



Lewes District Council

Draft

Statements of Account

2025/26



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GLOSSARY

To define the terms and phrases found in these accounts.

FOREWORD FROM THE DIRECTOR OF FINANCE AND PERFORMANCE

I am pleased to welcome you to Lewes District Council's Statement of Accounts for 2025/26. This narrative report aims to provide an overview of the Council's financial context and key activities during the year, ensuring transparency and accountability to our residents, stakeholders, and partners. It outlines how we have managed our resources to deliver our key priorities.

Lewes District Council (the Council) remains committed to fulfilling services that matter most to our residents, supporting those in greatest need, prioritising improving our frontline customer service, tackling the climate emergency and leaving a strong legacy for the future unitary local council(s).

The financial year 2025/26 has seen the UK-wide economy underperforming with persistent inflation, low growth and higher interest rates. International events have caused economic turbulence that is compounding cost-of-living pressures for our residents. Whilst the Council achieved a balance budget for 2025/26 and for 2026/27, we have forecasted rising shortfalls in following years presenting significant challenges, requiring even greater prudence and a steadfast focus on building stronger resilience. However, we remain unwavering in our commitment to delivering our much-valued services and achieving our strategic objectives, all while placing the support of our communities at the very heart of our mission.

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

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

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

In the face of ongoing challenges for local government, the Council has thus far succeeded in maintaining and strengthening its services, as well as investing in new areas of community support. This prudent and resilient approach will remain central to our work in 2026/27 and beyond, as we pursue our ambitions within the evolving context of Local Government Reorganisation (LGR) and Devolution.

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

As a result of this the Council contributed to the production of an Interim Plan, setting out an LGR proposal which was submitted jointly by the East Sussex County, district and borough councils on 21 March 2025. The joint proposal "One East Sussex" would see replacing East Sussex's six existing councils - Eastbourne Borough Council, Lewes District Council, East Sussex County Council, Hastings Borough Council, Rother District Council, and Wealden District Council - with a single unitary council. The Government received the submissions however has not yet decided on the future shape of local government in East Sussex but has sought further public consultation on a proposed variation which would see parts of Lewes District transferred to Brighton & Hove.

However, even as the pace of change continues to increase, the Council will strive to meet its ongoing strategic priorities and continue to work towards, including:

- Net Zero commitment

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

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

I wish to thank all of our officers and in particular our Finance team who have once again worked hard to close the accounts to a high standard. I also want to acknowledge the excellent work carried out to balance the 2025/26 budget, and to monitor and manage the financial position of the Council throughout the financial year. Careful financial administration allows fully informed decision making when determining the best use of Council resources so that services of the best possible quality can be delivered.

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

Homira Javadi CPFA, FCCA, ACCA

Director of Finance and Performance (S151 Officer)



A. NARRATIVE REPORT

A.1 INTRODUCTION

The Statement of Accounts contains all the financial statements and disclosure notes required by statute. They have been prepared in accordance with 2025/26 Code of Practice on Local Authority Accounting in the United Kingdom (the Code), based on International Financial Reporting Standards and the Service Reporting Code of Practice, together with guidance notes and published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

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

- Understand the overarching financial position of the Council and the outturn for 2025/26.
- Have confidence that the public money with which the Council has been entrusted has been used and accounted for in an appropriate manner.
- Be assured that the financial position of the Council is sound and secure.

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

- About the Council
- The Council's main objectives and strategy to achieve these
- The principle risks we face
- The outcomes against our objectives
- Financial performance of the Council in 2025/26.
- Staffing
- Explanation of Financial Statements
- Further Information

A.2 ABOUT THE COUNCIL

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

Our responsibilities include:



Waste collection and recycling



Housing and homelessness prevention



Environmental health



Leisure and amenities



Collection of council tax and business rates



Tourism



Planning



Democracy - local and general elections

Local services that fall outside of our scope are provided by East Sussex County Council across the whole county. These include education, children and family services, adult social care and health, roads and transport, waste disposal and libraries.

Unlike some of the neighbouring councils, Lewes District Council (the Council) is a large landlord, letting around 3,200 houses and flats to tenants.

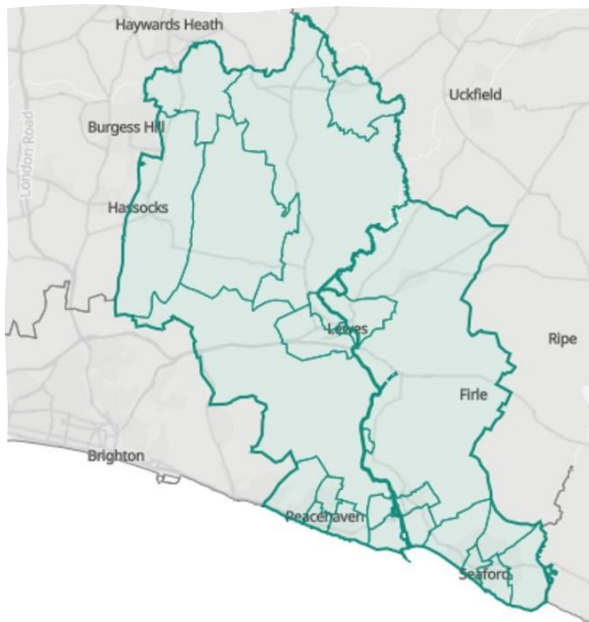
A. NARRATIVE REPORT

A.2.1 EXTERNAL ENVIRONMENT IN WHICH WE OPERATE

Residents, businesses and visitors benefit from the beautiful landscapes and historic environment in the Lewes district. The diverse and attractive countryside includes chalk cliffs and Downlands, shingle beaches, heathland, wetland and areas of ancient woodland. A significant proportion of the district is situated within the South Downs National Park. The County Town, Lewes, is at the heart of the district and is a popular historic tourist destination. Lewes district has a vibrant and diverse contemporary arts scene and boasts a rich cultural heritage which is important to its economic prosperity.

A.2.2 THE COMMUNITY

Lewes district is made up of towns, villages and rural areas with a combined population of around 102,300 (2024 ONS mid-year estimate). 77 per cent of residents live within the five urban areas of Lewes, Newhaven, Peacehaven, Seaford and Telscombe Cliffs/East Saltdean. The rest live in our 23 rural parishes. The population grew by 2.5 per cent since the 2011 census however our population is projected to grow by 9.6 per cent by 2033. Life expectancy is slightly higher than the national average. Around 20 per cent of people are living with a limiting long-term illness and 20.4 per cent have a disability, with both ratios likely to rise over the next decade or so.



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www.lewes-eastbourne.gov.uk

A.2.3 THE ECONOMY

We benefit from an entrepreneurial economy with self-employment being a significant feature of our district, representing 19 per cent of the economically active population. 17 per cent of business units in the district are involved in professional, scientific or technical enterprises. Micro-businesses (between one and nine employees) account for 86.4 per cent of all local businesses. Average (median) full-time weekly earnings are £512, which is equal to the average for South-East England but higher than the national figure.

The challenging economic climate has had an impact on the local economy. The proportion of people unemployed has fallen slightly to 3.9 per cent from 4.1 per cent in the previous year. Small businesses and the self-employed are feeling the impact with the number of active business falling from 4,560 pre-lockdown to 4,400 per latest figures from the ONS published in November 2024.

A.2.4. ORGANISATIONAL OVERVIEW

The Council delivers almost all its services jointly with Eastbourne Borough Council (EBC), since 2019. This has resulted in savings and efficiencies in shared staff teams, system and processes. The Council also works closely with Hastings Borough Council (HBC) with the Chief Executive, Robert Cottrill also Chief Executive at HBC.

A.2.5. CHANGES IN THE YEAR

The past five years have created a time of unprecedented pressures on local government. Austerity, Brexit, Covid-19, the war in Ukraine, cost-of-living and housing crisis have all combined to create significant challenges for the Council. High energy costs, supply chain challenges, difficulties in recruiting and retaining staff, and the pressures of responding to the cost-of-living crisis have all put additional pressures on the ability of local authorities to continue to provide core services.

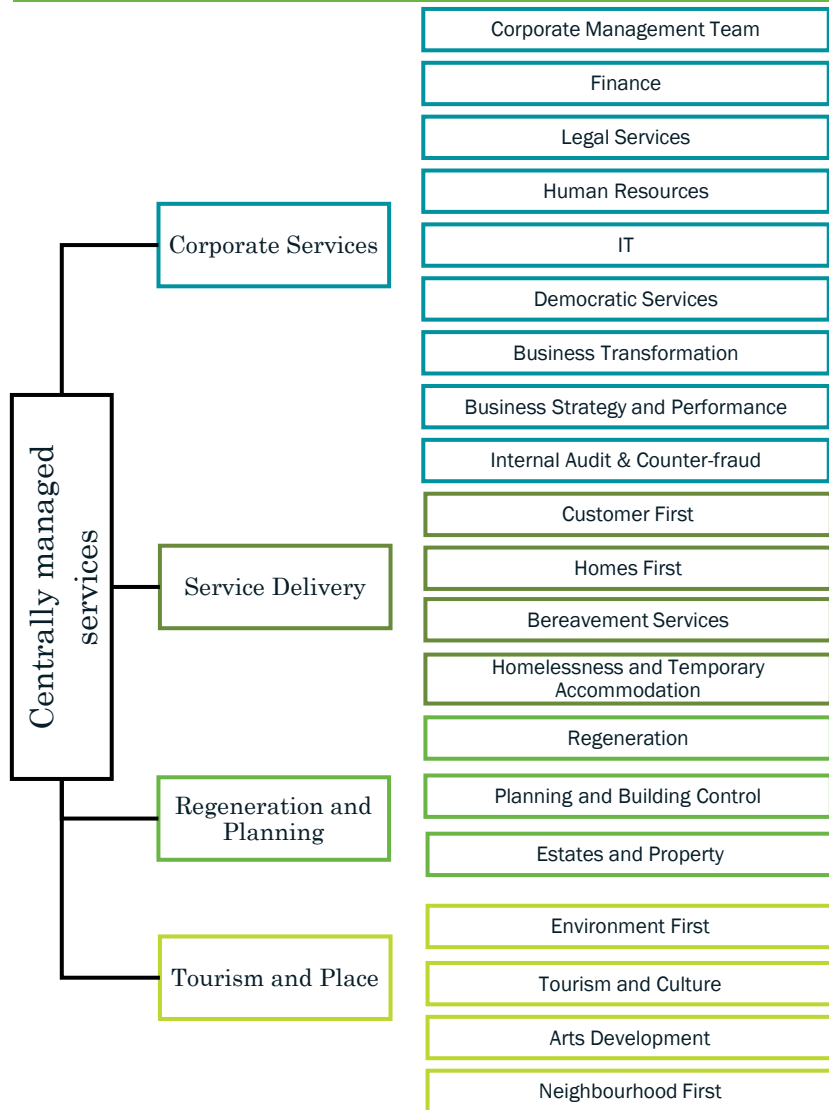
As a result of this, some local authorities have had to declare bankruptcy, and others have said that they may face that outcome in coming years. The Council has also faced its share of challenges. However, it has continued to be able to maintain its services whilst also delivering savings and efficiencies,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

The Council has benefited from an increased emphasis around delivering cost effective and efficient services resulting in tighter management of its stretched resources. It has also been able to make use of external funding such as the Towns Deal, Levelling Up fund, Future High Streets fund and UK Shared Prosperity fund to secure further investment in the district. The following key achievements have occurred in 2025/26:

- A new pump track was opened at Landport Recreation Ground funded by the UK Shared Prosperity Fund, community infrastructure levy from the South Downs National Park and Lewes District Council. Alongside this new facility, the council has also recently made improvements to the skatepark and to the biodiversity of the recreation grounds with new 500 m2 of wildflower margin areas. Ringmer pool was re-opened in June 2025, bringing the pool back into use for the benefit of the community through collaboration with East Sussex County Council.
- Significant progress has been made on the redevelopment of Newhaven Square including developing a new Health & Wellbeing hub with space for two GP practices and Seahaven Swim & Fitness
- Redevelopment of the West Beach promenade has moved forward, a key project for the rejuvenation of Newhaven.
- The six fully electric council fleet vehicles have contributed to reducing its carbon emissions by 41% and greenhouse gas emissions by 17.6%.
- 267 properties across the district are being retrofitted to improve energy performance and reduce carbon emissions funded by Government grant.
- 10 new council homes have been acquired during 2025/26.

A. NARRATIVE REPORT

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



A.2.5 THE POLITICAL STRUCTURE

The Council is a complex organisation. Elected councillors direct our policies, which the Corporate Management Team (shared with Eastbourne Borough Council) then implements through the officers of the Council. There are 41 councillors representing 21 wards within the District. Full Council elections take place every four years, with the next elections taking place in May 2027.

The current composition of the Council is:

Green Party	17 Councillors
Liberal Democrats	15 Councillors
Labour	9 Councillors

A.2.6 THE COUNCIL'S GOVERNANCE ARRANGEMENTS

The Council recognises the importance of effective corporate governance. It helps to ensure that our district can place trust in the way we carry out our duties.

Corporate governance enables the Council to get things right in a timely, inclusive, open, honest and accountable manner. We have several systems and documents in place to ensure we act effectively. These include a Constitution, Council Plan, Medium Term Financial Strategy, whistle blowing policy and Performance Management Framework.

We review our corporate governance arrangements against national best practice. This helps each local authority to produce a Local Code of Corporate Governance.

The local codes bring together each local authorities' corporate governance arrangements in one place and have five core principles:

- The purpose of the Council and a vision for the local area;
- Members and officers working together with clear functions and roles;
- Demonstrating good governance through upholding high standards of conduct;
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- Developing the capacity and capability of members and officers to be effective.

The annual governance statement is published on our website www.lewes-eastbourne.gov.uk.

A. NARRATIVE REPORT

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

All councillors meet as the Full Council which is open to the public. Here councillors decide the Council's overall policies and set the budget each year. The Full Council appoints the members of the Policy and Performance Advisory Committee and all other council committees – for example, the Audit and Governance Committee and the Planning Applications Committee. The Full Council considers recommendations made to it by the Cabinet and the Policy and Performance Advisory Committee as to any changes in policy which might need to be made.

The Executive is made up of the Leader, appointed by the Full Council, together with the Cabinet of councillors who the Leader appoints. Each member of the Cabinet has a portfolio of the areas for which they are responsible. The Cabinet normally meets seven times in a municipal year.

The Council currently has a two-party cabinet comprising:

Councillor Zoe Nicholson	Leader of the Council, Cabinet member for finance, assets and community wealth building
Councillor Christine Robinson	Deputy Leader of the Council, Cabinet member for community wellbeing
Councillor Chris Collier	Cabinet member for Innovation, Delivery and People
Councillor Johnny Denis	Cabinet member for Arts, Culture, Tourism and Leisure
Councillor Wendy Maples	Cabinet member for Neighbourhood Wellbeing
Councillor Emily O'Brien	Cabinet member for Climate Nature and Food
Councillor Laurence O'Connor	Cabinet member for Planning and Infrastructure
Councillor Mark Slater	Cabinet member for Tenants and Housing Need

The Leader of the Council is responsible for discharging most day-to-day decisions, although the Leader may decide to delegate her powers to the Cabinet as a whole, to another individual member of the Cabinet, to a sub-committee of the Cabinet or to an officer.

The Policy and Performance Advisory Committee is in place to ensure that the Council's policies, plans, decisions and actions are being made in the community's best interest. It consists of eleven Councillors who are not on Cabinet. This enables non-executive members to influence decisions and ensure the views and needs of local people are considered. It is about being a 'critical friend'. A member of the Minority Group chairs the Policy and Performance Advisory Committee.

A.2.7 THE LEADERSHIP TEAM

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

- Chief Executive - Robert Cottrill
- Deputy Chief Executive and Director of Regeneration and Planning – Ian Fitzpatrick
- Director of Finance and Performance - Homira Javadi (Section 151 Officer)
- Director Tourism & Place – Lee Banner
- Director Housing, Assets & Development – Nathan Haffenden
- Deputy Chief Finance Officer (Corporate Finance) – Ola Owolabi
- Deputy Chief Finance Officer (Financial Planning) – Lynn Ingram
- Assistant Director Customer Service and Delivery – Linda Farley
- Assistant Director Revenues & Benefits – Nick Ducatel
- Assistant Director People & Governance – Simon Russell

The Head of Paid Service, Section 151 Officer and Monitoring Officer are statutory officers. These three legally required roles ensure the council's management, legal compliance and financial stability and hold personal responsibilities to the council as a whole.

The Council is supported by a frontline and back-office workforce shared with Eastbourne Borough Council to provide more flexible, customer-focussed and cost-effective services. The two councils share staff and senior management but have different governance systems, different councillors, different policies and separate budgets. The councils share a joint website (www.lewes-eastbourne.gov.uk) which is the main point of contact for customers. The increasing number of online transactions being completed demonstrates a positive direction of travel towards our aspiration to be digital by default.

However, local democratic accountability is maintained with both councils remaining separate sovereign entities with their own distinct priorities.



A. NARRATIVE REPORT

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

The Council's direction continues to be driven by its Corporate Plan. The plan was agreed in February 2024 to run until 2028.

The delivery of the Corporate Plan provides the overarching framework for all Council activities. To ensure the delivery of the plan, an annual update report is provided to the Policy and Performance Advisory Committee and Cabinet in July each year. In addition, the plan is monitored against a set of key performance indicators. Performance of each is reported to Scrutiny and Cabinet each quarter.

One of the key outcomes of the Corporate Plan is achieving a robust financial strategy, the 2025/26 budget and medium-term financial strategy has been aligned to the Council's five strategic priorities as shown below.

The budget has been formulated in line with these priorities.

Re-imagining Lewes District

High quality, responsive services	Supporting through challenging times	Climate, nature and food systems	Community wealth and wellbeing	Building genuinely affordable homes
<p>Providing excellent customer service and focusing on resolving questions and problems first time is central to how this Council operates.</p> <p>We will continue to ensure that our services meet our residents' needs and strive to deliver consistently high quality and responsive services.</p>	<p>The Council has an important role in supporting those in most need in society.</p> <p>Since the pandemic, and the economic challenges that followed it nationally, we have been working hard to support people experiencing hardship due to the cost-of-living crisis.</p> <p>This work will continue, especially whilst the national economic situation continues to be difficult.</p> <p>We are taking a holistic approach to this, working across all departments in the Council.</p>	<p>Tackling the climate crisis and nature emergencies is central to all our activities. We are committed to supporting measures to help arrest biodiversity losses, restore habitats and work for climate resilience to promote healthy and thriving communities.</p> <p>We will continue our journey to reduce carbon emissions and aim to become a fully climate-resilient Council by 2030. We will prepare a climate and nature action plan for a net zero carbon district.</p>	<p>For the last four years the Council has embraced a community wealth building approach to its work. This is about ensuring that local people and the local economy are placed at the centre of how the Council operates, and how we work with our partners.</p> <p>We will continue to work with key local institutions to change procurement practices to focus on local providers where possible. We aim to provide more local employment through all our activities.</p> <p>We will support the development of social enterprises and identify where additional social value can be achieved in local communities.</p>	<p>Working with partners we will support, promote and enable the delivery of housing for local people to buy and rent, including through community land trusts and other relevant community groups.</p> <p>We will seek to rebalance our local housing markets and help build sustainable communities.</p> <p>We will deliver and maintain affordable, high-quality homes.</p> <p>We will do this in partnership with the Tenants of Lewes District.</p> <p>Alongside providing Council housing, we will support people to access other social housing and private rented accommodation, particularly supporting those who are at risk of homelessness.</p> <p>Using our planning policies, we will work to ensure provision of the right homes in the right places for local people.</p>

A. NARRATIVE REPORT

A.3.2. THE MEDIUM-TERM FINANCIAL STRATEGY

The amount of money available to the Council to deliver its priority services and key projects per the Corporate Plan is determined by the estimated revenues from council tax, business rates, Government funding settlement, other Government grants, income generating services and if necessary, our reserves. We use these estimates to generate our spending plans. The Council's spending plans are linked to residents' priorities and the Government's national priorities for all local authorities.

High quality, responsive services

Achievements in 2025-26

- An improved online offering of Ellis (the chatbot) via the website has been developed handling larger volume of enquiries.
- Fourteen public consultations have been completed and numerous partner consultations supported including: Local Government Reorganisation and the Lewes District Local Plan.

Priorities for 2026-27

- Delivery of consistently high customer service standards. Listening and responding to the needs of residents through good quality consultation and engagement
- Providing a range of ways to get in touch that meet different residents' needs
- Increased proactive and responsive neighbourhood and partnership services

Supporting through challenging times

Achievements in 2025-26

- The 100 per cent Council Tax Support Scheme continues to support the most financially Vulnerable residents in the district. Empty Homes reviews are undertaken bi-annually, in 2025/26 a review of 445 empty homes identified 97 properties that were occupied.
- The Council is now a partner of the Lewes District Food Partnership, Multi-Agency Financial Steering Group along with other networks which bring the VCSE (Voluntary, Community, and Social Enterprise) and public bodies together to build resilient communities.
- Business support and grant programmes have been promoted via the Business Bulletin and social media channels, particularly those funded by the East Sussex Growth Hub.

Priorities for 2026-27

- Reduced levels of inequality experienced in the district.
- Increased uptake of benefits and assistance schemes provided by the Council.
- Increased uptake of business support.



A. NARRATIVE REPORT

A.3.2. THE MEDIUM-TERM FINANCIAL STRATEGY

Climate, nature and food systems

Achievements in 2025-26

- Retrofit works on the housing stock with Government grant funding secured
- Most annual bedding has been replaced with sustainable pollinator friendly planting providing greater biodiversity, increasing wildlife corridors and habitats and providing all year-round interest.
- Work continues to support the community energy Ouse Valley Solar Farm project.
- Three car club cars were established, two of which are electric vehicles.

Priorities for 2026-27

- Continue to work towards net zero council by 2030
- Continue works to achieve social housing decarbonisation
- Complete refuse fleet decarbonisation by 2030

Community wealth and wellbeing

Achievements in 2025-26

- Council spend with local suppliers increased to 23% in 2025/26 compared to 19% the previous year.
- Significant progress has been made across the Re-imagining Newhaven programme; with both the Eastside Recreation Ground project and the Newhaven Business Grants Programme completed.
- A total of £483,000 has been awarded to local organisations and community facilities through the latest round of Community Infrastructure Levy (CIL) funding.
- The Council Tax Reduction Scheme has provided support to around 3,000 of the most disadvantaged working-age residents with council tax liabilities and allowed about 2,000 of those experiencing the greatest hardship to be fully relieved.

Priorities for 2026-27

- Ensure improvement in Thriving Places Index score
- Increase in proportion of procurement spend going to local companies
- Increase in social value achieved through council contracts
- Better cared for and more accessible public spaces
- More local job opportunities in low carbon and sustainable industries

Building genuinely affordable homes

Achievements in 2025-26

- 64 new build homes have been secured on larger development sites with handover of these starting in summer 2026.
- 14 grant funded acquisitions have already been completed with grant funding for a further 7 already secured.
- The garage infill sites (23 homes) have secured planning permission, and a tender process is about to begin for the delivery of these.

Priorities for 2026-27

- As set out in the New Homes Principles, the Council will develop new build housing to the highest standard viable to ensure sustainable living and low running costs for its tenants.
- AI software has been trialled here as part of a limited grant funded programme across England, which has helped accelerate feasibility on several sites. The Council has also been working with the One Public Estate Prisoner Building Homes Programme, which focusses on fast delivery using Modern Methods of Construction.

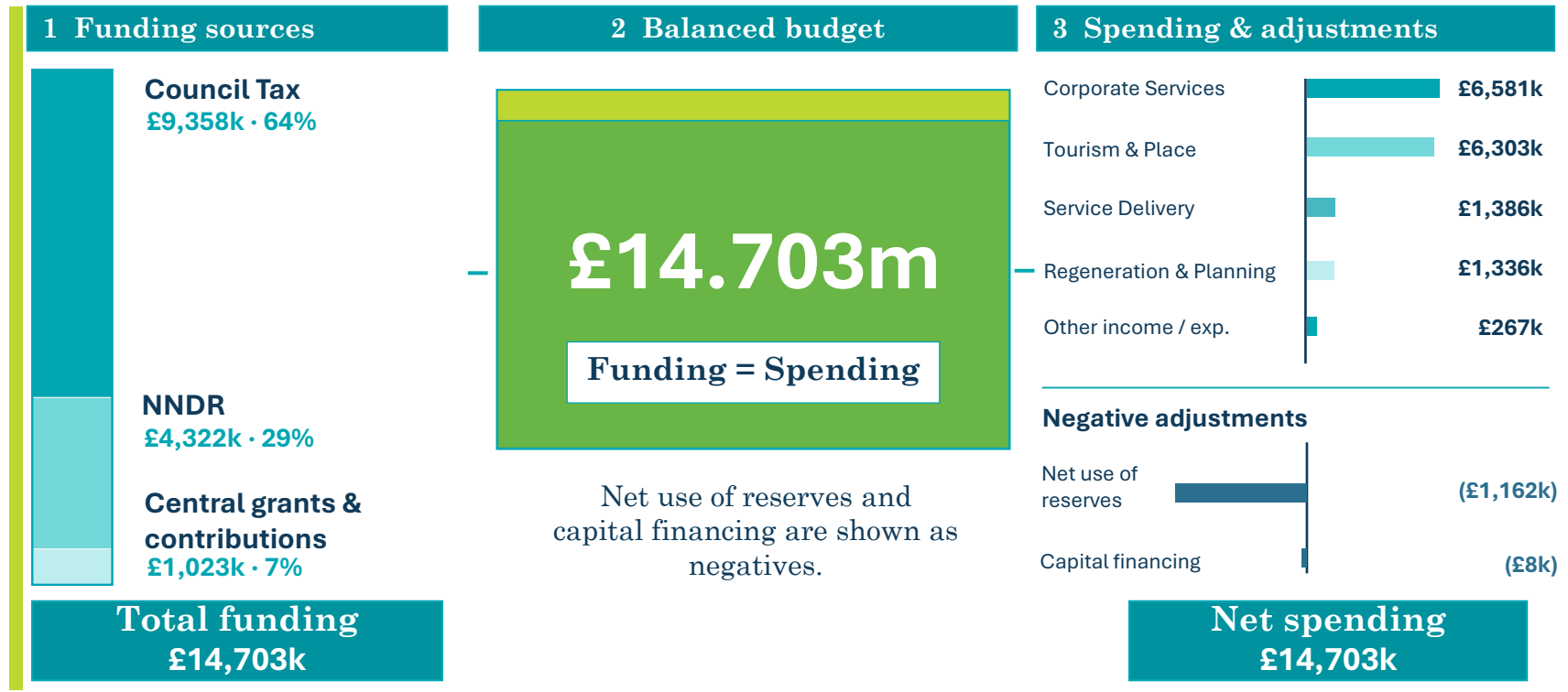


A. NARRATIVE REPORT

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

In 2025/26, the Council set a balanced budget within the context of continuing financial challenges for the Council. With the impact of the inflationary and cost-of-living pressures still keenly felt, the year was anticipated to see the impact of wider government policy on key areas such as the increase in homelessness and temporary accommodation placements as local authorities across the county look to protect the most vulnerable in our communities. The following assumptions were included:

- There will be a reduction from the New Homes Bonus contribution to the MTFS in 2025/26.
- Cost recovery or an uplift in discretionary fees and charges averaging 5 per cent will be implemented in 2025/26.
- A Council Tax increase of 2.99 per cent for 2025/26, with increases of 2.99 per cent applied throughout the remaining years of this MTFS. The rate of 2.99 per cent has been confirmed in the Autumn Statement as the rate at which there is no requirement for a referendum.
- An increase in council house rents of 2.7 per cent in 2025/26 in line with Government guidelines and confirmed by the Regulator of Social Housing (Consumer Prices Index (CPI) on 30th September 2025 + 1 per cent).



A. NARRATIVE REPORT

A.4 THE PRINCIPAL RISKS WE FACE

Risk management has a strong link to corporate governance as it is a vital element in the internal control environment. Project and strategic risks are held on performance management software so they can be updated regularly by managers who have ownership and responsibility for reviewing and updating risks.

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

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

Risk Description:	1. No political and partnership continuity/consensus regarding organisational objectives.
Why it matters?:	Sudden changes of political objectives at either national or local level renders the Council, its current corporate plan and Medium-Term Financial Strategy, unfit for purpose.
Original risk score:	Likelihood: 4 Impact: 4
Key mitigations:	<ol style="list-style-type: none"> 1. Create inclusive governance structures which rely on sound evidence for decision making. Reduces Impact 2. Annual review of corporate plan and MTFS. 3. Creating an organisational architecture that can respond to changes in the environment. 4. Communications to Members and staff regarding Devolution and Local Government Reorganisation. 5. Communications to Members and staff regarding Devolution and Local Government Reorganisation. 6. Cross authority working groups established to consider Devolution and Local Government Reorganisation.
Residual likelihood change after mitigation:	↓
Residual impact change after mitigation:	↓

2. Changes to the economic environment makes the Council economically less sustainable.
<ol style="list-style-type: none"> 1. Economic development of the district suffers. 2. Council objectives cannot be met. 3. Residual inflation affecting cost of services is having a serious impact on the Council's finances. 4. Rising energy prices and inflation affecting the cost of living will affect the ability of customers to pay rent and council tax. 5. Uncertainty over Government fiscal policies such as Fair funding review and Business Rate Reset, etc.
Likelihood: 5 Impact: 5
<ol style="list-style-type: none"> 1. Robust MTFS reviewed annually and monitored quarterly. Refreshed in line with macroeconomic environment triennially. 2. Creating an organisational architecture that can respond to changes in the environment. 3. Working with the port authority to provide support, advice and to help explore funding options. 4. The CMT has considered any shared service implications and are satisfied that sufficient arrangements have been made in flexibility of changes in the Council's circumstances. 5. Continuous review and monitoring of government fiscal policies. 6. Responding to Government consultation. 7. Maintaining appropriate levels of earmarked provisions. 8. Continuous review and monitoring of the Council's Housing Revenue Business Plan.
↓
↓

A. NARRATIVE REPORT

A.4 THE PRINCIPAL RISKS WE FACE

Risk description:	3. Unforeseen socioeconomic and/or demographic shifts creating significant changes of demands and expectations.	4. The employment market provides unsustainable employment base for the needs of the Council.	5. Not being able to sustain a culture that supports the Council's objectives and future development
Why it matters?:	<ol style="list-style-type: none"> 1. Unsustainable demand on services. 2. Service failure. 3. Council structure unsustainable and not fit for purpose. 4. Heightened likelihood of fraud. 5. Failure to support Newhaven Port Authority could result in an economic downturn in the town. 	<ol style="list-style-type: none"> 1. Employment market unable to fulfil recruitment, and the Council unable to retain staff, resulting in a decline in performance standards and an increase in service costs. 2. Devolution and the Local Government Reorganisation may impact the ability to recruit and retain staff. 	<ol style="list-style-type: none"> 1. Decline in performance. 2. Higher turnover of staff. 3. Decline in morale. 4. Increase in absenteeism. 5. Service failure. 6. Increased possibility of fraud.
Original risk score:	Likelihood: 5 Impact: 5	Likelihood: 4 Impact: 4	Likelihood: 4 Impact: 4
Key mitigations:	<ol style="list-style-type: none"> 1. Grounding significant corporate decisions based on up-to-date, robust, evidence base (e.g. Census; Corporate Plan Place Surveys; East Sussex in Figures data modelling). 2. Ensuring community and interest group engagement in policy development (e.g. Neighbourhood Management Schemes; Corporate Consultation Programme). 3. Working with the Port Authority to provide support, advice and to help explore funding options. 	<ol style="list-style-type: none"> 1. Changes undertaken to increase non-financial attractiveness of the Council to current and future staff. 2. Appropriate reward and recognition policies reviewed on a regular basis. 3. Pursuit of mutually beneficial shared service arrangements. 4. Maximising flexibility around recruitment and retention. 	<ol style="list-style-type: none"> 1. Build an organisational culture that supports equality and inclusivity through communication and support. 2. Continue to develop our performance management capability to ensure early intervention where service and/or cultural issues arise. 3. Continue to develop communications through ongoing interactions with staff.
Residual likelihood change after mitigation:	↓	↑	↓
Residual impact change after mitigation:	↓	↓	↔

A. NARRATIVE REPORT

A.4 THE PRINCIPAL RISKS WE FACE

Risk description:	6. Council prevented from delivering services for a prolonged period.	7. Council materially impacted by the medium to long term effects of an event under the Civil Contingencies Act.	8. Failure to meet regulatory or legal requirements.
Why it matters?:	<ol style="list-style-type: none"> Denial of access to property. Denial of access to technology/information. Denial of access to people. 	<ol style="list-style-type: none"> Service profile of the Council changes materially because of the impact of the event. Cost profile of the Council changes materially because of the impact of the event. Work adversely affected by reduced staff numbers due to effects of pandemic virus. Emergency caused by a climate change event. 	<ol style="list-style-type: none"> Trust and confidence in the Council is negatively impacted. Deterioration of financial position because of regulatory intervention/penalties. Deterioration of service performance because of regulatory intervention/penalties. Local Ombudsman finding of maladministration. Failure to provide adequate enforcement where appropriate.
Original risk score:	Likelihood: 5 Impact: 5	Likelihood: 5 Impact: 5	Likelihood: 3 Impact: 4
Key mitigations:	<ol style="list-style-type: none"> Adoption of best practice IT and Asset Management policies and procedures. The Council has created a more flexible, less locationally dependent, service architecture. Regularly reviewed and tested Business Continuity Plans and updated contingency plans actioned. Regularly reviewed and tested Disaster Recovery Plan. 	<ol style="list-style-type: none"> Working in partnership with other public bodies. Robust emergency planning and use of Council's emergency powers. Working with the Environment Agency on climate change measures. Ongoing and robust risk profiling of local area (demographic and geographic). Review budget and reserves in light of risk profile. Funds set aside to help fund responses to an event. Departmental risk registers consider pressures caused by climate change and other civil contingencies events. Adoption of, and action to implement, the Council's Climate Change and Sustainability Strategy. 	<ol style="list-style-type: none"> Developing, maintaining and monitoring robust governance framework for the Council. The Council has adopted and published an Asset Management Strategy (AMS) that set out how the Council uses its land and property assets effectively to deliver its service and the rules by which the Council can purchase assets in the future. These strategies are updated on a yearly basis as part of the Capital and Medium-Term Financial Strategies. Ensure there is full understanding of the impact of new legislation. All managers are required to abide by the Council's procurement rules. Building relationships with regulatory bodies. Develop our Performance Management capability to ensure early intervention where service and/or cultural issues arise. Ensure that fire risk regulations are adhered to and that Fire Risk Assessments are regularly reviewed.
Residual likelihood change after mitigation:	↓	↓	↓
Residual impact change after mitigation:	↓	↓	↔

A. NARRATIVE REPORT

A.4 THE PRINCIPAL RISKS WE FACE

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

A. NARRATIVE REPORT

A.4.1 KNOWN BUDGET PRESSURES

The Council, alongside many other local authorities and organisations across the nation, faces a financial climate that remains complex and unpredictable, shaped by a combination of variable national and local economic factors, such as inflationary pressures, changes to central government funding, and evolving legislative requirements. The 2026/27 budget has been balanced with shortfalls arising in 2027/28 to 2029/30 through recognising the following budget pressures:

- Reduction in core funding arising from the Government's "Fair Funding Review 2.0" which changes the methodology for allocation of funding and consolidates 37 Government grants into a single funding pot.
- Cost-of-living pressures impacting on pay awards, the net cost of borrowing, contract inflation and energy costs from inflation around 3.5 per cent.
- Major changes including a full reset, revaluation and multipliers for business rates.

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

The financial challenges experienced in 2025/26 will continue in 2026/27 and beyond.

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

Local Government Reorganisation (LGR) and Devolution

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

As a result of this the Council contributed to the production of an Interim Plan, setting out LGR initial, high-level proposals which were submitted jointly by the East Sussex County, District and Borough authorities on 21 March 2025. The interim plan was approved, and the detailed proposal was submitted to the Government in September 2026. On 25 March 2026 Government announced they are not ready to make a decision about the future shape of Local Government in East Sussex but will instead consult on a variation of the One East Sussex proposal, after the elections in May 2026. The Government has indicated that the timeline for the start of the new unitary council remains April 2028.

The detailed proposal submitted is designed to support the long-term sustainability of public services in East Sussex by reducing duplication, improving efficiency, and creating a more resilient organisation capable of adapting to future challenges. However, reorganisation itself will result in future budget pressures as work is undertaken to prepare and implement the future unitary council.



A. NARRATIVE REPORT

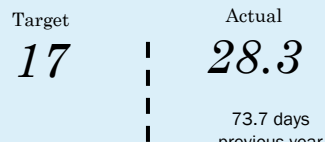
A.5 THE OUTCOMES AGAINST OUR OBJECTIVES

The following performance indicators have been used to track performance in the past year and progress has been reported through the Policy and Performance Advisory Committee and Cabinet on a quarterly basis.

Objective

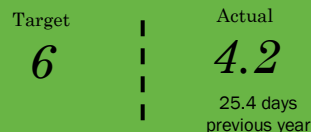
High quality, responsive services: We want to provide excellent customer service and focusing on resolving questions and problems first time.

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



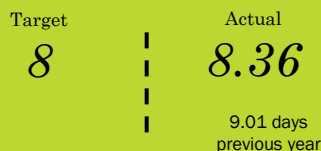
Performance has significantly improved now that the IT system brought into use in 2023/24 has embedded with new ways of working.

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



Performance has significantly improved now that the IT system brought into use in 2023/24 has embedded with new ways of working.

Average days lost per FTE employee due to sickness



Sickness level is slightly above target however this has improved compared to prior year.

Average time taken to answer calls*



Performance continued to improve during year compared to prior year. The service expects significant reductions in this indicator for 2026/27.

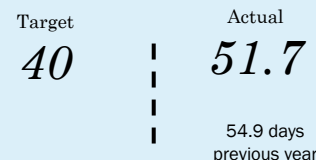
* Data only

Objective

Supporting through challenging times:

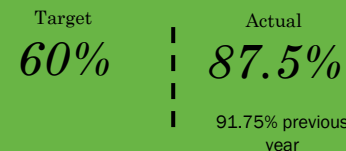
Support people experiencing hardship due to the cost-of-living crisis and provide sufficient homes for those needing accommodation.

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



The target has not been met due to contractor delays and activity to support the new Allocations Policy. A new repairs & maintenance contract introduces clear performance management provisions.

Increase the percentage of Major Planning Applications processed within 13 weeks



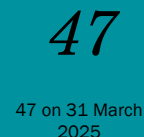
Performance continues to be above target.

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



Arrears have been reduced to the lowest level ever recorded, and a reduction on the same period as last year.

Number of households living in emergency (nightly paid) accommodation on 31 March 2026*



End of year performance shows similar number of households requiring emergency accommodation compared to prior year. This area continues to be closely monitored.

* Data only

A. NARRATIVE REPORT

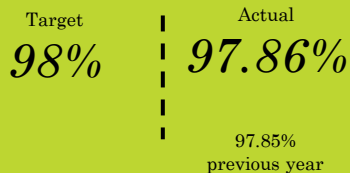
A.5 THE OUTCOMES AGAINST OUR OBJECTIVES (cont.)

Objective

Community wealth and wellbeing:

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

Percentage of Council Tax collected during the year



Despite economic challenges performance levels have been maintained, ending the year only 0.14% below the annual target.

Percentage of Business Rates collected during the year



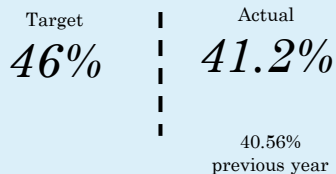
Target exceeded by 0.44% and a strong performance during the year.

Objective

Tackling climate and nature emergencies:

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

Percentage of household waste sent for reuse, recycling and composting



Data is provided by East Sussex County Council. Performance continues to be below target but has seen improvement from prior year.



A. NARRATIVE REPORT

A.6 USAGE OF FINANCIAL RESOURCES

The Council incurs both revenue and capital expenditure during the financial year. Revenue spending is generally on items that are consumed within a year and is financed from council tax, Government grants and other income. Capital expenditure is on items that have a life beyond one year and that also add value to or creates a fixed asset (known as non-current assets). This is financed largely by Government capital grants, loans and other capital contributions.

The MTFs spending plans for 2025/26 to 2028/29 were updated and published in February 2025 and balanced the plans against the funding available from council tax, national non-domestic rates, Government grants and other sources of income as well as the Housing Revenue Account expenditure and income from council tenant rents and the capital programme financed from capital receipts and grants.

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

- **Revenue Expenditure:** The Council's total expenditure on the provision of services for the year amounted to £106.9m. This reflects the cost of delivering the wide range of services mentioned earlier.
- **Revenue Income:** Our income streams include council tax, national non-domestic rates, Government grants, fees and charges for services and investment income, totalling (£100.9)m.
- **Budget Management:** Throughout the year, robust budget monitoring processes were in place to track spending against the approved budget and to identify and address any potential variances.
- **Specific Service Performance:** The Statement of Accounts includes detailed information on the financial performance of key service areas, highlighting both the costs of delivery and any income generated.

A.6.1 COMPREHENSIVE INCOME AND EXPENDITURE ACCOUNT

All the services provided by the Council, including council housing, are shown within the Comprehensive Income and Expenditure Statement. This statement shows the equivalent of the trading position of a UK listed company in accordance with IFRS requirements and discloses a 'deficit' for 2025/26 of £5.9 m. (Split between General Fund deficit £0.3m and HRA deficit £5.7m). The Movement in Reserves Statement reconciles this International Financial Reporting Standards (IFRS) 'deficit' together with other reserve transfers into a net decrease in the general fund balance of (£0.0)m and an increase to the HRA surplus of (£0.0) m.

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

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

A.6.2 THE BALANCE SHEET

The Balance Sheet as at 31 March 2026 provides a snapshot of the Council's assets, liabilities, and reserves at the end of the financial year. Key aspects of our financial position include:

- **Assets:** This includes property, plant and equipment used to deliver services, as well as financial assets and investments, totalling £476.1m.
- **Liabilities:** These are the Council's obligations to external parties, including borrowing, creditors and provisions for future liabilities, totalling (£107.3)m.
- **Reserves:** These represent the Council's accumulated funds, which are held for specific purposes or as general contingency, totalling (£368.9)m. The Council maintains a limited but prudent level of reserves to mitigate future financial risks and to support its strategic priorities.

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

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

A. NARRATIVE REPORT

A.6 USAGE OF FINANCIAL RESOURCES (cont.)

A.6.3 THE GENERAL FUND

The General Fund is the main revenue fund of the Council and covers day to day expenditure and related income on all services. The Council set its Budget Requirement at £14.97m (amount to be funded by Government Grant, Council Tax and Business Rates). The Council set a Band D council tax rate for 2025/26 of £234.99, being a 2.99 per cent increase over 2024/25 Band D council tax rate.

The 2025/26 financial year's budget was set against a backdrop of unprecedented financial challenges that continue to arise from the legacy of austerity, Brexit, the Covid-19 pandemic, war in Ukraine and rapidly increasing inflation.

A summary of the General Fund position is shown below in the format used for management accounting and reported to Members throughout the year:

General Fund	Original Budget	Net revised budget	Net outturn reported to Cabinet July 2026	Net variance to revised budget
Corporate Services	6,445	6,581	7,137	556
Service Delivery	6,961	1,386	12,630	11,244
Regeneration and Planning	1,181	1,336	1,632	296
Tourism and Place*	384	6,303	377	(5,926)
Service Total	14,970	15,606	21,776	6,170
Total general fund service expenditure	14,970	15,606	21,776	6,170
Capital Financing and interest	(267)	(903)	(1,878)	(975)
Total Expenditure	14,703	14,703	19,898	5,195
Transfers to/(from) reserves		-	-	-
Business Rates	(9,358)	(9,358)	(9,357)	1
Council Tax	(4,322)	(4,322)	(4,322)	-
Government Grants	(1,023)	(1,023)	(1,000)	23
Total Funding	(14,703)	(14,703)	(14,679)	24

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

A.6.4 HOUSING REVENUE ACCOUNT

The Council owns just over 3,200 homes generating rental income of over £19.1m in the year (£18.73m in 2024/25). This income is held in a ring-fenced account which can only be used for financing the Housing Revenue Account (HRA) and the Council follows the Government's guidance for setting rents for social housing. Building homes that people can afford to live in is one of the key priorities in the Corporate Plan and is part of the capital strategy to fund nine housing developments in the district over the next four years that will see 46 additional properties to the HRA by March 2027 and 212 additional properties by March 2029.

The HRA has an underspend of £0.138 m against the revised operational expenditure budget of £16.63m. The actual outturn also includes £3.92 m in depreciation charges on the HRA capital assets (£4.48 m in 2024/25). All depreciation charged on the HRA capital assets is added to the Major Repairs Reserve. In turn, this reserve funded capital works of £8.26m on HRA homes in 2025/26 (£4.11m in 2024/25).

A.6.5 THE COLLECTION FUND

The Council, as a billing authority, maintains statutory account called the Collection Fund which records all income from council tax and national non-domestic rates (also known as business rates or NNDR) and its distribution to the major precepting authorities, being the Government, East Sussex County Council, Sussex Police, East Sussex Fire Authority, town and parish councils and Lewes District Council.

The council tax element has been completed and shows the opening surplus has decreased by £1.32 m during the year to (£2.41)m as at 31 March 2026 (£3.73m surplus at 31 March 2025).

Collection Fund surpluses or deficits declared by the billing authority in relation to council tax are apportioned to the relevant precepting bodies in the subsequent financial year. The January 2026 forecast surplus for the council tax element of the fund of £0.75m will be distributed to precepting bodies pro rata to their Band D Council Tax during 2025/26. This Council's share as at 31 March 2026 was £0.11m (£0.20m in 2024/25).

The Business Rates opening deficit has decreased by £2.66m during the year to (£0.19)m as at 31 March 2026 (£2.47m at 31 March 2025). The January 2026 forecast business rate surplus of £0.45m will be recovered from precepting bodies on the agreed preceptor percentage split during 2025/26. The Council's estimated share of the deficit as at 31 March 2026 was £0.18m (£1.33m at 31 March 2025).

A. NARRATIVE REPORT

A.6 USAGE OF FINANCIAL RESOURCES (cont.)

A.6.6 THE CAPITAL PROGRAMME

The Council's capital programme for 2025/26 reflects a healthy overall delivery position, with total expenditure of £56.21 m (£33.6m in 2024/25), compared with a revised budget of £56.49m (£78.0m in 2024/25), giving a small underspend of £0.27m. This demonstrates effective financial management at an aggregate level, with the programme delivered broadly in line with approved plans despite underlying variations across individual schemes.

Within the General Fund, expenditure of £39.8m against a budget of £40.6m resulted in an underspend of £0.88m, driven by the reprofiling of major regeneration schemes and externally funded programmes where delivery timelines extended beyond the financial year. In contrast, the Housing Revenue Account capital programme recorded an outturn of £16.6m against a budget of £15.9m, resulting in a £0.7m variation, primarily reflecting accelerated delivery in core housing investment, partially offset by development schemes reprofiling.

Overall, the variances across both programmes are timing-related, arising from the complexity of delivering multi-year capital schemes and dependencies on procurement, funding, and project delivery. There is no evidence of underlying financial pressure, and the outturn position provides a robust basis for future planning. The identification of reprofiling, slippage and variances will inform ongoing improvements to programme profiling, governance, and monitoring by the Capital Programme Overview Board to ensure continued alignment between budgets and deliverability.

2025/26 Capital Programme Outturn - Summary	Revised capital programme	Outturn at 31 March 2026
	£000	£000
HRA Housing	15,892	16,578
General Fund Housing	1,640	3,295
Housing Investment Companies	-	-
Regeneration	32,190	29,848
Service Delivery	2,914	2,922
Parks and Pavilions	120	273
Indoor Leisure Facilities	122	72
Coastal Defence Works	296	401
Asset Management	785	362
Local Energy Schemes	500	-
Community Infrastructure Levy	900	2,016
Open Spaces/Biodiversity	462	286
Information Technology	150	141
Digital Transformation & Corporate	515	20
TOTAL CAPITAL PROGRAMME	56,486	56,214
FUNDING		
HRA		
Borrowing	750	240
Capital Receipts	4,065	1,685
Major Repairs Reserve	5,603	8,259
Capital Grants & Contributions	3,185	4,106
Revenue Contributions	2,289	2,289
General Fund		
Borrowing	11,373	10,416
Capital Receipts	9,881	9,881
Reserves	10	10
Capital Grants & Contributions	19,330	19,330
Capital Expenditure Financed from Revenue (General Fund)		-
TOTAL FUNDING	56,486	56,214

A. NARRATIVE REPORT

A.6 USAGE OF FINANCIAL RESOURCES (cont.)

A.6.7 PENSION LIABILITIES

The Council is part of the East Sussex Local Government Pension Scheme which is administered by East Sussex County Council. The Council's surplus for funded future pension payments has increased by £3.0m to an asset of £73.1m (£70.1m at 31 March 2025). However, under International Financial Reporting Standards, the amount of a net defined benefit asset that can be recognised is limited to the lower of the value of the asset and an "asset ceiling".

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

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

Therefore, the asset ceiling has been calculated by the Pension Scheme actuaries to be £1.3m. This caps the asset that can be recognised by the Council to £1.975m. The Defined Benefit Obligations have decreased from £55.92m at 31 March 2025 to £55.14m at 31 March 2026. It is important to note that this accounting change does not trigger an immediate change in contribution rates, as these are assessed with a longer-term view of liabilities and of investment performance.

A.6.8 TREASURY MANAGEMENT

The Council's external loan debt at 31 March 2026, comprising long and short-term borrowing, stood at (£84.11)m excluding accrued interest payable. This is made up of (£45.67) m repayable in more than one year and (£38.44)m repayable in less than one year. This is a net increase of (£27.21)m over the previous year.

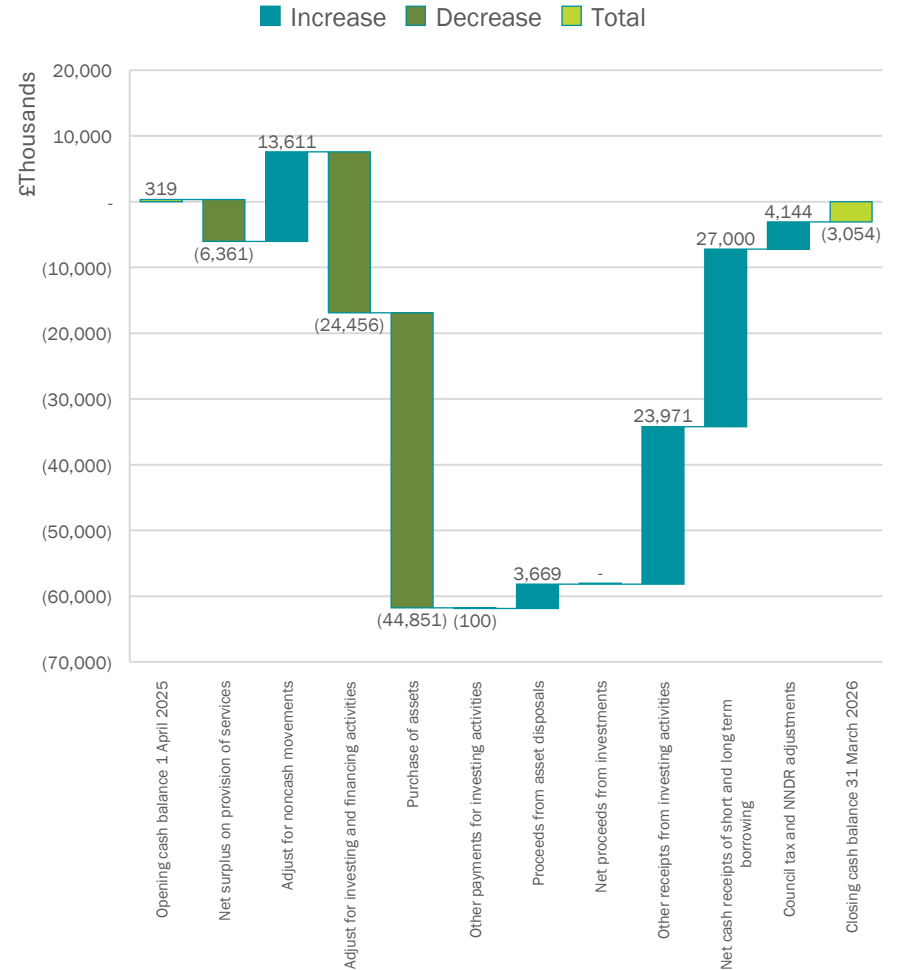
Short-term investments of £4.59m held at 31 March 2026 (£4.51m in prior year). The Council held cash balances as at 31 March 2026 of £0.319m, compared to £(0.358)m as at 31 March 2025.

A.6.9 STAFFING

As part of the Shared service with Eastbourne Borough Council (EBC) both Councils approved a shared service employment model with the EBC acting as the sole employer host authority. This resulted in most Lewes District Council staff transferring to EBC in February 2017, leaving a small number of staff directly employed by Lewes District Council. The staff employed directly are Legal Services staff and total 12.58 full time equivalent (11.87 in 2024/25).

A.6.10 CASHFLOWS

The Council's cash flows for 2025/26



A. NARRATIVE REPORT

A.7 EXPLANATION OF THE FINANCIAL STATEMENTS

The Statement of Accounts comprises:

A Statement of Responsibilities: This statement defines the roles and responsibilities for preparing the accounts.

Independent Auditor's Report

The Core Accounting Statements:

- **Comprehensive Income and Expenditure Statement** – this statement sets out the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.
- **Movement in Reserves Statement** – this statement shows the movements in the year of the different reserves held by the Council. It also provides the interaction of the economic costs and legislation and their impact on changes in the Council's reserves, showing the true cost of the provision of Council services funded by council taxpayers.
- **Balance Sheet** - this statement sets out the overall financial position of the Council as at 31 March 2026. It shows the balances and reserves at the Council's disposal, its long-term indebtedness and incorporates the values of all assets and liabilities.
- **Cash Flow Statement** – this statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes for the financial year. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.
- **Notes to the accounting statements** - required to provide more detail, in line with accounting and statutory requirements. The statement of accounting policies, which describe the underlying accounting policies and concepts used in producing the figures in the accounts, are included here.

The Supplementary Single Entry Financial Statements:

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

A.8 FURTHER INFORMATION

Summary financial information is published annually on the Council's website (www.lewes-eastbourne.gov.uk). Further information on any of the financial statements may be obtained from the Director of Finance and Performance, Lewes District Council, 6 High Street, Lewes, BN7 2AD.

Homira Javadi CPFA, FCCA, ACCA

Director of Finance and Performance (S151 Officer)

A.9 ADOPTION OF THE ACCOUNTS

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

The Statement of Accounts for 2025/26 has been approved at the meeting of the Audit and Governance Committee on .

Signed

Councillor Stephen Gauntlett

Chair, Audit and Governance Committee

Date

B. STATEMENT OF RESPONSIBILITIES

THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- make arrangements for the proper administration of its financial affairs and secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance and Performance (S151 Officer);
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

THE DIRECTOR OF FINANCE AND PERFORMANCE'S RESPONSIBILITIES

The Director of Finance and Performance is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA /LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance and Performance has:

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

The Director of Finance and Performance has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

CERTIFICATE OF THE DIRECTOR OF FINANCE AND PERFORMANCE

I certify that the Statement of Accounts presents the true and fair financial position of the Council as at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.



Homira Javadi CPFA, FCCA, ACCA

Director of Finance and Performance (S151 Officer)

Date: 30 June 2026

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

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

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D. CORE FINANCIAL STATEMENT

D.1 COMPREHENSIVE INCOME & EXPENDITURE

2024/25			2025/26			
Gross Expenditure	Gross Income	Net Expenditure/(Income)	Note	Gross Expenditure	Gross Income	Net Expenditure/(Income)
£000	£000	£000		£000	£000	£000
9,982	(1,956)	8,026		9,066	(2,274)	6,792
41,108	(28,464)	12,644		36,579	(22,922)	13,657
9,497	(3,736)	5,761		13,027	(3,377)	9,650
456	(125)	331		167	(114)	53
15,775	(20,866)	(5,091)		16,392	(21,527)	(5,135)
76,818	(55,147)	21,671		75,231	(50,214)	25,017
5,264	-	5,264		5,685	-	5,685
1,225	-	1,225		2,016	-	2,016
-	-	-		-	(5)	(5)
7,162	(1,525)	5,637		11,769	(3,368)	8,401
13,651	(1,525)	12,126		19,470	(3,373)	16,097
4,084	-	4,084	23	4,537	-	4,537
20	-	20		-	(24)	(24)
-	(2,869)	(2,869)	23	-	(2,708)	(2,708)
3,075	(512)	2,563		(411)	(512)	(923)
228	(251)	(23)		132	(251)	(119)
7,407	(3,632)	3,775		4,258	(3,495)	763
-	(34,552)	(34,552)	15	-	(18,492)	(18,492)
-	(14,125)	(14,125)		-	(14,850)	(14,850)
10,097	(12,791)	(2,694)		9,989	(12,163)	(2,174)
10,097	(61,468)	(51,371)		9,989	(45,505)	(35,516)
107,973	(121,772)	(13,799)		108,948	(102,587)	6,361
		43,404	29			(7,382)
		(828)	30			(1,635)
		42,576				(9,017)
		28,777				(2,656)

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

D. CORE FINANCIAL STATEMENT

D.2 MOVEMENT IN RESERVES

	2024/25	General Fund	HRA Balance	Earmarked Reserves (Note 16)	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants & Contributions Unapplied	Total Usable Reserves	Unusable Reserves (Note 29)	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2024		(3,573)	(3,363)	(9,306)	(10,722)	(15,766)	(15,718)	(58,448)	(336,522)	(394,970)
Movement in Reserves during 2024/25										
Total Comprehensive Expenditure and Income		(16,572)	2,773	-	-	-	-	(13,799)	42,576	28,777
Adjustments between accounting basis & funding basis under regulations (Note 8)		19,329	(2,962)	-	(364)	3,357	(13,352)	6,008	(6,008)	-
Transfers (to)/from Earmarked Reserves (Note 15)		(1,222)	41	1,182	-	-	-	1	-	1
(Increase) / Decrease in Year		1,535	(148)	1,182	(364)	3,357	(13,352)	(7,790)	36,568	28,778
Balance as at 31 March 2025		(2,038)	(3,511)	(8,124)	(11,086)	(12,409)	(29,070)	(66,238)	(299,954)	(366,192)
	2025/26	General Fund	HRA Balance	Earmarked Reserves (Note 16)	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants & Contributions Unapplied	Total Usable Reserves	Unusable Reserves (Note 29)	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance as at 31 March 2025		(2,038)	(3,511)	(8,124)	(11,086)	(12,409)	(29,070)	(66,238)	(299,954)	(366,192)
Movement in Reserves during 2025/26										
Total Comprehensive Expenditure and Income		684	5,677	-	-	-	-	6,361	(9,017)	(2,656)
Adjustments between accounting basis & funding basis under regulations (Note 8)		(1,065)	(5,667)	-	4,342	7,625	11,824	17,059	(17,059)	-
Transfers (to)/from Earmarked Reserves (Note 15)		755	(23)	(731)	-	-	-	1	-	1
(Increase) / Decrease in Year		374	(13)	(731)	4,342	7,625	11,824	23,421	(26,076)	(2,655)
Balance as at 31 March 2026		(1,664)	(3,524)	(8,855)	(6,744)	(4,784)	(17,246)	(42,817)	(326,030)	(368,847)

This statement shows the movements in the year on the different reserves held by the Council, analysed into "usable reserves" (those that can be used immediately to fund expenditure or to reduce local taxation) and other reserves. The purpose and more details are given for earmarked and unusable reserves in Notes 16 and 29 respectively. Total Comprehensive Expenditure and Income shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

D. CORE FINANCIAL STATEMENT

D.3 BALANCE SHEET

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

31 March 2025	Note	31 March 2026	
£000		£000	£000
382,439	Property, Plant & Equipment	18	414,130
12,286	Heritage Assets	19	12,550
13,973	Investment Property	20	14,769
71	Intangible Assets	21	452
4,156	Long Term Debtors	25	4,191
412,925	Long Term Assets		446,092
-	Assets held for sale	22	926
4,210	Short Term Investments	23	1,310
271	Inventories		264
24,957	Short Term Debtors	25	27,509
319	Cash and Cash Equivalents	31	-
29,757	Current Assets		30,009
-	Cash and Cash Equivalents	31	(3,054)
(15,231)	Short Term Borrowing	23	(38,437)
(15,328)	Short Term Creditors	26	(17,148)
(356)	Short Term Provisions	27	(180)
(30,915)	Current Liabilities		(58,819)
(3,087)	Capital Grants Receipts in Advance	26	(3,615)
(41,673)	Long Term Borrowing	23	(45,673)
(1,114)	Other Long Term Liabilities		(1,123)
297	Long Term Liabilities Pensions	30	1,975
(45,577)	Long Term Liabilities		(48,436)
366,190	NET ASSETS		368,846
(66,236)	Usable Reserves	28	(42,818)
(299,954)	Unusable Reserves	29	(326,028)
(366,190)	TOTAL RESERVES		(368,846)

Homira Javadi CPFA, FCCA, ACCA

Director of Finance and Performance (S151 Officer)

Date

D. CORE FINANCIAL STATEMENT

D.4 CASHFLOW STATEMENT

The Cash Flow Statement shows the changes in the Council's cash and cash equivalents during the financial year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the Council's operations are funded from taxation and grant income or from the recipients of the Council's services. Investing activities represent the amount to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2024/25	Note	2025/26
£000		£000
13,799		(6,361)
Net surplus on the provision of services		
8,818	31	13,611
Adjustment to Net Surplus or Deficit on the provision of services for non-cash movements		
(16,732)		(24,456)
Adjustment for items included in the Net Surplus or Deficit on the provision of services that are investing and financing activities		
5,885		(17,206)
NET CASH INFLOWS FROM OPERATING ACTIVITIES		
(11,081)	31	(17,311)
Investing Activities		
5,873	31	31,144
Financing Activities		
677		(3,373)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		
(358)	31	319
Cash and cash equivalents at the beginning of the reporting period		
319		(3,054)
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIODS		

E. NOTES TO THE ACCOUNTS

1. ACCOUNTING CONVENTIONS

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

There has been a change to the measurement basis of non-investment assets however the Code of Practice on Local Authority Accounting has required that the change is applied prospectively, with no restatement of prior year figures.

1.2. PRIOR PERIOD ADJUSTMENTS

There have been no prior period adjustments.

2. ACCOUNTING POLICIES

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, which is based on International Financial Reporting Standards. They are prepared on a going concern basis.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments:

Category	Measurement basis
Property, plant and Equipment: Council Dwellings	The current value of council dwellings is measured using existing use Value – social housing (EUV-SH)
Property, plant and Equipment: Land and buildings	The current value is measured, usually based on the market value for the existing use (EUV). Some specialised properties, where the valuer cannot identify a market for the asset, are instead valued on the basis of depreciated replacement cost (DRC). Indexation is applied as an approximation of market changes in between full revaluation undertaken every five years.
Property, plant and Equipment: Vehicles, plant and equipment	Measured at current value, for which depreciated historic cost is normally used as a proxy.
Property, plant and Equipment: Infrastructure	Measured using the historical cost basis
Property, plant and Equipment: Community Assets	Measured using historical cost
Property, plant and Equipment: Surplus assets	Measured at fair value, based on the highest and best use from a market participant's perspective
Property, plant and Equipment: Assets under construction	Measured using Historic Cost
Intangible assets	Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss.
Leases	On initial recognition, leases will be measured at fair value. Subsequent measurement, at current value, will follow the appropriate class of property, plant and equipment. Intangible assets are measured at fair value where relevant.
Investment property	As a non-financial asset, investment properties are measured at highest and best use.
Non-current assets: Held for sale	These are measured at the lower of the carrying amount and fair value less costs to sell. Fair value for social housing being disposed of under right to buy (RTB) legislation is the discounted RTB value.
Heritage assets	Heritage land and buildings are measured as per property, plant, and equipment: land and buildings. Heritage assets that are not land and buildings are carried at insurance valuation rather than current or fair value.
Debtors	These are measured at carrying value, amortised cost and fair value as appropriate.
Financial Instruments	These are measured at fair value
Loans	These are measured initially at fair value and carried at amortised cost.
Pension Assets	Plan assets are measured at fair value.
Pension liabilities	Measured on actuarial basis.

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.1 ACCRUALS OF EXPENDITURE AND INCOME

We account for activity in the year that transactions takes place, not simply when cash payments are made or received. In particular:

- Fees, charges, and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption and where the amounts are significant, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Accruals are recognised where the value exceeds £1,000.
- In cases where a full year's income and expenditure is shown in the accounts, for example utility bills and annual contracts, no accrual is made in the accounts as this would overstate the annual position.
- Housing Rents is billed and accounted for on a weekly basis, at the start of each week. No adjustment is made at year end for the final week of the financial year as it is deemed not material.
- Housing Benefit Payments are made on a weekly basis. No adjustment is made to the accounts at year end to record payments to 31 March unless the adjustment is material.

2.2 ACCOUNTING FOR COUNCIL TAX

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

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

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

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

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

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

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

2.4. CASH AND CASH EQUIVALENTS

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

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.5. POST-EMPLOYMENT BENEFITS

Most employees of the Council are members of the Local Government Pension Scheme, administered by East Sussex County Council for local authorities within East Sussex. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. We therefore account for this scheme as a defined benefit plan.

- The liabilities of the East Sussex County Council pension scheme attributable to this Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 6.00 per cent (based on the indicative rate of return on the iBoxx Sterling Corporates Index, AA over 20 years) Previously the discount rate used was 5.75 per cent.
- We include the assets of the East Sussex County Council Pension Fund attributable to this Council in the Balance Sheet at their fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value.
- The change in the net pensions liability is analysed into the following components:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
 - past services cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement;
 - net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- Re-measurement comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

DISCRETIONARY BENEFITS

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

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.6. FINANCIAL INSTRUMENTS

FINANCIAL LIABILITIES

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

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

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

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

FINANCIAL ASSETS

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

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

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

FINANCIAL ASSETS MEASURED AT AMORTISED COST

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

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

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

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.6. FINANCIAL INSTRUMENTS (cont.)

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OF LOSS

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

For pooled investment funds (i.e. money market fund, collective investment scheme as defined in section 235 (1) of the Financial Services and Markets Act 2000, investment scheme approved by the Treasury under section 11(1) of the Trustee Investments Act 1961 (local council schemes)) regulations allow a statutory override (for a period of 5 years from 1/4/18) any unrealised gains or losses can be transferred via the Movement in Reserves Statement to a Pooled Investment Funds Adjustment Account in the Balance Sheet.

Any gains and losses that arise on de-recognition of the asset are debited or credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

EXPECTED CREDIT LOSSES

The Council recognises expected credit losses (impairments) on all of its financial assets held at amortised cost or FVOCI either on a 12-month or lifetime basis. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses. The expected credit loss model applies to financial assets measured at amortised cost and FVOCI, trade receivables, lease debtors, third party loans and financial guarantees.

A simplified approach is applied to trade receivables and lease debtors whereby consideration of changes in credit risk since initial recognition are not required and losses are automatically recognised

on a lifetime basis. A collective assessment is made for groups of instruments where reasonable and supportable information is not available for individual instruments without undue cost or effort. The aim will be to approximate the result of recognising lifetime expected credit losses if significant increases in credit risk since recognition had been measurable for the individual instruments.

Loans have been grouped into three types for assessing loss allowances:

- **Group 1** – loans made to individual organisations. Loss allowances for these loans can be assessed on an individual basis.
- **Group 2** – loans supported by Government funding. As the loan repayments are recycled and the contract allows for a level of default then no additional impairment loss is required.
- **Group 3** – car loans to employees. Loss allowances are based on a collective assessment.

Impairment losses are debited to the Financing and Investment Income and Expenditure line in the CIES. For assets carried at amortised cost, the credit entry is made against the carrying amount in the Balance Sheet. For assets carried at FVOCI, the credit entry is recognised in Other Comprehensive Income against the Financial Instruments Revaluation Reserve. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision.

Impairment losses are not applicable to FVPL assets as the future contractual cash flows are of lesser significance and instead current market prices are considered to be an appropriate reflection of credit risk, with all movements in fair value, including those relating to credit risk, impacting on the carrying amount and being posted to the Surplus or Deficit on the Provision of Services as they arise. Impairment losses on loans supporting capital purposes, lease debtors and share capital are not a proper charge to the General Fund balance and any gains or losses can be reversed out through the Movement in Reserves Statement to the Capital Adjustment Account.

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.7. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

2.8. GOVERNMENT GRANTS AND OTHER CONTRIBUTIONS

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

2.9. PROPERTY PLANT AND EQUIPMENT

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

RECOGNITION

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

VALUATION

We revalue property assets included in the Balance Sheet at current value in full every five years with the last full revaluation undertaken as of 31 March 2025. From 2025/26 for other land and buildings and surplus assets, valuation is supplemented by annual indexation at 31 March year applied to the prior year carrying value. For council dwellings, these are valued using the beacon approach to determine existing use value – social housing every five years, with the last full revaluation undertaken as of 31 March 2025, and adjusted in the intervening years using a desktop market review based approach. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

IMPAIRMENT

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

- Where there is a balance of revaluations gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance up to the amount of the accumulated gains.
- Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.9. PROPERTY PLANT AND EQUIPMENT (cont.)

DISPOSALS AND NON-CURRENT ASSETS HELD FOR SALE

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

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

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

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

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

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

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

DEPRECIATION

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

Depreciation is calculated on the following basis:

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

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

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

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

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

COMPONENTISATION

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

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

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.10. INFRASTRUCTURE ASSETS

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

RECOGNITION

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

DEPRECIATION

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

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

DISPOSALS AND DERECOGNITION

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

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

REGULATIONS

Under accounting regulations, that came into force from 25 December 2022, an accounting practice that allows the Council to elect to treat any component of any infrastructure which are owned as having a value of nil when it is replaced and therefore there is no requirement to remove any amount from its balance sheet in respect of the disposal of that component. The regulations will apply to all financial years up to and including 2028/29. The Council is not required to but has elected to apply this accounting treatment.

2.11. INVESTMENT PROPERTY

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

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

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

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.12. INTANGIBLE ASSETS

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

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

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

2.13. LEASES

The Council adopted IFRS 16 from 1 April 2024, to recognise all right of use assets. IFRS 16 means that leases where the Council acts as lessee will come onto the balance sheet and lessor accounting is principally unchanged. Right-of-use assets and lease liabilities are calculated as if IFRS 16 had always applied but recognised in 2025/26 and not by adjusting prior year figures.

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

DEFINITION OF A LEASE

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or a number of payments, the right to use an asset (property, plant and equipment, investment properties, non-current assets available for sale or intangible assets) for an agreed period of time.

PEPPERCORN LEASES

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

The Council may also enter into an agreement which, while not itself a lease, nevertheless contains a right to use an asset in the same way as a lease. Such agreements are treated as

leases.

Where the Council uses or occupies an asset held under a lease, the asset is recognised as such in the appropriate line in the balance sheet, subject to the de minimis limit noted above. The value recognised is the fair value, or (if lower) the present value of the minimum lease payments. This value is offset on the balance sheet by a creditor or long-term liability for the leasing charge. The lease liability is initially measured at the present value of the unpaid lease payment at the lease commencement date, discounted using the interest rate implicit in the lease, or if this rate cannot be readily determined, by the Council's incremental borrowing rate.

Lease payments are apportioned between interest payable as the finance charge and the reduction of the outstanding liability. The finance charge is calculated to produce a constant periodic rate of interest on the remaining balance of the liability.

The Council is not required to raise Council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

E. NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (cont.)

2.14. REVENUE EXPENDITURE FINANCED FROM CAPITAL UNDER STATUTE

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

2.15. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

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

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

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

2.16. VALUE ADDED TAX

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

2.17. INTERESTS IN COMPANIES AND OTHER ENTITIES

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

Aspiration Homes LLP (AH) is a limited liability partnership owned equally by Lewes District Council and Eastbourne Borough Council. It was set up during 2017/18 for the purpose of providing housing. The Council's share of the investment in AH calculated in proportion to the value of loans made to the partnership. At 31 March 2026, the Council's loans to AH was £3m compared to Eastbourne Borough Council's loans of £14m, which represents a 22 per cent share of the initial investment plus the post-

acquisition profit or loss.

2.18. ROUNDING

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

E. NOTES TO THE ACCOUNTS

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET ADOPTED

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

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

- In 2025/26, the Council's share of the pension scheme has become a net benefit asset. IAS19 requires that the amount of a net defined benefit asset to be recognised is the lower of the accounting surplus and the "asset ceiling". The asset ceiling is the present value of any economic benefits available in the form of refunds or reductions in future contributions. The Council has adopted the position that it is not automatically entitled to refunds from the scheme and that it will continue to contribute to the pension scheme indefinitely thus any economic benefits from reductions to future contributions reduces to nil. As a result, the asset ceiling has been calculated by the Pension Scheme actuaries to be £1.3m. This caps the asset that can be recognised by the Council also to £1.98m.
- Group accounts are not prepared for Aspiration Homes as the share of post acquisition gains and losses is not material for the Council. The Council's share of post acquisition losses for 2025/26 was £0.218m.

E. NOTES TO THE ACCOUNTS

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

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

The items in the Council's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Consequence if results are different to assumptions
VALUATION OF PROPERTY, PLANT AND EQUIPMENT	Land and buildings are revalued every five years, but a revaluation review is carried out annually which provides an indexation to be applied to some assets. Indexation is applied to a class of assets but does not consider any individual assets and therefore the net book value at year end for some assets may change when a new professional valuation is carried out.	<p>The carrying value of land and buildings at 31 March 2026 was £68.58m.</p> <p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10 per cent, this would result in a charge to the Comprehensive Income and Expenditure Statement (CIES) of approximately £6.86m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>
FAIR VALUE MEASUREMENTS	<p>When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the assets and liabilities.</p> <p>Where Level 1 inputs are not available, experts are employed to identify the most appropriate valuation techniques to determine fair value.</p> <p>Information about the valuation techniques and inputs used in determining the fair value of the assets and liabilities is disclosed in the notes.</p>	<p>The yield model is used to measure the fair value of investment properties and a discounted cash flow model for other financial assets or liabilities.</p> <p>The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates adjusted for regional factors.</p> <p>Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets or liabilities.</p> <p>The value of Investment Property at 31 March 2026 is £14.769m. A 10% decrease would reduce the value by £1.48m.</p>

E. NOTES TO THE ACCOUNTS

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

Item	Uncertainties	Consequence if results are different to assumptions
PENSIONS VALUATION	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages and mortality rates. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	<p>The present value of the pension liability at 31 March 2026 was £55.1m. The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1 per cent increase in the real discount rate assumption would result in a decrease in the pension obligation of £0.556m, a one-year increase in member life expectancy would increase the pension obligation by £2.96m, a 0.1 per cent increase in the Long-Term Salary Increase Rate would increase the pension liability by £1m and a 0.1 per cent increase in the Pension Increase Rate would increase the pension obligation by £0.597m. See Note 30.7.</p> <p>The Virgin Media vs NTL Pension Trustees II Limited case. The Court of Appeal's 25/7/24 ruling was that where the rules of a contracted-out defined benefit scheme were amended, the Scheme Actuary would provide a "section 37" confirmation that the scheme continues to meet the contracting-out requirements. The original court case in June 2023 decided that certain rule amendments were invalid in absence of the actuarial certification (potentially including cases where such a confirmation cannot now be located). On 18/9/25, 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. This states that it is applicable to public service schemes, so the proposal is that it will apply to the LGPS. The bill is expected to receive Royal Assent in 2026.</p> <p>On 23/1/26 the Financial Reporting Council published technical guidance for scheme actuaries to help them apply the retrospective-validation process under the Pension Schemes Bill. For the LGPS, the Scheme Actuary is the Government Actuary's Department (GAD). GAD are reviewing historic amendments to the LGPS in this context and the Scheme Advisory Board are liaising with GAD on whether the relevant certificates were available for past scheme changes.</p>

E. NOTES TO THE ACCOUNTS

6. MATERIAL ITEMS OF INCOME & EXPENDITURE

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

7. EVENTS AFTER THE REPORTING PERIOD

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

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

E. NOTES TO THE ACCOUNTS

8. EXPENDITURE AND FUNDING ANALYSIS

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

2024/25						2025/26					
As reported for Resource Management	Adjustments to arrive at the Net Amount chargeable to the General Fund and HRA	Net Expenditure Chargeable to the General Fund and HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES		As reported for Resource Management	Adjustments to arrive at the Net Amount chargeable to the General Fund and HRA	Net Expenditure Chargeable to the General Fund and HRA	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000
7,138	415	7,553	473	8,026	Corporate Services	7,041	(602)	6,439	353	6,792	
12,630	(4,671)	7,959	4,685	12,644	Service Delivery	1,377	7,358	8,735	4,922	13,657	
1,632	1,738	3,370	2,391	5,761	Regeneration and Planning	1,086	1,940	3,026	6,624	9,650	
377	(50)	327	4	331	Tourism and Enterprise	6,323	(6,293)	30	23	53	
(4,719)	(6,682)	(11,401)	6,310	(5,091)	Housing Revenue Account	(152)	(16,743)	(16,895)	11,760	(5,135)	
17,058	(9,250)	7,808	13,863	21,671	Net Cost of Services	15,675	(14,340)	1,335	23,682	25,017	
(997)	16,960	15,963	(62)	15,901	Other Income and Expenditure	(1,138)	23,274	22,136	(5,275)	16,861	
(15,180)	(6,023)	(21,203)	(30,168)	(51,371)	Financing	(61)	(23,780)	(23,841)	(11,675)	(35,516)	
(16,177)	10,937	(5,240)	(30,230)	(35,470)	Total	(1,199)	(506)	(1,705)	(16,950)	(18,655)	
881	1,687	2,568	(16,367)	(13,799)	Deficit/(Surplus) on the Provision of Services	14,476	(14,846)	(370)	6,732	6,362	
Opening General Fund and HRA Balances at 1 April			(16,238)			Opening General Fund and HRA Balances at 1 April			(13,670)		
Deficit on General Fund and HRA for year			2,568			Deficit on General Fund and HRA for year			(370)		
Transfer from reserves			-			Transfer from reserves			-		
Closing General Fund and HRA Balances at 31 March			(13,670)			Closing General Fund and HRA Balances at 31 March			(14,040)		

Note:

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

E. NOTES TO THE ACCOUNTS

8. EXPENDITURE AND FUNDING ANALYSIS (cont.)

8.2 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2024/25				2025/26				
Adjustment for Capital Purposes	Net Changes for the Pensions Adjustments	Other Differences	Total Adjustments	Adjustment for Capital Purposes	Net Changes for the Pensions Adjustments	Other Differences	Total Adjustments	
£000	£000	£000	£000	£000	£000	£000	£000	
474	(1)	-	473	Corporate Services	372	(19)	-	353
4,685	-	-	4,685	Service Delivery	4,922	-	-	4,922
2,391	-	-	2,391	Regeneration & Planning	6,624	-	-	6,624
4	-	-	4	Tourism and Enterprise	23	-	-	23
6,310	-	-	6,310	Housing Revenue Account	11,760	-	-	11,760
13,864	(1)	-	13,863	COST OF SERVICES	23,701	(19)	-	23,682
(28,640)	20	(1,609)	(30,229)	Other Income and Expenditure	(16,902)	(24)	(23)	(16,949)
(14,776)	19	(1,609)	(16,366)	Difference between General Fund and HRA surplus and Comprehensive Income and Expenditure Statement Surplus or Deficit	6,799	(43)	(23)	6,733

Adjustments for Capital Purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line and for:

- **Other Operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net change for the Pensions Adjustments – Net change for the removal of pensions contributions and the addition of IAS 19 employee Benefits pension related expenditure and income.

- **For Services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and Investment income and expenditure** – the net interest on defined benefit liability is charged to the CIES.

Other Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute.

The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

E. NOTES TO THE ACCOUNTS

8. EXPENDITURE AND FUNDING ANALYSIS (cont.)

8.3 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

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

2024/25	2025/26
£000	£000
Expenditure	
22,821 Employees benefits expenses	22,938
43,648 Other service expenses	37,993
15,664 Depreciation, amortisation, impairment losses and reversals	17,522
4,085 Interest payments	4,537
5,264 Precepts and levies	5,685
9,329 Business Rates Tariff	9,146
7,161 Loss on the disposal of assets	12,319
107,972 Total expenditure	110,140
Income	
(30,205) Fees, charges and other service income	(31,070)
(2,870) Interest and investment income	(2,708)
(26,916) Income from Council Tax and Non-Domestic Rates	(27,012)
(60,256) Government Grants and Contributions*	(38,456)
- Gains on the revaluation of Investment Property	(610)
(1,525) Gain on the disposal of assets	(3,919)
- Receipts the Housing Capital Receipts Pool	(5)
(121,772) Total income	(103,780)
(13,800) (Surplus) or Deficit on the Provision of Services	6,360

8.4 SEGMENTAL INCOME

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

2024/25	2025/26
£000	£000
(448) Corporate Services	(722)
(5,486) Service Delivery	(5,666)
(2,535) Regeneration and Planning	(2,662)
(125) Tourism and Enterprise	(114)
(20,848) Housing Revenue Account	(21,525)
(763) Trading Accounts and Investment Properties	(898)
(30,205) Total Fees, Charges & Other Service Income	(31,587)

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The total above includes from income from contracts with customers, accounted for in accordance with IFRS 15 and income outside the scope of IFRS 15 such as car parking fines of £78.9k charge (£84.5k in 2024/25), planning charges of £820k (£1,122k in 2024/25) and licence fees of £390.7k (£323.2k in 2024/25).

E. NOTES TO THE ACCOUNTS

9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

2025/26	General Fund	HRA Balance	Major Repairs Reserve	Capital Receipts	Capital Grants & Contributions Unapplied
	£000	£000	£000	£000	£000
ADJUSTMENT TO THE REVENUE RESOURCES					
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements</i>					
• Pensions costs (transferred to/from the Pensions Reserve)	43	-	-	-	-
• Council tax and NDR (transferred to/from Collection Fund Adjustment Account)	64	-	-	-	-
• Holiday Pay (transferred to/from the Accumulated Absences Reserve)	-	-	-	-	-
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (those items are charged to the Capital Adjustment Account):					
Charges for depreciation	(2,616)	(3,919)	-	-	-
Revaluation Losses	(628)	276	-	-	-
Movements in the fair value of investment properties	650	-	-	-	-
Amortisation of intangible assets	(42)	-	-	-	-
Revenue expenditure funded from capital under statute	(10,839)	-	-	-	-
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(283)	(12,036)	-	-	-
Expected Credit Loss	-	-	-	-	-
Capital Grants and Contributions Received	7,189	-	-	-	(7,189)
TOTAL ADJUSTMENTS TO REVENUE RESOURCES	(6,462)	(15,679)	-	-	(7,189)
ADJUSTMENTS BETWEEN REVENUE AND CAPITAL RESOURCES					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	115	3,820	-	(3,936)	-
Receipt from the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	5	-	-	(5)	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	3,919	(3,919)	-	-
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	888	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	10	2,289	-	-	-
TOTAL ADJUSTMENTS BETWEEN REVENUE AND CAPITAL RESOURCES	1,018	10,028	(3,919)	(3,941)	-
ADJUSTMENTS TO CAPITAL RESOURCES					
Use of Capital Receipts Reserve to finance capital expenditure	-	-	-	11,565	-
Use of Major Repairs Reserve to finance capital expenditure	-	-	8,259	-	-
Use of Grants and Contribution to finance capital expenditure	4,423	-	-	-	19,013
Cash payments in relation to deferred capital receipts	-	(16)	-	-	-
TOTAL ADJUSTMENTS TO CAPITAL RESOURCES	4,423	(16)	8,259	11,565	19,013
TOTAL ADJUSTMENTS FOR 2025/26	(1,021)	(5,667)	4,340	7,624	11,824

E. NOTES TO THE ACCOUNTS

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

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

E. NOTES TO THE ACCOUNTS

10. AUDIT FEES

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

2024/25		2025/26
£000		£000
154	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	158
154	Total	158

Note:

The audit fees payable for external audit services are the agreed scale fees per Public Sector Audit Appointments.

These are subject to finalisation arising from any changes in scope of work performed by the auditors under the Accounts and Audit (Amendment) Regulations 2024 to address the backlog of unaudited local body accounts in England.

11. MEMBERS ALLOWANCES

Allowances paid to the Councillors during the year amounted to:

2024/25	2025/26
£000	£000
328	333
2	1
330	334
	Total

E. NOTES TO THE ACCOUNTS

12. OFFICERS REMUNERATION

12.1. SENIOR MANAGEMENT REMUNERATION

2024/25						2025/26					
Salary, Fees and Allowance	Expenses	Election Expenses	Compensation for loss of Office	Pension Contribution	Total	Salary, Fees and Allowance	Expenses	Election Expenses	Compensation for loss of Office	Pension Contribution	Total
£	£	£	£	£	£	£	£	£	£	£	£
160,564	350	7,125	-	30,010	198,049	165,702	20,545	1,625	-	34,699	222,571
140,341	17,154	8,092	-	26,571	192,158	144,832	17,394	-	-	30,206	192,432
107,840	9,097	-	-	20,112	137,049	116,091	10,000	-	-	23,516	149,607
105,514	8,522	993	118,450	19,678	253,157	-	-	-	-	-	-
-	-	-	-	-	-	75,537	5,402	-	-	14,797	95,736
-	-	-	-	-	-	24,904	1,196	-	-	4,868	30,968
-	-	-	-	-	-	24,904	1,196	-	-	4,868	30,968
-	-	-	-	-	-	101,691	10,547	-	-	20,836	133,074
-	-	-	-	-	-	101,691	3,071	-	-	19,538	124,300
-	-	-	-	-	-	86,095	6,981	981	-	17,359	111,416
-	-	-	-	-	-	87,295	1,389	-	-	16,539	105,223
-	-	-	-	-	-	87,295	792	-	-	8,140	96,227

Note

The Corporate Management Team was increased from 4 to 11 in 2025/26. Corporate Management Team are formally employed by EBC, and costs are recharged to the Council (see table across).

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

* Deputy Chief Finance Officer left the Council on 4 January 2026

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

	The Council's Share
Shared Chief Executive	33%
Deputy Chief Executive	50%
Director of Finance and Performance	50%
Director of Tourism, Culture & Organisational Development**	50%
Deputy Chief Finance Officers	50%
Director Housing Assets & Development	50%
Director of Tourism & Place	50%
Assistant Director People & Governance	50%
Assistant Director Revenues & Benefits	50%
Assistant Director Customer Service & Delivery	50%

E. NOTES TO THE ACCOUNTS

12. OFFICERS REMUNERATION (cont.)

12.2. REMUNERATION BANDS

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

Remuneration Band	2025/26	2024/25
	Number of Employees	Number of Employees
£50,000 - £54,999	30	30
£55,000 - £59,999	12	16
£60,000 - £64,999	16	10
£65,000 - £69,999	9	9
£70,000 - £74,999	8	8
£75,000 - £79,999	4	6
£80,000 - £84,999	1	1
£85,000 - £89,999	3	3
£95,000 - £99,999	1	-
£100,000 - £104,999	-	2
£115,000 - £119,999	-	1
£125,000 - £129,999	-	1
Total	84	87

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

12.3. EXIT PACKAGES

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
	Number of Employees		Number of Employees		Number of Employees		£	£
£0 -£20,000	-	8	7	11	7	19	44,368	128,858
£20,001 - £40,000	-	1	-	4	-	5	-	157,715
£40,001 - £60,000	-	1	1	3	1	4	46,440	197,795
£60,001 - £80,000	-	-	2	1	2	1	150,546	70,831
£100,001 - £120,000	-	-	-	1	-	1	-	118,450
Total cost included in bandings	-	10	10	20	10	30	241,354	673,650

Notes:

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

In 2025/26 Lewes District Council were recharged £40,589 (£ 245,905 in 2024/25) for their share of exit packages and Eastbourne Homes Ltd were recharged £0 (£ 3,056 in 2024/25).

E. NOTES TO THE ACCOUNTS

13. RELATED PARTIES

DEFINITION

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

CENTRAL GOVERNMENT

The Government provides much of the Council's funding and determines its statutory framework. Details of transactions with the Government are shown in the Comprehensive Income and Expenditure Statement, the Cash Flow Statement, and Notes 15 (grants and contributions), 25 (debtors) and 26 (creditors).

EAST SUSSEX PENSION SCHEME

The Council participates in the East Sussex Pension Scheme, making annual contributions to the East Sussex Pension Fund as set out in Note 30. One Member is on the Pension Fund Committee.

OTHER LOCAL AUTHORITIES

The Council operates a shared back office with EBC under where staff and services work on behalf of both councils. EBC now employs all the CMT officers and the majority of the Council's staff who were transferred (under TUPE) to EBC during 2017/18. The costs of services for the Council are recharged by EBC to the Council. Staff within legal services remain employees of the Council and legal services are provided to both councils and costs recharged to EBC. In 2025/26 this amount was £372,015 (£317,503 in 2024/25). The Chief Executive was also appointed interim Chief Executive of Hastings Borough Council in 2024.

ENTITIES CONTROLLED OR SIGNIFICANTLY INFLUENCED BY THE COUNCIL

LEWES HOUSING INVESTMENT COMPANY LIMITED

Lewes Housing Investment Company Limited (LHIC) is a wholly owned subsidiary of the Council. Incorporated in July 2017, LHIC was set up to acquire, improve and let residential property at market rents. The capital programme includes a potential commercial loan funding to LHIC to facilitate property purchases although none of this facility has been drawn down. No other payments were made to, or monies received from, LHIC during 2025/26 and no amounts were owing to, or owed by, LHIC at the end of the year. Dormant accounts were filed by the company in December 2024 for the year ending 31 March 2025.

ASPIRATION HOMES LLP

Aspiration Homes LLP is a limited liability partnership owned equally by the Council and EBC. Incorporated in June 2017, it has been set up for the purpose of developing housing to be let at affordable rent. The capital programme includes a potential commercial loan funding to facilitate property purchases. The total drawn down at 31 March 2026 was £3,043,855 but no new loans were drawn down in the year (see Note 24). A Working Capital facility loan of £100,000 has been agreed, at an interest rate of 2% above base rate and £20,000 has been drawn down at 31 March 2026. Group accounts have not been prepared for 2025/26. The Council has provided funding towards two sites in Lewes (and no joint sites) but this is not considered to be material for group accounts.

WAVE ACTIVE LIMITED

Wave Active Limited, is a charitable company and limited by guarantee. It was established in 2006 to operate the Council's indoor leisure facilities. The company also operates the Council's Newhaven Fort historic visitor attraction and with the Council is working on a project to improve the facility. A Funding and Management Agreement between the two organisations sets out the terms of this relationship. In 2025/26 the Council paid Wave fees of £104,204 (£104,204 in 2024/25). From April 2017, the Council has provided a guarantee to a leasing company with which Wave has entered for various fixed term equipment hire agreements, to be triggered if Wave defaults on its obligations. The guarantee is up to a maximum of £500,000 across four agreements. A Step-In agreement gives the Council an indemnity if it has to meet its obligations under the guarantee.

SAXON HOUSE

Alongside the East Sussex Fire Authority (ESFA) and Sussex Police, the Council are a partner in the setting up of a shared facility in Newhaven called Saxon House which opened in January 2016. The Council has a lease to use a portion of the building for which it paid ESFA a service charge of £53,136 in 2025/26 (£48,722 in 2024/25). This lease is currently and previously accounted for as a leasehold and is included on the balance sheet.

CLEAR FUTURES

The Council has a flexible, collaborative partnership with Clear Futures focusing on developing long term solutions to sustainability challenges including sustainable housing.

MEMBERS AND OFFICERS

Members of the Council (41 district councillors) have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 11. Five Members are also members of East Sussex County Council.

Members are obliged by the Council's Constitution to record in a Register of Interests of Members any personal interest, financial and/or otherwise, in any business of the Council. The Register of Interests of Members, which is maintained by the Monitoring Officer, is open to public inspection at 6 High Street, Lewes during office hours. In addition, Members are asked to complete an annual declaration of related party transactions to confirm whether or not they had any qualifying interests in the year. The Council awards grants to a number of organisations, e.g. Lewes District Citizen's Advice, in which Members have an interest. The relevant Members did not take part in any discussion or decision relating to the award of financial support which was made with proper declarations of interest.

Officers are obliged under the code of conduct in the Council's Constitution to declare any personal interest, financial and/or otherwise, in any business of the Council. They are also required to record any gifts and/or hospitality received in a format prescribed and held by the Monitoring Officer. In addition, senior officers complete an annual declaration of related party transactions to confirm whether or not they had any qualifying interests in the year. All senior officers confirmed that they had no qualifying interests.

E. NOTES TO THE ACCOUNTS

14. LEASING

COUNCIL ACTING AS LESSOR

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

2024/25	2025/26
Minimum Lease Income	Minimum Lease Income
£000	£000
1,367 Within one year	1,638
4,541 Between two and five years	5,469
27,876 Later than five years	31,342
33,784	38,449

The lease income relates to various land and buildings owned by the Council and leased out on varying terms and conditions. The total rental income recognised in the Comprehensive Income and Expenditure Statement for 2025/26 was £1,727k (£2,068k in 2024/25). The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

E. NOTES TO THE ACCOUNTS

15 GRANTS AND CONTRIBUTIONS RECEIVABLE

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

2024/25	2025/26
£000	£000
Grants and contributions within Cost of Services	
(21,359) DWP Benefit grants	(15,393)
(4,346) Other grants and contributions	(4,573)
(25,705) Total within Cost of Services	(19,966)
Grants and contributions within Taxation and non-specific grant income	
(4,380) Section 31 Business Rates	(4,367)
(713) New Homes Bonus	(449)
- Localising Council Tax Support	-
(229) Housing Benefit Administration	-
(28,559) Grants and contributions towards capital expenditure	(11,611)
(670) Other grants and contributions	(2,065)
(34,551) Total within Taxation and non-specific grant income	(18,492)
(60,256) Total	(38,458)

E. NOTES TO THE ACCOUNTS

16. TRANSFER TO/FROM EARMARKED RESERVES

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

Earmarked Reserve	2024/25			2025/26			Balance as at 31 March 2026 £000
	Balance as at 31 March 2024	Transfers In	Transfers Out	Balance as at 31 March 2025	Transfers In	Transfers Out	
	£000	£000	£000	£000	£000	£000	
Asset Management	(595)	(17)	484	(128)	(2)	10	(120)
Economic Regeneration	(5,170)	(1,396)	1,371	(5,195)	(1,770)	1,519	(5,446)
Revenue Grants and Contributions	(415)	(545)	-	(960)	(570)	83	(1,447)
Strategic Change	(220)	-	134	(86)	-	50	(36)
Vehicle & Equipment Replacement	(42)	-	-	(42)	-	-	(42)
Business Rates Equalisation	(861)	-	467	(394)	-	-	(394)
Income Protection	(125)	-	125	-	-	-	-
Capital Financing Support	(500)	-	-	(500)	-	-	(500)
Community Grants	(105)	-	-	(105)	(47)	-	(152)
Flats	(86)	(35)	-	(121)	-	-	(121)
Cost of Living Pressures	(88)	-	36	(52)	-	2	(50)
Budget Carry Forwards	(750)	-	671	(79)	(395)	319	(155)
BEIS Reserve Fund	(192)	-	-	(192)	162	-	(30)
Strategic Regeneration Partnership – Clear Futures	(20)	(10)	-	(30)	-	-	(30)
Levelling Up Fund Reserve	(85)	-	12	(73)	(221)	80	(214)
S106 Employment Monitoring Reserve	(24)	(5)	-	(29)	(14)	9	(34)
HRA Revenue Grant	(28)	(6)	-	(34)	-	23	(11)
Sustainability	-	(104)	-	(104)	(7)	49	(62)
Land Charges Reserve	-	-	-	-	(10)	-	(10)
Total	(9,306)	(2,118)	3,300	(8,124)	(2,874)	2,144	(8,854)

E. NOTES TO THE ACCOUNTS

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

The purpose of each reserve is set out below:

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

E. NOTES TO THE ACCOUNTS

17. SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

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

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

31 March 2025	31 March 2026
£000	£000
106,847 Opening Capital Financing Requirement	113,076
Capital Investment	
27,655 Property, Plant and Equipment	45,276
5,915 Revenue expenditure financed from capital under statute	10,839
(14) Loans and Advances	59
(22) Loans and Advances repaid	(2)
33,534 Total Capital Investment	56,172
Sources of finance	
(4,998) Capital receipts	(11,565)
(15,207) Grants and contributions	(23,435)
(4,112) Major repairs reserve	(8,259)
(2,041) Revenue contribution to capital	(2,299)
(947) Revenue provision for repayment of debt	(888)
(27,305) Total Sources of finance	(46,446)
6,229 Movement in the Year	9,726
113,076 Closing Capital Financing Requirement	122,802
Explanation of movements in year	
6,229 Increase in underlying need to borrowing (unsupported by government financial assistance)	9,726
6,229 Increase in Capital Financing Requirement	9,726

E. NOTES TO THE ACCOUNTS

18. PROPERTY, PLANT AND EQUIPMENT

18.1 MOVEMENT IN YEAR 2025/26

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

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2025	279,076	65,372	21,320	1,326	2,880	18,200	3,191	391,365
Additions	13,895	447	3,186	266	169	26,236	-	44,199
Revaluations recognised in the Revaluation Reserve	5,597	3,539	-	-	-	-	(1)	9,135
Revaluations recognised in the Surplus or Deficit on Provision of Services	235	(9)	-	-	-	-	(579)	(353)
De-recognition & Disposals	(12,036)	(17)	(862)	-	-	61	-	(12,854)
Transfers	-	-	-	-	-	(579)	(347)	(926)
At 31 March 2026	286,767	69,332	23,644	1,592	3,049	43,918	2,264	430,567
Accumulated Depreciation and Impairment at 1 April 2025	-	-	(8,791)	(136)	-	-	-	(8,927)
Depreciation Charge for the year	(3,704)	(749)	(1,695)	(143)	-	-	-	(6,291)
Depreciation written out on revaluation	(1,754)	-	-	-	-	-	-	(1,754)
De-recognition & Disposals	-	-	536	-	-	-	-	536
At 31 March 2026	(5,458)	(749)	(9,950)	(279)	-	-	-	(16,437)
Net Book Value								
At 31 March 2026	281,309	68,583	13,694	1,313	3,049	43,918	2,264	414,130
At 31 March 2025	279,076	65,372	12,529	1,190	2,880	18,200	3,191	382,438

E. NOTES TO THE ACCOUNTS

18. PROPERTY, PLANT AND EQUIPMENT (cont.)

18.1 MOVEMENT IN YEAR (Cont.) 2024/25

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation at 1 April 2024	321,553	59,357	21,919	1,203	1,858	16,923	3,302	426,115
Additions	6,906	912	1,134	123	272	12,025	-	21,372
Revaluations recognised in the Revaluation Reserve	(51,970)	5,602	-	-	-	-	(78)	(46,446)
Revaluations recognised in the Surplus or Deficit on Provision of Services	273	(108)	-	-	-	-	(33)	132
De-recognition & Disposals	(6,568)	(391)	(1,733)	-	-	(191)	-	(8,883)
Transfers	8,882	-	-	-	750	(10,557)	-	(925)
31 March 2025	279,076	65,372	21,320	1,326	2,880	18,200	3,191	391,365
Accumulated Depreciation and Impairment at 1 April 2024	(1,981)	(831)	(8,874)	-	-	-	-	(11,686)
Depreciation Charge for the year	(4,296)	(569)	(1,638)	(136)	-	-	-	(6,639)
Depreciation written out on revaluation	6,277	1,400	-	-	-	-	-	7,677
De-recognition & Disposals	-	-	1,721	-	-	-	-	1,721
31 March 2025	-	-	(8,791)	(136)	-	-	-	(8,927)
Net Book Value								
31 March 2025	279,076	65,372	12,529	1,190	2,880	18,200	3,191	382,438
At 31 March 2024	319,572	58,526	13,045	1,203	1,858	16,923	3,302	414,429

E. NOTES TO THE ACCOUNTS

18. PROPERTY, PLANT AND EQUIPMENT (cont.)

18.2 INFRASTRUCTURE ASSETS

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

Net Book Value (modified historical cost)	2024/25	2025/26
	£000	£000
Opening Balance	1,203	1,190
Additions	123	267
Disposals	-	-
Revaluations	-	-
Impairment	-	-
Depreciation	(136)	(143)
Transfers	-	-
Movement	(13)	124
Closing Balance	1,190	1,314

18.3 VALUATION OF PROPERTY

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

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

	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Surplus Properties	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at Historical Cost	-	-	13,694	1,313	3,049	43,918	-	61,974
Values at fair value in:								
31 March 2026	281,309	68,583	-	-	-	-	2,264	352,156
31 March 2022 – 31 March 2025	-	-	-	-	-	-	-	-
Total cost or valuation	281,309	68,583	13,694	1,313	3,049	43,918	2,264	414,130

E. NOTES TO THE ACCOUNTS

18. PROPERTY, PLANT AND EQUIPMENT (cont.)

18.4 DEPRECIATION

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

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

18.5 CAPITAL COMMITMENTS

At 31 March 2026, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment to cost £20,059,000 as detailed in the table below. Similar commitments at 31 March 2025 were £15,279,000. This includes significant grant funded regeneration schemes in Newhaven.

	At 31 March 2025	At 31 March 2026
	£000	£000
HRA Dwellings	980	-
Other Commitments	14,299	20,059
Total	15,279	20,059

18.6 FAIR VALUE HIERARCHY

As at 31 March 2026, there are five properties classed as surplus, compared to six in the previous year. The fair value hierarchy of surplus assets at 31 March are as follows:

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

Surplus Assets NBV at 31 March 2026	-	2,264	-	2,264
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Surplus Assets NBV at 31 March 2025	-	3,191	-	3,191
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The surplus assets are measured at Level 2 in the fair value hierarchy (see Note 2.6) as the measurement technique uses significant observable inputs to measure the fair value. The fair value has been derived on a comparable basis for income producing assets or residential properties (using rent yield or capital value per square metre) or derived through an assessment of prevailing land values for unconsented sites or a residual land appraisal.

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

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

E. NOTES TO THE ACCOUNTS

19. HERITAGE ASSETS

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

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

Carrying amounts of heritage assets are reviewed where there is evidence of impairment, e.g. where an item has suffered physical deterioration or breakage, and any impairment is recognised and measured in accordance with the general policies on impairment.

	Works of Art	Museum Exhibits	Civic Regalia	Land & Buildings	Total
	£000	£000	£000	£000	£000
Balance as at 31 March 2024	309	453	23	10,380	11,165
Additions	-	-	-	6,027	6,027
Revaluations	-	-	-	(4,687)	(4,687)
Depreciation*	-	-	-	(218)	(218)
Balance as at 31 March 2025	309	453	23	11,502	12,287
Additions				565	565
Transfers				(57)	(57)
Revaluations				-	-
Depreciation				(245)	(245)
Balance as at 31 March 2026	309	453	23	11,765	12,550

19.1 HERITAGE ASSET POLICY

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

WORKS OF ART AND MUSEUM EXHIBITS

- These comprised of artefacts held at Newhaven Fort and miscellaneous aesthetic items held at separate locations. These items are carried on the Balance Sheet at insurance valuation which is reviewed annually. Since these items are deemed to have indeterminate lives, no depreciation is charged. There are no transactions that are not recognised in the Balance Sheet, and no assets were acquired by donation during the year.

CIVIC REGALIA

- A static collection comprising the Chair's chain of office and several smaller badges of civic office. These items are carried on the Balance Sheet at insurance valuation which is reviewed annually. Since these items are deemed to have indeterminate lives, no depreciation is charged.

LAND AND BUILDING

- These comprise of two properties: Market Tower built in the 18th century, and Newhaven Fort built in the 19th century. These assets are recognised, measured, impaired and depreciated. These assets meet the definition of heritage assets as they are held for their cultural and historical and intended to be preserved in trust for future generations. Newhaven Fort has

undergone a significant restoration in 2025/26 as part of the grant funded regeneration programme in Newhaven.

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

HERITAGE ASSET ACQUISITIONS POLICY

The Council's collection of works of art and exhibits is relatively static, and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at insurance valuation.

HERITAGE ASSET DISPOSALS POLICY

The Council accepts the principle that there is a strong presumption against the disposal of any items in the collections. Any decision to sell or dispose of material from the collections should be taken only after due consideration. Once a decision to dispose of an item has been taken, priority will be given to retaining the item within the public domain and with this in view it will be offered first, by exchange, gift or sale to registered museums before disposal to other interested individuals or organisations is considered. Further information is available in the Lewes Local History.

E. NOTES TO THE ACCOUNTS

20. INVESTMENT PROPERTIES

In 2025/26 the Council received £536,000 as rental income from investment properties, compared to £431,000 received in 2024/25.

Investment properties are held for the purpose of generating income. There are no restrictions on the Council's ability to realise the value inherent in its investment property or of the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligation to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The table shows movements in the fair value for Investment Properties:

2024/25	2025/26
£000	£000
15,414	13,972
243 Additions	89
(2,609) Net gains / (losses) from fair value adjustments	651
- Disposals & Derecognition	-
924 Transfers	57
13,972	14,769

20.1. FAIR VALUE HIERARCHY

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

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

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

20.3. HIGHEST AND BEST USE

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

20.4. VALUATION PROCESS FOR INVESTMENT PROPERTIES

The Council's investment property has been valued as at 31 March 2026 by Wilks Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

E. NOTES TO THE ACCOUNTS

21. INTANGIBLE ASSETS

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

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

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

2024/25	2025/26		
Net Book Value	Gross Cost	Amortisation	Net Book Value
£000	£000	£000	£000
369 Balance 1 April	876	(805)	71
Written down to services			
(288) Corporate Services	-	(13)	(13)
(22) Service Delivery	-	(29)	(29)
- Regeneration and Planning	-	-	-
- Housing Revenue Account	-	-	-
(310) Total	-	(42)	(42)
13 Added during year	422	-	422
- Transfers	-	-	-
- Written out on completion of expected life	-	-	-
13 Net transactions during the year	422	-	422
72 Balance at 31 March	1,298	(846)	451

E. NOTES TO THE ACCOUNTS

22. ASSETS HELD FOR SALE

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

2024/25		2025/26
£000		£000
-	Balance at 1 April	-
-	Revaluations/Impairment	-
-	Disposals and de-recognition	-
	Assets declassified as held for sale:	
-	Property, Plant & Equipment	926
-	Balance at 31 March	926

23. FINANCIAL INSTRUMENTS

23.1. CATEGORIES OF FINANCIAL INSTRUMENTS

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

31 March 2025		31 March 2026	
Long-term	Current	Long-term	Current
£000	£000	£000	£000
Financial Assets			
Fair Value through Profit and Loss			
-	-	-	-
Amortised Cost			
4,156	16,889	4,191	15,195
-	4,529	-	1,310
4,156	21,418	4,191	16,505
-	8,068	-	12,314
4,156	29,486	4,191	28,819
Financial Liabilities			
Fair Value through Profit and Loss			
-	-	-	-
Amortised Cost			
-	-	-	(3,054)
-	(9,450)	-	(10,317)
(41,673)	(15,231)	(45,673)	(38,437)
(41,673)	(24,681)	(45,673)	(51,808)
(4,201)	(5,878)	(4,738)	(6,832)
(45,874)	(30,559)	(50,411)	(58,640)

E. NOTES TO THE ACCOUNTS

23. FINANCIAL INSTRUMENTS (cont.)

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

The balance of financial assets at 31 March 2026 was £nil (£nil at 31 March 2025). There were no financial liabilities designated at fair value through profit or loss. No financial assets or liabilities were classed as fair value through other comprehensive income. No financial assets or liabilities were re-classified during the year.

23.3. INCOME, EXPENSE, GAINS AND LOSSES

2024/25		2025/26	
Surplus or Deficit on Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on Provision of Services	Other Comprehensive Income and Expenditure
£000	£000	£000	£000
			Net (gains) / losses on:
-	-	-	Financial assets measured at FVPL
-	-	-	Financial liabilities measured at FVPL
			Interest revenue:
(2,869)	-	(2,708)	Financial assets measured at amortised cost
			Interest expense:
4,084	-	4,537	Financial liabilities measured at amortised cost

23.4. FAIR VALUE

The basis for recurring fair value measurements is:

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

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

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31 March 2025	As at 31 March 2026
			£000	£000
Fair Value through profit or loss				
Other financial instruments	Level 1	Unadjusted quoted prices in active markets for identical shares	-	-

E. NOTES TO THE ACCOUNTS

23. FINANCIAL INSTRUMENTS (cont.)

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

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

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

The fair values calculated are as follows:

	31 March 2025		31 March 2026	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities				
Financial Liabilities at amortised cost	(41,673)	(35,967)	(45,673)	(39,960)
Total Long Term	(41,673)	(35,967)	(45,673)	(39,960)
Short Term				
Borrowing and Creditors	(24,681)	(24,681)	(51,808)	(51,808)
Total Short & Long Term	(66,354)	(60,648)	(97,481)	(91,768)

The fair value of borrowings is lower than the carrying amount because the portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain, based on economic conditions at 31 March 2026, arising from a commitment to pay interest to lenders below current market rates.

	31 March 2025		31 March 2026	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Assets				
Long Term Debtors	4,156	2,835	4,191	4,191
Total Long Term	4,156	2,835	4,191	4,191
Short Term				
Investments and Debtors	21,418	21,418	16,505	16,505
Total Short & Long Term	25,574	24,253	20,696	20,696

E. NOTES TO THE ACCOUNTS

23. FINANCIAL INSTRUMENTS (cont.)

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

31 March 2025				Recurring fair value measurements using:	31 March 2026			
Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total		Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
£000	£000	£000	£000		£000	£000	£000	£000
				Financial Liabilities				
-	(35,967)	-	(35,967)	Financial Liabilities at amortised cost	-	(39,960)	-	(39,960)
-	(35,967)	-	(35,967)	Total Long Term	-	(39,960)	-	(39,960)
				Financial Assets				
-	2,835	-	2,835	Long Term Debtors	-	4,191	-	4,191
-	2,835	-	2,835	Total Long Term	-	4,191	-	4,191

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

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

FINANCIAL ASSETS

- no early repayment or impairment is recognised;
- estimated ranges of interest rates at 31 March 2026 for loans receivable, based on new lending rates for equivalent loans at that date;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount.

FINANCIAL LIABILITIES

- no early repayment is recognised;
- estimated ranges of interest rates at 31 March 2026 for loans payable based on new lending rates for equivalent

E. NOTES TO THE ACCOUNTS

24. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

24.1. OVERALL PROCEDURES FOR MANAGING RISK

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

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

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

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

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

The key items within the strategy were:

- The Authorised Limit for 2025/26 was set at £145.9m. This is the maximum limit of external borrowings or other long-term liabilities;
- The Operational Boundary was expected to be £139.5m. This is the expected level of debt and other long-term liabilities during the year;
- The maximum amounts of fixed and variable interest rate exposure were set at 100 per cent and 25 per cent based on the Council's net debt;
- The maximum and minimum exposures to the maturity structure of debt (see table below).
- Risk management is carried out by a central treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).
- Risk management is carried out by a central treasury team, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

E. NOTES TO THE ACCOUNTS

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

The key risks are:

Risk	Description	Controls and mitigating activity	The Council's exposure																									
CREDIT RISK	<p>The possibility that other parties might fail to pay amounts due to the Council.</p> <p>Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which is available on the Council's website.</p>	<p>The full Investment Strategy for 2025/26 was approved by Full Council on 19 February 2024 and is available on the Council's website.</p> <p>The Annual Investment Strategy requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.</p> <p>The credit criteria in respect of financial assets held by the Council are detailed below.</p> <p>The Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element.</p> <p>However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays: credit watches and credit outlooks from credit rating agencies;</p> <ul style="list-style-type: none"> CDS spreads to give early warning of likely changes in credit ratings; sovereign ratings to select counterparties from only the most creditworthy countries. Customers for goods and services are assessed, considering their financial position, previous history and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council. 	<p>The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £5m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at the 31 March 2026 that this was likely to crystallise.</p> <p>12 Month Expected Credit Loss (ECL) includes treasury investments but there is no ECL required as the investments are either call accounts or local authority investments which are exempt.</p> <p>The table below summarises the credit risk exposures of the Council's investment portfolio at 31 March 2026 by the type of counterparty:</p> <table border="1"> <thead> <tr> <th></th> <th>12 Month ECL</th> <th>Lifetime ECL</th> <th>Lifetime ECL - Simplified Approach</th> <th>Total</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Balance as at 1 April 2025</td> <td>(53)</td> <td>-</td> <td>(4,950)</td> <td>(5,003)</td> </tr> <tr> <td>Change in credit loss</td> <td>-</td> <td>-</td> <td>847</td> <td>847</td> </tr> <tr> <td>Balance as at 31 March 2026</td> <td>(53)</td> <td>-</td> <td>(4,103)</td> <td>(4,156)</td> </tr> </tbody> </table>		12 Month ECL	Lifetime ECL	Lifetime ECL - Simplified Approach	Total		£000	£000	£000	£000	Balance as at 1 April 2025	(53)	-	(4,950)	(5,003)	Change in credit loss	-	-	847	847	Balance as at 31 March 2026	(53)	-	(4,103)	(4,156)
	12 Month ECL	Lifetime ECL	Lifetime ECL - Simplified Approach	Total																								
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Balance as at 31 March 2026	(53)	-	(4,103)	(4,156)																								

E. NOTES TO THE ACCOUNTS

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

Risk	Description	Controls and mitigating activity	The Council's exposure																											
CREDIT RISK (CONT.)			<p>Council tax and business rates are non-financial assets and the provision for bad debts is calculated separately and based on incurred losses.</p> <p>The table below summarises the credit risk exposures of the Council's investment portfolio at 31 March 2026 by the type of counterparty:</p> <table border="1"> <thead> <tr> <th></th> <th>As at 31 March 2025</th> <th>As at 31 March 2026</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Banks, Building Societies & Corporates</td> <td></td> <td></td> </tr> <tr> <td>AAA</td> <td>-</td> <td>-</td> </tr> <tr> <td>AA</td> <td>-</td> <td>-</td> </tr> <tr> <td>A</td> <td>5,869</td> <td>2,244</td> </tr> <tr> <td>Money Market Funds - AAA</td> <td>-</td> <td>-</td> </tr> <tr> <td>Local Authorities - unrated</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total Long and Short Term</td> <td>5,869</td> <td>2,244</td> </tr> </tbody> </table>		As at 31 March 2025	As at 31 March 2026		£000	£000	Banks, Building Societies & Corporates			AAA	-	-	AA	-	-	A	5,869	2,244	Money Market Funds - AAA	-	-	Local Authorities - unrated	-	-	Total Long and Short Term	5,869	2,244
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LIQUIDITY RISK	The possibility that the Council might not have funds available to meet its commitments to make payments.	The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.	<p>The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.</p> <p>The maturity analysis of financial assets is as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>As at 31 March 2025</th> <th>As at 31 March 2026</th> </tr> <tr> <th></th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Less than one year</td> <td>21,418</td> <td>16,505</td> </tr> <tr> <td>Between one and two years</td> <td>-</td> <td>-</td> </tr> <tr> <td>Between two and five years</td> <td>-</td> <td>-</td> </tr> <tr> <td>Between five and ten years</td> <td>4,156</td> <td>4,191</td> </tr> <tr> <td>More than ten years</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>25,574</td> <td>20,696</td> </tr> </tbody> </table>		As at 31 March 2025	As at 31 March 2026		£000	£000	Less than one year	21,418	16,505	Between one and two years	-	-	Between two and five years	-	-	Between five and ten years	4,156	4,191	More than ten years	-	-	Total	25,574	20,696			
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E. NOTES TO THE ACCOUNTS

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

Risk	Description	Controls and mitigating activity	The Council's exposure																																								
RE-FINANCING AND MATURITY RISK	The possibility that the Council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms.	<p>The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.</p> <p>The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks, and the central treasury team address the operational risks within the approved parameters.</p> <p>This includes:</p> <ul style="list-style-type: none"> monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs. 	<p>The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (approved by Council in the Treasury Management Strategy):</p> <table border="1"> <thead> <tr> <th></th> <th>Approved Lower Limit</th> <th>Approved Upper Limit</th> <th>As at 31 March 2025</th> <th>As at 31 March 2026</th> </tr> <tr> <th></th> <th>%</th> <th>%</th> <th>£000</th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Less than one year</td> <td>0%</td> <td>25%</td> <td>(24,681)</td> <td>(51,808)</td> </tr> <tr> <td>Between one and two years</td> <td>0%</td> <td>40%</td> <td>-</td> <td>(14,000)</td> </tr> <tr> <td>Between two and five years</td> <td>0%</td> <td>50%</td> <td>(10,000)</td> <td>-</td> </tr> <tr> <td>Between five and ten years</td> <td>0%</td> <td>75%</td> <td>(10,000)</td> <td>(10,000)</td> </tr> <tr> <td>More than ten years</td> <td>0%</td> <td>100%</td> <td>(21,673)</td> <td>(21,673)</td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td>(66,354)</td> <td>(97,481)</td> </tr> </tbody> </table>		Approved Lower Limit	Approved Upper Limit	As at 31 March 2025	As at 31 March 2026		%	%	£000	£000	Less than one year	0%	25%	(24,681)	(51,808)	Between one and two years	0%	40%	-	(14,000)	Between two and five years	0%	50%	(10,000)	-	Between five and ten years	0%	75%	(10,000)	(10,000)	More than ten years	0%	100%	(21,673)	(21,673)	Total			(66,354)	(97,481)
	Approved Lower Limit	Approved Upper Limit	As at 31 March 2025	As at 31 March 2026																																							
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Total			(66,354)	(97,481)																																							

E. NOTES TO THE ACCOUNTS

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

Risk	Description	Controls and mitigating activity	The Council's exposure								
MARKET RISK	The possibility that financial loss might arise for the Council because of changes in such measures as interest rates or stock market movements.	<p>INTEREST RATE RISK - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:</p> <ul style="list-style-type: none"> Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise; Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances); Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances). <p>Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance.</p> <p>Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.</p> <p>The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.</p>	<p>According to this assessment strategy, at the end of the financial reporting period, if all interest rates had been 1 per cent higher (with all other variables held constant) the financial effect would be:</p> <table border="1"> <thead> <tr> <th></th> <th>£000</th> </tr> </thead> <tbody> <tr> <td>Increase in interest rate on variable rate borrowings</td> <td>-</td> </tr> <tr> <td>Increase in interest rate on variable rate investments</td> <td>22</td> </tr> <tr> <td>Total impact on Comprehensive Income and Expenditure</td> <td>22</td> </tr> </tbody> </table>		£000	Increase in interest rate on variable rate borrowings	-	Increase in interest rate on variable rate investments	22	Total impact on Comprehensive Income and Expenditure	22
	£000										
Increase in interest rate on variable rate borrowings	-										
Increase in interest rate on variable rate investments	22										
Total impact on Comprehensive Income and Expenditure	22										
PRICE RISK		The Council is not exposed to significant price risk given the nature of its financial assets.									
FOREIGN EXCHANGE RISK		The Council has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.									

E. NOTES TO THE ACCOUNTS

25. DEBTORS

Short Term debtors outstanding as at 31 March are:

As at 31 March 2025	As at 31 March 2026
£000	£000
Financial assets	
2,164 Trade Receivables	1,389
9,774 Other Receivables*	9,703
11,938 Total financial assets	11,092
Non financial assets	
623 Prepayments	575
9,420 Debtors for Local Taxation	10,080
2,976 Other Receivables	5,762
13,019 Total non financial assets	16,417
24,957 Total short term receivables	27,509

*Other Receivables includes a provision for losses at 31 March 2026 of £4.103m (£4.950m at 31 March 2025).

Debtors for Local Taxation includes Business Rates due from the Government. Debtors for Local Taxation includes a provision for losses at 31 March 2026 of £1.424m (£0.934m at 31 March 2025).

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

As at 31 March 2025	As at 31 March 2026
£000	£000
4,924 Less than one year	5,252
2,928 Between one and two years	3,194
5,192 Between two and five years	5,920
3,025 Between five and ten years	4,050
821 More than ten years	771
16,890 Total	19,187

Note: The gross debtors includes preceptors' shares as well as those owed to the Council. The Council's share of the is 14 per cent of council tax debt and 40 per cent of the national non-domestic rates debt.

Long-term debtors outstanding as at 31 March are:

As at 31 March 2025	As at 31 March 2026
£000	£000
4,156 Other Receivable Amounts	4,191
4,156 Total long receivables	4,191

Long term debtors at 31 March 2026 include £0.630m (£0.651m at 31 March 2025) relating to council dwelling sales, £3.044m (£3.044m at 31 March 2025) of capital loans to Aspiration Homes and other loans £0.571m (£0.515m at 31 March 2025) and an expected credit loss credit of £0.054m (£0.054m 31 March 2025).

E. NOTES TO THE ACCOUNTS

26. CREDITORS

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

Balance as at 31 March 2025	Balance as at 31 March 2026
£000	£000
Financial Liabilities	
(5,244) Trade Payables	(6,890)
(4,206) Other Payables	(3,427)
(9,450) Total	(10,317)
Non Financial Assets	
(2,435) Receipts in Advance	(3,083)
(3,414) Creditors for Local Taxation	(3,714)
(29) Other Payables	(35)
(5,878) Total	(6,832)
(15,328) Total	(17,149)

OTHER LONG-TERM LIABILITIES

Balance as at 31 March 2025	Balance as at 31 March 2026
£000	£000
- Lease Liability	-
- Total	-

CAPITAL GRANTS RECEIPTS IN ADVANCE

31 March 2025	31 March 2026
£000	£000
(3,586) Balance at 1 April	(3,087)
(4,073) Amounts receivable during the year	(4,951)
4,572 Amounts applied to finance new capital investment	4,423
499 Net Transfer to / (from) Capital Unapplied Account	(528)
(3,087) Balance at 31 March	(3,615)

27. PROVISIONS

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

	Balance as at 1 April 2025	Additions	Amounts used	Balance as at 31 March 2026
	£000	£000	£000	£000
Business Rate Appeals	(356)	176	-	(180)
Total	(356)	176	-	(180)

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

E. NOTES TO THE ACCOUNTS

28. USABLE RESERVES

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

2024/25	2025/26
£000	£000
(2,039) General Fund Balance	(1,666)
(8,124) Earmarked Reserves	(8,855)
(3,510) HRA Balance	(3,523)
(11,085) Major Repairs Reserve	(6,745)
(12,409) Capital Receipts Reserve	(4,783)
(29,070) Capital Grants & Contributions Unapplied	(17,247)
(66,237) Total Usable reserves	(42,819)

MAJOR REPAIRS RESERVE

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

2024/25	2025/26
£000	£000
(10,721) Balance at 1 April	(11,085)
(4,476) Posting of HRA resources from revenue to the major repairs reserve	(3,919)
4,112 Use of the major repairs reserve to finance capital expenditure	8,260
(11,085) Balance at 31 March	(6,744)

CAPITAL RECEIPTS RESERVE

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

2024/25	2025/26
£000	£000
(15,766) Balance at 1 April	(12,409)
(1,674) Transfer of non-current asset sale proceeds from revenue to the capital receipts reserve	(3,962)
33 Administrative costs of non-current asset disposals	27
- Receipt from the government housing receipts pool	11,565
4,998 Use of the capital receipts reserve to finance capital expenditure	(4)
(12,409) Balance at 31 March	(4,783)

CAPITAL GRANTS & CONTRIBUTIONS UNAPPLIED ACCOUNT

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

2024/25	2025/26
£000	£000
(15,718) Balance at 1 April	(29,070)
(23,987) Grants and contributions received	(7,188)
10,635 Application of capital grants to finance capital expenditure	19,012
(13,352) Net Transfer to / (from) Capital Unapplied Account	11,824
(29,070) Balance at 31 March	(17,246)

E. NOTES TO THE ACCOUNTS

29. UNUSABLE RESERVES

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

2024/25	2025/26
£000	£000
(686) Deferred Capital Receipts Reserve	(670)
226 Collection Fund Adjustment Account	162
(150,128) Revaluation Reserve	(155,715)
(149,078) Capital Adjustment Account	(167,881)
(297) Pension Reserve	(1,975)
- Financial Instrument Adjustment Account	41
9 Accumulated Absence Account	9
(299,954) Total Unusable reserves	(326,029)

DEFERRED CAPITAL RECEIPTS RESERVE

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2024/25	2025/26
£000	£000
(802) Balance at 1 April	(686)
Transfer of deferred sales proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	16
- Transfer to the Capital Receipts Reserve upon receipt of cash	-
(686) Balance at 31 March	(670)

COLLECTION FUND ADJUSTMENT ACCOUNT

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

2024/25	2025/26
£000	£000
1,835 Balance at 1 April	226
23 Amount by which council tax debited or credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	192
(1,632) Amount by which non-domestic rate income debited or credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rate income calculated for the year in accordance with statutory requirements	(256)
(1,609) Total	(64)
226 Balance at 31 March	162

E. NOTES TO THE ACCOUNTS

29. UNUSABLE RESERVES (cont.)

REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Heritage Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2024/25		2025/26	
£000		£000	£000
(196,247)	Balance at 1 April		(150,127)
	- Transfer from the Capital Adjustment Account	-	
	Upward revaluation of assets		
43,404	Downward revaluation of assets	(7,382)	
43,404	Deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(7,382)
	Difference between fair value depreciation and historical cost depreciation		
2,136		1,795	
580	Accumulated gains on assets sold or scrapped	-	
2,716	Amount written off to the Capital Adjustment Account		1,795
(150,127)	Balance at 31 March		(155,714)

E. NOTES TO THE ACCOUNTS

29. UNUSABLE RESERVES (cont.)

PENSION RESERVE

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

2024/25	2025/26
£000	£000
512 Balance at 1 April	(297)
(3,765) Re-measurement of the net defined benefit liability/(asset)	(2,930)
2,937 Asset Ceiling - Adjusted Funding Surplus	1,295
220 Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	167
(201) Employer's pensions contributions and direct payments to pensioners payable in the year	(210)
(297) Balance at 31 March	(1,975)

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

The Financial Instrument Adjustment Account reconciles the differences that arise on the General Fund Balance from proper accounting practices and statutory arrangements to show how the transactions affect the taxpayer. The Council provides loans at below commercial interest rates. Statutory arrangements require that the impact on the General Fund Balance from the difference between the commercial rate and actual rate is spread over the life of the loans via the Account.

2024/25	2025/26
£000	£000
- Balance at 1 April	-
Amount by which interest on loans to third parties at less than commercial interest rates is different from interest charged in accordance with statutory requirements	41
- Balance at 31 March	41

ACCUMULATED ABSENCES ACCOUNT

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Accounts.

2024/25	2025/26
£000	£000
9 Balance at 1 April	9
(9) Settlement or cancellation of accrual made at the end of the preceding year	(9)
9 Amounts accrued at the end of the current year	9
9 Balance at 31 March	9

E. NOTES TO THE ACCOUNTS

30. PENSIONS

30.1. PARTICIPATION IN DEFINED BENEFIT PENSION PLAN

As part of the terms and conditions of employment of its employees, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by East Sussex County Council. This is a funded defined final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet the actual pension payments as they eventually fall due. The Council also has liabilities for discretionary payments for added years, etc. These are charged directly to the accounts of the Council, as they are not a charge upon the Pension Fund.

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

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

30.2. TRANSACTIONS RELATING TO POST-EMPLOYMENT BENEFITS

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

2024/25	2025/26
£000	£000
Service Cost comprising:	
137 Current Service Cost	125
Financing & Investment Income & Expenditure	
20 Net Interest	(24)
63 Administration Expenses	66
220 Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	167
Other Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	
2,185 Return on Assets	(481)
(5,622) Changes in financial assumptions	(1,928)
(166) Changes in demographic assumptions	261
(162) Other experience	1,790
- Other Actuarial	(2,572)
2,937 Asset Ceiling - Adjusted Funding Surplus	1,295
(828) Other Comprehensive Income & Expenditure	(1,635)
(608) Total Post-employment Benefits charged to the Comprehensive Income & Expenditure Statement	(1,468)
Movement in Reserves Statement	
288 Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(167)
201 Actual amount charged to the General Fund Balance for pensions in the year	210
489 Net adjustment in Movement in Reserves Statement	43

E. NOTES TO THE ACCOUNTS

30. PENSIONS (cont.)

30.3. PENSION ASSETS AND LIABILITIES RECOGNISED IN THE BALANCE SHEET

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

2024/25	2025/26
£000	£000
70,131 Fair value of employer assets	73,124
(55,470) Present value of funded liabilities	(54,543)
(446) Present value of unfunded liabilities	(593)
(13,918) Asset Ceiling - Adjusted funding surplus	(16,013)
297 Net asset arising from defined benefit obligation	1,975

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

2024/25	2025/26
£000	£000
73,254 Opening fair value of assets	70,131
(63) Administration Expenses	(66)
3,449 Interest income	3,922
Re-measurement gain/(loss):	
(2,185) Return on plan assets	481
201 Contributions from employer - Funded	210
44 Contributions from employees into the scheme	49
(4,508) Benefits paid - Funded	(4,113)
(61) Benefits paid - Unfunded	(62)
- Settlement prices paid	-
70,131 Closing fair value of scheme assets	73,124

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

2024/25	2025/26
£000	£000
(63,293) Opening balance at 1 April	(55,916)
(137) Current service costs	(125)
(2,961) Interest costs	(3,098)
(44) Contributions from scheme participants	(49)
Re-measurement (gains) and losses:	
5,622 Changes in financial assumptions	1,928
166 Changes in demographic assumptions	(261)
162 Other experience	(1,790)
4,508 Benefits paid - funded	4,113
61 Benefits paid - unfunded	62
(55,916) Closing Balance at 31 March	(55,136)

30.6. RECONCILIATION OF CHANGE IN IMPACT OF ASSET CEILING

2024/25	2025/26
£000	£000
10,473 Opening impact of asset ceiling	13,918
508 Interest on impact of asset ceiling	800
2,937 Actuarial losses/(gains)	1,295
13,918 Closing impact of asset ceiling	16,013

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

The calculation of the asset ceiling has followed the actuary's interpretation of IFRIC14.

E. NOTES TO THE ACCOUNTS

30. PENSIONS (cont.)

30.7. LOCAL GOVERNMENT PENSION SCHEME ASSETS COMPRISE:

	31 March 2025		31 March 2026	
	£000	%	£000	%
Equities	45,651	65.1%	46,928	64.2%
Bonds	12,324	17.6%	14,057	19.2%
Property	10,366	14.8%	10,207	14.0%
Cash/other assets	1,790	2.6%	1,932	2.6%
	70,131	100.0%	73,124	100.0%

The detail of assets as at 31 March 2026, representing the percentages of the total Fund held in each asset class (split by those that have a quoted market price in an active market, and those that do not) is:

	31 March 2025		31 March 2026	
	Quoted %	Unquoted %	Quoted %	Unquoted %
Index Linked Government Securities				
UK	-	7%	0%	9%
Overseas	-	-	-	-
Corporate Bonds				
UK	-	0%	-	0%
Overseas	-	10%	-	9%
Equities				
UK	-	-	-	-
Overseas	9%	35%	8%	33%
Property				
All	-	6%	-	6%
Others				
Absolute Return Portfolio	-	15%	-	17%
Private Equity	-	7%	-	7%
Infrastructure	-	8%	-	8%
Bonds	-	0%	-	0%
Private Debt	-	1%	-	1%
Other	-	0%	-	0%
Cash/Temporary Investments	2%	-	2%	-
Net Current Assets				
Debtors	0%	-	-	-
Creditors	-	-	-	-
	11%	89%	11%	89%

Note: The bid values are estimated where necessary. The individual percentages shown are to the nearest percentage point for each asset class and may not sum to 100 per cent. The final asset allocation of the Fund assets as at 31 March 2026 may be different from that shown due to estimation techniques.

30.8. BASIS FOR ESTIMATING ASSETS AND LIABILITIES

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions on mortality rates, salary levels, etc. The liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, being based on the latest full valuation of the scheme as at 31 March 2022. The main assumptions used in their calculations are:

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

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

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

E. NOTES TO THE ACCOUNTS

30. PENSIONS (cont.)

The sensitivity analyses below have been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In

practice, this is unlikely to occur, and changes in some assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Present Value of Total Obligation £000	Present Value of Total Obligation %
0.1% increase in Discount Rate	(556)	-1.0%
0.1% increase in the Salary Increase Rate	1	0.0%
0.1% increase in the Pension Increase Rate	597	1.1%
1 year increase in life expectancy	2,964	5.4%

30.9. IMPACT ON THE COUNCIL'S CASH FLOWS

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100 per cent over the next 20 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed as at 31 March 2028.

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

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

The Council anticipates paying £87,000 expected contributions to the scheme in 2026/27.

E. NOTES TO THE ACCOUNTS

31. CASH AND CASH EQUIVALENTS

Balance as at 31 March 2025	Balance as at 31 March 2026
£000	£000
- Cash held by the Authority	-
319 Bank Current Accounts	(3,054)
- Short Term Deposits with Banks	-
319 Total	(3,054)

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

2024/25	2025/26
£000	£000
6,857 Depreciation	6,535
(81) Impairment and (reversal) of impairment and valuation movements	353
309 Amortisation	41
770 Increase/(Decrease) in Creditors	3,930
(7,982) (Increase)/Decrease in Debtors	(8,745)
(214) (Increase) / Decrease in Inventories	7
19 Movement in pension liability	(43)
7,161 Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	12,319
1,979 Other non-cash items charged to the net surplus or deficit on the provision of services	(786)
8,818 Adjustment for Non-Cash Movements included in the provision of services	13,611

2024/25	2025/26
£000	£000
- Proceeds from short and long term investments	
(1,525) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,920)
(15,207) Other items for which the cash effects are investing or financing activities	(23,436)
(16,732) Adjustment for items that are investing and financing activities	(24,456)

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

2024/25	2025/26
£000 Investing Activities	£000
(27,686) Purchase of property, plant and equipment, investment property and intangible assets	(44,851)
(272,100) Purchase of short-term and long-term investments	-
14 Other payments for investing activities	(100)
1,555 Proceeds from sales of property, plant and equipment, investment property and intangible assets	3,669
272,400 Proceeds from short and long term investments	-
14,736 Other receipts from investing activities	23,971
(11,081) Net cash flows from investing activities	(17,311)

2024/25	2025/26
£000 Financing Activities	£000
43,700 Cash receipts of short and long-term borrowing	79,330
(38,700) Repayment of short and long-term borrowing	(52,330)
873 Other payments for financing activities	4,144
5,873 Net cash flows from financing activities	31,144

E. NOTES TO THE ACCOUNTS

31. CASH AND CASH EQUIVALENTS (cont.)

Reconciliation of Liabilities arising from Financing Activities	31 March 2025	Financing Cash Flows	Non- Cash Changes	31 March 2026
	£000	£000	£000	£000
Short Term Borrowings	(15,231)	(23,000)	(206)	(38,437)
Long Term Borrowings	(41,673)	(4,000)	-	(45,673)
Net cash outflow from financing activities	(56,904)	(27,000)	(206)	(84,110)

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

32. CONTINGENT LIABILITIES AND ASSETS

32.1 CONTINGENT LIABILITIES

WAVE ACTIVE LIMITED

The Council has given a legal undertaking guaranteeing that it will make good any deficit owing to the East Sussex Pension Scheme by Wave Active Limited, the charitable company established to operate the Council's indoor leisure facilities from 1 April 2006. The terms of this undertaking are set out in the pension agreement between the two organisations. Per the latest available financial statements for Wave Active Limited as at 31 March 2025 the pension asset of Wave was £3,191,000 (£2,571,000 at 31 March 2024). An asset ceiling has subsequently been applied to this asset surplus.

The Council has also given a guarantee in respect of leases which Wave entered into during 2018/19, as disclosed in Note 13.

F. HOUSING REVENUE ACCOUNT (HRA) STATEMENTS

F.1 HRA INCOME AND EXPENDITURE STATEMENT

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

2024/25	2025/26
£000	£000
Income	
(18,734) Dwelling Rents	(19,123)
(322) Non-Dwelling Rents	(325)
(1,541) Charges for Services and Facilities	(1,711)
(243) Contributions Towards Expenditure	(343)
(20,840) Total Income	(21,502)
Expenditure	
6,191 Repairs and Maintenance	6,980
3,674 Supervision and Management	3,479
1,590 Special Services	1,734
201 Rents, rates, taxes and other charges	286
3,923 Depreciation, Amortisation and Impairment of Non Current Assets	3,644
24 Movement in the allowance for bad debts	38
25 Debt Management Costs	8
15,628 Total Expenditure	16,169
(5,212) Net Expenditure or HRA Services as included in the whole authority Income and Expenditure Statement	(5,333)
120 HRA services share of Corporate and Democratic Core	198
(5,092) Net Expenditure for HRA Services	(5,135)
5,363 (Gain)/loss on sale of HRA assets	8,232
3,121 Interest Payable and Similar Charges	3,063
(619) Interest and Investment Income	(482)
- Capital Grants and Contributions Received	(1)
2,773 (Surplus) / Deficit for the Year	5,677

F. HOUSING REVENUE ACCOUNT (HRA) STATEMENTS

F.2 MOVEMENT ON THE HRA STATEMENT

2024/25	2025/26	
£000	£000	£000
(3,363) HRA opening balance		(3,511)
2,773 Deficit on HRA Income and Expenditure Statement	5,677	
Adjustments between accounting and funding basis:		
(6,863) Gain on disposal of non-current assets	(12,036)	
1,617 Transfer from Capital Receipts Reserve	3,820	
1,693 Capital expenditure funded by the HRA	2,289	
154 Capital grants and contributions	-	
(116) Deferred Capital Receipts Reserve	(16)	
(3,923) Transfer from Capital Adjustment Account	(3,643)	
4,476 Transfer to Major Repairs Reserve	3,919	
(2,962)	(5,667)	
41 Transfers to earmarked reserves	(23)	
(148) (Increase) / Decrease in the year		(13)
(3,511) HRA closing balance		(3,524)

F. HOUSING REVENUE ACCOUNT (HRA)

F.3 NOTES TO THE HOUSING REVENUE ACCOUNT STATEMENTS

1. HOUSING STOCK

The Council's housing stock consisted of:

31 March 2025		31 March 2026
Houses and Bungalows		
218	- one bedroom	224
641	- two bedrooms	669
849	- three bedrooms	868
78	- four or more bedrooms	82
1,786	Total Houses and Bungalows	1,843
Flats and Maisonettes		
135	- bed-sits	135
712	- one bedroom	745
555	- two bedrooms	593
51	- three or more bedrooms	51
1,453	Total Flats	1,524
3,239	All Dwellings	3,367

In addition, the Council has shared ownership arrangements covering 16 full property equivalents (16 at 31 March 2025). The Council no longer has any properties under short-term property leases.

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

	31 March 2025	31 March 2026
	£000	£000
Council Dwellings*	278,546	281,057
Other Land & Buildings	8,577	8,549
Other Assets	9,186	9,244
Total	296,309	298,850

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

F. HOUSING REVENUE ACCOUNT (HRA)

NOTES TO THE HOUSING REVENUE ACCOUNT STATEMENTS

2. VACANT POSSESSION

The Council's stock of council dwellings was last fully re-valued by Wilks, Head & Eve as at 31 March 2025, which resulted in a market vacant possession value of the housing stock at 31 March 2025 of £773m, excluding any acquisitions and new build. The vacant possession value of garages was £5.9m. The regional adjustment factor used for dwellings at 'social rent' is 67 per cent thereby reducing the balance sheet value of these dwellings to 33 per cent of their open market value. The Government considers that the difference between this figure and the Balance Sheet figure shown above represents the economic cost to Government of providing council housing at less than open market rents. For 2025/26, a market review by the valuer proposed increase of 1 per cent for houses and decrease of 3.25 per cent for flats and maisonettes.

3. MAJOR REPAIRS RESERVE (MRR)

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

2024/25	2025/26
£000	£000
(10,721) Balance as at 1 April	(11,085)
4,112 Financing of Capital Expenditure	8,260
(4,476) Depreciation	(3,919)
(11,085) Balance as at 31 March	(6,744)

4. CAPITAL EXPENDITURE AND FINANCING

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

2024/25	2025/26
£000	£000
14,324 Total Capital Expenditure	16,578
Funding:	
420 Borrowing	240
4,815 Capital Receipts	1,685
4,112 Major Repairs Reserve	8,259
3,284 Grants & Contributions	4,106
1,693 Revenue	2,289
14,324 Total Funding	16,578

5. CAPITAL RECEIPTS FROM ASSET DISPOSALS

2024/25	2025/26
£000	£000
429 Right to Buy Sales of Houses and Flats	3,384
1,221 Other Sales	463
1,650 Total Receipts	3,847

6. DEPRECIATION

2024/25	2025/26
£000	£000
4,291 Dwellings	3,700
49 Other Land and Buildings	84
152 Other Assets	135
4,492 Total Depreciation	3,919

7. REVALUATION OF HRA STOCK

Wilks Head & Eve last carried out a full valuation of the housing stock at 31 March 2025. An annual market review and uplift has been carried out by Wilks, Head & Eve and applied to the asset value as it is deemed materially different to its previous carrying value.

8. RENT ARREARS

Rent arrears at 31 March 2026 amounted to £1,877,381 compared with £1,882,801 31 March 2025. These include former tenants' arrears. During 2025/26, former tenant arrears of £45,075 were written off (£17,367 in 2024/25). The Council has an impairment allowance for doubtful debts of £1,047,409 at 31 March 2026 (£1,050,178 at 31 March 2025).

G. THE COLLECTION FUND REVENUE ACCOUNT

THE COLLECTION FUND ACCOUNTS

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

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

2024/25			2025/26		
Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
£000	£000	£000	£000	£000	£000
Income					
-	(97,957)	(97,957)	-	(103,956)	(103,956)
-	(35)	(35)	-	(35)	(35)
(26,296)	-	(26,296)	(29,114)	-	(29,114)
(1,067)	-	(1,067)	(49)	-	(49)
(27,363)	(97,992)	(125,355)	(29,163)	(103,991)	(133,154)
Expenditure					
Precepts, Demands and Shares					
14,065	-	14,065	14,602	-	14,602
2,532	68,533	71,065	2,628	72,731	75,359
11,252	14,058	25,310	11,681	14,839	26,520
-	9,747	9,747	-	10,397	10,397
281	4,142	4,423	292	4,382	4,674
28,130	96,480	124,610	29,203	102,349	131,552
892	-	892	811	-	811
137	-	137	137	-	137
Charges to Collection Fund					
(1,573)	-	(1,573)	(440)	-	(440)
(43)	-	(43)	-	303	303
223	1,045	1,268	106	1,268	1,374
(364)	1,045	681	614	1,571	2,185
Apportionment of previous year's Collection Fund Surplus					
(1,480)	-	(1,480)	(1,657)	-	(1,657)
(266)	439	173	(301)	987	686
(1,184)	91	(1,093)	(1,325)	203	(1,122)
-	62	62	-	140	140
(30)	27	(3)	(30)	60	30
(2,960)	619	(2,341)	(3,313)	1,390	(1,923)
24,806	98,144	122,950	26,504	105,310	131,814
(2,557)	152	(2,405)	(2,659)	1,319	(1,340)
COLLECTION FUND BALANCE					
4,243	(2,221)	2,022	1,686	(2,069)	(383)
(2,557)	152	(2,405)	(2,659)	1,319	(1,340)
1,686	(2,069)	(383)	(973)	(750)	(1,723)

G. THE COLLECTION FUND REVENUE ACCOUNT

NOTES TO THE COLLECTION FUND ACCOUNTS

1. INCOME FROM COUNCIL TAX

Amounts receivable from Council Taxpayers:	2025/26
	£000
Gross amount of Council Tax	125,734
Less	
Council Tax Support Scheme	(9,257)
Discounts	(9,833)
Exemptions	(2,535)
Disabled Relief	(147)
Net Yield from Council Tax	103,962

2. COUNCIL TAX BASE

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

Band	Chargeable Dwellings	Estimate Taxable Properties	Ratio to Band D	Band D Equivalent	Yield £000
A Disregarded	3	(2)	5/9	(1)	(3)
A	4,371	2,549	6/9	1,699	4,464
B	6,312	4,488	7/9	3,491	9,171
C	13,576	11,231	8/9	9,983	26,230
D	10,154	9,082	9/9	9,082	23,862
E	6,106	5,590	11/9	6,833	17,952
F	3,227	3,057	13/9	4,416	11,601
G	2,372	2,282	15/9	3,803	9,992
H	226	222	18/9	445	1,168
	46,347	38,499		39,749	104,437

Less average 2% reduction to allow for collection losses				(795)	(2,088)
				38,954	102,349

The estimated and actual tax base figures can vary due to the various effects of banding appeals, new properties, demolished properties and entitlements to discounts.

G. THE COLLECTION FUND REVENUE ACCOUNT

NOTES TO THE COLLECTION FUND ACCOUNTS

Comparison of Actual versus Theoretical gross Yields:

Tax Base	A	38,954.90
Band D Council Tax	B	£2,627.39
Theoretical net yield	A x B	£102,349,714.71
Actual net yield (as above)	C	£103,962,874.21
Theoretical net yield - actual net yield	(A x B) - C	(£1,613,159.50)

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

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

The table below shows the total rateable value and multipliers:

		2024/25	2025/26
Total non-domestic rateable value	£m	80.2	
Multiplier	p	54.6	55.5
Multiplier (Small businesses)	p	49.9	49.9
Product	£m	26.3	

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

National non-domestic rates payable in 2025/25 were estimated before the start of the financial year as £29.2m. These sums have been paid into 2025/26 and charged to the collection fund in year. The Council's share is £11.7m.

G. THE COLLECTION FUND REVENUE ACCOUNT

NOTES TO THE COLLECTION FUND ACCOUNTS

4. PRECEPTS AND DEMANDS ON THE COLLECTION FUND

	COUNCIL TAX			NNDR		
	Precept	Distribution of prior year surplus	Total	Share	Recovery of prior year deficit	Total
Authority	£000	£000	£000	£000	£000	£000
Lewes District Council	14,839	203	15,042	11,681	(1,325)	10,356
Lewes District Town and Parish Councils	-	-	-	-	-	-
Central Government	-	-	-	14,602	(1,657)	12,945
East Sussex County Council	72,731	987	73,718	2,628	(301)	2,327
Sussex Police & Crime Commissioner	10,397	140	10,537	-	-	-
East Sussex Fire Authority	4,382	60	4,442	292	(30)	262
Total	102,349	1,390	103,739	29,203	(3,313)	25,890

When the retained business rates income scheme was introduced, the Government set a baseline funding level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive the baseline amount. Tariffs due from authorities payable to the Government are used to finance the top-ups to those authorities who do not achieve their targeted baseline funding. Any sums above the baseline funding are subject to a levy payment, for this Council this is 50%.

The amounts for this Council are as follows:

	2024/25	2025/26
	£000	£000
Actual Business Rate income due	13,705	13,344
Tariff payment	(9,136)	(9,222)
	4,568	4,122
Baseline Funding	(2,412)	(2,435)
Amount above (below) baseline	2,156	1,687

G. THE COLLECTION FUND REVENUE ACCOUNT

NOTES TO THE COLLECTION FUND ACCOUNTS

5. COLLECTION FUND BALANCE

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

	COUNCIL TAX		NNDR	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026
	£000	£000	£000	£000
Lewes District Council	(301)	(109)	674	188
Central Government	-	-	843	235
East Sussex County Council	(1,470)	(532)	152	42
Sussex Police & Crime Commissioner	(209)	(76)	-	-
East Sussex Fire Authority	(89)	(32)	17	5
(Surplus) / Deficit	(2,069)	(749)	1,686	470

The preceptors' share of the surplus on the Collection Fund is shown in the Council's balance sheet as part of the creditor's figures. The Council's share is included on the balance sheet under Collection Fund Adjustment Account

I. GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NATIONAL NON-DOMESTIC RATES (NNDR) (also known as Business Rates). National non-domestic rates are levied on businesses within its area by the Billing Authority and the proceeds are paid into its Collection Fund for distribution to precepting Authorities and for use by its own General Fund.

PRECEPT The amount levied by various Authorities that is collected by the Council on their behalf. The precepting authorities in Eastbourne are East Sussex County Council, Sussex Police & Crime Commissioner and East Sussex Fire Authority.

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

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

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

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

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

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

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

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