

**FINANCE**

Brighton & Hove City Council  
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Hove  
BN3 4AH

Grant Thornton UK LLP  
8 Finsbury Circus  
London

EC2M 7EA

Date: **TBC {TO BE DATED SAME DATE AS  
DATE OF AUDIT OPINION}**

Our Ref: GT BHCC 2024/25

Contact: John Hooton

e-mail: [John.hooton@brighton-hove.gov.uk](mailto:John.hooton@brighton-hove.gov.uk)

Dear Grant Thornton UK LLP

**Brighton and Hove City Council  
Financial Statements for the year ended 31 March 2025**

This representation letter is provided in connection with the audit of the financial statements of Brighton and Hove City Council ("the Authority") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority's financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

**Financial Statements**

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iii. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- iv. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include Land and Building Revaluation, Investment property revaluation, valuation of pension fund net surplus, minimum revenue provision, accruals and provisions. We are satisfied that the material judgements used in the preparation of the

financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- v. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vi. Except as disclosed in the financial statements:
  - a. there are no unrecorded liabilities, actual or contingent;
  - b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
  - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- ix. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end/period end. The financial statements are free of material misstatements, including omissions.
- x. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards. We confirm that we have made an assessment of all actual and likely equal pay claims that we have knowledge of. The Council has received around 1,063 equal pay claims citing a number of areas of potential gender pay inequality. The council considers that the claims are defensible and has commissioned external legal advice to undertake the detailed analysis and advise the council on potential defences or any potential risks they may pose. This process is likely to take at least two years. Due to the uncertainty of the claims as well as not currently having any reliable data upon which to estimate the potential liability, the council cannot therefore make any financial assessment or judgement for inclusion in the statement of accounts.
- xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

- xii. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
  - a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
  - b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
  - c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

- xiii. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.
- xiv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

### **Information Provided**

- xv. We have provided you with:
  - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters, except for the information outlined in paragraph xxiv. below;
  - b. additional information that you have requested from us for the purpose of your audit; and
  - c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- xvi. We have communicated to you all deficiencies in internal control of which management is aware.
- xvii. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xviii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xix. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
  - a. management;
  - b. employees who have significant roles in internal control; or

- c. others where the fraud could have a material effect on the financial statements.
- xx. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxi. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxii. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- xxiv. On 30 September 2024 Parliament approved the Accounts and Audit (Amendment) Regulations 2024. These regulations set a publication date for financial statements in respect of 2024-25 of 27 February 2026. The new National Audit Office Code of Audit Practice, which was published on 14 November 2024, also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'backstop date'. It has not been possible to provide you with all the information required for you to complete your audit for the year ending 31 March 2025 by the backstop date in relation to provisions in the financial statements. As stated in point x. above, we are unable to provide with all the information requested due to the uncertainty of the claims as well as not currently having any reliable data upon which to estimate the potential liability.

### **Annual Governance Statement**

- xxv. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework, and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

### **Narrative Report**

- xxvi. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

### **Approval**

The approval of this letter of representation was minuted by the Council's Audit, Standards and General Purposes Committee at its meeting on 25 November 2025.

Yours faithfully

Name: John Hooton

Position: Interim Director Property Finance (S151 Chief Finance Officer)

Date 25 November 2025

**Signed on behalf of the Authority**

#### Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements as they are considered by management to be immaterial. The Audit, Standards and General Purposes Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	CIES £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<b>Overstatement of Additions</b>	Nil	Dr Payables £1,024 Cr PPE £1,024	Nil	Nil
We noted an error where management failed to accrue for a capital accrual of £54,650 of relating to the 2023/24 financial year. As a result, this expenditure was incorrectly capitalised in 2024/25, leading to an overstatement of the additions balance in this year.				
Our assessment of the extent of the error on extrapolation is that it would be a maximum of £1,024k which is below our Performance Materiality, and therefore this is being reported as an unadjusted misstatement. Note this an estimated extrapolation, below our performance materiality – we would not suggest any adjustment that was made based on an extrapolation.				
<b>Overall impact of current year unadjusted misstatements</b>	0	0	0	0

Detail	CIES £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<b>Impairment of Investment Property</b>	Nil	Dr Revaluation reserve £8,475 Cr Other Land and Buildings £8,475	Nil	Nil
As part of our testing of Other Land and Buildings we challenged the valuation New England House which in the Authority's impairment considerations concluded should be impaired. However, in the professional valuation report the asset had a valuation of £8,475m. The Council's professional valuer stated that in the light of the fire safety issues around this property, that it should be valued at Nil.				
<b>Completeness of capital additions: omission of capital accruals</b>	Nil	Dr PPE £1,055 Cr Payables £1,055	Nil	Nil
In our testing of invoices received after the year end to gain assurance over the completeness of expenditure in the 2024/25 accounts, we found three items which related to work completed before the 2024/25 year-end but had not been accrued correctly. The total amount of this error was £1,055k. We tested further invoices from the population and found no errors so we were satisfied that this was an isolated factual error.				
<b>Overall impact of current year unadjusted misstatements</b>	0	0	0	0

Detail	CIES £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
<b>IFRS 16 first year application:</b> in our testing of the approach and assumptions used in the first year application of IFRS 16 we found some minor errors in the lease payments and terms used as inputs. These were aggregated and extrapolated where we had achieved significant testing coverage of the exercise.	£0.301m	Understatement of opening lease liability and right of use asset by £2.666m Understatement of depreciation on right of use assets by £0.301m Understatement of closing lease liability by £1.148m Understatement of closing right of use asset by £0.390m	£0.301m	Nil
We were satisfied that these could not cause material misstatement in the right of use assets and lease liabilities. We have set out the extrapolated total error from this here. We would not propose that management adjust the accounts based on these extrapolations and these are simply set out to demonstrate the overall immaterial level of errors and the assurance that can be taken from that.				
<b>Overall impact of current year unadjusted misstatements</b>	£0.301m	£1.059m	£0.301m	Nil

