

## **Independent auditor's report to the members of Eastbourne Borough Council**

In our auditor's report issued on 11 March 2025, we explained that we could not formally conclude the audit and issue an audit certificate for Eastbourne Borough Council ('the Authority') for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- completed the work necessary in relation to consolidation returns, including Whole of Government Accounts (WGA), and the National Audit Office (NAO) had concluded their work in respect of WGA for the year ended 31 March 2024. The NAO has now concluded their work in respect of WGA for the year ended 31 March 2024 and confirmed that audit certificates that are open in relation to this can be issued. We are therefore satisfied all audit work necessary has been completed.

### **Disclaimer of opinion**

In our auditor's report for the year ended 31 March 2024 issued on 11 March 2025 we reported that, we did not express an opinion on the accompanying financial statements of the Authority or the group. Because of the significant matters described in the basis for disclaimer of opinion of our auditor's report, we were unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

## **Report on other legal and regulatory requirements - the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

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

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

In our auditor's report for the year ended 31 March 2024 issued on 11 March 2025 we reported that:

We have nothing to report in respect of whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024 except on 27 February 2025 we identified significant weaknesses:

- in how the Authority plans and manages its resources to ensure it can continue to deliver its services. This related to the impact of financial pressures, arising primarily from an increase in temporary accommodation costs, on the Authority's budgets and financial plans. These pressures required the Authority to obtain Exceptional Financial Support approved by the government. We recommended the Authority should ensure it continues to manage demand for temporary accommodation; its transformation work delivers the expected outcomes; it makes further applications for Exceptional Financial Support as appropriate; and the Authority should consider and prepares contingency plans for different outcomes.
- in the Authority's arrangements for governance, relating to risk management. Risk management was not fully embedded across the Authority. We noted that the Authority's risk management policy was out of date and concluded there were weaknesses in its arrangements for maintaining and reporting on risk registers. We recommended the Authority reviews its strategic risk register to ensure it accurately reflects the key risks; establishes departmental risk registers; updates its risk management policy, articulating its risk appetite and describing the RAG methodology to be used; and reports risks to Cabinet at least annually and to Audit and Governance Committee quarterly.
- in the Authority's arrangements for governance, related to the failure to implement Internal Audit recommendations. We recommended the Authority should ensure that management

action Internal Audit recommendations promptly by agreed dates and the Audit and Governance Committee establishes an escalation policy to hold management to account for any overdue recommendations.

- in the Authority's arrangements for governance in respect of financial reporting. The Authority did not produce its 2023/24 financial statements for audit by the statutory deadline of 31 May 2024, with draft statements only published on 17 January 2025 because of capacity issues within the Authority's finance team and the need to produce financial statements for preceding financial years. We recommended the Authority should prepare its draft 2024/25 financial statements by the statutory deadline of 30 June 2025, supported by a full suite of working papers agreed with the auditor to support good financial governance and accountability.
- in the Authority's arrangements for governance, in respect of its commercial companies. We recommended the Authority improve its arrangements by agreeing: the role of the shareholder and the mechanism to set and monitor strategic direction and manage performance (such as a shareholder committee or board); business plans for all its commercial companies; the role of officers and councillors as directors, considering the advantages and disadvantages of the Leader of the Council and Cabinet Portfolio Holders holding directorships; the role of scrutiny; how conflicts of interest could be managed and minimised by introducing a conflicts of interest policy.
- in the Authority's arrangements for improving economy, efficiency and effectiveness. This related to weaknesses in the management of the Authority's grounds maintenance contract. We recommended the Authority should assess the effectiveness of contract management arrangements for all its significant contracts by: reviewing and identifying corrective action where appropriate; continuing to enhance the management of its ground maintenance contract; and evaluating the training needs and guidance tools to its contract managers to support them in their role.

No matters have come to our attention since that date that would have resulted in any additional exception reporting on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

### **Responsibilities of the Authority**

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

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

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

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

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

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

## **Report on other legal and regulatory requirements – Audit certificate**

We certify that we have completed the audit of Eastbourne Borough Council for the year ended 31 March 2024 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

### **Use of our report**

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

*Darren Wells*

Darren Wells, Key Audit Partner

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

London

14 August 2025