMENTS

(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.

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.

NOTES TO THE ACCOUNTING STATEMENTS

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.

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.

NOTES TO THE ACCOUNTING STATEMENTS

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.

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.

NOTES TO THE ACCOUNTING STATEMENTS

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)
- 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.

NOTES TO THE ACCOUNTING STATEMENTS

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.
- 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

NOTES TO THE ACCOUNTING STATEMENTS

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

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 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 2025/26 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 2026/27 or later years:

- 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 18 Presentation and Disclosure in Financial Statements replaced IAS 1 and introduces new requirements for the presentation of financial performance, including specified subtotals and enhanced disclosures. It is expected to be adopted by the Code from 1 April 2027.
- c) IFRS 19 Subsidiaries without Public Accountability: Disclosures permits eligible subsidiaries to apply reduced disclosure requirements. It is not expected to apply to local authorities.

NOTES TO THE ACCOUNTING STATEMENTS

d) Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments. These will clarify classification requirements and introduce additional disclosure requirements. They are expected to be adopted by the Code from 1 April 2026.

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 the financial outcomes dependent on build rates as well as value and pace of sales income. 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 materially different from the assumptions and estimates. The main items in the Council's Balance Sheet at 31st March 2026 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 £1.098m;
- A 0.1% increase in the Salary Increase Rate would result in an increase in the pension liability of £0.058m;
- A 0.1% increase in the Pension Increase Rate would result in an increase in the pension liability of £1.107m;
- A 1 year increase in estimated life expectancy would result in an increase in the pension liability of £3.408m.

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.

The carrying amount for the Pensions liability at the end of 2025/2026 was £1.024m.

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.

NOTES TO THE ACCOUNTING STATEMENTS

PPE and Investment Properties are one of the largest values on the balance sheet being £93.685m and £15.187m 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 £1.088m.

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 £1,737,000 for 2025/2026. 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%	£374,000
-10%	£132,000
10%	(£219,000)
20%	(£351,000)

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 £1,588,000. 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 £158,800.

Allowance for impact of rating appeals

There are a number of appeals against rating values outstanding, all relating to the 2023 list, and this Council is liable for its share (currently 40%) of the losses resulting from successful appeals.

The Council has made a provision for the likely impact on its yield of expected future successful appeals based on the 2023 lists for the period to the end of March 2026 based on work completed by external consultants Analyse Local and reviewed by LG Futures. There is now no provision for the 2010 and 2017 lists as all appeals should have been lodged and resolved by now. The allowance was decreased to £133,000 in 2025/2026.

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 2026, 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

2024/25			2025/26		
Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000	£'000	£'000	£'000
604	2	606	222	(9)	213
1,735	1,282	3,017	1,587	3,581	5,168
0	0	0	202	0	202
2,599	(322)	2,277	2,831	(399)	2,432
2,072	5,626	7,698	3,733	1,187	4,920
1,718	220	1,938	1,738	86	1,824
3	(3)	0	20	(6)	14
0	0	0	219	(1)	218
4,490	705	5,195	2,817	3,662	6,479
998	(31)	967	1,026	326	1,352
646	14	660	728	6	734
172	(5)	167	178	(5)	173
480	(9)	471	346	3,002	3,348
337	0	337	318	0	318
110	0	110	0	0	0
15,964	7,479	23,443	15,965	11,430	27,395
		Cost of Services			
(17,186)	960	(16,226)	(16,022)	(22,640)	(38,662)
(1,222)	8,439	7,217	(57)	(11,210)	(11,267)
		(Surplus) or Deficit on Provision of Services			
Earmarked Reserves	General Fund	Total	Earmarked Reserves	General Fund	Total
£'000	£'000	£'000	£'000	£'000	£'000
4,433	5,000	9,433	5,655	5,000	10,655
	(7,217)	(7,217)		11,267	11,267
1,222	7,217	8,439	2,299	(13,543)	(11,244)
5,655	5,000	10,655	7,954	2,724	10,678
		Closing General Fund balance			

NOTES TO THE ACCOUNTING STATEMENTS

Financing and Accounting Adjustments

	Capital and Assets	Pensions	Tax Collection	Other	Total
2025/26	£'000	£'000	£'000	£'000	£'000
Chief Executive	0	(7)	0	(2)	(9)
Corporate & Strategic Services	3,608	(27)	0	0	3,581
Deputy Chief Executive	0	(6)	0	6	0
Financial Services (incl. Revenues and Benefits)	0	(395)	0	(4)	(399)
Housing & Strategic Asset Management	1,261	(75)	0	1	1,187
Digital & Customer Services	128	(42)	0	0	86
Capital Development Team	0	(10)	0	4	(6)
Director of Governance & Community Services	0	(5)	0	4	(1)
Neighbourhood Services	3,698	(37)	0	1	3,662
Planning, Coastal & Emergency Management	385	(68)	0	9	326
Democratic Services	17	(12)	0	1	6
Internal Audit	0	(7)	0	2	(5)
Environmental Services, Licensing & Community Safety	3,066	(70)	0	6	3,002
Cost of Services	12,163	(761)	0	28	11,430
Other Income and Expenditure from the Expenditure and Funding Analysis	(21,658)	(130)	(439)	(413)	(22,640)
Total for 2025/26	(9,495)	(891)	(439)	(385)	(11,210)

Financing and Accounting Adjustments

	Capital and Assets	Pensions	Tax Collection	Other	Total
2024/25	£'000	£'000	£'000	£'000	£'000
Chief Executive	0	(5)	0	7	2
Corporate & Strategic Services	1,283	(11)	0	10	1,282
Deputy Chief Executive	0	0	0	0	0
Financial Services (incl. Revenues and Benefits)	0	(340)	0	18	(322)
Housing & Strategic Asset Management	5,631	(27)	0	22	5,626
Digital & Customer Services	221	(19)	0	18	220
Capital Development Team	0	(3)	0	0	(3)
Director of Governance & Community Services	0	0	0	0	0
Neighbourhood Services	711	(15)	0	9	705
Planning, Coastal & Emergency Management	0	(25)	0	(6)	(31)
Democratic Services	16	(5)	0	3	14
Internal Audit	0	(3)	0	(2)	(5)
Environmental Services, Licensing & Community Safety	4	(30)	0	17	(9)
Cost of Services	7,866	(483)	0	96	7,479
Other Income and Expenditure from the Expenditure and Funding Analysis	374	(116)	847	(145)	960
Total for 2024/25	8,240	(599)	847	(49)	8,439

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
2025/26					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Amortise Intangible Assets	(64)	0	0	64	0
Depreciation and impairment of non-current assets	(4,051)	0	0	4,051	0
Movements in value of Investment Properties	1,445	0	0	(1,445)	0
Disposal of non-current assets	(1,507)	0	0	1,507	0
Capital receipts to Usable Capital Receipts Reserve	1,341	(1,343)	0	2	0
Capital grants and contributions to Capital Grants Unapplied Reserve	7,829	0	(7,829)	0	0
Difference between accounting and statutory employment benefit	(27)	0	0	27	0
Difference between accounting and statutory credit for Council Tax	77	0	0	(77)	0
Difference between accounting and statutory credit for Non-Domestic Rates	362	0	0	(362)	0
Revenue Expenditure Financed from Capital under Statute	(8,582)	0	0	8,582	0
Difference between accounting and statutory credit for pension costs	891	0	0	(891)	0
Difference between accounting and statutory credit for pooled investment funds	413	0	0	(413)	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	1,038	0	0	(1,038)	0
Capital expenditure financed from Capital grants and contributions	12,079	1,982	2,006	(16,067)	0
Total for 2025/26	11,244	639	(5,823)	(6,060)	0

NOTES TO THE ACCOUNTING STATEMENTS

	General Fund Balance	Capital Receipts reserve	Capital grants unapplied	Unusable Reserves	Total
	£'000	£'000	£'000	£'000	£'000
2024/25					
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	1,185	0	0	(1,185)	0
Disposal of non-current assets	(22,290)	0	0	22,290	0
Capital receipts to Usable Capital Receipts Reserve	647	(672)	0	25	0
Capital grants and contributions to Capital Grants Unapplied Reserve	1,832	0	(1,832)	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	(5,883)	0	0	5,883	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
Rounding	(1)			1	0
Total for 2024/25	(8,439)	(507)	(1,464)	10,410	0

NOTES TO THE ACCOUNTING STATEMENTS

NOTE 7A. EXPENDITURE AND INCOME ANALYSED BY NATURE

2024/25		2025/26
Surplus / Deficit on the Provision of Services		Surplus / Deficit on the Provision of Services
£'000		£'000
13,222	Employee benefits expenses	13,027
48,350	Other service expenses	50,090
557	Interest payments	871
6,493	Depreciation, amortisation, impairment etc	3,581
3,142	Precepts and levies	3,488
21,643	Loss on the disposal of assets	938
47	IFRS Adjustments	745
0	Changes in value of Long term investments	10
93,454	Total Expenditure	72,750
(14,340)	Fees, charges and other service income	(15,740)
(1,185)	Investment Properties changes in fair value	(1,445)
(1,815)	Interest and investment income	(2,650)
(18,669)	Council Tax and Non-Domestic Rate income	(20,307)
(50,083)	Grants and Contributions	(43,875)
0	Gains on the disposal of assets	0
(145)	Changes in the value of long term investments	0
(86,237)	Total income	(84,017)
7,217	Net	(11,267)

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:

2024/2025		2025/2026
£'000		£'000
	Corporate, Neighbourhood & Strategic Services	
10	Other income	9
	Housing & Strategic Asset Management	
1	Feed in tariff	1
44	Other income	24
	Digital & Customer Services	
26	Street Naming/House Numbering and other income	101
	Neighbourhood Services	
2,418	Car Parks	2,641
1,874	Refuse Collection	1,878
205	Cemeteries	158
99	Other income	71
	Planning	
600	Planning Applications	856
191	Land Charges	193
125	Planning Enquiries	236
	Democratic Services	
3	Other income	2
	Environmental Services, Licensing & Community Services	
96	Alcohol Licensing	95
84	Taxi Licensing	84
93	Other income	76
	Resources	
49	Printing Services	0
5,918	Total included in Comprehensive Income and Expenditure Statement	6,425

NOTES TO THE ACCOUNTING STATEMENTS

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. 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.

As administering authority to the Fund, East Sussex County Council, after consultation with the Fund Actuary (Barnett Waddingham) 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 31st March 2025 and contributions for the period from 1st April 2026 to 31st March 2029 were set accordingly. The previous reports were carried out using the roll forward approach, rolling forward from the 31 March 2022 valuation results. The 2025 valuation results have now been allowed for in the current report and resulted in an experience item in both the asset and liability figures. These are to be expected following a valuation and are a consequence of the compounding impact of a difference between the expected results and the actual experience.

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.

2024/25 £'000	Comprehensive Income and Expenditure Statement	2025/26 £'000
1,378	Current Service Cost	1,217
103	Past service cost (inc. curtailments)	104

NOTES TO THE ACCOUNTING STATEMENTS

1,481	Cost of Services	1,321
(116)	Net interest expense / (income)	(130)
(116)	Financing and Investment Income and Expenditure	(130)
1,365	Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	1,191
3,489	Return on plan assets, less included in interest expense	(871)
	Actuarial gains & losses:	
(224)	Changes in demographic assumptions	351
(10,611)	Changes in financial assumptions	(2,413)
(205)	Other	6,251
	Other Actuarial Gains and losses (experience of 2025 valuation)	(2,987)
7,762	Changes as a result of Asset Ceiling plus interest	532
211	Remeasurement of the net defined benefit liability	863
1,576	Total Comprehensive Income and Expenditure Statement	2,054
	Movement in Reserves Statement	
1,365	Reversal of items relating to retirement benefit debited or credited to the Comprehensive Income and Expenditure Statement	1,191
(1,964)	Employer's pension contributions and direct payments to pensioners payable in the year	(2,082)
(599)	Total taken to Note 6	(891)

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.

2024/25		2025/26
£'000	Reconciliation of Fair Value of Employer Assets (scheme Assets):	£'000
105,930	Value of Assets at 1 April	105,412
5,352	Interest income on plan assets	5,900
506	Contributions by Members	542
1,964	Contributions by the Employer	2,082
(3,489)	Return on assets excluding amounts recognised in Other Comprehensive Income	871
(4,760)	Benefits Paid	(3,699)
(91)	Administration expenses	(99)
0	Other Actuarial gains and (losses)	2,987
105,412		113,996

Reconciliation of Defined Benefit Obligation (scheme Liabilities):

(88,751)	Value of Liabilities at 1 April	(79,132)
(1,287)	Current Service Cost	(1,118)
(103)	Past service cost (incl. curtailments)	(104)
(4,285)	Interest Cost	(4,233)

NOTES TO THE ACCOUNTING STATEMENTS

	(506) Contribution by Members	(542)
	Actuarial Gains and (Losses):	
	224 Change in demographic assumptions	(351)
	10,611 Change in financial assumptions	2,413
	205 Other experience gains and (losses)	(6,251)
	4,760 Benefits Paid	3,699
	<u>(79,132)</u>	<u>(85,619)</u>
	26,280 Pension liability at 31 March 2026	28,377
Reconciliation of Pension Asset Ceiling		
	(18,619) Opening impact of asset ceiling	(27,332)
	(951) Interest on impact of asset ceiling	(1,537)
	(7,762) Actuarial losses/(gains)	(532)
	<u>(27,332)</u>	<u>(29,401)</u>
<hr/>		
	(1,052) Net defined pension liability at 31 March 2026	(1,024)

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:

- The Employer is a scheduled body and assumed to participate indefinitely.
- 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. Any surplus recognised is based on the economic benefit from a reduction in contributions.
- Primary contributions are considered to be a minimum funding requirement (MFR – it aims to ensure that a scheme's assets cover its liabilities)
- The Employer has a negative secondary contribution rate which was included in the calculation of the MFR. The appropriate period of assessment for the present value of the negative secondary contributions is the lesser of their expected participation period and the surplus spreading period
- The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £29,401k, the initial impact of the asset ceiling is £29,401k.

The Employer reports under IAS19, however there is no onerous funding commitment to assess since the Employer is not currently making any contributions towards a funding deficit.

The final deficit to be recognised is £1,024,000.

NOTES TO THE ACCOUNTING STATEMENTS

Fair value of employer assets

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

Asset Category	31 March 2026		
	Quoted Prices in Active Markets	Prices not quoted in Active markets	Total
	%	%	%
Index Linked Government Securities:			
UK	0	9.0	9.0
Overseas	0	0	0
Corporate Bonds:			
UK	0	0	0
Overseas	0	9.0	9.0
Equities:			
UK	0	0	0
Overseas	8.0	33.0	41.0
Property (all)	0	6.0	6.0
Others:			
Absolute return portfolio	0	17.0	17.0
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
Totals	10.0	90.0	100.0

The estimated return on the Fund, on a bid value to bid value basis, for the year to 31st March 2026 is 6.5% (1.78% for the year to 31 March 2025.). The Employer's share of the assets of the Fund is approximately 2.16%.

The estimated asset allocation for Rother District Council at 31st March 2026 is as follows:

31 March 2025			31 March 2026	
Total	Asset Category		Total	
£'000	%		£'000	%
68,617	65%	Equities	73,158	64%
18,523	18%	Bonds	21,914	19%
15,581	15%	Property	15,913	14%
2,691	3%	Cash	3,011	3%
105,412	100%		113,996	100%

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

NOTES TO THE ACCOUNTING STATEMENTS

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 31st March 2026.

2024/25		2025/26
2.90%	Rate of increase in salaries	3.90%
2.90%	Rate of increase in pensions (CPI)	2.90%
5.8%	Rate for discounting scheme liabilities	6.1%
3.2%	RPI Inflation	3.3%

In addition the actuary has allowed for actual ONS CPI inflation observed between March 2025 and March 2026 which is reflected in the experience loss/(gain) on defined benefit obligation figure in the results.

The projections of liabilities assume the following mortality rates:

2024/25		2025/26
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
20.9	Men	22.0
23.9	Women	24.2
	Longevity at 65 for future pensioners:	
21.9	Men	23.5
25.4	Women	25.9

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%)	(1,074)	1,098
Rate of increase in salaries (increase or decrease by 0.1%)	58	(58)
Rate of increase in pensions (increase or decrease by 0.1%)	1,107	(847)
Longevity (increase or decrease in 1 year)	3,408	(3,259)

Impact on the Council's Cash Flows

The Council anticipates paying £1,094,000 of contributions to the scheme in 2026/27.

NOTES TO THE ACCOUNTING STATEMENTS

NOTE 9. INCOME FROM GRANTS AND CONTRIBUTIONS

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

2024/25 £'000		2025/26 £'000
(7)	Covid grants and related support	(18)
(16,661)	DWP benefits grants	(14,642)
(3,714)	Other Grants and Contributions	(4,161)
(19)	New Burdens Grants	(2)
(20,401)	Total within Cost of Services	(18,823)
2024-25 £'000		2025-26 £'000
(73)	New Burden Grant	(129)
(222)	Benefits Administration Grant	(221)
(136)	New Homes Bonus	(317)
(3,892)	Section 31 Grant Income	(3,493)
(1,212)	Other grants	(804)
(19,495)	Grants and contributions towards capital expenditure	(16,234)
(4,510)	Grants for revenue financed from capital under statute*	(3,674)
(142)	Unused DFG grant moved to the Grants reserve	(180)
(29,682)	Total within Taxation and non-specific grant income	(25,052)
(50,083)	Total income from grants and contributions	(43,875)

***REFCUS grants were disclosed within Cost of Services in 2024/2025, now moved to section where capital grants are disclosed**

Other Grants and Contributions figure of £4,185,000 includes among others:

- £1,270,000 Pack UK PePR funding
- £201,000 Food collections resource funding
- £977,000 Homelessness Prevention Grant (£707,000 in 2024/25)
- £223,000 Household Support Funding grant funded by East Sussex County Council (£263,000 in 2024/25)
- Afghan and Syrian Resettlement Scheme Grants from the government to fund these schemes totalling £309,000 (£571,000 in 2024/25).
- £36,000,000 in revenue Levelling Up Partnership funding (£280,000 in 2024/2025) and £209,000 in Plan for Neighbourhoods funding (£178,000 in 2024/2025)
- £267,000 in revenue UK Shared Prosperity Funding (£484,000 in 2024/2025)

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. £160,000 (£244,000 in 2024/25) was paid to Ukrainian hosts in 2024/2025 and a grant to the same value was received or accrued.

NOTES TO THE ACCOUNTING STATEMENTS

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 2024	Transfers out	Transfers in	Balance at 31 March 2025	Transfers out	Transfers in	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Medium Term Financial Strategy Reserve	0	(156)	547	391	(157)	128	362
Repairs and Renewals Reserve	543	0	31	574	(31)	0	543
Housing Company Loan Accrued Interest Reserve	0	0	0	0	0	1,870	1,870
Corporate Development Reserve	28	0	0	28	0	0	28
Planning Improvement & LDF Reserve	84	(13)	354	425	(137)	116	404
Grants Reserve	3,778	(123)	582	4,237	(4)	514	4,747
Total	4,433	(292)	1,514	5,655	(329)	2,628	7,954

The transfer to reserves shown in the MIRS as at the 31st March 2026 is £2,299,000 (£2,628,000 – £329,000). In 2024-2025 there was a transfer of £1,222,000. Please note, the majority of the earmarked reserves is made up of grants received to be spent on specific eligible expenditure rather than to support the overall operation of council services. Also, a new earmarked reserve was set up in respect of interest earned but not yet paid on the loan provided to Rother DC Housing Company Ltd.

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.
Housing Company Loan Accrued Interest Reserve	A reserve created from loan interest accrued and accounted for in the accounts but not yet received.
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.

NOTES TO THE ACCOUNTING STATEMENTS

NOTE 11. UNUSABLE RESERVES

Revaluation Reserve

2024/25		2025/26
£'000		£'000
25,837	Balance 1 April	27,625
	Comprehensive Income & Expenditure:	
3,583	Gain/(loss) on revaluation of assets	127
	Accounting/Financing Adjustments:	
(276)	Depreciation charged to Revaluation Reserve	(544)
(1,519)	Other movements*	(384)
27,625	Balance 31 March	26,824

* Removal of Revaluation reserve amounts on Disposals and reclassifications

Capital Adjustment Account

2024/25		2025/26
£'000		£'000
44,117	Balance 1 April	35,727
	Accounting/Financing Adjustments:	
(150)	Amortisation of Intangible Assets	(64)
(1,356)	Depreciation of non-current assets	(1,737)
(4,987)	Impairment of non-current assets	(1,780)
1,185	Movements in value of Investment Properties	1,445
(22,290)	Disposals of non-current assets	(1,507)
(5,883)	Revenue Expenditure Financed from Capital under Statute	(8,527)
591	Minimum revenue provision	1,038
22,706	Capital expenditure financed from Capital grants and contributions	16,067
276	Depreciation charged to Revaluation Reserve	544
1,520	Other movements*	384
0	Correction - Removal of REFCUS exp from AUC re 24-25	(55)
	Expected Credit Loss on the Loans Provided to Rother DC Housing Company Ltd	(534)
(2)	Rounding	
35,727	Balance 31 March	41,001

*Removal of Revaluation reserve amounts on Disposals and reclassifications

Deferred Capital Receipts Reserve

2024/25		2025/26
£'000		£'000
65	Balance 1 April	40
0	Addition of Finance lease – council as a lessor	0
	Accounting / Financing Adjustments:	
(25)	Deferred receipts received to Capital Receipts Reserve	(2)
	Rounding	1
40	Balance 31 March	39

NOTES TO THE ACCOUNTING STATEMENTS

Pensions Reserve

2024/25		2025/26
£'000		£'000
(1,440)	Balance 1 April	(1,052)
	Comprehensive Income & Expenditure:	
(211)	Remeasurement of the net defined benefit liability	(863)
	Accounting / Financing Adjustments:	
	Difference between accounting and statutory credit for pension costs	891
599		891
(1,052)	Balance 31 March	(1,024)

Collection Fund Adjustment Account

2024/25		2025/26
£'000		£'000
263	Balance 1 April	(584)
	Accounting / Financing Adjustments:	
	Difference between accounting and statutory credit for Council Tax	77
(265)		
	Difference between accounting and statutory credit for Non-Domestic Rates	362
(583)		
	Rounding	
1		
(584)	Balance 31 March	(145)

Accumulated Absences Account

2024/25		2025/26
£'000		£'000
(89)	Balance 1 April	(185)
	Accounting / Financing Adjustments:	
(96)	Difference between accounting and statutory employment benefit	(28)
	Rounding difference	
(185)	Balance 31 March	(213)

Pooled Investment Funds Adjustment Account

2024/25		2025/26
£'000		£'000
(923)	Balance 1 April	(778)
	Comprehensive Income & Expenditure:	
0	Realised loss on Pooled Investment funds	414
145	Gain/(Loss) revaluation Pooled Investment funds	0
(778)	Balance 31 March – overall nominal gain (loss) on original investment	(364)

NOTES TO THE ACCOUNTING STATEMENTS

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.

2024/2025		2025/2026
£'000		£'000
49,343	Opening Capital Financing Requirement 1 April	50,498
	Capital Investment	
13,571	Property, Plant and Equipment	8,488
140	Intangible assets	146
5,883	Revenue Expenditure Funded from Capital under Statute (REFCUS)	8,582
4,859	Loans to RDC Housing	25,816
(591)	Minimum Revenue Provision	(1,038)
	Sources of finance	
(18,031)	Government grants and other contributions	(7,282)
(4,510)	Grants and contributions towards REFCUS	(6,581)
0	Other capital contributions	(221)
(165)	Use of Capital Receipts	(1,982)
(1)	Rounding	
50,498	Closing Capital Financing Requirement 31 March	76,426

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

30-Mar-25		30-Mar-26
£'000		£'000
90,238	Property, Plant and Equipment and Assets Held for Sale	93,685
13,599	Investment Properties	15,187
208	Intangible Assets	291
9,807	Long Term Debtor	35,088
(27,625)	Revaluation Reserve	(26,824)
(35,727)	Capital Adjustment Account	(41,001)
(2)	Rounding	0
50,498		76,426

NOTES TO THE ACCOUNTING STATEMENTS

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 2025	67,401	2,603	15,855	7,335	3,473	96,667
Additions	1,311	1,020	32	6,936	0	9,299
Disposals*	(627)	(15)	0	0	0	(642)
Impairment losses	(1,598)	0	0	0	(182)	(1,780)
Reclassifications**	121	(26)	(57)	(3,458)	3,277	(143)
Revaluations	1,608	0	0	0	(1,481)	127
Other movements***	0	0	0	(811)		(811)
Rounding					(1)	(1)
Value 31 March 2026	68,216	3,582	15,830	10,002	5,086	102,716
Cumulative Depreciation:						
Opening value 1 April 2025	(2,131)	(830)	(4,345)	0	0	(7,306)
Charge for the year	(1,134)	(274)	(329)	0	0	(1,737)
Disposals	7	5	0	0	0	12
Reclassifications	0	0	0	0	0	0
Revaluations	0	0	0	0	0	0
Other movements						
Balance 31 March 2026	(3,258)	(1,099)	(4,674)	0	0	(9,031)
Net book value 31 March 2026	64,958	2,483	11,156	10,002	5,086	93,685

*The disposals are transfers of property to voluntary organisations, local charities and parish councils. Assets in question are 34 Devonshire Road, Factory Marsh Allotments, Love at Love Lane, Rye and Public Conveniences adjacent to the Bexhill Museum. Vehicles, Plant & Equipment disposal represents the de-recognition of an asset at the end of its useful economic life.

** There were a number of reclassifications of assets in 2025/2026 mainly to reflect the inclusion of assets in the accelerating devolution programme £3,277,000 as well as completions of assets previously having been under construction with the notable example of Camber Sands Welcome Centre and a couple of temporary accommodation properties with the total transfer value of £3,756,000 transfers from Assets Under Construction to Operational Land and Buildings, There are also movements to Investment Properties where the use and purpose of holding assets has changed.

***Other movements figure consists of £756,000 worth of Assets Under Construction regarding capital projects which the Council decided not to proceed with (Old Lydd Road development, Town Hall Renaissance project and some smaller projects which did not proceed beyond feasibility studies). It also includes £54,000 which should not have been capitalised in 2024/2025 but should have instead been treated as Revenue Expenditure Funded from Capital Under Statute. This refers to Sidley Waste Depot which was planned to be purchased from East Sussex County Council but which in view of the Local Government Reorganisation will continue to be used on a short term lease.

	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

NOTES TO THE ACCOUNTING STATEMENTS

Additions	3,549	460	11	10,307	0	14,327
Disposals*	(86)	0	0	(19,967)	(2,236)	(22,289)
Impairment losses	(4,897)	0	0	0	(90)	(4,987)
Reclassifications**	(660)	383	110	(1,576)	2,220	477
Revaluations	3,693	0	0	0	(110)	3,583
Other movements***	0	0	0	(756)	0	(756)
Value 31 March 2025	67,401	2,603	15,855	7,335	3,473	96,667
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)
Net book value 31 March 2025	65,270	1,773	11,510	7,335	3,473	89,361

*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 and the devolution of Devonshire Square.

** There were a number of reclassifications of assets in 2024/2025 to reflect the changes in their use or commencement or completion of their development. These included £1,3m worth of temporary accommodation properties becoming operational and moving from Assets Under Construction to Land and Buildings. An industrial site was reclassified as a Surplus Asset. There are also movements to and from Investment Properties where the use and purpose of holding assets has changed.

***Other movements figure consists of £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. £14,327,000 Additions less £756,000 Other Movements is reflected as £13,571,000 in Note 12.

The Council arranged for a full revaluation of 20% of its land and property (including its investment property) as at 31 March 2026 while the remainder of assets were subject to indexation where appropriate indexes had been identified. The valuation exercise was undertaken and indexation data provided by 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 as well as a large number of newly reclassified assets being subject to devolution. 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 3 of the Fair Value hierarchy (see Note 1.9 above), both at the start and end of the financial year.

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 2026 the Council had a number of material commitments relating to capital expenditure on Property Plant and Equipment and grant funded Revenue expenditure funded from Capital Under Statute. There is ongoing

NOTES TO THE ACCOUNTING STATEMENTS

work and associated commitments of £846,000 regarding the Heart of Sidley Project. Similarly, work is ongoing on the refurbishment of the Colonnade with commitments of £107,000. Projects initiated in 2025/2026 include a further commitment in 2026/2027 of £1,249,000 to purchase the main fleet of waste vehicles and a significant investment in the Fairlight Coastal protection scheme (£301,000). There were also large commitments regarding Bexhill Community Hub (£275,000), Blackfriars Site (£699,000), LUF/LRF funded DLWP project (£1,506,000) and Sidley Waste Depot site £177,000. There were also a total £608,000 of other smaller capital commitments. For details of the capital programme please refer to the narrative report.

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:

2024/25		2025/26
£'000		£'000
(771)	Rental income from investment property	(846)
101	Direct operating expenses arising from investment property	141
<u>(1,185)</u>	Net (gains)/losses from in year fair value adjustments	<u>(1,445)</u>
<u>(1,855)</u>	Total	<u>(2,150)</u>

Balance Sheet movements in Investment Properties during the year:

2024/25		2025/26
£'000		£'000
12,891	Balance at start of the year	13,599
0	Disposals	0
1,185	Net gains/(loss) from fair value adjustments	1,445
395	Assets reclassified from Property Plant & Equipment	143
(313)	Assets reclassified to Other Land and Buildings	0
<u>(559)</u>	Assets reclassified to Surplus Properties	<u>0</u>
<u>13,599</u>	Balance at end of the year	<u>15,187</u>

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 Fair Values 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 31st March 2026 has been undertaken by Bruton Knowles with values updated accordingly.

NOTES TO THE ACCOUNTING STATEMENTS

NOTE 15. INTANGIBLE ASSETS

2024/25 RESTATED £'000		2025/26 £'000
	Cost	
939	Opening Gross Carrying Amount 1 April	419
140	Additions	146
(660)	De-recognition on completion	(177)
419	Gross Carrying Amount 31 March	388
	Cumulative Amortisation	
(721)	Opening Accumulated Amortisation 1 April	(211)
(150)	Amortisation for the year	(64)
660	Accumulated Amortisation on de-recognition	177
(211)	Accumulated Amortisation 31 March	(98)
	Rounding	1
208	Net Carrying Amount	291

NOTE 16. NON CURRENT ASSETS HELD FOR SALE

The Council had only one asset held for sale at the end of 2024/2025. It was Plot 2 of Land at Mount View Street and it had a carrying value of £877,000. It had been subject to an Options Agreements with an NHS. The fair value of Plot 2 was £2,330,000 as at 31 March 2025, however as per the Code it was being held at the lower of the carrying value and the fair value less cost to sell. It was sold in March 2026 for £1,119,169 as agreed in the original Options Agreement and the council's solicitors completed an overage agreement in favour of the council.

NOTE 17. LONG TERM DEBTORS

The Council lent to its wholly owned subsidiary, Rother DC Housing Company Limited, £33,027,300 to 31 March 2026 to enable it to develop much needed housing in the district. Interest accrued on the loan amounts to £2,595,375 giving a total of £35,622,675.

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 agreement provided the company with a secured development facility of £40,000,000.

The council sought and accepted external advice from consultants Arlingclose regarding potential expected credit loss in relation to the loan and accordingly reduced the loan value on the balance sheet by £568,000. The individual loan tranches with the associated interest amounts will be repaid in stages in line with the expected stages of home sales. First loan repayments are scheduled to take place during 2026/27 and the last ones are expected to be repaid by 31 January 2029.

Consequently, the loan value has been split between the long term amount of £29,530,000 and the short term amount expected to be repayable within the next 12 months of £5,524,706

The remainder of the long term debtor balance on the balance sheet consists of £39,000 Finance Lease receivable.

NOTES TO THE ACCOUNTING STATEMENTS

NOTE 18. SHORT TERM DEBTORS

31 March 2025		31 March 2026
£'000		£'000
1,886	Central government bodies	2,087
2,320	Other Local Authorities & Public Bodies	1,824
18	NHS	37
6,710	All other bodies	18,001
10,934	Total short term debtors before impairment provision	21,949

Impairment provision of short term debtors

31 March 2025		31 March 2026
£'000		£'000
(720)	Local taxation	(1,204)
(278)	Housing Benefits	(280)
(304)	Housing	(359)
(286)	Other	(414)
(1,588)	Total impairment	(2,257)
<hr/>		
9,346	Total Short Term Debtors	19,692

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 2025	Business rates agency balances due	31 March 2026
£'000		£'000
7	Central government	590
2	Major precepting authorities	118
9	Total	708

NOTE 19. SHORT TERM CREDITORS

31 March 2025		31 March 2026
£'000		£'000
	Amounts falling due within one year:	
(491)	Central government bodies - revenue grants received in advance	(26)
(470)	Central government bodies – non grant creditors	(1,163)
(197)	Local Authorities & Other Public bodies – revenue grants received in advance	(283)
(1,201)	Other Local Authorities & Public Bodies – non grant creditors	(426)
(3,869)	All other bodies	(3,489)
(6,228)	Total short term creditors	(5,387)

NOTES TO THE ACCOUNTING STATEMENTS

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 decreased from £386,000 to £133,000 during 2025/26.

Contingent Liabilities - Municipal Mutual Insurance Limited (MMI)

In 1993 the Council's insurers, MMI, ceased accepting new business. On 13th 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 30th 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 28th 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.

There has been a claim recorded within 2025/2026 in relation to potential relevant liability, however, the council's Insurance advisers have stated that they are confident that it will be successfully defended, therefore no liability will arise from it and no provision is required.

Pension scheme legal case

A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation.

This may form part of case law and can therefore be expected to apply across other schemes.

The appeal against it was unsuccessful. East Sussex Pension Fund confirmed in their accounts last year that HM Treasury had started reviewing the records of all public sector pension schemes and is assessing the implications of this case. As a result on 18 September 2025 the government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted out benefits complied with statutory requirements. The proposal will apply to LGPS. The bill is expected to receive Royal Assent in 2026. The LGPS scheme actuary is the Government Actuary's Department (GAD) and is in the process of reviewing historic amendments to the LGPS in this context.

NOTE 21. CAPITAL GRANTS RECEIPTS IN ADVANCE

31 March 2025 £'000		31 March 2026 £'000
	Amounts falling due within one year:	
	Levelling Up Partnership Grant	
1,649	• Temporary Accommodation	0
658	• Camber Welcome Centre	0
580	• Rye Swimming Pool and Leisure Centre Improvements	22
4,743	• Barnhorn Green Health Centre	4,594
63	• Rural Rother Mobile Community Hub	0
469	• Bexhill Community Hub	168
189	• Pelham Community Centre	16

NOTES TO THE ACCOUNTING STATEMENTS

6	• Beeching Road Studios	6
	• Investment in DISC (Database & Intranet for Safer Communities)	2
2		2
	• Capacity Pots for the Rye, Bexhill and Battle Chambers of Commerce	3
65		3
50	• Rother's Wine Economy	50
14	• Other	14
724	Food Waste Collection Grant	0
6	S106 Blackfriars Employment and Skills Plan Contribution	0
501	Local Authority Housing Fund	167
5	S106 Mount View Employment and Skills Plan contribution	0
162	Brownfield Land Release Fund – short term	112
122	Brownfield Land Release Fund 2 – short term	0
28	Coronation Living Heritage - Community Orchards	5
19	Coronation Living Heritage Fund - Micro Woods Grant	3
124	Electric Vehicle Grant	0
0	UKSPF grant capital element	5
2,955	LUF Capital Grant	1,633
0	DLWP Project - National Lottery Heritage Fund Grant	229
0	S106 Unit 10 Ravenside, Bexhill-on-Sea	640
0	S106 Barnhorn Road Willow Drive	266
0	S106 Land off Pebsham Lane, Bexhill	134
0	S106 Worsham Farm	234
0	S106 Land Off Fryatts Way - Employment and Skills Plan Contribution	17
13,134	Total short term capital grants received in advance	8,320
Amounts falling due after one year (all other bodies):		
862	S106 Unit 10 Ravenside, Bexhill-on-Sea	0
709	S106 Land off Pebsham Lane, Bexhill	575
167	S106 Station Road, Northiam	167
37	S106 The Saltings	37
266	S106 Barnhorn Road Willow Drive	0
876	S106 Worsham Farm	642
1	S106 Other	1
2,918	Total long term capital grants received in advance	1,422

On the 21st 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. The council is undertaking capital improvements to the leisure centres as part of its capital programme and all the relevant funds are expected to be spent within 2026/2027.

On the 13th 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 31st March 2026 is £709,000, however £134,000 is expected to be spent in the short term on the major refurbishment of the leisure centre.

NOTES TO THE ACCOUNTING STATEMENTS

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
Total Receipts	818
Expenditure	
Coombe Valley Countryside Park	(109)
Balance	709

On 24th 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. £234,000 of that balance has now been moved to a short-term creditor as it is expected to be spent within 2026/2027 on the refurbishment of the leisure centres.

In the financial year 2024/2025 the council received £18,000,000 of Levelling Up Partnership funding. Almost half of that amount was spent within the first year. In 2025/2026 another £3,615,000 was spent on eligible projects leaving £4,874,000 which 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 2026/2027 as reflected in the short term grants section above.

Two capital grants, Electric Vehicle Grant ORCS grant and Brownfield Land Release Fund 2 Grant regarding Old Lydd Road project had to be repaid to the government due to projects having been abandoned.

NOTE 22. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

31 March 2025			31 March 2026	
Book Value	Fair Value		Book Value	Fair Value
£'000	£'000		£'000	£'000
		Financial assets at fair value through profit and loss		
7,222	7,222	Group 1- Commercial Investments in line with Treasury Management Policy	4,636	4,636
		Financial assets at amortised Cost		
41	41	Group 1 - Commercial investments in line with Treasury Management Policy	39	39

NOTES TO THE ACCOUNTING STATEMENTS

9,807	9,681	Group 2 - Loans to related parties	29,530	29,148
17,070	16,944	Long term Assets	34,205	33,823
		Financial Assets at amortised cost		
0	0	* Group 2 Loans to related parties	5,525	5,811
0	0	Short term investments/assets	5,525	5,811
851	851	Short Term Debtors	221	221
4,527	4,527	Trade accounts receivable	8,925	8,925
14,585	14,585	Bank deposits less than 3 months	16,941	16,943
(315)	(315)	Cash and bank accounts	(447)	121
19,648	19,648	Other financial assets at amortised cost	25,640	26,210
36,718	36,592	Total Financial Assets	65,370	65,844

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

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 2025		31 March 2026	
Book Value £'000	Fair Value £'000	Book Value £'000	Fair Value £'000
(2,957)	(2,957)	(2,745)	(2,745)
(2,508)	(2,508)	(7,026)	(7,026)
(525)	(525)	(28,077)	(27,967)
(5,990)	(5,990)	(37,848)	(37,738)
0	0	0	0
(25,985)	(13,441)	(25,637)	(12,815)
(25,985)	(13,441)	(25,637)	(12,815)
(31,975)	(19,431)	(63,485)	(50,553)

Valuation Techniques for Fair Values

The fair values valuations for PWLB loans and the loans to the Housing Company with maturity beyond 12 months 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.

NOTES TO THE ACCOUNTING STATEMENTS

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 MUFG Corporate Markets 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 31st March 2026 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%
- 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 £10mIn or 10%

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 2025/26 of past experience:

The council does not generally allow credit for customers such that £975,000 is past due for payment. The past due not impaired is analysed as follows:

31 March 2025		31 March 2026	
£'000		£'000	
31	0 to 28 days	19	
26	1st reminder - 29 to 42 days	45	
24	2nd reminder - 43 to 55 days	7	

NOTES TO THE ACCOUNTING STATEMENTS

711	Over 55 days	904
<u>792</u>	Total	<u>975</u>

Debtors include trade receivables of £8,925,000 (£4,527,000 at 31st March 2025)). The historical experience of default is 6.63% (31st March 2025 9.52%) with an estimated exposure to default of non-collection of £608,000 (31st March 2025 £431,000). The Council has provided £608,000 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 2026	Historical Experience of Default	Estimated maximum exposure to default and uncollectability at 31 March 2026
		£'000	%	£'000
Deposits more than 3 months				
None		0		0
		<u>0</u>		
Short-Term Deposits - less than 3 months (excluding accrued interest)				
Santander 31 Day Notice Account and call account	A or better	0	0.04%	0
Lloyds Banking Group	A or better	17,062	0.04%	7
Customer Debtors		<u>8,925</u>	6.63%	<u>591</u>
Total		<u>25,987</u>		<u>598</u>

Expected Credit Loss Assessment

The council obtained professional advice regarding an assessment of the Expected Credit Loss in relation to the loans provided to its wholly owned subsidiary the Rother DC Housing Company Limited. Bearing in mind the following factors:

- the amounts advanced to the company to 31 March 2026
- the remaining amount the Council is committed to still advance to it under the existing Development Funding Agreement
- its latest cashflow with maturities for individual loan principal and interest repayments
- assuming a credit rating for the housing company using Moody's methodology
- adoption of a discount rate of 7.60% to arrive at a fair value for the loan

the 12 month Expected Credit Loss has been calculated as £567,898, applied to the loan book value and expensed in the CIES. £534,285 of that amount was subsequently reversed in the general fund as per regulations as it relates to the amount of the original capital expenditure. Regulations also state that Minimum Revenue Provision MRP must be made on capital loans made primarily for service reasons equal to the ECL charge. This only applies to loans made after 7th May 2024 and it does not apply to the ECL for any loan commitment. The resulting charge to the General Fund as part of MRP was £372,018.

Gains and Losses

31 March 2025 £'000		31 March 2026 £'000
47	Impairment change (gain)/loss	177
0	Gains and losses arising from the derecognition of financial assets measured at amortised cost – Expected Credit loss on the Housing Company Loan	568
(145)	(Gains)/losses on financial assets measured at fair value through profit and loss	10*
<u>(98)</u>	Total	<u>755</u>

NOTES TO THE ACCOUNTING STATEMENTS

* The loss on the Hermes Property fund investment was realised on disposal of the asset. £10,000 was charged to the CIES and £413,000 was released from the unusable reserves where it was held on the basis of statutory override.

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 short and long 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 2025	PWLB and Market	31 March 2026
£'000		£'000
3,570	Less than one year	36,903
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
31,298	Maturing in more than ten years	30,425
43,604	Total	76,064

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 3.87% (4.67% for 2024/25). The drop was due to lower overall cash balances available to invest. This performance does not include the accrued interest from the loans provided to Rother DC Housing Company Ltd.

If interest rates had been 1% higher at 31st March 2026 with all other variables held constant, the financial effect would be:

Increase or decrease in interest receivable on variable rate investments	£'000
	167
Impact on Surplus/Deficit on Provision of Services	167

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 31st March 2026 an investment in the Local Authorities' (CCLA) Property Fund valued at £4.6m the same as 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.

Any gains or losses resulting from property fund investments are only realised if the Council decides 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.

The Council held at 31st March 2025 an investment in the Hermes Property Fund valued at £2.6m. The fund was transferred to another entity and local authorities were not allowed to be part of that transfer, therefore the investment had to be withdrawn.

As the Hermes investment was disposed of in 2025/2026 it resulted in the realised loss to the council of £424,000 of which £413,000 was incurred in previous years and was held in unusable and another £10,000 loss incurred during

NOTES TO THE ACCOUNTING STATEMENTS

2025/2026. The full amount has now affected the General Fund. The investment earned the council £682,000 in interest since inception in 2018.

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.

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.

2024/25		2025/26	
Environmental Health		Environmental Health	
£'000		£'000	
1,933	Total expenditure	1,839	
(34)	Income	(57)	
1,899	Net Cost	1,782	
(723)	Recharged to Rother District Council	(664)	
(1,176)	Recharged to partner councils	(1,118)	
(1,899)	Total recharges	(1,782)	
0	Net Cost	0	

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:

31 March 2025		31 March 2026	
£'000		£'000	
50	Not later than one year	48	
43	Later than one year and not later than five years	21	
93	Total	69	

NOTES TO THE ACCOUNTING STATEMENTS

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:

31 March 2025		31 March 2026
£'000		£'000
1,665	Not later than one year	2,160
5,834	Later than one year and not later than five years	6,773
<u>21,588</u>	Later than five years	<u>19,399</u>
<u>29,087</u>	Total	<u>28,332</u>

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 2025/2026 the Council received £135,726 in contingent rents, compared to £340,000 in 2024/25.

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.

By the decision of RDC Cabinet on 13 April 2026 Land at Hoads Wood & Mountain Field was approved to be sold for £60,000 affecting the figures below:

	31 March 2026
	£'000
Finance Lease receivable	
Current	2
Non-Current	37
Interest	4
Total	<u>43</u>

	31 March 2026
	£'000
Gross investment in lease	
Not later than one year	1
Later than one year and not later than five years	6
Later than five years	7
Total	<u>14</u>

	31 March 2026
	£'000
Minimum lease payments	
Not later than one year	1
Later than one year and not later than five years	30
Later than five years	12
Total	<u>43</u>

NOTES TO THE ACCOUNTING STATEMENTS

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:

2024/25 £'000		2025/26 £'000
244	Members Allowances	255
3	Travelling Expenses	2
<u>247</u>	Total	<u>257</u>

NOTE 26. OFFICERS' REMUNERATION AND EXIT PACKAGES

Remuneration over £50,000 at 31st March 2026

The numbers of employees (including senior employees disclosed separately below) whose remuneration and cost of compensation for loss of office, but excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were:

2024/25 Restated	Band	2025/26
12	£50,000 - £54,999	14
8	£55,000 - £59,999	8
2	£60,000 - £64,999	1
4	£75,000 - £79,999	4
0	£80,000 - £84,999	1
2	£85,000 - £89,999	0
0	£95,000 - £99,999	1
1	£100,000 - £104,999	0
1	£105,000 - £109,999	1
0	£130,000 - £134,499	1
1	£140,000 - £144,999	1
<u>31</u>		<u>32</u>

Senior Officer Remuneration

The Council's Senior Employees' remuneration was as follows:

Financial Year: 2025/2026

Senior Employee	Salary Inc. fees & Allowances	Compensation for loss of office	Pension Contributions	Total Remuneration
Chief Executive	142,189		28,722	170,911

NOTES TO THE ACCOUNTING STATEMENTS

Deputy Chief Executive	68,261	36,930	13,530	118,721
Director of Governance & Community Services	93,091		18,713	111,804
Director of Resources/ prev Head of Service-Finance	97,698		19,490	117,188
Head of Service - Digital and Customer Services	77,657		0	77,657
Head Of Service - Housing and Assets	79,251		15,663	94,914
Head of Service - Neighbourhood Services	59,745		11,786	71,531
Head of Service - Planning, Coastal and Emergency Planning	82,657		16,369	99,026
Head of Service- Corporate, Neighbourhood and Strategic Services	76,005		14,989	90,994
Head of Service Environmental Services, Licensing and Community Safety	77,657		15,332	92,989
TOTALS	854,211	36,930	154,594	1,045,735

Financial Year: 2024/2025

Senior Employee	Salary Inc. fees & Allowances	Compensation for loss of office	Pension Contributions	Total Remuneration
Chief Executive	135,837	0	27,404	163,241
Deputy Chief Executive	105,750		21,176	126,926
Director of Resources/ prev Head of Service-Finance	18,641		3,931	22,572
Head of Service - Digital and Customer Services	75,106			75,106
Head Of Service - Housing and Regeneration	75,106		15,311	90,417
Head of Service - Neighbourhood Services	75,106		14,803	89,909
Head of Service - Planning	10,544		2,224	12,768
Head of Service- Corporate, and Strategic Services	63,319		12,446	75,765
Head of Service Environmental Services, Licensing and Community Safety	75,106	0	14,978	90,084
TOTALS	634,515	0	112,273	746,788

NOTES TO THE ACCOUNTING STATEMENTS

Exit Packages

2024/25				Exit package cost band	2025/26			
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	
3	1	4	22	£0 - £20,000	2	0	2	25
1	1	2	74	£20,001-£40,000	2	1	3	110
1	1	2	125	£60,000 - £80,000	0	0	0	0
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
5	3	8	221	Total	4	1	5	135

NOTE 27. EXTERNAL AUDIT COSTS

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

2024/25		2025/26
£'000		£'000
167	External audit services	172
45	Other services	45
212	Total	217

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.

NOTES TO THE ACCOUNTING STATEMENTS

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 2025/2026 3 councillors were the directors of the Board 1 of whom resigned in May 2025. At 31 March 2026 the company owed the Council £33,027,300 plus interest compared to £9,083,100 at the end of 2024/2025.

Members

Members of the Council have direct control over the Council's financial and operating policies. During 2025/26 related party transactions to the value of £26,775,595 as shown below, took place with organisations in which Members had a related party interest. The total includes the loan provided to the housing company.

Members are obliged by the Council's Constitution to record in a Members' Register of Interests any personal interest, financial and/or otherwise, in any business of the Council. The Members' Register of Interests, which is maintained by the Monitoring Officer, is available on the Council's website.

Four members of the Council are also members of East Sussex County Council. The total of members' allowances paid in the year is shown in Note 25.

2024/25		2025/26	Nature of transactions
Restated*			
18,500	18 Hours Ltd	24,300	Grant funding and contributions
26,147	Battle Town Council	401,500	Grant funding and contributions
16,579	Bexhill Town Council	0	Grant funding and contributions
15,000	Bexhill United Football Club	0	Grant funding and contributions
10,000	Board of Community Supporters	0	Grant funding and contributions
85,000	Citizens Advice 1066	85,000	SLA
19,997	Combe Valley Community Interest Company	0	Grant funding and contributions
592,421	De La Warr Pavilion Charitable Trust	713,014	Grant funding and contributions
641,816	East Sussex County Council	959,956	Various services, grants and contributions
154,354	Romney Marshes Area Internal Drainage Board	159,000	Levies
4,473,000	Rother DC Housing Company Ltd	23,946,000	Loans to subsidiary
62,995	Rother Voluntary Action	347,500	SLA and grant funding and contributions
37,850	Rye and District Chamber of Commerce	51,125	Grant funding and contributions
16,573	Sedlescombe Parish Council	0	Grant funding and contributions
18,460	Ticehurst Parish Council	61,974	Grant funding and contributions
0	Westfield Parish Council	26,226	Grant funding and contributions
6,188,692		26,775,595	

*2024/2025 figures are shown as restated following the review of the approach in 2025/2026 where the disclosure excludes organisations based on the immateriality of the transaction to them or the council, or both. They were added for comparison purposes.

NOTES TO THE ACCOUNTING STATEMENTS

** 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 two invoices totalling £1,422,000 raised by the council to the housing company for the Community Infrastructure Levy incurred by the company on commencement of development of the Blackfriars site.

Officers

During 2025/26 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.

East Sussex County Council pension fund

The Council made payments totalling £2,082,000 during 2025/26 to East Sussex County Council as the administering body for the East Sussex Local Government pension fund, compared to £1,964,000 in 2024/25. 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 Director of Resources and S151 Officer on 29 June 2026. 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 31st March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

COLLECTION FUND STATEMENT

2024/25		2025/26
£'000		£'000
	<u>Council Tax</u>	
	INCOME	
(95,867)	Income from Council Taxpayers	(103,223)
	Apportionments of previous year deficit:	
0	East Sussex County Council	(302)
0	Sussex Police Authority	(43)
0	East Sussex Fire Authority	(18)
0	Rother District Council	(51)
(3)	Transfer from General Fund-S13(1)(c) Discounts	(25)
(95,870)		(103,662)
	EXPENDITURE	
	Precepts and demands on Collection Fund	
69,705	East Sussex County Council	74,096
9,914	Sussex Police Authority	10,593
4,213	East Sussex Fire Authority	4,464
11,787	Rother District Council	12,495
	Apportionments of previous year surplus	
1,346	East Sussex County Council	0
191	Sussex Police Authority	0
83	East Sussex Fire Authority	0
229	Rother District Council	0
	Bad & Doubtful Debts	
199	Write offs of uncollectable income	450
353	Provision for uncollectable income-addition	950
	Rounding	
98,020		103,048
2,150	Movement on Fund Balance - (surplus)/deficit	(614)
	FUND BALANCE FOR COUNCIL TAX	
(1,944)	Balance brought forward	206
2,150	Deficit/(Surplus) for year	(614)
206	Balance - (surplus)/deficit carried forward	(408)

COLLECTION FUND STATEMENT

2024/25 £'000		2025/26 £'000
	<u>Non-Domestic Rates</u>	
	INCOME	
(16,191)	Income from Ratepayers (note 3)	(19,798)
	Apportionments of previous year deficit	
(504)	Government	(990)
(91)	East Sussex County Council	(178)
(10)	East Sussex Fire Authority	(20)
(404)	Rother District Council	(792)
(858)	Transitional relief	(146)
(18,058)		(21,924)
	EXPENDITURE	
	Precepts and demands on Collection Fund	
9,879	Government	10,271
1,778	East Sussex County Council	1,849
198	East Sussex Fire Authority	205
7,904	Rother District Council	8,217
	Bad & Doubtful Debts	
15	Write offs of uncollectable income	68
(745)	Provision for uncollectable income	882
	Impairments resulting from appeals	
(1,925)	Write offs of uncollectable income	(827)
2,251	Provision for uncollectable income	195
160	Transfer to General Fund - Cost of Collection Allowance	159
	Rounding	
19,515		21,019
1,457	Movement on Fund Balance - (surplus) / deficit	(905)
	FUND BALANCE FOR NON-DOMESTIC RATES	
(59)	Balance brought forward	1,398
1,457	(Surplus)/deficit for year	(905)
1,398	Balance - (surplus)/deficit carried forward	493
	TOTAL COLLECTION FUND BALANCE	
(2,003)	Balances brought forward	1,604
3,607	(Surplus)/deficit for year	(1,519)
1,604	Balance - (surplus)/deficit carried forward	85

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). Please note some small rounding differences apply.

	Number of Chargeable Dwellings	Relationship to Band D	Band D Equivalent*
	Total		
Band & Value			
Band A - up to £40,000 (disabled)	4.8	5/9	2.7
Band A - up to £40,000	3,273.5	6/9	2,182.3
Band B - over £40,000 up to £52,000	5,049.2	7/9	3,927.4
Band C - over £52,000 up to £68,000	7,913.6	8/9	7,034.2
Band D - over £68,000 up to £88,000	8,318.0	9/9	8,318.9
Band E - over £88,000 up to £120,000	6,915.3	11/9	8,451.9
Band F - over £120,000 up to £160,000	3,843.6	13/9	5,551.9
Band G - over £160,000 up to £320,000	2,641.1	15/9	4,401.8
Band H - over £320,000	250.5	18/9	501.0
	38,209.6		40,372.1

*Rounding applied, shown here as originally published

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 2025/26 were:

- 49.9p for qualifying Small Businesses (no change from 2024/25)
- 55.5 for other businesses (54.6p in 2024/25) – the standard multiplier

The rateable value at the 31st March 2026 was £60,681,721 (£60,753,225 at 31 March 2025).

NOTE 3 - INCOME FROM RATEPAYERS

2024/25		2025/26
£'000		£'000
(29,617)	Gross rates payable	(31,250)
8,542	Mandatory business rate reliefs	8,479
3,074	Retail discount relief (coronavirus)	185
(6)	COVID-19 Additional Relief Fund (CARF)	(3)
1,686	Other business rate reliefs	2,756
(16,321)	Total	(19,833)

GROUP ACCOUNTS

GROUP ACCOUNTS

GROUP INTRODUCTION

Introduction

The purpose of the Group Accounts is to provide a picture of Rother District Council and the group of companies and other entities, which are either controlled or are significantly influenced by the Council. The Group Accounts show the full extent of the Authority's wider assets and liabilities. While the Group Accounts are not primary statements, they provide transparency and enable comparison with other entities that have different corporate entities.

The Group Accounts include the following:

- Group Comprehensive Income and Expenditure Statement - summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accrual's basis.
- Group Movement in Reserves - shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group reserves.
- Group Balance Sheet - reports the Council Group financial position at the year-end.
- Group Cash Flow Statement - shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, financing and investing activities.
- Notes to the Group Accounts where the balances are materially different to those in the single entity accounts.

Results of the Subsidiary

The following notes provide additional details about the Authority's involvement in the entity consolidated to form the group accounts.

Rother DC Housing Company Limited

The company is a housing development vehicle for the Council and is structured as a private company limited by shares. The Council holds 1 Ordinary share of £1 in the company and as such the Council has dominant control of the company by virtue of being 100% shareholder. The Council is also sole funder for the Company and the financing provisions are contained within a Development Facility Agreement (DFA).

The company builds property to sell to Registered Providers (i.e. affordable homes) and to the public.

For 2025/26, the company's results showed a loss of £2.106m (£0.697m restated loss in 2024/25), and net liabilities of £6.938m (£4.832m at 31 March 2025). During 2025/26 the company took out further loans of £23.946m. The oldest loans are planned to start being repaid in June 2026.

A copy of the company's accounts can be obtained from the Directors, Rother District Council, Town Hall, London Road, Bexhill on Sea, TN39 3JX or downloaded from the Companies House website (<https://find-and-update.company-information.service.gov.uk/company/12968898/filing-history>). The accounts are compiled by the company and audited by Menzies LLP.

GROUP COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

Expenditure RESTATED	2024/25				2025/26		
	Income	Net	Net		Expenditure	Income	Net
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
606	0	606	Chief Executive	213	0	213	
6,352	(3,335)	3,017	Corporate & Strategic Services	5,825	(657)	5,168	
0	0	0	Deputy Chief Executive	202	0	202	
21,636	(19,359)	2,277	Financial Services (incl. Revenues and Benefits)	20,001	(17,569)	2,432	
13,198	(5,218)	7,980	Housing & Strategic Asset Management	9,803	(4,564)	5,239	
2,031	(93)	1,938	Digital & Customer Services	1,945	(121)	1,824	
805	(805)	0	Capital Development Team	1,113	(1,099)	14	
0	0	0	Director of Governance & Community Services	218	0	218	
10,239	(5,044)	5,195	Neighbourhood Services	12,993	(6,514)	6,479	
2,411	(1,444)	967	Planning, Coastal & Emergency Management	2,952	(1,600)	1,352	
951	(291)	660	Democratic Services	736	(2)	734	
167	0	167	Internal Audit	173	0	173	
3,074	(2,603)	471	Environmental Services, Licensing & Community Safety	4,186	(838)	3,348	
398	(61)	337	Legal Services Client	377	(59)	318	
107	3	110	Director Place and Climate Change	0	0	0	
61,975	(38,250)	23,725	Cost of Services	60,737	(33,023)	27,714	
2,983	0	2,983	Parish Council Precepts	3,323	0	3,323	
160	0	160	Levies	165	0	165	
21,643	0	21,643	(Gains)\Loss on the disposal of assets	175	0	175	
24,786	0	24,786	Other Operating Expenditure	3,663	0	3,663	
0	(116)	(116)	Net interest on defined pension liabilities	0	(130)	(130)	
0	(1,315)	(1,315)	Interest receivable and similar income	0	(733)	(733)	
588	0	588	Interest payable and similar expenses	871	0	871	
47	0	47	Impairment losses, incl ECL	745	0	745	
0	(145)	(145)	(Gains) and losses on financial assets	10	0	10	
101	(1,956)	(1,855)	Income and expenditure in relation to investment properties and changes in their fair value	141	(2,291)	(2,150)	
736	(3,532)	(2,796)	Financing and Investment Income and Expenditure	1,767	(3,154)	(1,387)	
0	(11,751)	(11,751)	Council Tax Income	0	(12,521)	(12,521)	
6,040	(6,917)	(877)	Non Domestic Rates	6,209	(7,786)	(1,577)	
0	(5,536)	(5,536)	Non-ringfenced government grants	0	(4,965)	(4,965)	
0	(19,637)	(19,637)	Capital grants and contributions	0	(20,088)	(20,088)	
6,040	(43,841)	(37,801)	Taxation and non-specific grant income and expenditure	6,209	(45,360)	(39,151)	
93,537	(85,623)	7,914	(Surplus) or Deficit on Provision of Services	72,376	(81,537)	(9,161)	
		(3,583)	(Surplus) / Deficit on revaluation of non-current assets			(127)	
		211	Re-measurement of the net defined benefit pension liability			863	
		(3,372)	Other Comprehensive (Income) and Expenditure			736	
		4,542	Total Comprehensive Income and Expenditure			(8,425)	

GROUP 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	Authority's share of the reserves of subsidiaries	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2025/26										
Balance at 1 April 2025	5,000	5,655	10,655	8,807	11,748	31,210	60,793	92,003	(4,832)	87,171
Movement in Reserves in 2025/26:										
Total comprehensive income and expenditure	9,161	0	9,161	0	0	9,161	(736)	8,425	0	8,425
Adjustments between group accounts and authority accounts	2,106	0	2,106	0	0	2,106	0	2,106	(2,106)	0
Adjustment to company's accounts to conform with the authority's accounting policy									(1,422)	(1,422)
Net increase or decrease before transfers	11,267	0	11,267	0	0	11,267	(736)	10,531	(3,528)	7,003
Adjustments between accounting and funding basis under regulation - note 6	(11,244)	0	(11,244)	(639)	5,823	(6,060)	6,060	0	0	0
Net increase/decrease before transfers to Earmarked reserves	23	0	23	(639)	5,823	5,207	5,324	10,531	(3,528)	7,003
Transfers to/from Earmarked reserves - note 10	(2,299)	2,299	0	0	0	0	0	0	0	0
Rounding adjustment	0	0	0	(1)	0	(1)	1	0	0	0
Increase/(Decrease) in Year	(2,276)	2,299	23	(640)	5,823	5,206	5,325	10,531	(3,528)	7,003
Balance at 31 March 2026	2,724	7,954	10,678	8,167	17,571	36,416	66,118	102,534	(8,360)	94,174

GROUP 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	Authority's share of the reserves of subsidiaries	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
2024/25										
Balance at 1 April 2024	5,000	4,433	9,433	8,300	10,284	28,017	67,830	95,847	(4,135)	91,712
Movement in Reserves in 2024/25:										
Total comprehensive income and expenditure	(7,914)	0	(7,914)	0	0	(7,914)	3,372	(4,542)	0	(4,542)
Adjustments between group accounts and authority accounts	697	0	697	0	0	697		697	(697)	0
Net increase or decrease before transfers	(7,217)	0	(7,217)	0	0	(7,217)	3,372	(3,845)	(697)	(4,542)
Adjustments between accounting and funding basis under regulation - note 6	8,438	0	8,438	507	1,464	10,409	(10,409)	0	0	0
Net increase/decrease before transfers to Earmarked reserves	1,221	0	1,221	507	1,464	3,192	(7,037)	(3,845)	(697)	(4,542)
Transfers to/from Earmarked reserves - note 10	(1,222)	1,222	0	0	0	0	0	0	0	0
Rounding adjustment	1	0	1	0	0	1	0	1	0	1
Increase/(Decrease) in Year	0	1,222	1,222	507	1,464	3,193	(7,037)	(3,844)	(697)	(4,541)
Balance at 31 March 2025	5,000	5,655	10,655	8,807	11,748	31,210	60,793	92,003	(4,832)	87,171

GROUP BALANCE SHEET

31-Mar-25		31-Mar-26
£'000		£'000
89,361	Property, Plant and Equipment	93,685
13,599	Investment Properties	15,187
208	Intangible Assets	291
7,222	Long Term Investments	4,636
40	Long Term Debtors	39
877	Non-Current Assets Held for Sale	0
111,307	LONG TERM ASSETS	113,838
9,194	Short Term Debtors	14,525
6,620	Inventories	28,733
14,377	Cash and Cash Equivalents	17,546
30,191	CURRENT ASSETS	60,804
(7,819)	Short Term Creditors	(8,829)
(386)	Provisions	(133)
(3,033)	Short Term Borrowing	(35,103)
(13,134)	Capital grants receipts in advance	(8,320)
(24,372)	CURRENT LIABILITIES	(52,385)
(2,918)	Capital grants receipts in advance	(1,422)
(25,985)	Long Term Borrowing	(25,637)
(1,052)	Net Defined Pension liability	(1,024)
(29,955)	LONG TERM LIABILITIES	(28,083)
87,171	NET ASSETS	94,174
168	General Fund	(5,636)
5,655	Earmarked Reserves	7,954
8,807	Capital Receipts Reserve	8,167
11,748	Capital grants unapplied reserves	17,571
26,378	USABLE RESERVES	28,056
27,625	Revaluation Reserve	26,824
35,727	Capital Adjustment Account	41,001
40	Deferred capital receipts	39
(1,052)	Pensions Reserve	(1,024)
(584)	Collection Fund Adjustment Account	(145)
(185)	Accumulated Absences Account	(213)
(778)	Pooled Investment Funds Adjustment Account	(364)
60,793	UNUSABLE RESERVES	66,118
87,171	TOTAL RESERVES	94,174

GROUP CASH FLOW STATEMENT

2024/25		2025/26
RESTATED		£'000
(18,934)	Taxation	(19,456)
(37,670)	Grants and Contributions	(28,099)
(12,949)	Sales of goods and rendering of services	(8,837)
(1,313)	Interest received	(731)
(191)	Other receipts from operating activities	(188)
(71,057)	Cash inflows generated from operating activities	(57,311)
11,138	Cash paid to and on behalf of employees	10,691
18,479	Housing benefit payments	16,790
6,040	NNDR levy and tariff payments	6,209
3,142	Precepts paid	3,488
18,532	Cash paid to suppliers of goods and services	16,584
624	Interest paid	807
9,446	Other operating cash payments	13,053
67,401	Cash outflows generated from operating activities	67,622
(3,656)	Net cashflows from operating activities	10,311
0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,214)
18,008	Purchase of property, plant and equipment, investment property and intangible assets	32,660
0	Disposal of investments – Hermes Property Fund	(2,576)
(24,561)	Other receipts from investing activities – Capital grants and contributions	(9,981)
(6,553)	Net cashflows from investing activities	17,889
(2,500)	Cash Receipts - long/short term borrowing	(62,500)
5,000	Repayments of long/short term borrowing	30,842
1,751	Changes in Council Tax balances held for preceptors	(411)
505	Changes in National Non-Domestic Rates balances held for preceptors	699
4,756	Net cashflows from financing activities	(31,370)
(5,453)	Net (Increase) / decrease in cash and cash equivalents	(3,170)
8,924	Cash and cash equivalents 1 April	14,377
5,453	Net increase/(decrease) in cash and cash equivalents	3,170
14,377	Cash and cash equivalents 31 March	17,547
1	Cash in hand	1
14,585	Call accounts and short-term deposits	16,941
(209)	Bank balances	605
14,377	Cash and cash equivalents 31 March	17,547

NOTES TO THE GROUP ACCOUNTS

Notes to the Group Accounts

Note 1 Group Accounting Policies

The Group Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards ("IFRS").

The Council has consolidated its interests in all the entities over which it exercises control or significant influence. Rother DC Housing Company Limited have been consolidated because it is material to the Council's balance sheet.

The results of Rother DC Housing Company Limited has been consolidated on a line-by-line basis as a subsidiary.

Where the company uses different accounting policies to the Council, its accounts have been restated to re-align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Intra-group transactions have been eliminated before consolidation on a line-by-line basis.

Inventories

Within the Group Accounts, inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential. There has been a change to the housing company's accounting policy and applied retrospectively whereby finance costs are not fully expensed in the year rather than partly capitalised as inventory. The accounts have been restated accordingly.

Note 2 Group Property, Plant and Equipment

This note provides a reconciliation from the carrying amount of Group's property, plant and equipment at the beginning of the period to the carrying amount at the end of the period with details of all movements.

The company's only assets are inventories (see below) so the Group Accounts are not materially different to those in the single entity accounts. Details of the Council's property plant and equipment are shown in Note 13 to the single entity accounts.

Note 3 Group Inventories

The carrying amount of Group inventories as 31 March 2026 is £30,149m (£0,612m as at 31 March 2025 as restated). The company has contributed the majority of the value of group inventories being the work in progress on the housing units to be completed by 2026/2027.

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.