Annual Governance Statement

2025-2026

Eastbourne Borough Council

Executive Summary

Eastbourne Borough Council's corporate plan sets out how we will work with our partners and communities to ensure a robust and diverse future for the town. It will form the basis for detailed work programmes for the delivery of these goals. The work will initially focus on core stability, which will then give us a strong foundation on which to build future growth and prosperity. The corporate plan can be found at: https://www.lewes-eastbourne.gov.uk/article/2778/Eastbourne-Corporate-Plan-2024-2028

The council needs to be underlined by a foundation of good governance and financial management. The Local Code of Corporate Governance sets the framework to ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

Eastbourne Borough Council has approved and adopted a Local Code of Corporate Governance which is available to download on our website at https://www.lewes-eastbourne.gov.uk/access-to-information/corporate-governance

The council is required to produce an Annual Governance Statement which describes how the corporate governance arrangements have been working.

This statement gives assurances on compliance for the year ending 31st March 2026.

The Leader of the Council and Chief Executive both recognise the importance of having a solid foundation of good governance and sound financial management. They pledge their commitment to address the matters highlighted in this statement, and to further enhance our governance arrangements to enable delivery of our Corporate Plan.

The Leader and Chief Executive confirm they have been advised of the implications of the review by Senior Management and the Audit and Governance Committee and are satisfied that the steps outlined in this document will ensure that our governance arrangements remain fit for the future.

Signed on behalf of Eastbourne Borough Council.

Councillor Stephen Holt

Leader of the Council

Date: 30/06/2026

Rob Cottrill

Chief Executive

Date: 30/06/2026

Date of approval by Audit and Governance Committee: …..

Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it is accountable to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

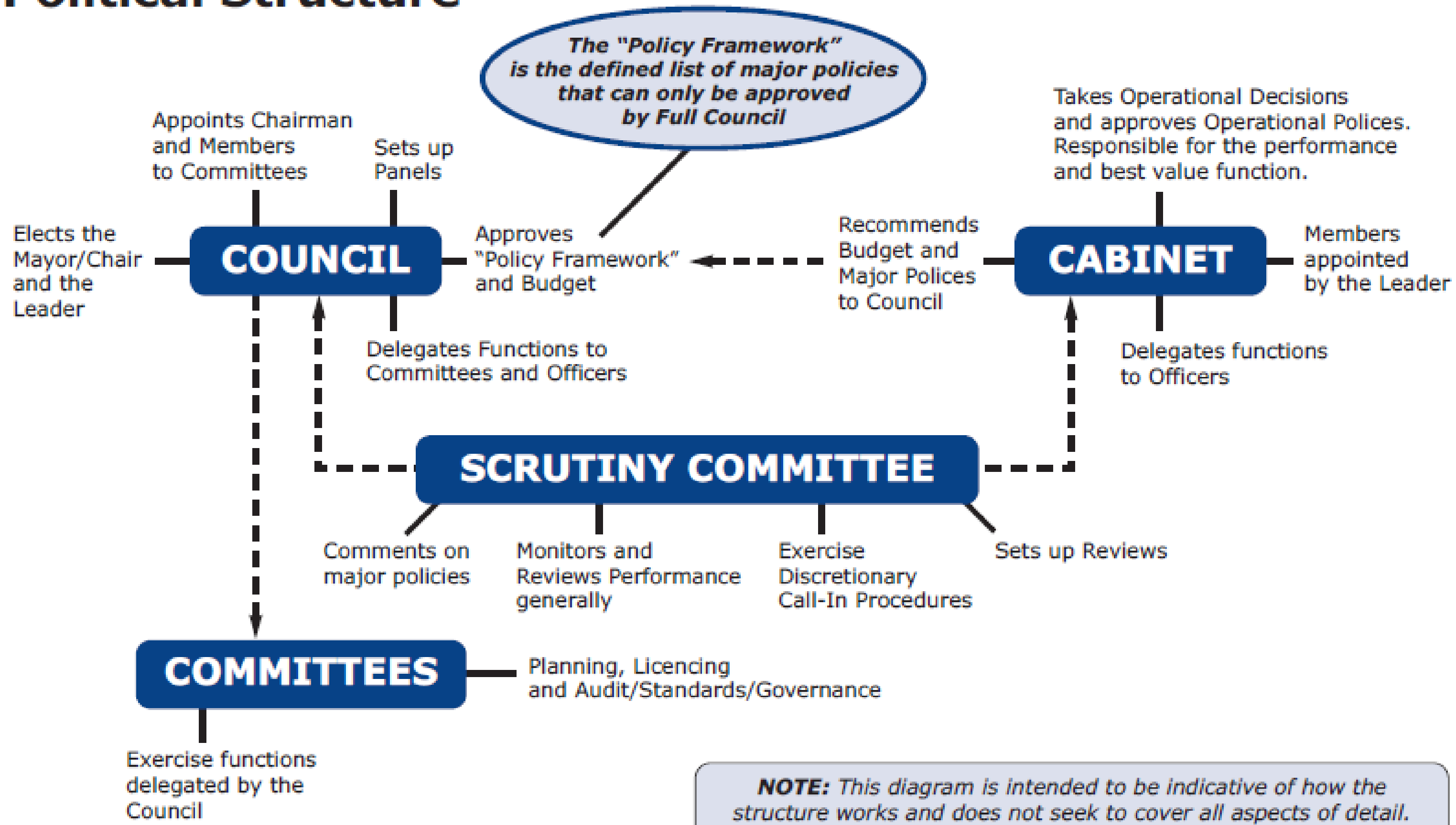
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system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

The production of this Annual Governance Statement forms part of the governance framework by providing a review of the governance arrangements in operation during the financial year.

The diagram on the next page shows how the political structure of the Council works and interacts.

How it Works...

The Modernised Political Structure



NOTE: *This diagram is intended to be indicative of how the structure works and does not seek to cover all aspects of detail.*

How Assurance Is Gathered

Roles and Responsibilities

Head of Internal Audit

The head of internal audit (Chief Internal Auditor) provides an independent opinion on the control environment. This is based on the work of the internal audit team in delivering a risk-based audit plan of a breadth sufficient for the head of internal audit to place reliance on it to base their opinion on.

Monitoring Officer

The Assistant Director – People and Governance is the designated Monitoring Officer. The Monitoring Officer has the duty to ensure that the council, its officers and its elected Councillors, maintain high standards of conduct.

Chief Finance Officer – S. 151 Officer

The Director of Finance and Performance (Chief Finance Officer – S151 Officer) is designated the responsible officer for the administration of the financial affairs of the Council under S151 of the Local Government Act 1972. This includes ensuring the lawfulness and financial prudence of decision making, providing advice, particularly on financial impropriety, publicity, and budget issues and providing financial information. The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources, and to ensure that financial management arrangements conform to the governance requirements as set out in the Chartered Institute of Public Finance and Accountancy statement on the role of the Chief Financial Officer.

Scrutiny and Review

Scrutiny and review is provided by the following:

Audit and Governance Committee

The committee provides assurance by carrying out independent scrutiny of areas such as audit, risk management, counter fraud and financial accountability. It does this by way of reviewing reports provided to its quarterly meetings.

For more information see: https://democracy.lewes-eastbourne.gov.uk/mgCommitteeDetails.aspx?ID=124

Scrutiny Committee

The committee reviews the delivery of services and performance and supports the work of the Cabinet and Council. It allows Councillors outside the Cabinet, and members of the public, to have a greater say in council matters by investigating issues of local concern.

For more information see: https://democracy.lewes-eastbourne.gov.uk/mgCommitteeDetails.aspx?ID=128

Cabinet

The Cabinet is responsible for most day-to-day decisions of the council. Each member is assigned a portfolio identifying areas of responsibility for which they provide a political lead at Cabinet meetings and for working in consultation with officers.
For more information see: https://democracy.lewes-eastbourne.gov.uk/mgCommitteeDetails.aspx?ID=125

Corporate Management Team

The team provides strategic management and planning. The team also considers the annual Internal Audit plan, Strategic Risk Register and Annual Governance Statement.

Governance Assurance Group

This group is made up of officers responsible for various areas of governance. They meet quarterly to discuss any governance issues that have arisen and to keep up to date with changes around the council that require a governance overview.

External Audit

The external auditors audit the financial statements and provide an opinion on these. They produce an Annual Audit Letter which assesses how the council manages its resources and delivers value for money.

Review of the Effectiveness of the Governance Framework

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. A quarterly meeting is also held to discuss governance matters.

The governance framework has been in place at the council for the year ended 31 March 2026.

Companies

The Council is also expected to report on separate bodies set up by the council and to give a full picture of the relationship with those bodies. The following table gives the details and, where appropriate, it includes a link to where information can be found in respect of information such as reports and accounts.

Name and incorporation date (where appropriate)	Current Status and summary purpose	Categorisation (Company number and nature where appropriate)	Governance and Board make up	Council shareholder interest where appropriate	Notes
Aspiration Homes LLP (Limited Liability Partnership)	Company Active Incorporated on 30 June 2017. To ensure the councils have the overall capacity to maximise housing investment and funding opportunities. To act as the asset holding vehicle for affordable housing properties that cannot, for	Limited Liability Partnership LDC and EBC Company number: OC41800	Governed by LLP Agreement and an Executive Committee of 6 - made up of 3 elected members from each authority.	**Eastbourne Borough Council** Ownership of voting rights - More than 25% but not more than 50% Right to surplus assets - More than 25% but not more than 50%	Aspiration Homes will act as the asset holding vehicle for affordable housing properties developed through the EHICL and LHICL commercial development programmes. Support has included a £10 million loan to be funded from borrowing by LDC to Aspiration Homes LLP.

Name and incorporation date (where appropriate)	Current Status and summary purpose	Categorisation (Company number and nature where appropriate)	Governance and Board make up	Council shareholder interest where appropriate	Notes
	financial accounting or other reasons be held in EBC or LDC respective Housing Revenue Accounts.			**Lewes District Council** Ownership of voting rights - More than 25% but not more than 50% Right to surplus assets - More than 25% but not more than 50%	www.lewes-eastbourne.gov.uk/about-the-councils/wholly-owned-companies-and-other-incorporated-entities
Eastbourne Housing Investment Company Ltd (EHICL)	Company Active Incorporated on 1st May 2015 To undertake more commercial development, place shaping activities and hold associated respective assets, in a way which meets legal and regulatory requirements and ensures that the council has distinct control over such assets.	Company EBC only. Company number: 09571387	Governed by Articles of Association and a Board of 5 directors made up of senior staff and Elected Members from Eastbourne Borough Council plus one Independent.	Eastbourne Borough Council. Ownership of shares – 75% or more Ownership of voting rights - 75% or more Right to appoint and remove directors.	To enable the council to undertake non HRA development and use associated forms of tenancies. www.lewes-eastbourne.gov.uk/about-the-councils/wholly-owned-companies-and-other-incorporated-entities
Eastbourne Homes Limited	Company active Incorporated on 24th January 2005 The Group's principal activities were to manage, maintain and improve the housing stock on behalf of Eastbourne Borough Council.	Company Company number: 05340097	Governed by Articles of Association and a Board of 2 directors, 1 independent and 1 Elected Member from Eastbourne Borough Council	Private company limited by guarantee without share capital.	Eastbourne Homes Limited is controlled by Eastbourne Borough Council. The Parent Company was established as an Arm's Length Management Organisation (ALMO) in accordance with a Government policy initiative for local authority housing management. As of September 2024 this company is no longer responsible for the management of the Council's housing stock. www.lewes-eastbourne.gov.uk/about-the-councils/eastbourne-homes-limited-governance

Name and incorporation date (where appropriate)	Current Status and summary purpose	Categorisation (Company number and nature where appropriate)	Governance and Board make up	Council shareholder interest where appropriate	Notes
Investment Company Eastbourne Limited	Company active. Incorporated on 26th March 2018 The Council has established this wholly owned company for the purpose of providing a Guarantee to an institutional investor (Infrastructure Investments Ltd) relating to a property asset in Leicester.	Company Company number: 11276378	Governed by their Articles of Association and a Board of 3 Directors – made up of EBC/LDC senior staff.	Private company limited by shares. The 2 shares are wholly owned by Eastbourne Borough council.	www.lewes-eastbourne.gov.uk/about-the-councils/wholly-owned-companies-and-other-incorporated-entities
South East Environmental Services Ltd	Company active. Incorporated on 31st August 2018 To undertake domestic waste and recycling collection and street cleansing services in Eastbourne from 1st July 2019 and to develop related services in the medium term thereafter.	Company Company number: 11545729	Governed by their Articles of Association and a Board of 5 Directors – made up of EBC senior staff and Elected Members.	Private company limited by shares. wholly owned by Eastbourne Borough council.	www.lewes-eastbourne.gov.uk/about-the-councils/wholly-owned-companies-and-other-incorporated-entities
Eastbourne Theatres Ltd (previously Eastbourne Downs Water)	Company active from 18th March 2024 (dormant accounts filed) To provide a theatre service to the town.	Company EBC only Company number: 10343551 (see above)	Governed by their Articles of Association and a Board of 2 directors	Private company limited by guarantee without share capital This company is currently dormant.	www.lewes-eastbourne.gov.uk/about-the-councils/wholly-owned-companies-and-other-incorporated-entities

Companies in which the council has an interest

Name and incorporation date (where appropriate)	Current Status and summary purpose	Categorisation (Company number and nature where appropriate)	Governance and Board make up	Council shareholder interest where appropriate	Notes
Cloud ConnX Limited	Company active Incorporated on 19th January 2011 To provide competitive internet services to Eastbourne, Wealden and East Sussex based businesses on network communication technologies providing high speed broad band circuit provision etc.	Company Company number: 07497266		Eastbourne Borough Council owns 45% of shares and represented on the board.	Broadband provision.
SEILL (South East Independent Living Limited)	Company active Incorporated on 30th September 2013 Company set up by Eastbourne Homes Ltd (see above) To deliver a short-term housing floating support service for people of 65 and over who live in Eastbourne, Lewes and Wealden Districts. Navigator service for support for people 18 or over with long term physical health condition.	Company Company number: 08710235	Governed by their Articles of Association and Directors from Eastbourne Homes Limited including a Corporate Director	Wholly owned subsidiary of Eastbourne Homes Ltd. 1 Ordinary share owned by Eastbourne Homes Ltd. This company is currently dormant,	Subsidiary of Eastbourne Homes Limited, established for the purposes of delivery of the STEPS contract and possibly bidding for similar future contracts. www.lewes-eastbourne.gov.uk/about-the-councils/south-east-independent-living-limited

Eastbourne Homes Ltd

Governance arrangements at Eastbourne Homes Ltd (EHL) are also considered. As of September 2024, this company is no longer responsible for the management of the Council's housing stock.

Investment Company Eastbourne (ICE) Limited

In May 2018, the council's wholly owned company Investment Company Eastbourne Limited (ICE) entered into a deal with a private company in respect of a property in Leicester. ICE is acting as the principal guarantor of a £48m refinancing loan to a private company, with Eastbourne Borough Council being the ultimate guarantor. In return for providing this guarantee, ICE received an initial guarantee fee and will continue to receive an annual guarantee fee.

All relevant activities have been predetermined under the Development and Asset Management Agreement (DAMA) and will be consolidated into the council's financial statements. The DAMA entitles ICE to a degree of control over the activities of Infrastructure Investments Limited (IIL) and exposes it to a portion of the returns from those activities. IIL is a property company that holds and lets out the property. The activities of IIL are to manage the property and the tenancies and ensure maximisation of rental income and eventually sell the property.

The operations of IIL are run by its board of directors that are appointed by a majority of the shareholders as per Article 18.1 of IIL's Articles of Association. ICE does not currently have a majority of the shareholding in IIL but has the ability to acquire 49.5% of the ordinary shares by virtue of its Option unless a default event occurs. Clause 1.1 of the DAMA sets out a requirement for the management of IIL to run IIL in accordance with the 'Business plan' and any changes to the 'Business plan' require approval by the ICE Board of Directors.

Oversight of Companies' Governance

During the financial year, updates of assurance on the financial and governance arrangements of companies is given to the Audit and Governance Committee. It has been arranged for the Boards of the companies to add an agenda item to their quarterly meetings to consider the financial and governance arrangements to make a statement on compliance. These statements are collated and reported to the committee quarterly.

Managing the Risk of Fraud and Corruption

The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and guidance suggests it is good practice to make a statement on the adequacy of an authority's counter fraud arrangements in the annual governance statement.

This code contains five principles:

- Acknowledge responsibility
- Identify risks
- Develop a strategy
- Provide resources
- Take action

The Chief Internal Auditor is satisfied that the council meets these principles by having a Counter-Fraud and Audit team who review risks across the authority and direct their work as appropriate. It is therefore considered that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud and uphold its zero tolerance.

Financial Management Code

With local authorities across the UK facing the challenges of reduced funding and increased demand for services, the need for robust financial management has never been more important. The CIPFA Financial Management Code (FM Code) sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should seek to achieve. The self-regulation approach is also to prevent local authorities 'failing' and avoid any need for any external control or reductions in current powers. It is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out.

In 2025/26 the Director of Finance and Performance (Chief Finance Officer – S151 Officer) has taken account of the requirements of the CIPFA Financial Management Code and has acknowledged the approaches to Value for Money and the Council's financial resilience. A significant amount of the Code activities continues to be implemented by various teams across the Council including – the Finance Service, Internal Audit, other service departments, etc.

The Director of Finance and Performance (Chief Finance Officer – S151 Officer) has agreed that the key risks regarding future compliance with the Code will be assessed through a combination of: the budget setting process; the Medium-Term Financial Strategy; regular reviews of the Council's capital programme; Treasury Management Strategy and the provision of clear and regular financial updates/training to Members. The Council maintains a record of financial management and so, analysing the council's structures, processes, and procedures against the FM Code's Financial Management Standards, shows a reliable level of compliance with these principles. However, there are improvement areas where further actions/consideration needs to be given to ensure full compliance with every aspect of the FM Code.

Strategic Finance Programme

Eastbourne Borough Council continues to tackle high levels of homelessness and temporary accommodation placements. This ongoing cost pressure is compounded by high interest rates, volatility in business rates income and inflationary pressures. The Council's response to these financial challenges has been the creation of the Strategic Finance Programme which has focused on the delivery of transformational changes, savings and efficiencies whilst also making tough decisions regarding some of its non-statutory services. There have been three parts to the programme in 2025/26.

1. <u>Going Further Savings</u>

   A savings programme designed to make changes to a number of the Council's non-statutory services including:

   - The transfer of subsidised discretionary services to third-party organisations
   - The introduction of the Eastbourne Community Toilet Scheme to complement the Council's own provision and ensure the service remains financially viable
   - The introduction of a revised car parking scheme
   - Changes to the Council's heritage service and facilities

2. <u>Fundamental Budget Review</u>

   Every service area within the Council has been subject to a fundamental budget review to ensure budgets are correctly aligned and that all expenditure is tightly managed. This process has also allowed for reviews of income generation, with a new fees and charges policy being introduced.

3. <u>Assurance Review</u>

   Following the CIPFA Assurance Review undertaken in the summer of 2025 the Council has taken the opportunity to act on several areas where improvements have been suggested by CIPFA, including:

   - The establishment of the Strategic Finance Board to drive forward the Council's savings and improvement activities
   - A review of the Council's approach to risk management which will be provided to members in the form of a new policy in a forthcoming report to the Audit and Governance Committee
   - Developing a new Economic Development Strategy for Eastbourne
   - Regular peer review of the internal audit function
   - More granular scrutiny and profiling of the capital programme through the officer Capital Programme Overview Board
   - Stringent monitoring of the cost of borrowing relative to net expenditure
   - Wider use of benchmarking and comparative analysis, which will inform future performance target setting
   - A fundamental review of the Council's procurement function and alongside this the production of a new Procurement Strategy

The Strategic Finance Programme is monitored and overseen by a cross-party member Board and is also supported by an independent panel of local government experts providing a 'critical friend' role within the Board.

External Audit Action Plan

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources. This includes taking properly informed decisions and managing key operational and financial risks, so the Council can deliver against its objectives and safeguard public money. The Council must report on its arrangements and their effectiveness as part of the Annual Governance Statement.

Appendix1 - External Auditor Action Plan details the key recommendations and improvement recommendations made as part of the external auditor's annual report to ensure compliance with the Council's systems of internal controls and identify areas of improvement in areas of governance, value for money and financial stability, all of which forms the External Audit Action Plan. Delivery of the action plan will be monitored through CMT and regular updates to the Audit and Governance Committee.

Local Government Reorganisation

During the financial year 2025/26, Eastbourne Borough Council continued to actively engage with the ongoing discussions and preparations for potential Local Government Reorganisation (LGR) in East Sussex.

The Council contributed to the development of a business case for a single unitary council on the current East Sussex County Council geography. At the time of writing a decision on this business case has been deferred, pending more consultation by government. A final decision is expected in the Summer of 2026.

As part of the business case preparation, the Council proactively assessed the potential impacts on its governance arrangements, service delivery, and financial sustainability. Recognising the significant implications of LGR, the Council has continued to prioritise maintaining robust internal controls and effective decision-making processes to ensure business continuity and the safeguarding of public funds throughout this period of potential change. The Council remains committed to advocating for the best outcomes for its residents and stakeholders in any future local government configuration.

Strategic Risk Register

The council maintains a strategic risk register which is reviewed quarterly by the Corporate Management team and it is taken quarterly to the Audit and Governance Committee. The review considers the internal controls, to ensure early prevention and/or mitigation of risks and governance concerns, and the risk scores.

Quarterly Governance Reviews

Quarterly review meetings are held to monitor and consider any developing or emerging governance issues and develop/recommend actions as appropriate. The members of the meeting are the Chief Internal Auditor, Director of Finance and Performance (Chief Finance Officer – S. 151 Officer), Assistant Director – People and Governance (Monitoring Officer), Head of Legal Services, Governance & Compliance Lead & Group Company Secretary, Head of People First, Chief Information Officer and the Deputy Chief Finance Officer. No significant issues were raised.

Governance Assurance Self-Assessments (previously called Managers' Assurance Statements)

A key source of assurance for the Annual Governance Statement is provided by Senior Managers who oversee the operation, management, and monitoring of controls within their respective areas

This year the assurance statement forms underwent a complete revision to ensure all aspects of governance are addressed with clarity and have been renamed as Governance Assurance Self-Assessments. The form enables respondents to rate their level of compliance on a scale from 1 (disagree strongly) to 4 (agree strongly) and provides sections for documenting supporting evidence and identifying required remedial actions.

These new forms cover the following areas:

Financial Management: Managing Finance

HR Management: Managing Employees

Ethical Standards, Anti-Fraud and Conduct Management

Equalities and Inclusion

Health and Safety

Business Continuity and Emergency Resilience

Performance Management and Data Quality

Information Systems, Governance and Compliance

Procurement and Contract Management

Risk Management

Legislative Compliance

Decision Making

Project and Programme Management

Partnership, Relationship and Collaboration Governance

Safeguarding

Compliance with Corporate Assurance Inspection or other External Reports

21 completed forms were received from across the council. No significant issues were raised in the returned questionnaires. The areas where some concerns were raised included working with limited resources and risks around the Local Government Reorganisation, with particular regard to retention of staff, data protection and data sharing.

All the responses were considered by the Corporate Management Team and it was agreed that none of the issues raised were significant and that the concerns that were raised were already included in the Strategic Risk Register and therefore subject to regular review.

FACING THE FUTURE: STRATEGIES FOR COUNCIL RESILIENCE AND ADAPTATION

Financial constraints

Financial strategies

The Council's primary strategic focus is the achievement of a balanced Medium-Term Financial Strategy (MTFS) that functions without the need for ongoing government intervention. Having successfully implemented a strategy to eliminate reliance on Exceptional Financial Support (EFS) and pay off all borrowing associated with the EFS arrangement. The Council is now focused on long-term sustainability and delivery. This includes rebuilding financial buffers and ensuring that our transformation programmes continue to offset inflationary pressures and service demand without compromising the Council's statutory financial health. The council remain vigilant and alert to the emerging geopolitical issues such as the US/ Israel war on Iran and its financial / economic implications.

STATUTORY ASSURANCES

Whilst a number of assurances have been obtained to support the conclusion that the council's governance arrangements are adequate, it is important that the following specific assurances are considered to support this Statement:

Chief Executive

The council remains committed to robust governance, transparency, and accountability throughout the past year. Eastbourne Borough Council has continued to uphold sound standards in decision-making, risk management, and service delivery, ensuring that public resources are managed responsibly and ethically. By fostering a culture of openness and collaboration, we strive to maintain public trust and drive positive outcomes for our communities.

Throughout the year, the council fulfilled the priorities outlined in its corporate plan, successfully managing considerable challenges including the provision of temporary accommodation and the enhancement of support for vulnerable residents. The council has successfully delivered its Strategic Finance Programme, facilitating the effective execution of savings and transformation initiatives, as well as ensuring the appropriate allocation and oversight of resources within a dynamic financial landscape. In addition, the council successfully prepared for and responded to regulatory inspections and external reviews, demonstrating our commitment to continuous improvement and accountability. Our collaborative efforts in supporting the East Sussex Local Government Reorganisation (LGR) have set the stage for further innovation and partnership across the region.

Looking ahead, the councils will remain vigilant in reviewing and enhancing governance frameworks, and adapting to emerging challenges and opportunities. We will continue to engage stakeholders and encourage constructive dialogue to support effective leadership and sustainable progress across Eastbourne.

Director of Finance and Performance (Chief Financial Officer & Section 151 Officer)

The Council's financial management arrangements continue to be robust, demonstrated through strong fiscal discipline and by delivering 93% of our planned savings and efficiencies this year—a critical step in exiting our reliance on Exceptional Financial Support (EFS) arrangements.

Furthermore, I can confirm that we were able to publish the Statement of accounts in line with statutory backstop requirements. Our governance has been further strengthened by our continued response to recommendations from the CIPFA Assurance Review and our External Auditors, ensuring that our control environment meets the standards of local government practice.

Assistant Director – People and Governance (Monitoring Officer)

The Monitoring Officer is required to report to the council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of low or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 89). The Monitoring Officer is also responsible for matters relating to the conduct of elected members and is responsible for the operation of the council's constitution.

These responsibilities have been considered within the context of this statement, and I can confirm that I have no significant concerns to report.

Following adoption of updated officer scheme of delegations, sub-delegations arising from the document have been updated to match the up-to-date management structure. Work is progressing on adopting new Contract Procedure Rules, following the Procurement Act 2023 coming into force in February 2025. T he council's constitution would continue to be reviewed and updated as and where appropriate.

The Monitoring Officer has no significant concerns regarding overall member conduct and there has continued to be a relatively low number of complaints alleging a breach of the Member Code of Conduct during the past year, which have all been dealt with in accordance with the council's adopted procedures for managing such complaints. Member development continues to be an ongoing priority to ensure they fulfil their roles effectively.

The government have published the outcome to their consultation on strengthening the standards and conduct framework for local authorities in England.

Strengthening the standards and conduct framework for local authorities in England – consultation results and government response - GOV.UK

In summary, government intend to legislate (but no date set and will be when parliamentary time allows) for a whole system reform of the current regime as set out in Localism Act 2011.

Parallel to this, the government announced in June 2025 that they also plan to legislate for remote attendance and proxy voting for members in local authorities for decision making matters, but like above, no date has been set for its implementation and will be when parliamentary time allows - Remote attendance and proxy voting in local authorities: consultation results and government response - GOV.UK.

These changes once implemented, would need to be considered in respect of our governance and constitutional arrangements.

The Council continues to operate within a period of uncertainty, arising from local government re-organisation in East Sussex, where it is expected that Eastbourne Borough Council is abolished and replaced by unitary governance in 2028. The Council is awaiting a decision from central government on final arrangements. There would be an ongoing need for the council's governance and decision-making to remain robust and compliant during this period of transition and this will place additional demand on officer capacity when balanced with business-as-usual activities. Appropriate officer and member oversight and mitigation of this workstream remains in place and will be kept under review.

Chief Information Officer

The Council is dedicated to its Cyber Security programme, ensuring a safe and secure environment for residents and staff. By adhering to best practices from the National Cyber Security Centre and Local Government Association, maintaining Public Services Network (PSN) compliance, and achieving Cyber Essentials, the Council demonstrates its commitment to security. Recognising that cyber threats are our top risk, we prioritise education and simulation testing to safeguard our systems and maintain preparedness. As cyber risks continually evolve, we are investing in a dedicated Cyber Analyst to help us stay ahead and up to date with the latest threats and best practices. Cyber security is no longer solely the responsibility of the ICT team; it is now a shared obligation across the entire organisation.

Chief Internal Auditor

In accordance with the Accounts and Audit Regulations 2015 (as amended) and the Global Internal Audit Standards as amended by the Application note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of

Internal Audit in UK Local Government, the Chief Internal Auditor is required to provide an independent opinion on the adequacy and effectiveness of the council's risk management and control environment. This opinion is based on the programme of work carried out by the Internal Audit team.

Effectiveness of Internal Audit: a self-assessment against the mandatory Global Internal Audit Standards as amended by the Application note: Global Internal Audit Standards in the UK Public Sector and the Code of Practice for the Governance of Internal Audit in UK Local Government has been carried out and shows that the work of the Internal Audit team is carried out "generally conforms".

The Internal Audit team lost staff at the end of the third quarter of the year and was therefore understaffed in the final quarter of the year, until a recruitment exercise could be undertaken. However, the Chief Internal Auditor is satisfied that sufficient work was carried out during the year to draw a reasonable conclusion on the council's arrangements.

Previously the opinion has been caveated by the issues of risk management not being embedded across the organisation and the number of recommendations made by Internal Audit that have not been addressed. However, during this financial year action has been taken on outstanding recommendations and risk registers are now held for each department. More work is necessary but there has been a general improvement.

The Chief Internal Auditor is therefore of the opinion that reasonable assurance can be given that the council's risk management, internal control and governance arrangements were in operation during the year ending 31 March 2026.

EXTERNAL ASSURANCES AND ACCREDITATIONS

Investigatory Powers Commissioner's Office (ICPO)

The ICPO provides independent oversight of the use of investigatory powers. Its purpose is to oversee how these powers are used, taking into account of the public interest and ensuring that investigations are conducted in accordance with the law.

In July 2025, the ICPO inspector carried out a desktop inspection of the council's governance arrangements for conducting covert surveillance under the Regulation of Investigatory Powers Act (RIPA). The report from the investigator noted satisfaction with the information received and concluded "your council will not require further inspection this year".

Regulator of Social Housing Inspection

Following the inspection in 2025 by the Regulator of Social Housing (RSH), our regulatory judgement published on 15th October 2025 confirmed a positive C2 grading, Cabinet adopted its Regulatory Assurance Plan in December 2025, which will support the Council towards achieving a C1 grade – the highest grade possible under the consumer standards for social landlord services.

CONCLUSION

Areas For Improvement

To further improve our governance arrangements, we continue to:

- Fully address all agreed external audit recommendations
- Ensure all internal controls are thoroughly reviewed and that related agreed recommendations are appropriately addressed.
- Continue to maintain robust control of approved budgets
- Strengthen the link between capital investment and long-term revenue implications.
- Continue to streamline the accounts production process to ensure we remain ahead of the revised national reporting timelines and backstop requirements.