

4 September 2020

Chair of Audit and Governance Committee  
Eastbourne Borough Council ("the Council")  
1 Grove Road  
Eastbourne  
NS21 4UG

**For the attention of the Chair of the Audit and Governance Committee**

We refer to the Agreement relating to Audit Services for Principal Bodies (our "Terms of Engagement") pursuant to which we have been appointed as the auditor for the Council.

We are writing to update you on progress of our audit since our update on 26 June 2020.

With respect to the arrangement between the Council and its subsidiary, Investment Company Eastbourne Limited ("ICE"), and Infrastructure Investments Leicester Limited, we have continued to discuss challenges arising in the accounting for this transaction with management, who are currently assessing how to reflect the impact of the transaction on reserves (including both movements in 2018/19 and movements in future years including 2019/20 arising from remeasurement of the liability).

During July and August, we have worked with management to resolve the majority of the other open matters other than in respect of on the audit and have a small number of remaining matters where management are working on providing the remaining evidence and explanations.

When the remaining matters with respect to the ICE arrangement have been resolved and reflected in revised financial statements, including subsequent event disclosures in respect of Covid-19, we will finalise our tie through of the reported figures and review against the disclosure requirements of the Code.

We note management's actions in taking steps to resolve the situation and to move forward with the financial statements, and we acknowledge the assistance they have given us in these matters.

Yours faithfully,



Ben Sheriff  
Deloitte LLP  
St Albans, UK