



## AUDIT AND GOVERNANCE COMMITTEE

Date: Wednesday 11 February 2026

Time: 5.30 pm

Venue: Rennes Room, Civic Centre, Paris Street, Exeter

Members are invited to attend the above meeting to consider the items of business.

If you have an enquiry regarding any items on this agenda, please contact Josie McDonald, Democratic Services Officer on 01392 265 354.

Entry to the Civic Centre can be gained through the Customer Services Centre, Paris Street.

*Membership –*

Councillors Wardle (Chair), Moore (Deputy Chair), Atkinson, Banyard, Begley, Holland, Knott, Miller-Boam, Mitchell, M, Palmer and Williams, M

### Agenda

#### **Part I: Items suggested for discussion with the press and public present**

##### **1 Apologies**

To receive apologies for absence from Committee Members.

##### **2 Minutes**

To approve and sign the minutes of the meeting held on 27 November 2025.

(Pages 3 - 8)

##### **3 Declaration of Interests**

Councillors are reminded of the need to declare any discloseable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclosure the nature of the interest. In accordance with the Council's Code of Conduct, you must then leave the room and must not participate in any further discussion on the item.

Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

##### **4 Local Government Act 1972 - Exclusion of Press and Public**

It is considered that the Committee would be unlikely to exclude the press and public during consideration of any of the items on the agenda, but if it should wish to do so, the following resolution should be passed:-

**RECOMMENDED** that, under Section 100A(4) of the Local Government Act

1972, the press and public be excluded from the meeting for the consideration of the particular item(s) on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in the relevant paragraphs of Part 1, Schedule 12A of the Act

**Or**

**RESOLVED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of items XX and XX on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1, 2, 3 and 4 of Part I, Schedule 12A of the Act.

**5 Local Government Ombudsman Annual Review of Complaints**

To receive the report of the Monitoring Officer.

(Pages 9 - 24)

**6 External Audit Findings Report 2024/25**

To consider the report of the Council's External Auditor

(Pages 25 - 82)

**7 Statement of Accounts 2024/25**

To receive the report of the Strategic Director for Corporate Resources.

(Pages 83 - 236)

**8 Management Letter of Representation**

To consider the report of the Strategic Director for Corporate Resources.

(Pages 237 - 240)

**Date of Next Meeting**

The next **Audit and Governance Committee** will be held on Thursday 26 March 2026 at 5.30 pm

Find out more about Exeter City Council by looking at our website <http://www.exeter.gov.uk> . This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Scrutiny Committee meeting. Alternatively, contact the Democratic Services Officer (Committees) on 01392 265107 for further information.

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# Agenda Item 2

## AUDIT AND GOVERNANCE COMMITTEE

Thursday 27 November 2025

### Present:-

Councillor Wardle (Chair)

Councillors Moore, Holland, Knott, Miller-Boam, Palmer and Williams, M

### Apologies

Councillors Atkinson, Banyard and Mitchell, M

### Also Present

Strategic Director for Corporate Resources, Head of Legal and Democratic Services & Monitoring Officer, Head of Service - Finance, Service Lead – Commercial & Procurement, Democratic Services Manager and Democratic Services Officer

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### APOLOGIES

Apologies were received from Councillors Mitchell, Banyard and Atkinson.

Apologies were also received from the Chief Executive.

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### MINUTES

The minutes of the meeting held 4 September 2025 were taken as read, approved and signed by the Chair as correct.

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### DECLARATIONS OF INTEREST

No declarations of disclosable pecuniary interests were made.

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### REVIEW OF CORPORATE GOVERNANCE RISK REGISTER

The Chair advised that this item would be heard first.

The Strategic Director for Corporate Services introduced the report advising Members that work had been carried out with Zurich to strengthen the Council's approach to risk and the Risk Register, and to ensure the updated Corporate Risk Register was inline with the new Corporate Plan.

The Principal Risk Consultant from Zurich Risk Engineering UK gave a presentation to the committee, making the following points:

- he had been working with Exeter City Council for 2 years;
- training had been delivered to officers and senior officers;
- risks were not just a list of bad things, but should be meaningful and targeted;
- risk management supported objectives and decision making;
- it helped to protect reputation, finances, and confidence;
- risk was negative by nature, but when done well it could encourage innovation;
- risk identification was the most important part and when done correctly it could make the rest easier;
- management of risk should sit with officers;
- officers should maintain the Risk Register, and Members should make sure

- it linked to priorities;
- it was important to report emerging risks and keep accountability;
- information about risks needed detail to enable proper scrutiny;
- risks should be owned by an individual, and they should be able to provide necessary information about the risks;
- there were some elements of risk that must be accepted and some higher-level risks needed to be tolerated;
- risks that never changed were business as usual and were therefore not really risks and could lead to missing genuine risks;
- the Risk Register was necessary, but the conversation surrounding it was important; and
- it was vital to ensure openness and transparency within risk reporting;

The Strategic Director for Corporate Resources and the Principal Risk Consultant responded to Members' questions in the following terms:

- the different functions of the Executive and Councillors was dependent on the organisation;
- directorate leads and Heads of Service take ownership of the Risk Register for their own services;
- the Risk Register would be brought to the Audit and Governance Committee in March 2026;
- 6 of the 13 Heads of Service had had their management team doing risk training on specific to service risks; and
- finance was always on the risk register and now the risks were being looked at to establish options for mitigation.

It was agreed that the presentation would be shared with the minutes.

The Audit and Governance Committee noted the Review of Corporate Governance Risk Register report.

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### **EXTERNAL AUDIT PROGRESS REPORT**

The Audit Manager, Grant Thornton presented the progress report making the following points:

- the findings report would not come until February;
- they were working closely with the Strategic Director for Corporate Resources, the Head of Service – Finance, and the Accountancy Services Manager;
- the ultimate timeline was the backstop date, but a buffer would be built into the process;
- the Value for Money work was completed and would be reported in the next item; and
- they were on track to deliver the Audit Findings Report and the Auditors Report on time.

The Strategic Director for Corporate Resources responded to Councillor Palmer by advising that there had been a delay due to a new asset valuation contract that had begun there was now a dedicated officer liaising and there was a much clearer agreement.

The Audit and Governance Committee noted the External Audit Progress Report

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### **EXTERNAL AUDITOR'S ANNUAL REPORT**

The Audit Manager, Grant Thornton presented the progress report making the following points:

- there was a new requirement to bring the report before the end of November;
- they had identified three key recommendations, but these were continuations from prior findings;
- there had been no evidence of any further training on the counter-fraud arrangements;
- recommendations regarding performance reporting had been responded to by the Council, but were yet to be embedded; and
- progress was being made regarding the recommendations for procurement, however there was no contract management training in place.

The Audit Manager, Grant Thornton, the Strategic Director for Corporate Resources, Head of Service – Finance, and the Procurement Manager responded to Members' questions in the following terms:

- recommendations and responses from the Strategic Management Board could be found on page 65;
- counter-fraud used to be run by internal audit, however, following our management restructure this took time to put in place;
- there had been a series of counter-fraud procedures put in place across key risk areas;
- the forward arrangements remained robust but there would be a meeting with the internal auditor soon; and
- there would be an updated counter-fraud strategy coming to the Audit and Governance Committee next march.
- training staff had been a priority for procurement and 145 members of staff had had procurement training to date;
- the procurement team had adopted a strategy, but this would be reviewed later on;
- free Cabinet Office contract management training would be implemented in the future;
- there was no risk of statutory recommendations due to the great work of the procurement team; and
- the External Auditor's Annual Report was backdated work to March 2025 rather than the 25/26 financial year.

The Audit and Governance Committee noted the External Auditor's Annual Report.

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### **INTERNAL AUDIT PROGRESS REPORT**

The Assistant Director, SWAP presented the report for the second quarter of 2025/26 making the following points:

- 36% of the plan had been completed or was currently in progress;
- there had been one limited assurance report, which would be discussed in further detail in the next item;
- 96 active green actions had been identified, and 30 were overdue. In the September meeting there were 106 active green actions with 4 overdue; and
- social housing decarbonisation had been brought back into plan.

The Assistant Director, SWAP and the Strategic Director for Corporate Resources responded to Members' questions in the following terms:

- SWAP were extremely experienced, and were confident that the plan would be completed by the end of the year;
- it was up to management to implement the actions, SWAP were able to follow up when completed;

- work was close to agreement regarding the CIL review;
- the concern of Members regarding the response to St James Community Trust had been noted, and a timeframe would be sought.

The Audit and Governance Committee noted the Internal Audit Progress Report.

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### **LIMITED ASSURANCE REPORT**

The Head of Service – Finance presented the Limited Assurance Report and advised the Committee that there had been one Limited Assurance audit report on Community Safety and Antisocial Behaviour.

The Head of Service – Finance, Head of Service – City Centre and Net Zero, and the Strategic Director for Corporate Resources responded to Members' questions in the following terms:

- the audit had been carried out over the summer; and
- there would be a review of the Community Safety Partnership and this was on track to be completed by January 2026.

The Committee were advised that the actions would be fed back to the Committee, and would also be included in the SWAP quarterly update.

The Audit and Governance Committee noted the Limited Assurance Report.

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### **STRATA DAP INTERNAL AUDIT ICT ANNUAL REPORT 2024/25**

The Head of Devon Assurance Partnership (DAP) and Chief Internal Auditor presented the report making the following points:

- the overall assurance opinion was reasonable assurance;
- views had been fed in from East Devon District Councils, Teignbridge District Council, and Exeter City Council;
- there was good trajectory around the work that Strata were doing and they had had a new Director of IT and Digital Transformation for the last 2 years;
- it would be beneficial to draw attention to the aspects of delivery that were still within the Council's remit; and
- this was a positive report and the recommendations had been taken on board.

The Audit and Governance Committee noted the Strata DAP Internal Audit ICT Annual Report 2024/25.

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### **QUARTERLY WAIVERS REPORT**

The Procurement Manager presented the Quarterly Waivers Report, making the following points:

- this had been a recommendation from both the external and internal audit;
- it was typical for this to be reported quarterly or every six months within Local Authority;
- since staff training had begun there had been a reduction in the number of waivers;
- a number of breaches were due to grants from central government;
- there had been no deliberate breaches; and
- it was normal for there to be a lot of breaches.

The Strategic Director for Corporate Resources provided context for a breach regarding CCTV and advised that it had been necessary for the function of

CCTV in the City Centre to use the same supplier.

The Procurement Manager, and the Strategic Director for Corporate Resources answered Members' questions in the following terms:

- tenders in excess of £100,000 had to be signed off by the Procurement Team, which involved a rigorous process;
- some direct awards were through framework with another organisation, such as a contract for Trews Weir with the Environment Agency;
- a grant had been given by MCHLG, which required a short-term waiver;
- Portfolio Holders were involved in approving and signing off waivers over £215,000.

The Audit and Governance Committee noted the Quarterly Waivers Report.

(The meeting commenced at 5.32 pm and closed at 7.30 pm)

Chair

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## REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 11<sup>th</sup> February 2026

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

No

#### 1. What is the report about?

1.1 The report explains the role of the Local Government & Social Care Ombudsman (LGO) in investigating and making recommendations concerning complaints about local authorities. It also presents the LGO's annual review of complaints about Exeter City Council for the year ending 31 March 2025, as well as a summary of complaints dealt with by the Housing Ombudsman.

#### 2. Recommendations:

3. That Members note the content of this report and the complaints considered by the LGO.

#### 4. Reasons for the recommendation:

5. The Monitoring Officer is required to communicate to elected members the council's performance in relation to LGO investigations.

#### 6. What are the resource implications including non-financial resources:

6.1 There are no resource implications, and no compensation was paid as a result of an Ombudsman decision.

#### 7. Section 151 Officer comments:

5.1 There are no financial implications contained in this report.

#### 8. What are the legal aspects?

8.1 There is a duty under section 5(2) of the Local Government and Housing Act 1989 for the council's Monitoring Officer to prepare a formal report to the council (Audit and Governance Committee) on all Ombudsman complaint decisions.

8.2 The LGO considers that this duty is satisfactorily discharged if the Monitoring Officer makes a periodic report summarising the findings on all upheld complaints over a specific period. This may be adequately addressed through an annual report on complaints to members, hence this report.

8.3 The LGO has the power to issue a 'Formal Public Report' if a local authority, or any part of it:

- has acted or is likely to act in such a manner as to constitute maladministration or service failure perhaps because of the scale of the fault or injustice, or the number of people affected; and
- where the LGO has conducted an investigation in relation to the matter.

8.4 Under the provisions of The Local Government Act 1974, whenever the LGO issues a Formal Public Report, the Council is obliged to lay that report before the Council for consideration and respond within three months setting out the action taken, or proposed to be taken, in response to the report. The LGO has not issued any Formal Public Reports in relation to Exeter City Council.

8.5 In the unlikely event that an authority is minded not to comply with the LGO's recommendations following a finding of maladministration, the Ombudsman would expect the Monitoring Officer to report this to members under section 5 of the Act. This is an exceptional and unusual course of action for any authority to take and should be considered at the highest tier of the authority.

## **9. Monitoring Officer's comments:**

7.1 Members will note the legal aspects set out above.

7.2 Out of the eight cases considered by the LGO, one case was investigated and upheld. Members will note from this report that the decision concerning a minor error in a planning report considered by the Planning Committee which had no effect on the decision made by Planning Committee.

## **10. Equality Act 2010 (The Act)**

8.1 The report is for information only

## **11. Carbon Footprint (Environmental) Implications:**

9.1 This report is for information only

## **12. Report details:**

12.1 The LGO investigates complaints from the public about councils and some other bodies providing public services in England. The LGO investigates alleged or apparent maladministration or service failure that have caused injustice to the complainant. Most council services can be investigated including planning, council tax and housing benefit and some areas of housing. Maladministration in broad terms might include:

- flaws in policies or decision making;
- poor administrative practice;
- failure to adhere to or consider properly statutory guidelines;
- failing to consider properly the exceptional circumstances of an individual or a situation;
- not properly considering statutory powers or duties; and
- failing to give an adequate service.

12.2 The LGO will usually only become involved after a council's complaints procedure has been exhausted. If the LGO finds the council acted with fault, which caused the person an injustice, it will recommend a remedy to put things right. The LGO's remedies are aimed at putting the person back in the position they would have been had the fault not occurred. Where appropriate it also recommends action to avoid similar issues affecting other people - such as reviewing practice and procedure - and can recommend remedies for other persons affected by faults found in an individual complaint

12.3 Details of the complaints received by the LGO about Exeter City Council, and the decisions made by the LGO on those complaints, for the year ending 31st March 2024 are set out in the attached document. Members will note that the Local Government Ombudsman dealt with 8 cases;

- 5 of those cases were closed after initial enquiries;
- 2 were not for the Ombudsman to investigate
- 1 case was investigated and upheld. A copy of the Ombudsman's Final Decision Notices this case is included in Appendix A and briefly outline in 10.3

10.4 The Ombudsman found a minor fault in a Council planning report, where housing density was presented using a gross rather than net figure. However, this did not affect the Planning Committee's decision, as councillors clearly understood the scale of the development.

No fault was found regarding councillors' participation, engagement with the developer, site visits, or the independence of the stage 2 complaint review.

Outcome: No significant injustice; no further action required.

10.5 Adjusted for Exeter City Council's population, this represents 0.7 upheld decisions per 100,000. The average for similar authorities is 1.1 upheld decisions per 100,000 residents

12.6 In the year ending 31<sup>st</sup> March 2025 one referral had been made to the Housing Ombudsman. As this investigation was not completed until the following year, the outcome will be listed in the report for the year ending 31<sup>st</sup> March 2026

### **13. How does the decision contribute to the Council's Corporate Plan?**

11.1 Effective handling of complaints and following due process are aspects of a well-run council.

### **14. What risks are there and how can they be reduced?**

12.1 No risks identified

### **15. Are there any other options?**

13.1 Not Applicable

**Director: Jo Yelland – Strategic Director for People and Community**

Author: Stephen Clayton – Head of Service, Customers and Communities

### **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:-

None

List of Appendices:

- Appendix A: Summary of complaints received by Ombudsman

For enquiries please contact: [democratic.services@exeter.gov.uk](mailto:democratic.services@exeter.gov.uk)

**Appendix A: Complaints decided by the Local Government and Social Care Ombudsman year ending 31/03/2025**

Reference	Category	Subcategory	Decided	Decision	Decision Reason	Remedy
23010416	Planning & Development	Other planning application	08/04/2024	Upheld	fault no injury	NA
23018946	Corporate & Other Services	Leisure and culture	30/04/2024	Closed after initial enquiries	No worthwhile outcome achievable by investigation	NA
23020020	Housing	Private housing disrepair	23/04/2024	Closed after initial enquiries	26B(2) not made in 12 months	NA
23020117	Housing	Allocations	24/04/2024	Closed after initial enquiries	Not warranted by alleged fault	NA
23021311	Corporate & Other Services	Access to information	14/05/2024	Closed after initial enquiries	Other Agency better placed	NA
24007284	Housing	Allocations	09/08/2024	Referred back for local resolution	Premature Decision - advice given	NA
24012271	Corporate & Other Services	Contracts and business matters	04/12/2024	Closed after initial enquiries	26(6)(c) Court remedy	NA
24017527	Planning & Development	Enforcement-householder	05/02/2025	Referred back for local resolution	Premature Decision - referred to Organisation	NA

**Exeter City Council (23 010 416)**

Category :[Planning](#) > [Planning applications](#)

Decision :**Upheld**

Decision date :**07 Apr 2024**

- [The complaint](#)

**The Ombudsman's final decision:**

**Summary:** Group X complained about the Council's decision to approve details of development they said were out of character for the local area. We found fault by the Council, but it did not affect its decision to approve the development details.

### **The complaint**

1. Group X complained about the Council's decision to approve details of development because:
  - its report on the application was misleading;
  - some councillors voted to approve the application when they should not have been on the Planning Committee; and
  - it negotiated with the developer but not residents.
2. Group X also said the Council did not independently review their complaint as needed by stage 2 of its complaint procedure.
3. Group X said the development was out of character for the area. And noise, air pollution and traffic from the development would seriously affect their health and highway safety as nearby residents.
4. Group X wanted the Council to:
  - change the development, including reducing its scale;
  - ensure the developer complied with all planning conditions;
  - monitor the site during construction to minimise disturbance to residents; and
  - apologise to residents and pay compensation.

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### **The Ombudsman's role and powers**

5. We investigate complaints of injustice caused by 'maladministration' and 'service failure'. I have used the word fault to refer to these. We consider whether there was fault in the way an organisation made its decision. If there

was no fault in how the organisation made its decision, we cannot question the outcome. (Local Government Act 1974, section 34(3), as amended)

6. Where we find fault, we must also consider whether that fault has had an adverse impact on the person making the complaint. I refer to this as 'injustice'. If there has been fault which has caused significant injustice, or that could cause injustice to others in the future we may suggest a remedy. (Local Government Act 1974, sections 26(1) and 26A(1), as amended)
7. When considering complaints we make findings based on the balance of probabilities. This means that we look at the available relevant evidence and decide what was more likely to have happened.
8. If we are satisfied with an organisation's actions or proposed actions, we can complete our investigation and issue a decision statement. (Local Government Act 1974, section 30(1B) and 34H(i), as amended)

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### **How I considered this complaint**

9. I:
  - considered the complaint and supporting papers provided by Group X;
  - talked to the authorised representative of Group X, about the complaint;
  - considered the Council's report on the application and other relevant planning information available on its website;
  - watched and listened to the recording of the Council's Planning Committee when they considered the application;
  - asked for and considered the Council's comments and supporting papers about the complaint;
  - shared Council information with Group X; and
  - gave Group X and the Council an opportunity to comment on a draft of this statement and considered any comments received before making a final decision.

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### **What I found**

#### **Background**

10. Most development needs planning permission from the council. An outline planning application seeks permission for development in principle. After gaining outline planning permission, developers need the council's approval to details of the development called 'reserved matters'. Reserved matters

concern access, appearance, landscaping, layout and scale of the development. Sometimes an outline application includes details of some reserved matters for approval. The council must approve all reserved matters before development starts.

11. Councils must decide applications in line with policies in their development plans unless material planning considerations indicate they should not. Material considerations concern the use and development of land in the public interest but not private matters. Examples of material considerations are traffic generation and the impact of development on neighbouring amenities. The developer's personal conduct and the view from peoples' homes and potential changes to house prices are not material planning considerations.
12. Councils publicise planning applications so people may comment on development proposals. Peoples' comments on development and land use grounds will be material planning considerations which the Council must take into account in deciding the application. Taking account of a representation does not mean the council must agree with it. Reserved matters applications are not planning applications, and councils do not need to publicise them but, in practice, some councils do.
13. A planning case officer may prepare a report assessing the development proposals against relevant policies and other material planning considerations. The report usually ends with a recommendation to approve or refuse the application. The courts have made clear that case officer reports:
  - do not need to include every possible planning consideration, but just the principal controversial issues;
  - do not need to be perfect, as their intended audience are the parties to the application (the Council and the applicant) who are well versed of the issues; and
  - should not be subject to hypercritical scrutiny, and do not merit challenge unless their overall effect is to significantly mislead the decision maker on the key, material issues.
14. Planning policies may pull in different directions, for example, promoting new housing development and protecting existing residential amenities. It is for the decision maker to decide the weight to be given to any material consideration in deciding an application. So, councillors at committee do not have to accept the recommendation in their officers' report. They may give different weight to the material planning considerations and so reach a different view and decision on an application.

## **What happened**

15. The Council allocated land in its development plan for housing development. It also adopted a development brief ('the Brief') giving more detailed guidance about providing housing on the allocated land. The Brief was a material planning consideration in deciding applications for housing on the allocated land.
16. The Council granted outline planning permission for housing on part of the allocated land ('the Site'). Later, the Council received a reserved matters application ('the Application').
17. The Council publicised the Application and received many objections, including from Group X. While Group X were not against the new housing they objected to the proposed number of new homes on the Site (its housing density). Group X said the density was out of character with existing nearby homes and the new and existing homes would not integrate. Group X also said so many new homes would worsen traffic congestion and badly affect road safety for walkers and cyclists.
18. A Council planning officer prepared a report on the Application, recommending approval of the details ('the Report'). The Report referred to relevant planning policies, identified key planning issues for deciding the Application and summarised the comments received about the Application. The Report went to the Council's Planning Committee. An objector spoke at the committee meeting, putting forward peoples' main concerns about housing density and how it would impact the area. Councillors, some of whom asked questions and talked about the Application, decided by a majority to approve the Application. The Council issued a decision notice approving the Application, which included planning conditions to regulate and control the development.
19. Group X complained about the decision saying councillors had been misled about the development. Remaining dissatisfied with the Council's complaint responses, Group X came to the Ombudsman.

## **Consideration**

### **Introduction**

20. We are not an appeal body. Our role is to consider whether there is evidence the Council acted with fault and, if so, whether that fault affected its decision and caused those complaining significant injustice. Group X's complaint correspondence showed they had many concerns with the Council's decision making on the Application. I carefully considered all the information provided by Group X. However, this statement does not, and does not need to, address every detailed point raised by Group X. My investigation considered the three issues set out in paragraph 1 to this statement. And, for the issue about the

Report (first bullet point to paragraph 1), my focus was Group X's concern about housing density on the Site.

### **The Report: housing density**

21. A key planning issue in deciding the Application, and for Group X, was the scale of the housing development. The outline planning permission was for "residential development" and did not include any housing number. The outline planning application had included a plan showing how the Site might be developed, which included the possible number of new homes. As an 'illustrative plan', it was not approved as part of the outline planning permission. A Council planning policy gave a figure for the likely number of new homes for all the allocated land ('Policy One'). The Council pointed to the housing assessments that preceded the land allocation. These assessments showed the allocated land might provide 50 to 60 dwellings per hectare ('dph'). The Brief said developing the allocated land at an average net density of less than 30dph was unlikely to be an efficient use of land. Another Council planning policy ('Policy Two') referred to in the Report, said that housing development:

"...should achieve the highest appropriate density compatible with the protection of heritage assets, local amenities, the character and quality of the local environment and the safety and convenience of the local and trunk road network."

22. The Application proposed significantly more new homes than shown on the outline plan. The Report identified 'quantum' (the number of new homes/density of the development) as a key consideration in deciding the Application. The Brief and the Report both set out density (dph) figures for nearby housing, which varied from less than 30dph to almost double 30dph. The Report also referred to the density of sites with planning permission but not yet built. The Site density was significantly higher than 30dph. The Report referred to the Brief saying it set out a minimum density of 30dph. The Report also said it was unlikely the allocated land would now provide all the houses referred to in Policy One.
23. Group X's main points about density were the Report failed to fully reflect what the Brief said and failed to include the net housing density for the Site. I address these two points separately.
24. Group X pointed to the Brief saying 30dph was the 'average density' expected for the allocated land, but the Report referred to 30dph as a 'minimum'. The Report also omitted what the Brief said about the average density of recent developments and varying housing density within the allocated land. These other density figures were lower than proposed for the Site. The Council said the Brief effectively set a minimum density in referring to the efficient use of land, and Policy Two supported this. The Brief provided density figures from

when it was adopted as policy and set no maximum density. Officers had reported the Brief's varying densities to councillors at the Planning Committee meeting.

25. The Report referred to the Brief and Policies One and Two about housing on the allocated land and the effective use of land. The officer presentation to the Planning Committee provided density figures from the Brief and those for proposed nearby development. The officer presentation also commented on the Brief referring to varying densities within the allocated land. Councillors, in discussing the Application, showed they understood there was a difference between the Brief's density figures for the allocated land and that proposed by the Application. Reading the Report as a whole and taking account of the officer presentation and councillors' discussion, I did not find the Council at fault in referring to 30dph as a 'minimum' density. I also found no fault in the Council's references to nearby land with housing planning permission as part of the surrounding area.
26. Group X pointed to the Report saying the dph figure for housing on the Site was the "gross" density. The Report did not describe other density figures in the Report, including the Brief's 30dph, as either 'gross' or 'net' but, they were all 'net'. The Council said use of the gross rather than the net figure for the Site in the Report and at the Planning Committee was an error.
27. A 'gross' density figure uses the whole site whereas the 'net' figure uses land for housing and excludes, for example, roads and green spaces within the site. A 'net' dph housing density figure is therefore higher than its 'gross' figure. In this case both the gross and net figures for the Site were significantly higher than the Brief's 30dph.
28. As the Report used 'gross' to refer to the proposed housing density on the Site, readers would likely assume the other density figures were 'gross' too. However, they would not be comparing like with like but the Site's gross figure with various net figures. The scale of the development and the density of the proposed housing was a key issue in deciding the Application. It was also of great concern to Group X. I therefore found the failure to provide the net figure for the Site or to clarify that other figures in the Report and presented to the Planning Committee were net, was fault.
29. So, was that fault more likely than not to have affected the Council's decision to approve the Application. While higher than the stated gross figure, the Site net figure did not noticeably exceed the range of densities in the Brief, Report and presented at the Planning Committee. What did not change was the number of proposed homes, which number also represented a significant increase from that shown on the outline illustrative plan. The discussion at the Planning Committee showed councillors considered the impact of the increased housing number. For example, councillor comments covered

housing design and the availability of off-street parking. The discussion also indicated some councillors likely gave more weight to the Brief and others were likely more weighted to the provision of the increased number of new homes. Officers also advised the Planning Committee that to refuse the Application needed planning grounds. This meant identifying what planning harm the proposed number of houses caused that would justify refusal.

30. I recognised the decision to approve the Application was not unanimous. However, the discussion at the Planning Committee showed councillors understood they were dealing with more proposed houses compared to the outline illustrative plan. And, given the size of the Site, that number of houses would provide a density significantly higher than the Brief's 'average' or 'minimum' dph figure. The Council's officers had pointed councillors to the need to identify planning harm arising from the Application proposal to justify refusing approval of the details. Considering the evidence about the Planning Committee's decision making, I did not find that knowledge of the Site's net dph figure would more likely than not have led them to a different decision. I therefore found the fault I identified at paragraph 28 did not cause injustice to Group X as they would be in the same position with the Application being approved.

#### **The Report: other matters**

31. Group X raised other points about the Report. I found the Council's complaint responses addressed these points in a suitable and proportionate manner. I therefore only commented briefly on these points where I considered it appropriate to do so.
32. Two points, about, first, inconsistencies and second, a lack of detail in the Report were dealt with at the Planning Committee before councillors decided the Application. Reading the Report as a whole, I saw no evidence the inconsistency affected the assessment of the Application. The detailed point also arose at the Planning Committee with both councillors and the Council's officers commenting and referring to the Report. I therefore could not find the Council failed to address these two points before deciding the Application.
33. Three points concerned Group X's view the Council failed to have due regard to relevant matters. The Report referred to all three matters and two were considered during the officer presentation and councillors' discussion on the Application. I therefore could not find the Council failed to consider these matters before deciding the Application.
34. I recognised Group X's dissatisfaction with the Report, and they considered the Council should have given more attention to some issues. However, having carefully considered Group X's various points, both individually and

cumulatively, I did not find fault in the Council's handling of the other points raised by Group X about the Report.

### **Planning Committee Councillors**

35. Group X referred to Government Guidance preventing councillors from membership of both a council's Executive and Planning Committees. They said two such councillors were present and voted to approve the Application. This was unfair as the vote was not unanimous and the two councillors' votes might have affected the decision to approve the details.
36. There is no law or statutory Government guidance preventing councillors being members of both Executive and Planning Committees. And the Council's constitution (its working rules) does not contain any such prohibition. I understood Group X referred to advice given by the Local Government Association in their publication, *Probity in Planning* ('the guide'). The guide advises the councillor with responsibility for planning matters on an Executive Committee to normally exclude themselves from the decision-making planning committee. The aim being to avoid any perception of a conflict of interest or predisposition when considering specific planning applications. The guide also makes clear it does not provide legal advice and councillors must comply with their council's constitution, including the 'councillors code of conduct'.
37. If Group X had concerns about any councillor at the Planning Committee meeting, they could have complained about their conduct to the Council. The Council signposted Group X to its councillors' complaints procedure in its stage two complaint response. However, given the status of the guide, I did not find the Council acted with fault even if one of its Planning Committee councillors also had responsibility for planning matters on its Executive Committee.

### **Contact with the developer**

38. Group X said the Planning Committee did not visit the Site or include them in discussions about planning conditions.
39. The Council said its planning case officers visited sites when assessing applications, but its Planning Committee did not routinely visit sites. (The Planning Committee made three visits during the previous two years.) When publicising applications, it made clear it could not engage with individual objectors. However, residents' comments on applications might lead it to propose conditions to address concerns. Conditions had to comply with policy and guidance and were not subject to public consultation. The Report set out proposed conditions so councillors could discuss them, if appropriate, should they decide to approve the Application.

40. There is no legal requirement for the Council to visit a proposed development site before deciding planning applications. And it is common practice for councils, when publicising applications, to say they will not discuss peoples' representations with them. Here, although for reserved matters approval, the Council publicised the Application, so residents could comment. And the Report provided evidence the Council took account of residents' representations, before it decided the Application. I recognised Group X's frustration at not being more involved in the Council's decision making. However, I did not find it acted with fault because the Planning Committee did not visit the Site or otherwise meet with residents while processing the Application.

41. There is no legal requirement to publicise proposed planning conditions and it is not common practice for councils to do so. The Government's Planning Practice Guidance (PPG) says it is good practice to keep planning conditions to a minimum and early contact with developers can assist in achieving this. The Government's National Planning Policy Framework (NPPF) also says councils should approach decision making 'in a positive and creative way and work proactively with developers to approve applications for sustainable development where possible'.

42. The law, PPG and NPPF mean the Council will likely engage with developers when processing their applications. I recognised Group X's dissatisfaction with their seeming different treatment to that given to the developer. However, I did not find the Council at fault because it engaged with the developer in processing the Application but did not consult Group X about proposed planning conditions.

### **Complaint handling**

43. The Council has a formal two stage complaints procedure. At stage one, the department complained about seeks to resolve matters. And, if not satisfied with a stage one response, people may ask for "an independent review by a senior officer". Group X said the Council's review of their complaint was not independent because the stage two response came from a senior Council officer in the department complained about.

44. I recognised that people might view complaint responses from the department complained about as lacking independence. However, it is for councils to decide how they organise their own complaint handling procedures. And there may be benefits in replies from the department complained about as it will have knowledge and experience in the relevant subject matter. Here, in line with the Council's procedure, a senior Council officer reviewed Group X's complaint. The Council confirmed that officer had no role in assessing the Application or preparing the Report. I did not find fault here. And Group X

have now used their right to complain to the Ombudsman, who is independent of the Council.

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**Final decision**

45. I completed my investigation finding there was no fault causing significant injustice in the Council's decision making.

Investigator's decision on behalf of the Ombudsman

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# **Audit Findings (ISA 260) Report for Exeter City Council**

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Year ended 31 March 2025

3 February 2026

## Exeter City Council

Civic Centre

Paris Street

Exeter

EX1 1 JN

3 February 2026

Dear Members of the Audit & Governance Committee

### **Audit Findings for Exeter City Council for the year ended 31 March 2025**

**Page 26** This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

#### Chartered Accountants

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://grantthornton.co.uk/transparency-report-2024-.pdf).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Grace Hawkins

Director  
For Grant Thornton UK LLP

**Chartered Accountants**

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# **Headlines and status of the audit**

# Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Exeter City Council (the 'Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

## Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

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- the Authority's financial statements give a true and fair view of the financial position of the Authority and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report), is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed during September 2025 – January 2026 as planned. Our findings are summarised on pages 14 to 30. Two adjustments to the financial statements have been identified that have resulted in a £15.7m adjustment to the Authority's Comprehensive Income and Expenditure Statement. These have no impact on the level of the Authority's usable reserves.

Audit adjustments are detailed on pages 36-38. We have also raised recommendations for management as a result of our audit work. These are set out on pages 39-42. Our follow up of recommendations from the prior year's audit are detailed on pages 43-45.

Our work is complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements. The following item is still outstanding

- Final quality review by audit manager and engagement lead,
- Receipt and review of final set of adjusted accounts, and
- Receipt and review of signed management representation letter.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited.

Our financial statements audit report opinion is unmodified. We will provide the final audit opinion following the approval of your accounts by the Audit & Governance Committee.

# Headlines

## Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

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Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented to the November 2025 Audit & Governance Committee. We identified a significant weaknesses in the Authority's arrangements for Governance and Improving economy, efficiency and effectiveness and so are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our findings are set out in the value for money arrangements section of this report (page 46).

# Headlines

## Statutory duties

The Local Audit and Accountability Act 2014 (the 'Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We cannot formally conclude the audit and issue an audit certificate for Exeter City Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until:

- we have completed our consideration of objections brought to our attention by local authority electors under section 27 of the Local Audit and Accountability Act 2014.
- we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

## Significant matters

As reported at previous Audit & Governance Committees the draft financial statements were published after the statutory publication date due to issues identified within the property, plant & equipment valuations. We encountered further delays at the beginning of the audit due to limited capacity within the finance team which resulted in some samples being issued late in the process. We have subsequently completed this work and remain in communication with management as to how these delays can be avoided in future audits.

We did not encounter any further significant difficulties or identify any further significant matters arising during our audit.

# Headlines

## National context – audit backlog

### Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

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The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

# Headlines

## Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

### Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an authority is an intermediate lessor, or where assets are leased out for little or no consideration.

### Impact on the Authority

Our work in this area is complete and we have considered:

- the adjustment made by management for leases now recognised on the balance sheet which we noted was not material;
- whether accounting policies and disclosures reflect management’s application of judgement, estimation and assumptions and the processes followed;
- related internal controls that required updating, if not fully revisiting, to reflect changes in accounting policies and processes;
- systems to capture the process and maintain new lease data and for maintaining this on an ongoing basis to keep information up to date;
- accounting for what assets have been identified as operating leases; and
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate.
- Review the calculations made by management for accuracy and whether these are in line with the requirements under IFRS16

# Materiality

# Our approach to materiality

As communicated in our Audit Plan dated 15 July 2025, we determined materiality at the planning stage as £2.83m based on 2.5% of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements. Materiality has been updated to £3.54m as there has been a significant increase of £28.4m in gross expenditure.

A recap of our approach to determining materiality is set out below.

## Basis for our determination of materiality

- We have determined materiality at £3.54m based on professional judgement in the context of our knowledge of the Authority, including consideration of factors such as prior year errors and misstatements and any significant deficiencies identified at planning.
- We have used 2.5% of gross expenditure as the basis for determining materiality.
- We have chosen gross expenditure as an appropriate benchmark as cost of services is the key driver for the Council and other comprehensive income items are generally non-cash items which are not connected to the running of the organisation.
- Our percentage benchmark has increased from 2% in 2023-24 to 2.5% in 2024-25
- We have determined performance materiality at £2.655m, this is based on 75% of headline materiality. We have revised the performance materiality due to the actual gross expenditure changing significantly from that anticipated at the planning stage resulting in a review of the appropriateness of the materiality figure.

## Specific materiality

- We have set a lower materiality for individual senior officer remuneration disclosures of £10k, on the basis of the sensitivity to public interest and the reader of the accounts.

## Reporting threshold

- We will report to you all misstatements identified in excess of £177k, in addition to any matters considered to be qualitatively material.

# Our approach to materiality

A summary of our approach to determining materiality is set out below.

	<b>Authority (£)</b>	<b>Qualitative factors considered</b>
Materiality for the financial statements	3,540,000	We considered materiality from the perspective of the users of the financial statements. The Council prepares an expenditure-based budget for the financial year and monitors spend against this; Therefore, gross expenditure was deemed as the most appropriate benchmark. This benchmark was used in the prior year. We deemed that 2.5% was an appropriate rate to apply to the expenditure benchmark as we have not identified material adjustments in prior years or a large number of other issues and recommendations.
Performance materiality	2,655,000	Our performance materiality has been set as 75% of our overall materiality. We are satisfied that 75% is appropriate as we have not identified misstatements or a large number of issues in prior year's financial statements. We do not consider that there is evidence of systemic weaknesses in processes which would potentially give rise to misstatements.
Specific materiality for Senior Officer remuneration disclosures (Authority only)	10,000	Senior Officer Remuneration is considered sensitive and of particular interest to the reader of the accounts.
Reporting threshold	177,000	Calculated as a percentage of headline materiality and in accordance with auditing standards

# **Overview of significant and other risks identified**

# Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	High	●
Improper revenue recognition	Rebutted	↔	X	Medium	●
Risk of fraud related to expenditure recognition	Rebutted	↔	X	Medium	●
Valuation of land and buildings	Significant	↔	X	High	●
Valuation of investment property	Significant	↔	X	High	●
Valuation of net pension liability	Significant	↔	X	High	●
Remeasurement of leases and right of use assets as at 1 April 2024	Other	↔	X	Medium	●

- ↑ Assessed risk increase since Audit Plan
- ↔ Assessed risk consistent with Audit Plan
- ↓ Assessed risk decrease since Audit Plan

- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements

# Significant risks

## Risk identified

### Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

## Audit procedures performed

We have:

- evaluated the design effectiveness of management controls over journals;
- used Inflo, our data analysis software, to undertake a number of checks on the data, such as unbalanced transactions, unbalanced user IDs and transactions with blank account descriptions. Where any differences were noted, we followed these up with management and obtained sufficient explanations and corroboration for the reasons provided;
- tested unusual journals made during the year and after the draft accounts stage for appropriateness and corroboration;
- reviewed manual journals, within Inflo, to identify those deemed to be high risk to be selected for testing. We selected and shared our sample with management for them to provide us with evidence to support the entries. We completed our testing upon receipt of this supporting documentation;
- gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness; and
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions

## Key observations

Our testing identified the following:

- there are three super users, with a finance function, who have the ability to add and remove staff from the general ledger which gives a wider scope for manipulation of data. It is audit opinion that no members of finance should have superuser access and that this task should be carried out by the IT function. We realise that with smaller teams, and the operational need of the Council that this may not be possible and it is, therefore, a risk that management choose to permit. We undertook specific focussed testing in this area as part of our journals testing and did not identify any inappropriate journal entries. We have raised a recommendation in respect of this
- Users can post and authorise their own journals if the value is below £5k. The absence of authorisation for journals below £5k represents a weakness in internal controls. Effective internal controls are essential to prevent and detect errors or fraud. Without proper authorisation, there is a higher risk that inappropriate or fraudulent transactions could be processed without detection. Journals that are not authorised may lead to misstatements in the financial records. This could result in inaccurate financial reporting, which can mislead stakeholders and affect decision-making.

# Significant risks

Risk identified	Audit procedures performed	Key observations
Improper revenue recognition	<p>Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue.</p> <p>We have identified and completed a risk assessment of all revenue streams for the Council. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams.</p> <p>Where we have rebutted the risk of fraud in revenue recognition for revenue streams this is due to the low fraud risk in the nature of the underlying transactions, or immaterial nature of the revenue streams both individually and collectively.</p>	We have not identified any material adjustments or findings in relation to improper revenue recognition.
Risk of fraud related to expenditure recognition	<p><b>PAF Practice Note 10</b></p> <p>Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.</p> <p>We have identified and completed a risk assessment of all expenditure streams for the Council. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk for the Council. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.</p>	We have not identified any material adjustments or findings in relation to risk of fraud related to expenditure recognition.

# Significant risks

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Risk identified	Audit procedures performed	Key observations
<p><b>Valuation of land and buildings (Including Council Dwellings) (rolling revaluation)</b></p> <p>The Council revalues 20% of assets per annum and the top four highest value assets each year. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.</p> <p>The Council's portfolio of Council Dwellings is revalued five-yearly, with an indexation exercise applied in intervening years in accordance with the "Beacon" methodology.</p> <p>Management will need to ensure the carrying value in the Council financial statements is not materially different from the current value or the fair value (for surplus assets) at the financial statements date, where a rolling programme is used.</p> <p>We therefore identified valuation of land and buildings (including Council Dwellings) as a significant risk.</p>	<p>We have:</p> <ul style="list-style-type: none"><li>evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li><li>evaluated the competence, capabilities and objectivity of the valuation experts;</li><li>written to the valuers to confirm the basis on which the valuations were carried out;</li><li>reviewed the fixed asset register and valuation reports to identify a sample of land and buildings which have been revalued in year for further testing. In doing this we considered those assets whose values at 31 March 2025 are above performance materiality, those assets where there has been a valuation movement or other change outside of our expectation and a sample of assets where the movement is in line with expectation;</li><li>for each item within our sample, we have requested detailed calculation sheets for the 2025 revaluation exercise to support and evidence the assumptions used to calculate the updated valuations.</li><li>identified and shared our sample of other land and building assets and have been provided with evidence as to how these values have been calculated; and</li><li>reviewed those assets not revalued in year to ensure there is not a material variance between the market value and the carrying value.</li></ul>	<p>Our work identified that Council policies state assets are valued on five year rolling basis but that this relates to those assets subject to a full valuation. All assets not subject to full revaluation are subject to a desktop review and are included within the signed valuer's report. Any significant movement in these assets is reflected in the financial statements therefore it is our opinion that all assets are revalued on an annual basis.</p> <p>We identified the following issues from our testing:</p> <ul style="list-style-type: none"><li>Reconciliation of the FAR identified that IFRS16 transactions were incorrectly included as additions rather than an adjustment to the brought forward balances. We also identified £715k of assets under construction had been incorrectly included in reclassifications when they should have been classified as disposals.</li><li>Testing of St Sidwell's Point Leisure centre identified the following:<ul style="list-style-type: none"><li>An incorrect gross internal area (GIA) had been used for the calculation</li><li>An incorrect land area of 3.26 acres had been used when the actual area is 0.77 acres</li><li>Upon review of the calculation, in response to the land area issue management identified that the valuer had used a median BCIS rate to calculate the value. Management challenged the valuer, given the Passivhaus status of the asset, and this resulted in a change of the BCIS rate used and a revaluation of the asset</li></ul></li><li>As a result of the issues identified above a revaluation was undertaken which resulted in the valuation changing from £28.6m to £40.6m an upward adjustment of £12m in the balance sheet</li><li>For one asset, management were unable to provide supporting documentation for measurements and so we relied on prior year information to gain assurance over the asset value.</li></ul>

# Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings (Including Council Dwellings) (rolling revaluation)	Continued	<ul style="list-style-type: none"> <li>One asset had used the incorrect land acre which led to an incorrect apportionment of land and building. However, this did not impact on the asset valuation</li> <li>For one asset tested we identified the following: <ul style="list-style-type: none"> <li>management were unable to provide sufficient evidence to support the GIA used in the calculation. We have been able to undertake alternative procedures to gain assurance over the value.</li> <li>Testing identified that management had omitted land value from the overall valuation</li> </ul> </li> <li>Although we have identified the above issue the variance is trivial and therefore no adjustment is required. However, we have raised a control recommendation on page 41.</li> </ul> <p>Council dwellings represent a significant proportion (£301m) of the Council's asset base and in accordance with the CIPFA code, these assets are valued in line with the 'Stock valuation resource accounting 2016: guidance for valuers' which has been provided by Central Government. We have reviewed the Council's approach to valuing these assets and, alongside those actions identified above, we have:</p> <ul style="list-style-type: none"> <li>reviewed the classification of beacon properties to ensure that these have been assigned in line with the stock valuation resource accounting guidance and that properties have been assigned to the appropriate beacon categories;</li> <li>reviewed the fixed asset register and valuation reports to identify a sample of Council Dwellings which have been revalued in year for further testing. In doing this we considered those assets whose values at 31 March 2025 are above performance materiality, those assets where there has been a valuation movement or other change outside of our expectation and a sample of assets where the movement is in line with expectation; and</li> <li>for sample testing we have compared beacon valuations with similar properties to ensure that valuations are in line with market conditions, and where variances outside of our parameters are identified we have requested further information and support from management and the valuer.</li> </ul> <p>Our testing identified the following:</p> <ul style="list-style-type: none"> <li>There are two assets without a beacon allocation in 24/25 and these are the same assets as identified in the prior year. The external valuer states previous values were adopted in line with Council's instructions without further consideration or documentation on why they deem the value is still applicable for this year. The Council did not also document the rationale of keeping the values the same for the two properties.</li> </ul>

# Significant risks

## Risk identified

### Valuation of investment property

The Council revalue its investment property on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date. This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved (£86,761k) and the sensitivity of this estimate to changes in key assumptions.

Management have engaged the services of an external valuer to estimate the fair value as at 31 March 2025.

We therefore identified valuation of investment property, particularly revaluations and impairments, as a significant risk of material misstatement.

## Audit procedures performed

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;
- evaluated the competence, capabilities and objectivity of the valuation experts;
- written to the valuers to confirm the basis on which the valuations were carried out;
- reviewed the fixed asset register and valuation reports to identify a sample of investment properties which have been revalued in year for further testing. In doing this we considered those assets whose values at 31 March 2025 are above performance materiality, those assets where there has been a valuation movement or other change outside of our expectation and a sample of assets where the movement is in line with expectation; and
- for each item within our sample we have requested detailed calculation sheets for the 2025 revaluation exercise to support and evidence the assumptions used to calculate the updated valuations.

## Key observations

Testing identified the following issue:

- Testing requires agreement back to lease agreements as source documentation. For one asset management were unable to provide a lease agreement and for one asset the most recent lease agreement was not available. We have undertaken alternative procedures to gain assurance over the values and have raised a recommendation on page 40.

We have not identified any further issues within our testing

# Significant risks

## Risk identified

### Valuation of net pension liability.

The Council's pension fund net liability, as reflected in the balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£16 million liability in the Council's balance sheet at 31/03/25) and the sensitivity of the estimate to changes in key assumptions.

We therefore identified valuation of the Council's pension fund net liability as a significant risk of material misstatement.

## Audit procedures performed

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls. No issues were identified from completion of this;
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;
- undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and
- obtained assurances from the auditor of Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

## Key observations

Our testing identified the following:

- We rely on assurance provided by the pension fund auditor over asset and liability balances included in the actuarial report. This identified that both level 2 and level 3 investments have been understated by £16.3m and £37.52m respectively in the pension fund accounts. The Council's share of these assets is 2.82% and therefore the potential impact on the Council's accounts is a £1.451m understatement which is not material. As this is an immaterial estimation variance and not an error it is not an unadjusted misstatement.

Our testing has not identified any further issues.

# Other risks

## Risk identified

Remeasurement of leases and right of use assets as at 1 April 2024 following the implementation of IFRS16

In line with the Code of Audit Practice for Local Authority Accounting in the UK, Exeter City Council is required to adopt IFRS 16 Leases.

Under IFRS 16, a lessee is required to recognise right-of-use assets and associated lease liabilities in its Statement of Financial Position. This will result in the significant changes to the accounting for leases assets and the associated disclosures in the financial statements in the year ended 31 March 2025.

## Audit procedures performed

We have:

- evaluated the reasonableness and appropriateness of the inputs and assumptions used, especially the discount rate applied in determining the lease liability.
- agreed on a sample basis, the accuracy of the data used by tracing them to the original contracts,
- checked the mathematical accuracy of the calculations undertaken by management to determine the amounts to be recognised in the Statement of Financial Position.
- assessed the completeness of disclosures within the financial statements in accordance with the applicable standards.

## Key observations

Testing identified the following:

- The Code requires that if lease liabilities are not separately identified in the balance sheet and, if they are not, the lessee should disclose which line items in the balance sheet include the liabilities. There was no indication in the draft financial statements as to where the lease liabilities had been disclosed and, therefore, the Code has not been complied with.
- The Code requires that the impact of revalued assets is reflected in the opening balances as the impact is at 1 April 2024. We noted that these had been incorrectly included within the additions note rather than balances brought forward

No other issues have been identified from our testing.

# Other findings

# Other areas impacting the audit

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan.

## Issue

### Retention of supporting documentation

Throughout the audit we are required to agree disclosures in the financial statements to appropriate audit evidence. It is for management to retain suitable documentation to support the audit work and our testing in 2024-25 identified issues in the following areas:

- Leases
- Revenue Grant Income
- Asset valuation

We have been able to undertake alternative procedures to gain assurance over these balances where relevant

## Commentary

Whilst the current year impact is trivial there is scope for a material misstatement to be incurred management are unable to support the disclosures within the financial statements

## Auditor view

Whilst there is no material misstatement in the financial statements management should ensure that as part of the financial statements close process more robust processes are in place to ensure that documentation is retained to support disclosures

## Management response

Leases – This has been reviewed and addressed for the Y/E 2025/2026

GIA – This issue was raised during the Audit process for Y/E 2024/2025. The Commercial Assets Team then sought a CAD licence immediately when the concerns were raised about verifying the floor areas. Therefore, this has been addressed for Y/E 2025/2026.

# Other areas impacting the audit

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan.

Page 49

Issue	Commentary	Auditor view	Management response
<b>Useful Economic Lives (UEL)</b>  We have identified the following issues in relation to UEL <ul style="list-style-type: none"><li>• We identified 10 assets without a UEL on the FAR. These assets have been newly added to the FAR in 24/25 as they are additions. In the first year, no depreciation is applied based on the policy, but we recommend for the Council to ensure that all assets have a UEL to avoid omission of depreciation in the following year.</li><li>• We identified 9 assets included in the FAR which were disposed in 23/24. There was no impact on the NBV as they had nil NBV, but we recommend for the Council to review the FAR thoroughly to ensure that the assets that no longer exist is removed.</li><li>• Infrastructure Assets UEL Policy - We deem the current policy does not materially misstate the depreciation as it is largely in line with the CIPFA guidance on UEL for infrastructure assets and the asset base is relatively low for the Council but we recommend for the Council to consider UEL for each category of IA instead of an overarching life of 20 years across all assets for a more accurate estimate of the depreciation.</li></ul>	The issues identified have been identified in prior years. There is a trivial impact on the financial statements.	We recommend that management review the fixed asset register and the UEL policies to assess the appropriateness of these. Whilst there is no material impact on the financial statements and it is unlikely that these issues would, there is a potential material impact on the disclosure notes and specifically the PPE note that is under the scope of the audit.	The UEL for the 10 assets added to the asset register in 24/25 have now been added and included within the 25/26 depreciation calculations, we will include this information at the same time as the additions in future.  A review will be sent to services on an annual basis to confirm the continued existence of assets and the FAR adjusted accordingly.

# Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

## Assessment:

- [Red] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Amber] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Page 50 Valuation of land and buildings £175.3m (adjusted) at 31 March 2025	<p>Other land and buildings is comprised of specialised assets such as leisure centres, which are required to be valued at depreciated cost (DRC) at year end, reflecting the modern equivalent asset necessary to deliver the same service provision. The remainder of land and buildings that are not specialised in nature are required to be valued at existing use in value (EUV) at year end.</p> <p>The Council undertakes a full revaluation of its land and buildings on a rolling programme with a maximum period of five years between revaluations. This is a mixture of full revaluations and a desktop exercise using indices which covers 100% of assets.</p> <p>The total year end adjusted valuation of land and buildings was £175.3m, a net increase of £5.9m from 2023/24 (£169.4m)</p>	<p>We have assessed:</p> <ul style="list-style-type: none"><li>the competence and experience of the Council's in-house and external valuers;</li><li>the completeness and accuracy of the underlying information used to determine the estimate;</li><li>the adequacy of the disclosure of the estimate in the financial statements; and</li><li>the consistency of the estimate against market data.</li></ul> <p>We have identified a number of issues from our testing of Land and Buildings including:</p> <ul style="list-style-type: none"><li>An incorrect BCIS rate used</li><li>Incorrect land areas used</li><li>Documentation not retained to support assumptions</li></ul> <p>These have resulted in a material adjustment of £15.7m</p> <p>As such, all assets revalued in the year have been given a certified valuation at 31 March 2025. We have included all assets in our work and this has concluded that land and building assets are not materially misstated in the balance sheet.</p>	<span style="color: red;">●</span> Red

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of council dwellings £301m at 31 March 2025	The Council owns 4,784 dwellings (including 13 shared ownership) and is required to revalue these properties using an EUV-SH measurement to meet the requirements of the Code. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged Bruton Knowles to complete the valuation of these properties. The year end valuation of Council Dwellings was £300.8m, a net increase of £0.3m from 2023/24 (£300.5m).	<p>We have:</p> <ul style="list-style-type: none"><li>assessed the Council's valuer to be competent, capable and objective;</li><li>carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate and have no issues to report;</li><li>confirmed that the valuation method remains consistent with the prior year;</li><li>selected a sample testing of beacon properties to test the reasonableness of the beacon applied and no issues have been identified;</li><li>undertaken a review of the values of a sample of beacon properties against market evidence to confirm that the valuation appears to be appropriate; and</li><li>agreed the HRA valuation report to the Statement of Accounts.</li></ul> <p>No issues have been noted.</p>	 Green

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
<p><b>Valuation of investment property</b> £86.8m at 31 March 2025</p>	<p>The Council revalue its investment property on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date</p> <p>The Council's commercial investment portfolio consists of a mixture of assets comprising both industrial and commercial usage.</p> <p>The Council has engaged Bruton Knowles, as an external expert, to complete the 2024/25 valuation of these investment properties.</p> <p>The total year end valuation of investment properties was £86.8m, a net increase of £15.3m from 2023/24 (£71.5m).</p>	<p>We have reviewed the detail of your assessment of the estimate considering:</p> <ul style="list-style-type: none"><li>our assessment of the Council's internal valuers and management's expert Bruton Knowles;</li><li>the completeness and accuracy of the underlying information used to determine the estimate;</li><li>the reasonableness of the overall increase in the estimate of £15.3m. Work undertaken has identified that this is due to market conditions and no specific factor impacting either a specific class or individual asset. We also consider the change in valuer has impacted the valuations but no issues have been identified within their methodology; and</li><li>the adequacy of the disclosure of the estimate in the financial statements.</li></ul> <p>Testing of the valuer's assumptions requires that sufficient evidence be provided to support any underlying assumptions or indices used to calculate a revaluation. Management have been able to provide appropriate audit evidence to support these underlying assumptions with the exception of two assets for which alternative procedures have been completed.</p> <p>Our work requires that we review and gain assurance over the assumptions and any indices used and our work has not identified any issues outside of those identified on page 12.</p>	 <b>Green</b>

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment																								
Valuation of net pension liability/asset £16m at 31 March 2025	<p>The Council's net pension liability as 31 March 2025 is £16m (PY £17m) comprising the Local Government and unfunded defined benefit pension scheme obligations.</p> <p>The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from these schemes.</p> <p>A full actuarial valuation is required every three years and the latest full actuarial valuation was completed in 2022. A roll forward approach is used in the intervening periods, which utilises key assumptions such as a life expectancy, discount rates, salary growth and investment returns.</p> <p>Given the significant value of the net pensions fund liability small changes in assumptions can result in significant valuation movements.</p> <p>There has been an decrease of £1m in the net actuarial deficit during 2024/25.</p>	<p>We identified the controls put in place by management to ensure that the pension fund liability is not materially misstated. We also assessed whether these controls were implemented as expected and whether they are sufficient to mitigate the risk of material misstatement. No issues were identified from our review of the controls in place.</p> <p>We also evaluated the competence, expertise and objectivity of the actuary who carried out your pension fund valuations and gained an understanding of the basis on which the valuations were carried out. This included undertaking procedures to confirm the reasonableness of the actuarial assumptions made:</p>	 Green																								
Page 53		<table border="1" data-bbox="898 656 2119 1033"> <thead> <tr> <th data-bbox="898 663 1282 707">Assumption</th><th data-bbox="1384 663 1615 707">Actuary value</th><th data-bbox="1640 663 1820 707">PwC range</th><th data-bbox="1845 663 2119 707">Assessment</th></tr> </thead> <tbody> <tr> <td data-bbox="898 721 1282 764">Discount rate</td><td data-bbox="1384 721 1615 764">5.80%</td><td data-bbox="1640 721 1820 764">5.60% - 5.95%</td><td data-bbox="1845 721 2119 764">Reasonable</td></tr> <tr> <td data-bbox="898 779 1282 822">Pension increase rate</td><td data-bbox="1384 779 1615 822">3.20%</td><td data-bbox="1640 779 1820 822">3.05% - 3.35%</td><td data-bbox="1845 779 2119 822">Reasonable</td></tr> <tr> <td data-bbox="898 836 1282 879">Salary growth</td><td data-bbox="1384 836 1615 879">3.90%</td><td data-bbox="1640 836 1820 879">CPI (2.90%) + 1</td><td data-bbox="1845 836 2119 879">Reasonable</td></tr> <tr> <td data-bbox="898 894 1282 937">Life expectancy – Males currently aged 45/65</td><td data-bbox="1384 894 1615 937">22.7 / 21.4</td><td data-bbox="1640 894 1820 937">20.6 – 23.1 / 19.2 – 21.8</td><td data-bbox="1845 894 2119 937">Reasonable</td></tr> <tr> <td data-bbox="898 951 1282 1023">Life expectancy – Females currently aged 45/65</td><td data-bbox="1384 951 1615 1023">24.1 / 22.7</td><td data-bbox="1640 951 1820 1023">24.1 – 25.7 / 22.7 – 24.3</td><td data-bbox="1845 951 2119 1023">Reasonable</td></tr> </tbody> </table>	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.80%	5.60% - 5.95%	Reasonable	Pension increase rate	3.20%	3.05% - 3.35%	Reasonable	Salary growth	3.90%	CPI (2.90%) + 1	Reasonable	Life expectancy – Males currently aged 45/65	22.7 / 21.4	20.6 – 23.1 / 19.2 – 21.8	Reasonable	Life expectancy – Females currently aged 45/65	24.1 / 22.7	24.1 – 25.7 / 22.7 – 24.3	Reasonable	
Assumption	Actuary value	PwC range	Assessment																								
Discount rate	5.80%	5.60% - 5.95%	Reasonable																								
Pension increase rate	3.20%	3.05% - 3.35%	Reasonable																								
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Life expectancy – Males currently aged 45/65	22.7 / 21.4	20.6 – 23.1 / 19.2 – 21.8	Reasonable																								
Life expectancy – Females currently aged 45/65	24.1 / 22.7	24.1 – 25.7 / 22.7 – 24.3	Reasonable																								

# Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Minimum revenue provision £2.505m in 2024/25	<p>The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance</p> <p>The year end MRP charge was £2,505k, a net increase of £49k from 2023/24</p> <p>The Council's minimum revenue policy sets out the Council's approach to reclaim prior year voluntary revenue provision. The Council made voluntary payments totalling £5.6m from 2013/14 to 2018/19 and are offsetting these over a number of years to smooth the required MRP.</p>	<p>We consider that the approach taken by the Council to reclaim prior year voluntary payments is reasonable and in line with guidance.</p> <p>Our work has identified an undercharge of MRP on Solar and Energy Assets. An undercharge has been identified because it was identified that the MRP policy of 50 years did not seem appropriate for Solar and Energy Assets where the UEL is lower, at around 20 years. The undercharge per year is £64k and the accumulated undercharge from 2019/20 to 2024/25 is £323k. We have raised a recommendation, and no other issues have been identified in this area.</p> <p>New statutory guidance takes full effect from April 2025, introducing new provisions for capital loans. This guidance also clarifies the practices that authorities should already be following.</p> <p>This guidance clarifies that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute.</p>	 <b>Amber</b>

# Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
E-Financials	ITGC assessment (design and implementation effectiveness only)	Amber	Amber	Green	Green	Management override of controls

## Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

# **Communication requirements and other responsibilities**

# Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit & Governance Committee and we have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council and is included in the Committee papers.
Confirmation requests from third parties	We requested from management permission to send confirmation requests for bank and investment balances. This permission was granted and the requests were sent. We have received all the responses. We requested from management permission to send confirmation requests to the Pension Fund Auditor. This permission was granted and the requests were sent. This confirmation has also been provided.
Accounting practices	<p>We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements and identified the following issues:</p> <ul style="list-style-type: none"><li>The revaluation policy states that 20% of assets are revalued on a rolling basis alongside the four highest value assets which are revalued annually. Review identified that all assets in the year are subject to review and a desktop analysis is undertaken for those assets not fully revalued in the year. The valuers report covers all assets and, therefore, it is our view that all assets are valued in the year and the policy should be amended to reflect this.</li><li>Expected Credit loss has been included within critical judgements. It is audit opinion that this is not a critical judgement and should be classed as estimation in line with the requirements of the Code.</li><li>We have reviewed financial instrument disclosures and identified the following issue:<ul style="list-style-type: none"><li>Several items have been categorised as level 3 in the fair value hierarchy which, as per the Code, are those balances that use unobservable inputs. Management have classed debtors and creditors as level 3 whereas audit opinion is that, as these are based on documentation, such as invoices, there are observable inputs and therefore these should be categorised as level 1 or 2. Categorisation at level 3 could lead to misinterpretation of the financial statements.</li></ul></li></ul>
Audit evidence and explanations	All information and explanations requested from management was provided. We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff during the audit.

# Other responsibilities

## Issue

## Commentary

### Going concern

In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.

Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:

- The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities
- For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.

Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:

- the nature of the Council and the environment in which it operates;
- the Council's financial reporting framework;
- the Council's system of internal control for identifying events or conditions relevant to going concern; and
- management's going concern assessment.

Our work is complete and we have obtained sufficient appropriate audit evidence to enable us to conclude that:

- a material uncertainty related to going concern has not been identified; and
- management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

# Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified and we plan to issue an unmodified opinion in this respect.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"><li>if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,</li><li>if we have applied any of our statutory powers or duties.</li><li>where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es.</li></ul> <p>With the exception of the VFM significant weaknesses, reported to the November Committee meeting, we have nothing to report on these matters</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. Note that detailed work is not required as the Council does not exceed the threshold, however the NAO have requested that nationally all audit certificates for 2024/25 are held until their work has been completed.</p>
Certification of the closure of the audit	<p>We cannot formally conclude the audit and issue an audit certificate for Exeter City Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until:</p> <p>we have completed our consideration of objections brought to our attention by local authority electors under section 27 of the Local Audit and Accountability Act 2014.</p> <p>we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025.</p> <p>We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.</p>

# **Audit adjustments**

# Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000		Impact on general fund £'000
			Impact on total net expenditure £'000	Impact on general fund £'000	
Page 61 Testing of St Sidwell's Point Leisure Centre identified a number of issues with the valuers assumptions that resulted in management re-engaging the valuers to provide a more accurate valuation. (see pg 21)	Cost of Services (10,764)	12,001	(9,958)		12,001
	Surplus or deficit on revaluation (1,237)			(2,043)	
The valuer had originally valued the bus station on an investment basis. Management challenged this basis and the valuer agreed to revalue the asset on a depreciated replacement cost (DRC) basis, in line with the code. This has led to a material adjustment to the financial statements (see pg 21)	Cost of Services (2,929)	3,736	(3,736)		3,736
	Surplus or deficit on revaluation (807)				
Overall impact	(15,737)	15,737	(15,737)		15,737

## Impact of unadjusted misstatements

There are no unadjusted misstatements in 2024-25

# Audit adjustments

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure	Misclassification or change identified	Adjusted?
Page 62	Note 15 IFRS 16 transition transactions have been incorrectly included in the additions balance when these should be included in the balances brought forward.	✓
	Note 15 £715k AUC write offs has been incorrectly disclosed in the 'Reclassification - AUC' line and it will be moved to the Disposals line to appropriately reflect the write offs. The net impact is nil as it is moving from one line to another within the disclosure.	✓
	Note 9 We have identified a variance of £1,522k in expenditure and -£1,522k in income between the CIES and Note 9. This is related to a pension adjustment of £1.5m relating to retained support service recharges which should be removed in both income and expenditure.	✓
	Narrative report We have identified that no reference has been made to local government reorganisation and, whilst this is still to be decided, management should reference the issue within the narrative report	✓
	Note 40 Adjustment from 350 operating leases to 315 operating leases to accurately reflect on the number of leases held by the Council as at 31 March 2025	✓
	Note 24 As part of the Income Received In Advance Sample Testing, we identified two samples which transferred receipts received in payment systems Allpay and Pay360 into the following year using a IRIA code to investigate and determine where the income should be recorded. The audit team deem that the receipts should not be sat on IRIA code / line in the financial statement as it does not meet the definition of income received in advance where there is a obligation to perform services for the cash received. We deem it should be included in the creditors note as Other payables which accurately records the receipts as there is a chance that these receipts will be returned if it cannot be matched to appropriate income.	✓
	Throughout A limited number of typographical errors have been identified throughout the financial statements.	✓

# Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<span style="color: yellow;">●</span> Medium	The Council has finance staff with superuser access to the system. There is a risk of misuse of this access and this not being identified due to the rights provided to a superuser. We recognise that review of user access will be reviewed as part of migration to a new finance system but consider compensating controls should be implemented.	<p>Management should review the user accounts identified and consider whether this is required and where necessary ensure compensating controls are in place.</p> <p><b>Management response</b></p> <p>As reported in 23/24 a review of superusers has been completed and is now reduced to three finance officers. Operationally, it is not possible to reduce to a lower level due to the need to ensure adequate cover for annual leave and sickness. Compensating controls are in place to mitigate risks through regular system reconciliations, budget monitoring and internal and audit inspections.</p>
<span style="color: yellow;">●</span> Medium	Management have applied a 50 year useful economic life to Solar and Energy Assets whereas 20 years is more usual. This has resulted in an undercharge in minimum revenue provision in 2023-24 of £64k and a cumulative undercharge of £259k.	<p>Management should review the MRP calculation to ensure that it based on appropriate lives for all assets</p> <p><b>Management response</b></p> <p>Agreed. The MRP calculation for future years reflects a review of appropriate lives including solar and energy assets</p>

## Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

# Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<span style="color: yellow;">●</span> Medium	<p>Management have not retained appropriate audit evidence to support the values disclosed for the following areas</p> <ul style="list-style-type: none"><li>– Leases</li><li>– Revenue Grants</li><li>– Assets</li></ul> <p>Our testing has identified a trivial error and there is a risk that similar issues in future years could lead to a larger, reportable misstatement</p>	<p>Management should ensure that appropriate sufficient documented evidence is retained and available in order to support the audit process and demonstrate that disclosures in the financial statement are accurate and appropriate</p> <p><b>Management response</b></p> <p>Leases – This has been reviewed and addressed for the Y/E 2025/2026</p> <p>GIA – This issue was raised during the Audit process for Y/E 2024/2025. The Commercial Assets Team then sought a CAD licence immediately when the concerns were raised about verifying the floor areas. Therefore, this has been addressed for Y/E 2025/2026.</p>
<span style="color: yellow;">●</span> Medium	<p>Testing of valuer's assumptions for valuation of assets has identified a number of issues that have led to a material adjustment to the financial statements. These include:</p> <ul style="list-style-type: none"><li>– Incorrect GIA used</li><li>– Incorrect apportionment of land size</li><li>– Incorrect BCIS rates used</li><li>– Omission of land values in the overall calculation</li><li>– Other costs such as fees, obsolescence and location factor not being considered in the overall valuation</li><li>– Appropriate sales costs not established</li></ul>	<p>Whilst management currently have a process in place to review and challenge the valuer they should look to ensure that this is sufficiently robust to understand and assess all assumptions for appropriateness</p> <p><b>Management response</b></p> <p>2024-25 was the first year of a new external asset valuation contract and early engagement has started to strengthen data checks and review processes to ensure all assumptions are assessed for appropriateness for future years</p>

# Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<span style="color: orange;">●</span> Medium	Journals under £5,000 do not require authorisation. Although no issues have been identified there is a risk that potentially fraudulent or incorrect journals will be posted	<p>Management should ensure that a sufficiently robust process exists to ensure all journals posted are appropriate</p> <p><b>Management response</b></p> <p>a threshold of £5,000 was previously agreed with our auditors for individual authorisation of journals, as the finance system does not have journal authorisation controls. We have mitigating controls in place with monthly reconciliations, budget monitoring and internal and external audit processes. Having a threshold for journal authorisations is also consistent with neighbouring authorities that also adopt a threshold for journal authorisation.</p>
<span style="color: green;">●</span> Low	Hierarchy levels used for financial instrument disclosures are not in line with the inputs used to value transactions.  Management have disclosed balances as level 3, unobservable inputs, for balances that have observable inputs and should therefore be a level 2 disclosure	<p>Management should review financial instrument hierarchy disclosures to ensure that these are representative of the balance being considered.</p> <p><b>Management response</b></p> <p>Financial instruments have been disclosed on a consistent basis with previous audited financial years during 2024/25. Management will review the hierarchy levels as part of preparing for closing 2025/26 and will update, if considered appropriate.</p>
<span style="color: green;">●</span> Low	Accounting policies state that 20% of assets plus the top 4 highest value assets are valued on a rolling basis over a five year period. Testing identified that this related to full revaluations, and that annually any assets not subject to full valuation are subject to a desktop review, with an updated valuation for them included in a signed valuation report.  Therefore, it is considered that 100% of assets are valued on an annual basis.	<p>Management should update or clarify the accounting policy for asset valuation in order to ensure it is reflective of the processes undertaken.</p> <p><b>Management response</b></p> <p>The accounting policy sets out that assets not included in the full valuation are also assessed in order to ensure that carrying amounts are not materially different to current values. It is felt the accounting policy reflects the instructions to our valuers and the process undertaken. Nonetheless, from 2025/26, it is planned that all assets will be fully revalued and the accounting policy will therefore be updated.</p>

# Action plan

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<span style="color: green;">●</span> <span style="color: green;">Low</span>	Management have implemented a robust process to identify and value right of use assets as required under IFRS16. The Code sets out the required disclosures and testing identified that not all requirements had been met. We have not identified any issues with the valuation and the low rating represents that this is best practice.	<p>Management should review the Code when changes to accounting standards are made to ensure full compliance</p> <p><b>Management response</b></p> <p>Agreed, management prepare project plans and prioritise resources when changes to accounting standards are made, so that it can manage the transition. With regards to IFRS 16, this was a significant change and it is a reflection of this detailed planning that only two minor changes were identified during the course of the audit.</p>
<span style="color: green;">●</span> <span style="color: green;">Low</span>	Management should consider the requirements of the Code when disclosing critical judgements to ensure that all entries are appropriate and would have a material impact on the financial statements if assumptions were amended.	<p>Management should ensure that all judgements used to identify disclosures in the financial statements are in line with the requirements of the Code</p> <p><b>Management response</b></p> <p>Agreed</p>
<span style="color: green;">●</span> <span style="color: green;">Low</span>	Testing of the appropriateness of useful economic lives (UEL) identified the following: <ul style="list-style-type: none"><li>- 10 assets that were included on the fixed asset register (FAR) that did not have a UEL</li><li>- 9 assets disposed in 2023-24 remained on the FAR</li><li>- The current policy for infrastructure depreciation does not allocate an individual UEL for each asset and uses an overarching 20 years</li></ul>	<p>Management should ensure that the UELs assigned are appropriate and that the FAR is reviewed on a regular basis to ensure all included assets are appropriate.</p> <p><b>Management response</b></p> <p>The UEL for the 10 assets added to the asset register in 24/25 have now been added and included within the 25/26 depreciation calculations, we will include this information at the same time as the additions in future.</p> <p>A review will be sent to services on an annual basis to confirm the continued existence of assets and the FAR adjusted accordingly.</p> <p>We will consider creating sub-categories for different types of assets and their UEL's and implement if required although this will not have a material impact on the accounts.</p>

# Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2023/24 financial statements, which resulted in 11 recommendations being reported in our 2023/24 Audit Findings Report. Management have addressed 6 of the recommendations and testing in 2024-25 has identified that the remaining 5 have yet to be addressed and have been raised once more in the action plan.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	The Council has finance staff with superuser access to the system. There is a risk of misuse of this access and this not being identified due to the rights provided to a superuser. We recognise that review of user access will be reviewed as part of migration to a new finance system but consider compensating controls should be implemented.	Testing in 2024-25 has identified that there are still 3 members of the finance team with superuser access. We are aware that this will be addressed through the system update but the risk remains and a recommendation has been raised
✓	Recalculation of investment property valuations identified a variance due to the use of specific software by the external valuers. This has led to an overstatement of the Investment Property balance	Testing of Investment properties has not identified any issues in relation to software used by the valuer and, therefore, we consider this recommendation has been addressed
X	Management have not retained sufficiently robust documentation to support the assumptions used in some valuations. Including comparable data. We have undertaken alternative audit procedures in order to gain assurance over the valuations	We have identified some deficiencies in the retention of documentation in 2024-25 and have raised a further recommendation in the action plan
✓	Review of the approach used in calculating asset valuations identified that there is an inconsistency in approach for items in the same class of assets. There is a risk that the inconsistency could lead to a significant variance and a material misstatement.	Review of PPE assets, chosen for testing in 2024-25, have not identified any inconsistency within valuation methods for the same class of asset. Therefore, we consider this recommendation has been addressed

## Assessment

- ✓ Action completed
- X Not yet addressed

# Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	As per previous years we have continued to identify issues with the Council's declaration of interest as a number of declarations have not been updated since prior to the start of the financial year. The declaration of interest is an important control to ensure impartiality, openness and transparency in decision making	We have confirmed that all relevant Council declarations have been reviewed and updated where appropriate. Therefore, we consider this recommendation to have been addressed
X	Management have applied a 50 year useful economic life to Solar and Energy Assets whereas 20 years is more usual. This has resulted in an undercharge in minimum revenue provision in 2023-24 of £64k and a cumulative undercharge of £259k.	Testing in 2024-25 has again identified that the Council continue to apply 50 years for this asset. This is a management policy decision and a recommendation has been raised within the action plan
X	Hierarchy levels used for financial instrument disclosures are not in line with the inputs used to value transactions. Management have disclosed balances as level 3, unobservable inputs, for balances that have observable inputs and should therefore be a level 2 disclosure.	We again consider that management's assessment of hierarchy levels are not in line with the inputs and have raised a recommendation within the action plan
✓	An overstatement of capital receipts in the capital financing requirement (CFR) has been identified which has resulted in an incorrect calculation of the CFR.	No issues have been identified within the CFR and, therefore, we are satisfied that this recommendation has been addressed.

## Assessment

- ✓ Action completed
- X Not yet addressed

# Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	Accounting policies state that 20% of assets plus the top 4 highest value assets are valued on a rolling basis over a five year period. Testing identified that this related to full revaluations, and that annually any assets not subject to full valuation are subject to a desktop review, with an updated valuation for them included in a signed valuation report. Therefore, it is considered that 100% of assets are valued on an annual basis.	This is management policy decision and has not been amended from the prior year. We are still of the opinion that the policy does not fully reflect the action undertaken by management and have raised a recommendation within the action plan
✓	Testing identified seven assets for which depreciation has not been applied. It was identified that these related to Pyramid Leisure Centre which was disposed of in 2022/23 and the remaining assets will be disposed in 2024/25. These have neither been depreciated or moved to an appropriate asset categorisation.	We have not identified any issues with depreciation in 2024-25 and, therefore, consider that this recommendation has been addressed
✓	Review identified two fully depreciated assets that have not been removed from the fixed asset register.	We have not identified any issues with depreciation in 2024-25 and, therefore, consider that this recommendation has been addressed

## Assessment

- ✓ Action completed
- X Not yet addressed

# **Value for Money arrangements**

# Value for Money arrangements

## Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30<sup>th</sup> November each year from 2024-25. Our draft AAR was reported to you on 27 November 2025 audit & governance committee.

In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



### Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



### Governance

How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we have identified significant weaknesses in arrangements for governance and improving economy, efficiency and effectiveness resulting in three key recommendations. We have also made five improvement recommendations.

# Independence considerations

# Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers). In this context, there are no independence matters that we would like to report to you.

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority or group that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Authority or group or investments in the group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Authority or group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Authority.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Authority, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

# Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to the date of this report, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Authority's policy on the allotment of non-audit work to your auditor.

None of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Exeter City Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees in that we are satisfied that the level of fee is not significant in relation to the fee for the audit or to Grant Thornton UK LLP's turnover

## Audit fees

	£
Audit of Authority	183,485
IFRS 16	10,027*
Total	193,512

\* See breakdown of costs at page 53

# Fees and non-audit services

## Audit-related non-audit services

Service	2023/24		2024/25		Threats £ Identified	Safeguards applied
	£		£			
Certification of Housing Benefits Subsidy claim	35,640		36,480		Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £72,120 in comparison to the total fee for the audit of £193,512 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Pooling of Housing Capital Receipts claim	10,000		10,000		Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £20,000 in comparison to the total fee for the audit of £193,512 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	45,640		46,480			

# Fees and non-audit services

## Total audit and non-audit fee

(Audit fee) £193,512

(Non-audit fee) £92,120

The above fees are exclusive of VAT and out of pocket expenses.

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The fees reconcile to the financial statements as follows:

• fees per financial statements	£249,715
• Housing benefit 2023-24	£35,640
• Pooling of housing capital receipts 2023-24	£10,000
• Less additional IFRS 16 fee	(£10,027)
• total fees per above	£285,328

This covers all services provided by us and our network to the group/Authority, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

# Additional fee analysis – fee variation for in year work

The following table sets out further information on additional fees.

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Grade	Rate (Determined by PSAA)	Hours	Fee variation for Audit 2024/25
Director	£428	2	856
Senior Manager/Manager	£236	4.5	1,062
Senior Auditor	£153	53	8,109
Total		59.5	10,027

The above is subject to review by PSAA who will make a final determination.

# Appendices

# A. Communication of audit matters with those charged with governance

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Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit	●	
Significant matters and issue arising during the audit and written representations that have been sought	●	
Significant difficulties encountered during the audit	●	
Significant deficiencies in internal control identified during the audit	●	
Significant matters arising in connection with related parties	●	

# A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

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ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

## Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.



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## REPORT TO AUDIT AND GOVERNANCE COMMITTEE

Date of Meeting: 11 February 2026

Report of: Strategic Director Corporate Resources

Title: Statement of Accounts 2024/25

### Is this a Key Decision?

No

### Is this an Executive or Council Function?

Council

#### 1. What is the report about?

- 1.1 To seek Members' approval of the Council's Statement of Accounts for 2024/25, subject to conclusion of the audit.

#### 2. Recommendations:

- 2.1 It is recommended that delegated powers are given to the Strategic Director Corporate Resources and Chair of Audit and Governance Committee to approve the Statement of Accounts for 2024/25 upon the conclusion of the audit and to report back to this committee any significant findings, if any are identified in the remainder of the audit.

#### 3. Reasons for the recommendation:

- 3.1 The publication of audited Statement of Accounts is a statutory requirement, in accordance with the Local Audit and Accountability Act 2014, supported by the Accounts and Audit Regulations 2015.

#### 4. What are the resource implications including non-financial resources?

- 4.1 The Statement of Accounts is intended to give a 'true and fair' view of the financial position and transactions of the Council, including group financial statements, as at 31 March 2025.

#### 5. Section 151 Officer Comments:

- 5.1 The outcome of the audit has had no impact on the Council's overall financial position. Credit should be given to both the Finance team and Grant Thornton for delivering the Accounts and audit in advance of the backstop date.

## **6. What are the legal aspects?**

- 6.1 The Statement of Accounts has been prepared in accordance with the statutory framework established for England by the Accounts and Audit (England) Regulations 2015.
- 6.2 On 9 September 2024, amendments to the Accounts and Audit Regulations 2015 (the Accounts and Audit (Amendment) Regulations 2024) were made that implemented backstop dates in relation to outstanding local authority audits. The backstop date for publishing audited accounts for the financial year 2024/25 is 27 February 2026.
- 6.2 The audit of the accounts has been undertaken in accordance with the statutory framework established by section 20 of the Local Audit and Accountability Act 2014, by the Council's external auditors, Grant Thornton.

## **7. Monitoring Officer's Comments:**

- 7.1 This report raises no issues for the Monitoring Officer.

## **8. Report Details:**

### **EXTERNAL AUDIT OF THE 2024/25 STATEMENT OF ACCOUNTS**

#### **8.1 Appointed Auditor**

Public Sector Audit Appointments Ltd (PSAA) is responsible for appointing an auditor to principal local government and police bodies that have chosen to opt into its national auditor appointment arrangements. Exeter City Council opted into this arrangement.

In December 2022, the PSAA board approved the appointment of Grant Thornton (UK) LLP to audit the accounts of Exeter City Council for a period of five years, covering the accounts from 1 April 2023 to 31 March 2028. This appointment is made under regulation 13 of the Local Audit (Appointing Person) Regulations 2015.

#### **8.2 Statement of Accounts 2024/25**

The purpose of a local authority's published Statement of Accounts is to give electors, those subject to locally levied taxes and charges, members of the authority, employees and other interested parties clear information about the authority's finances.

The draft Statement of Accounts were received by the auditors on 22 August 2025; this was after the statutory deadline to publish the unaudited statements of accounts by 30 June 2025.

This was the first year of a new external asset valuation contract for the valuation of operational properties, surplus assets, investment properties, assets held for sale and social housing. Additional time was required to extract the required data from the authority's database in order to commence the inspections and valuations.

## **8.4 Presentation of the Statement of Accounts**

The Code of Practice on Local Authority Accounting (the Code) provides guidance on the format and content of the Statement of Accounts and means that they have to conform to a national standard.

## **8.5 Main Changes to the Accounts**

### **8.5.1 IFRS 16 Leases**

As set out in the Audit Plan for 2024/25, a key accounting change impacting the 2024/25 Statement of Accounts was the introduction of a new lease accounting standard, IFRS 16 Leases.

The standard sets out the principles for the recognition, measurement, presentation and disclosures of leases and replaces IAS 17.

The main impact is to remove the traditional distinction between finance leases and operating leases. Up until now, finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as revenue costs with rentals charged to service budgets in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach and are recognised as 'Right of Use' assets on the Balance Sheet.

Leases for items of low value and leases for less than 12 months are exempt from the new arrangements.

### **8.5.2 Management Changes to Draft Accounts**

When reviewing the valuation information provided by the external valuers a discrepancy regarding the valuation approach used in respect of the Bus Station was discovered. The valuers had adopted a capitalised income approach, but it should have been calculated using a depreciated replacement cost approach. Management challenged the valuation, which increased it from £571,000 (draft accounts) to £4.307m (final accounts).

The previous Bus Station valuation resulted in an impairment of £2.9m that had been charged to the CIES, this has now been reversed and the revaluation reserve increased by £0.8m.

## **8.6 Audit Findings**

At the time of writing this report, our external auditors anticipate issuing an unqualified audit opinion on the Authority's financial statements and have identified a few issues that management have actioned, as follows:

### **8.6.1 St Sidwells Point Valuation**

The auditors identified that an incorrect gross internal floor area had been factored into the valuation for St Sidwells Point.

Management also identified that an incorrect Building Cost Information Service (BCIS) rate had been applied to arrive at the depreciated replacement cost valuation, as the highest BCIS rate reflects the additional costs of building to Passiv-haus standards rather than the BCIS mean rate.

The combined correction (floor area and BCIS rate) increased the value of the asset by £12m, this reversed an impairment of £10.8m that had been charged to the CIES and increased the revaluation reserve by £1.2m.

#### **8.6.2 Pension Transaction**

£1.5m relating to pension past service costs had been incorrectly classed as income rather than expenditure within the CIES, this has been corrected and has no impact on the net cost of services.

#### **8.6.3 Minor amendments**

Minor amendments have been made to the following disclosure notes:

- Note 32 Officers' Remuneration, but no overall impact on the total disclosed
- Note 42 Defined Benefits Pension Scheme, Local Government Pension Scheme Assets, but no overall impact on the total disclosed

Other amendments to date have had no impact on either the General Fund balance or the Housing Revenue Account balance, which remain as reported to Council. The overall financial performance of the Council for 2024/25 was reported to Council on 10 June 2025.

### **9. How does the decision contribute to the Council's Corporate Plan?**

The Statement of Accounts set out the financial position at the end of the 2024/25 and the transactions of the Council during 2024/25, both of which help underpin delivery of the Corporate Plan.

### **10. What risks are there and how can they be reduced?**

The risks relate to overspending the Council budget and are mitigated by regular reporting to the Strategic Management Board and Members. There is also a risk of failing to implement key accounting changes in accordance with approved accounting standards, but this is mitigated by the external audit of the Statement of Accounts.

### **11. Equality Act 2010 (The Act)**

#### **11.1 Under the Act's Public Sector Equalities Duty, decision makers are required to consider the need to:**

- eliminate discrimination, harassment, victimisation and any other prohibited conduct;
- advance equality by encouraging participation, removing disadvantage, taking account of disabilities and meeting people's needs; and
- foster good relations between people by tackling prejudice and promoting understanding.

- 11.2 In order to comply with the general duty authorities must assess the impact on equality of decisions, policies and practices. These duties do not prevent the authority from reducing services where necessary, but they offer a way of developing proposals that consider the impacts on all members of the community.
- 11.3 In making decisions the authority must take into account the potential impact of that decision in relation to age, disability, race/ethnicity (includes Gypsies and Travellers), sex and gender, gender identity, religion and belief, sexual orientation, pregnant women and new and breastfeeding mothers, marriage and civil partnership status in coming to a decision.
- 11.4 In recommending this proposal no potential impact has been identified on people with protected characteristics as determined by the Act because: because
  - 11.4.1 The report is for information only.

## **12. Carbon Footprint (Environmental) Implications:**

- 12.1 No direct carbon/environmental impacts arising from the recommendations.

## **13. Are there any other options?**

Not applicable

### **Strategic Director Corporate Resources**

#### **Local Government (Access to Information) Act 1972 (as amended)**

Background papers used in compiling this report:

None

Contact for enquiries:

Democratic Services (Committees)

Room 2.3

(01392) 265275

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# STATEMENT OF ACCOUNTS

2024-2025



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## 1. Background

Local authorities in England are required by the Accounts and Audit Regulations 2015 to publish a narrative statement with the Statement of Accounts.

As a part of the requirement to provide a narrative statement, regulation 8(2) of the Accounts and Audit Regulations 2015 stipulates that a local authority must provide information on its "financial performance and economy, efficiency and effectiveness in its use of resources over the financial year".

This Narrative Report provides information about Exeter, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2024 and is structured as follows:

- An introduction to Exeter
- Key information about Exeter City Council
- The Corporate Plan
- Financial Performance 2024/25
- Non-Financial Performance 2024/25
- Future Financial Plans
- Statement from Strategic Director of Corporate Resources & s151 Officer

## 2. Introduction to Exeter

Exeter's history goes back to Roman times with two thirds of the Roman Wall still visible. Exeter Cathedral is prominent in the centre of this bustling city. This and other historic buildings help to make Exeter a popular tourist attraction.

Exeter is the capital city of the county of Devon.

Below are some key facts about Exeter:

**Population:** Exeter has an estimated population of 138,399 and is at the heart of a travel to work area of over 470,000 residents.

**Employment:** The city's wider area includes much of the district council areas of East Devon, Teignbridge and Mid Devon. 288,100 of these residents are of working age and 241,300 are employed. Well over half the workforce is well qualified, substantially higher than the national average.

**Geography:** Exeter is one of two large urban centres within the rural county of Devon, Plymouth being the other.

**Business:** 5,071 registered for business rates.

**Average City Centre footfall:** 2,100,000 people per month.

**Connectivity:** Exeter has an international airport, two railway routes into London (Paddington and Waterloo), major routes by road (M5 to Bristol), three park and ride schemes and joined up cycle routes within the city.

**Exeter specialisms:** The largest number of meteorologists and climate change specialists in the UK are based in Exeter. Award-winning specialists in diabetes and breast cancer can be found at the Royal Devon and Exeter Hospital, and the University of Exeter has many award-winning research fellows.

## Narrative Report

**Education:** The University of Exeter is among a very few universities to be both a member of the Russell Group and have a Gold award from the Teaching Excellence Framework (TEF), for its international reputation for excellence in both teaching and research. The University of Exeter is ranked 169th in the latest (2025) QS World University Rankings.

Exeter College is a thriving and growing tertiary college. An Ofsted Inspection in 2022 resulted in the college retaining the accolade of Outstanding. The College also scored the top assessment of 'strong' for its approach to meeting the skills needs of the area. This makes Exeter College the first college in the country to achieve the highest judgement in both elements of Ofsted's new enhanced inspections.

**Culture:** The Art Council England's Designation Scheme has identified the George Montagu's 19<sup>th</sup> century collection of molluscs and World Cultures collection as pre-eminent collections of national and international importance at the Council's Royal Albert Memorial Museum (RAMM). The city also has a beautiful Cathedral, four theatres and a popular quayside.

**Retail:** Exeter has many well-known national stores including John Lewis, Next, Zara and Apple. There are also award-winning restaurants and independent stores. The Ivy is among the newest restaurants in Exeter, famous for attracting celebrities to its London eateries. Ikea's 29,000 square metre store is located on the outskirts of the city.

**Sport:** Exeter Chiefs play in Premiership Rugby, England's top division of rugby. Founded in 1871, the club play their home games at Sandy Park, which is located on the outskirts of the city. In October 2020, the Chiefs won the Champions Cup, the top prize in European club rugby union. They have won the Anglo-Welsh Cup/Premiership Rugby Cup three times, most recently in 2022/23.

Exeter City Football Club is a professional association football club, which was founded in 1901. Exeter City consolidated their status in League One during the 2023/24 season.

Exeter and Cranbrook is one of only 12 places in England to be awarded Pilot status by Sport England to tackle inactivity in communities and to trail-blaze new ways of getting people active for life. Following wide-ranging consultation, strategies have been approved which reflect the ambition to make Exeter the most active city in England and for everyone to benefit from an active life.

### 3. Key Information about Exeter City Council

The City Council provides a range of services within the city including housing, refuse collections and recycling, planning, economic development, tourism, leisure and arts facilities. The Council also provides housing and council tax benefits as well as collecting the council tax on behalf of the county council, police and fire services. Its policies are directed by the Political Leadership and implemented by the Strategic Management Board and Officers of the Council.

#### Political Structure

There are 39 councillors on Exeter City Council, representing the 13 wards of the City. The political make-up of the Council during the 2024/25 financial year was:

Party	Councillors
Labour seats	24
Conservative	3
Liberal Democrat	4
Green Party	7
Independent	1

\* During the year one Labour Councillor became an independent and one resigned prior to the elections in 2025

The local elections for Exeter City Councillors from May 2024 were held on 2 May 2024. Each elected Councillor is appointed for a four year term, with a third of the 39 seats contested each year (one seat per ward).

## Narrative Report

### YOUR CITY COUNCILLORS

JUNE 2025

**ALPHINGTON**

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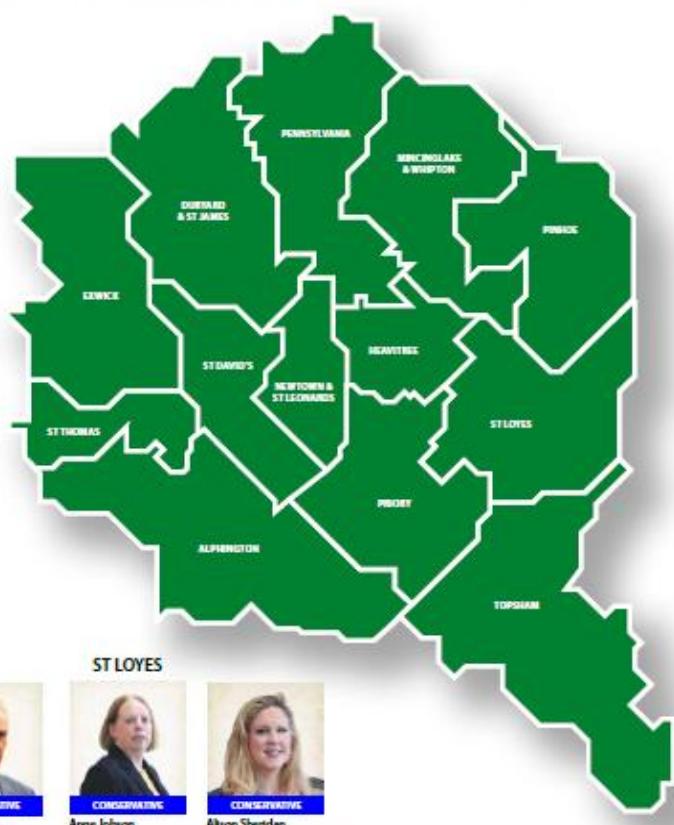
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**PRIORY**

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--	--	--

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## Narrative Report

### Exeter City Council's Senior Management Structure for the 2024/25 Financial Year:



## Narrative Report

### Council Employees

The Council employed 797 people in full time and part time contracts in March 2025, compared to 799 people in March 2024.

In the context of managing scarce public resources, remuneration at all levels within the Council needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, but at the same time providing value for money to the residents of Exeter. The Council works within a pay and reward framework which seeks to ensure that its pay and reward processes and procedures facilitate the retention and recruitment of employees with the right skills and capabilities to meet the needs of the Council now and in the future. The framework also takes account of regional and national variations, local market factors, is open and transparent and complies with equal pay legislation.

The pay policy for 2024/25 reflected the following:

- The Council adapted the National Local Government Pay Scale to include locally agreed spinal column points. With effect from 1 January 2014, the Council adopted the Real Living Wage as its minimum spinal column point, and the Living Wage of £12.00 per hour from 1 April 2024 equates to Grade A of the Council's pay scale. The Living Wage is determined nationally in or around November each year. The Council applies any uplift to the Living Wage from 1 April in the year following the increase.
- The nationally negotiated pay award for employees on Spinal Column Points 3 - 52 inclusive (Grades B – P)
- Salary increases for Chief Officers are made in line with increases agreed by the Joint National Council's for Chief Officers and Chief Executives.

The Council has 8 staff who are union representatives, with one officer spending at least 50% of their working hours on union activity.

During 2024/25 a restructure of the Senior Leadership of the Council has taken place. Savings made from the review will be used to strengthen areas of the Council requiring investment to meet members' priorities.

### 4. The Council's Corporate Plan 2025-2028

A new Corporate Plan 2025 – 2028 has been agreed by Council. The plan outlines the key priorities and strategic outcomes for the next three years, focussing on the four priorities of Local Economy, Homes, People and Sustainable Environment, underpinned by a Well-Run Council.

The Plan has been developed through consultation with residents, stakeholders, and Executive Member officer workshops.

## Narrative Report

### 5. Financial Performance 2024/25

Once requests for supplementary budgets are taken into account, the financial position is broadly in line with expectations in the medium-term financial plan. There were concerted efforts by Officers in a number of teams to reduce the impact of additional costs over the year, which reduced some of the additional expenditure that was projected throughout the year.

The revenue outturn position against the revised approved budget, was as follows:

	Revised Annual Budget £'000	Year End Outturn £'000	Variance to Budget £'000
Chief Executive	2,185	1,795	(390)
Operations	12,670	11,394	(1,276)
Corporate Resources	(5,128)	(5,176)	(48)
People and Communities	8,632	7,237	(1,395)
Place	10,008	7,994	(2,014)
less Notional capital charges	(5,185)	(5,185)	0
<b>Service Committee Net Expenditure</b>	<b>23,182</b>	<b>18,059</b>	<b>(5,123)</b>
Net Interest	1,406	1,277	(129)
Revenue Contribution to Capital	-	115	115
Minimum Revenue Provision	1,831	2,505	674
Voluntary Revenue Provision	0	(700)	(700)
<b>General Fund Expenditure</b>	<b>26,419</b>	<b>21,256</b>	<b>(5,163)</b>
Transfer To/(From) Working Balance	(2,862)	(577)	2,285
Transfer To/(From) Earmarked Reserves	(4,419)	(1,031)	3,388
<b>General Fund Net Expenditure</b>	<b>19,138</b>	<b>19,648</b>	<b>510</b>
<b>Met By:</b>			
Formula Grant	(6,291)	(6,291)	0
CIL Income	(907)	(774)	133
Business Rates Growth / Pooling Gain	(4,284)	(4,927)	(643)
New Homes Bonus	(486)	(486)	0
Council Tax	(7,170)	(7,170)	0
	<b>(19,138)</b>	<b>(19,647)</b>	<b>(510)</b>
Working Balance	March 2024	March 2025	
	5,883	5,305	

## Narrative Report

### 2024/25 Capital Outturn

The Council spent £30.836m on its Capital Programme in 2024/25 compared to the revised forecast spend of £56.687m. This comprised £8.434m on the General Fund and £22.402m on HRA capital expenditure.

The variance between the outturn forecast and actual outturn for the year was £25.851m which will require the re-profiling of planned expenditure in future years and therefore does not present any financial issues for the Council.

The capital expenditure, by Responsible Officer, and financing of this expenditure is set out below:

	2024/25 Forecast Outturn £'000	2024/25 Outturn £'000	Variance £'000
<b>Capital Expenditure:</b>			
Operations	39,838	27,747	(12,091)
Corporate Resources	227	110	(117)
People & Communities	2,880	2,028	(852)
Place	13,742	951	(12,791)
<b>Total Expenditure</b>	<b>56,687</b>	<b>30,836</b>	<b>(25,851)</b>
<b>Resources:</b>			
Major Repairs Reserve	10,819	11,181	362
Capital Receipts	8,784	6,149	(2,635)
Grants and Contributions	12,283	5,448	(6,835)
Community Infrastructure Levy (CIL)	7,170	207	(6,963)
Revenue Contributions	7,613	2,615	(4,998)
Prudential Borrowing	10,018	5,236	(4,782)
<b>Total Financing</b>	<b>56,687</b>	<b>30,836</b>	<b>(25,851)</b>

## Narrative Report

### Key achievements in 2024/25 Capital Programme:

- **Leighton Terrace car park** Following a period of closure the King William deck of Leighton Terrace car park had concrete repair and coating replacement works conducted.



- **Guildhall car park** The vehicle ramp and main traffic route to deck one and ramp to deck 2 had their coatings overlaid with a new wearing layer. The vehicle ramp works were supervised by Engineering but by the same contractor and at the same time as the internal coating works.
- **Countess Wear Retaining Wall** The project included dismantling the unstable roadside retaining wall whilst also utilising the opportunity to strengthen the adjoining walls along with creating a permanent reinforced embankment to prevent any future reoccurrence.



- **RAMM Roof replacement** Royal Albert Memorial Museum is a grade II listed property located on Queen Street in the centre of Exeter. The works comprised of general reroofing works to the original front Victorian portion of the building along with redecoration works and the installation of steel access walkways to facilitate safe maintenance access.



- **Fleet** Additional food waste vehicles have been acquired to facilitate the roll out of curbside food waste collection across the city.



## Narrative Report

### Housing Revenue Account

The Housing Revenue Account (HRA) is a ring-fenced landlord's account for the running of the Council's housing stock.

During 2024/25 the HRA reported an operating deficit of £763,678. The deficit was met by a transfer out of the HRA working balance.

The Council's current policy is such that the minimum level of the HRA working balance will remain at no less than £3.525m, as a contingency against financial risks. As at 31 March 2025, the working balance was £4,905,387. Further revenue contributions are planned over the remainder of the MTFP towards financing the capital schemes to bring the working balance closer to £3.525m.

The lifting of the 'debt cap' in October 2018 meant that local authorities are now able to borrow for housebuilding in accordance with the Prudential Code. During 2024/25, work continued on the HRA house-building programme, and continued progress towards the Council Objective of 500 new council homes being built by 2030.

### Key achievements

During 2024/25 the Council completed and let 21 passiv-haus flats at Brook House designated to over 60s. The team decanted Rennes House in preparation of a potential development.

A special housing focus week was held in the summer which had a number of themed community days, including safety at home.

The Council successfully secured grant totalling £2,833,100 to tackle fuel poverty in some of our least energy efficient homes (£833,100 from SHDF and £2m from Devon Combined Authority). This was in addition to the £2,261,300 government grant secured in previous years. This funding is supported by direct contributions from the HRA and forms part of the objective for the Council to

achieve carbon neutrality for its housing stock. The retrofit programme sees the whole house refurbished to deliver the very highest energy standards and the greatest energy benefits for tenants and over 1,100 properties fully retrofitted to date (around 25% of housing stock).

The Council's Housing and Development Advisory Board, which comprises of Councillors and local professionals, continues to monitor housing assets and tenancy services operational delivery and comment on the strategic direction of the service.

### HRA Benchmarking

Each year the HRA participates in a benchmarking exercise to assess performance and satisfaction in comparison with similar organisations within a peer group. The results of the most recent exercise were:

Headline measures	Value	Quartile	Performance
Overheads cost per property	£455.51	2 <sup>nd</sup>	Within top 50% of peer group
Total cost per property of Housing Management	£328.13	2 <sup>nd</sup>	Within top 50% of peer group
Total cost per property of Responsive Repairs & Void Works	£1,063.82	1 <sup>st</sup>	Within top 25% of peer group
<b>Operation performance headlines</b>			
Average number of calendar days taken to complete repairs	17.94	3 <sup>rd</sup>	Below average in the peer group
Staff turnover in the year %	8.6%	3 <sup>rd</sup>	Below average in the peer group
Overall satisfaction with the service	70.0%	2 <sup>nd</sup>	Within top 50% of peer group

## Narrative Report

### Pension Fund

The Council has net pension liabilities of £15.956m in the Balance Sheet. This reflects the value of pension liabilities which the Council is required to pay in the future as they fall due, an asset ceiling adjustment and the value of assets invested in the pension fund. A full actuarial valuation was undertaken as at 31 March 2022 to review the contribution levels of the Council for the period 1 April 2023 to 31 March 2026 which was set at 19.6% of pensionable pay for future service plus a monetary amount in respect of the pension deficit of £3.480m.

### Borrowing

The Capital Financing Requirement is £222.531m of which £73.242m relates to the HRA.

Actual borrowing is £163.232m, which comprises the principal outstanding on long-term loans from the PWLB. The loans include; £72.244m in respect of the HRA, £42.315m for the Guildhall Shopping Centre, £33.428m for the new leisure centre and £15.245m for capital acquisitions. The rest of the requirement is managed via internal borrowing.

### 6. Non-Financial Achievements 2024/25

Although 2024/25 has continued to be challenging for Exeter City Council and the Local Government sector as a whole, below are some of the positive outcomes during the last financial year:

- Following a long-term commitment to accessibility across the museum, Exeter's Royal Albert Memorial Museum & Art Gallery (RAMM) has been nominated for a Visitor Accessibility Award in the prestigious Museums + Heritage awards. The RAMM was also shortlisted for the Kids in Museums Family Friendly Museum Award for the Best Museum Youth Group.
- The Council's collaboration with Odyssey Innovation in the Net Regeneration and Marine Regeneration Schemes has been shortlisted in the Aquaculture Awards 2024, Sustainability category, as well as the Great British Business Awards –

Outstanding Contribution to the Community and Innovator of the Year categories.

- Exeter City Council's Smart Grid & Storage Project in Water Lane has been shortlisted for the Sustainable Impact category of the 2025 Exeter Impact Awards, hosted by Exeter Chamber.



- Exeter City Council has won an award from the Royal Town Planning Institute for the Liveable Water Lane Supplementary Planning Document (SPD) in the 'Best Plan' category. The City Council received the award at a ceremony held at Sandy Park and hosted by the South West Branch of the Institute.



### Significant Projects and Matters

#### One Exeter

One Exeter was the council's organisational change programme and helped to deliver the council's strategic priority of leading a Well-Run Council.

The programme was structured around five work streams as set out below.

- Our People
- Our Technology
- Our Customers
- Our Services
- Our Governance

To reflect the strategic importance of the work, the programme was sponsored by the Chief Executive and owned by the SMB. Over the last year, and as part of the Senior Leadership Review, the work has now been embedded within Directorates and the Executive Office. Continuous improvement and transformation are now part of the council's business as usual. There is no longer a requirement to have a standalone programme of work and it is proposed that the One Exeter Programme is now mainstreamed across the council.

Going forward, progress against this work will be reported through the regular meetings that are held with Portfolio Holders and through the committee reporting process where appropriate. Progress will also be regularly reported via the Corporate Plan and Service Plans.

#### Local Government Reorganisation

In December 2024, the Government published the English Devolution White Paper: Power and Partnerships – Foundation for Growth. This set out a long-term plan for simpler council structures and the end of two-tier local government in areas like Devon. In response to this, Exeter City Council and Plymouth City Council has submitted a single, shared proposal to Government for local government reorganisation (LGR) in Devon. A Ministerial decision is anticipated between May and August 2026.

### Sport England Place Partnership (Live and Move)

Live and Move is the name given to the Sport England Place Partnership programme operating in Exeter and Cranbrook, focused on reducing inactivity and through it, tackling health inequalities and build healthier communities. It started in 2019 as one of only 12 Sport England supported local delivery pilot programmes. In 2024, the Live and Move team successfully bid for 'deepening' investment, and a further £2,026,934 to deliver the proposed programme, with in principle funding of £310,000 to deliver further active travel & environments work based on an agreed future delivery plan. This funding was awarded until 2028 to continue the work that the pilot programme had successfully started, contributing towards the national Sport England 'Uniting the Movement' strategy. Through working with Sport England, we are contributing towards the significant challenges and opportunities outlined in the Uniting the Movement strategy by offering our learning and insight on how to tackle inactivity in Exeter and Cranbrook.

The revised Live and Move work programme, aimed at deepening the work that had taken place since 2019, is closely aligned to and directly impacts the following key council corporate strategic priorities, building great neighbourhoods and communities, promoting active and healthy lifestyles and Net Zero Carbon City ambition.

### Wellbeing Exeter and Move More Cranbrook

The importance of working with individuals and communities as early as possible, is seen in the health, social and economic benefits that increased physical activity can support, and both Wellbeing Exeter and Move More Cranbrook are integral elements of our programme delivery in communities.

CoLab has successfully managed Wellbeing Exeter on behalf of the council since April 2025 with support from Exeter City Community Trust who manage the community physical activity element of the service. The Live and Move team is working closely with the organisation to continue delivering its core service, whilst also developing an enhanced offer which focuses on:

- More residents from priority neighbourhoods and low-income groups will engage in leisure activities, leading to improved physical and mental health.
- Inclusivity: Leisure facilities will become more inclusive, catering to the needs of diverse community members.
- Community Building: Increased participation in leisure activities will strengthen community bonds and promote social cohesion.

We are currently working closely with East Devon District Council on the future of Move More Cranbrook, the delivery programme operating in Cranbrook which includes the Move More Cranbrook small grants programme.

### Local intelligence

Much of the work that takes place is informed by robust data, both at a national and very local ward level. A key element of the Live and Move programme is the bespoke local fieldwork that takes place annually - the Local Active Lives survey which is a replication of Sport England's own national version and the only one of its kind. Results of this annual survey point to the areas and populations of Exeter and Cranbrook that most need the programme's support.

The 2024 survey told us clearly that those from ethnically diverse communities have been unable to return to pre-Covid levels of physical activity, and that a gap still exists between the most affluent and most deprived wards of the city. Those who are in lower or intermediate occupations, are aged 75+, or have a disability or long-term health condition, are significantly more likely to be inactive compared to their counterparts. In total 40% of Exeter priority area residents are classed as 'inactive'. Positively though it also told us that many people had returned to their pre-Covid levels of physical activity for the first time, including women and those in higher or intermediate occupations.

Fieldwork for the 2025 local active lives survey is currently taking place, and the report will be available in the autumn.

### Live & Move work plan 2025-28

Following the success of the programme to date, the team has developed an ambitious work programme which aims to move the work into its 'deepening' phase:

1. Strategy and Policy
  - a. The Exeter Partnership
  - b. Playing Pitch strategy
  - c. Built facilities strategy
  - d. Active Design and Exeter Local Plan
2. Wellbeing Exeter
  - a. Delivery of the core (existing) and new, enhanced model of delivery
  - b. Ensuring the sustainability of the service through the development of a fundraising strategy
  - c. Development of a steering group
3. Outdoor environment
  - a. Newtown – working with planning colleagues to deliver active travel enhancements in the Newtown area of Exeter
  - b. Green Circle / GWR project – the team successfully bid to GWR for funding for a communications campaign encouraging active travel through use of the Green Circle and local rail stations
  - c. Water Lane

## Narrative Report

4. Wonford
  - a. RIBA 4A
  - b. Sport England EFA
  - c. Review of business case
  - d. Development of funding strategy
  - e. Community engagement through working with trustees, and ensuring updates to What Wonford Wants website
5. Cranbrook
  - a. Work with East Devon District Council to develop a memorandum of understanding
  - b. Recruit vacant Project Manager role
  - c. Work with the Move More Cranbrook steering group to develop new grants programme and activities from 2025 onwards
6. Evaluation and Learning
  - a. Procurement of new evaluation partner 2025-28
  - b. Deliver annual local active lives survey
  - c. Deliver Theory of Change to partners and Sport England
  - d. Develop System Maturity Matrix and deliver CCA survey to Sport England in September
  - e. Work with evaluators to deliver twice-yearly process learning reports
  - f. Expansion support / south west cluster group – supporting regional active partnerships who are new to place partnership work with ongoing mentoring and the development of a learning day in autumn 2025
  - g. Share Sport England insight through Live and Move newsletter and events
  - h. Produce regular project case studies and share through newsletter, social media and website
7. Communications
  - a. Publication of monthly newsletter
  - b. Ongoing development of liveandmove.co.uk
  - c. Produce regular content to ECC newsletter and other platforms
  - d. Development of campaigns (This Girl Can)
  - e. Delivery of quarterly local COP events
  - f. Development of relationships with local partners

### The narrative

Live and Move is proud to continue to support **Wellbeing Exeter** and acknowledges its role in ensuring the services sustainability longer-term. The demand for the service is clear, with 665 referrals received in the 2023-24 period, of which 105 individuals were actively looking to improve their physical health. The 2023/24 Wellbeing Exeter Impact Report highlights the significant improvements to individual and community wellbeing across the city. Exeter City Council is proud to support the service and is working closely with CoLab and Exeter City Community Trust on both a core and enhanced model.

The team also plays a pivotal role within The Exeter Partnership and have established a group consisting of key partners to help people get back into work through being more healthy and active.

A business case and detailed RIBA Stage 3 designs and technical surveys have been delivered for the redevelopment of the **Wonford Community Wellbeing Hub**, alongside embedding community programmes with the new Wonford Community and Learning Centre trustees.

The active travel plan for the **Newtown** area is currently live, following extensive consultation with the community in early 2025. This has been an excellent example of co-production across the city with partners including Live and Move, Exeter City Council, Devon County Council and WSP. We currently await the outcome from the HATOC meeting on 15 July 2025.

We are working with partners from Sport Associations to update the Playing Pitch Strategy and ensure that we have enough space for sports clubs to provide activities.

**Active Design** is embedded in the **Exeter Local Plan** through public consultation. The first schemes, Water Lane and Southgate, are being developed with a design code that is heavily influenced by Sport England active design and Live and Move principles.

Live and Move is currently working with partners across the city and in Cranbrook to deliver a local **This Girl Can** campaign. Phase I has consisted of a simple marketing campaign, signposting to the free and low-cost physical activities aimed at women. It's been received warmly so far and engagement through digital communications has been very high. Phase II is currently being developed with partners, particularly Exeter Leisure and Wellbeing Exeter.

The team is proud to be working with Active Devon to provide input and support to the development of a regional cluster group, ensuring consistency between organisations, and support for partners new to this work.

### Further information

Evaluation, insight, learning and further case studies and stories can be found at [liveandmove.co.uk](http://liveandmove.co.uk) where you will also find results of our local active lives survey, stories and case studies, and general updates of the work of the programme work in Exeter and Cranbrook.

### Liveable Exeter

Liveable Exeter is the Council's ambitious initiative to regenerate brownfield land and build 12,000 homes, by creating vibrant, healthy and connected new neighbourhoods within the city.

In 2023, the Council published the Liveable Exeter Principles document, containing seven place-making principles which can be used as tools to deliver the outcomes of the Exeter Vision 2040. The seven principles are: Memorable places; Outstanding quality; Welcoming neighbourhoods; Liveable buildings; Connected culture; Spaces for people and wildlife and Active streets. The seven principles are included in the draft Exeter Plan and will apply to the largest development sites across the city.

The Liveable Exeter principles were incorporated into the Liveable Water Lane Supplementary Planning Document (SPD), which was adopted by the Council in 2024. The SPD sets out a vision, development framework and design code and will guide major planning applications within the Water Lane allocation.

The Liveable Exeter principles are also used by the Council to shape collaborative working arrangements with landowners, developers, key stakeholders and local communities to promote development opportunities and tackle delivery barriers to unlock sites.



## Narrative Report

### Future Financial Plans

#### Revenue

The Council's General Fund Medium Term Financial Plan (MTFP), will achieve the requirement to maintain a minimum balance of £3.100 million. The MTFP indicates that further reductions are required from 2026/27 to 2028/29 to fully address the loss of income from Business Rates as a result of the reset. The reductions required for future years total £5.737 million, of which proposals covering £1.287 million have been identified. The Council's proposed revenue budget for 2025/26 includes a net transfer to earmarked reserves of £1.447 million (although this includes a large transfer in respect of the ring-fenced Guildhall Shopping Centre). The reductions required for future years total £5.737 million, of which proposals covering £1.287 million have been identified.

The Council's current policy is that the minimum level of the General Fund Balance will remain above £3.100 million. As the Council faces great uncertainty in the medium term over funding and is reliant on less secure forms of income such as car park income it is prudent to hold reserve levels at this level to offset sudden losses of income or unexpected expenditure

#### Risk assessment

The Council provides more Services than you would normally expect a District Council to provide. It also has some significant funding streams from fees and charges and historic commercial property leases that are fundamental to producing a balanced budget. These are reliant on a vibrant economy delivering the income required. An analysis of the Council's budget demonstrates that the cost of providing its statutory services, support services and payments to cover its legal liabilities (pension back funding and debt and interest payments) exceeds the amount provided for by Grant, Business Rates and Council Tax by around £6 million. Included in the above is the amount that the Council receives above the business rate baseline, which is another insecure form of funding. The Council is also reliant on fees and charges to meet its statutory obligations.

There are a range of risk factors that must be taken into account and the Section 151 Officer has taken a risk-based approach to assessing the level of reserves required:

Area of Risk	Explanation	Amount £
Inflationary pressures	As set out above, the budget is based on a set of assumptions. In particular, the impact of the pay award is not known when budgets are set. As Local Government tries to stay ahead of the National Living Wage, pay awards have outstripped estimates over recent years. A 1% increase would add £300,000 to costs. Similarly, a 1% variation in inflation on premises, supplies, services & transport £320,000 to costs.	620,000

Planned savings	There is a risk that for a number of reasons some proposed savings will not be achieved or will be achieved later than planned. This is particularly true in respect of additional income targets. The Council has a good track record of delivering over 90% of planned savings. A 7.5% reduction would add £180,000 to costs	180,000
Income from fees & charges	The Council is reliant on significant income from fees & charges to balance the budget. In 2023/24 the Council has missed those targets by a cumulative £2 million. Whilst this is reflected in the budgets, a further 5% reduction would add £1.5 million to the budget	1,500,000
Business Rates volatility	The Council generates Business Rate income in excess of the Baseline to a value of around £3 million. A 5% reduction would cost the Council £150,000.	150,000
Insurance excesses	The Council does not budget for insurance excesses. The property insurance excess is £100,000 each claim and therefore 2 claims in a year would potentially cost £200,000	200,000
Risk of litigation	Planning appeals are expensive. It can cost the Council around £100,000 to defend an appeal.	100,000
Volume variations	Volume variations can impact on the Council's budget in services which are demand led. A cushion is therefore held to protect the financial position.	150,000
Interest Rates	A 0.5% variation in interest rates would cost the Council £200,000	200,000
		<b>3,100,000</b>

It is therefore proposed that minimum reserves are to be maintained at £3.100 million. The latest estimated position of the General Fund Balance is that it will be £4.074 million as at 31 March 2026, equivalent to 18.6% of Exeter's net revenue budget. The Council's revised medium-term financial plan indicates that the General Fund Balance will reduce to £3.236 million by the end of 2028/29, if the proposed reductions are delivered, although further savings of £5.737 million are required to deliver this.

### Medium Term Revenue Plan (2024/25 – 2028/29)

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
<b>Resources</b>					
Revenue Support Grant	1,975	1,384	1,652	1,685	1,719
Business Rates Income	8,784	9,929	6,932	6,541	6,119
CIL income	907	798	793	793	793
New Homes Bonus	486	872	0	0	0
EPR	0	1,410	1,000	1,000	1,000
Council Tax	7,170	7,507	7,701	8,010	8,332
<b>Likely resources</b>	<b>19,322</b>	<b>21,900</b>	<b>18,078</b>	<b>18,029</b>	<b>17,963</b>
<b>Expenditure</b>					
<b>Service expenditure</b>					
Committee expenditure	23,498	18,570	17,041	14,821	13,958
Net Interest	1,386	1,475	1,557	1,591	1,591
Repayment of debt	1,726	2,702	2,803	2,630	2,739
RCCO	198	89	0	0	0
	26,808	22,836	21,401	19,042	18,288
<b>Other funding</b>					
Contribution to/ (from) earmarked reserves	(5,661)	1,447	384	765	765
Contribution to/ (from) balances - Other	(1,825)	17	(720)	(128)	10
	(7,486)	1,464	(336)	637	775
<b>Further reductions required</b>					
<b>Potential reductions identified</b>					
<b>Total Net Budget</b>	<b>19,322</b>	<b>21,900</b>	<b>18,078</b>	<b>18,029</b>	<b>17,963</b>
<b>Balanced Budget</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
Opening General Fund Balance	5,882	4,057	4,074	3,354	3,226
Closing General Fund Balance	4,057	4,074	3,354	3,226	3,236

Please note, the MTFP has been extracted from the 2025/26 published Budget Book and therefore projected General Fund Balances differ to balances reported, as at 31/3/2025.

## Narrative Report

### HRA Medium Term Revenue Plan (2024/25 – 2028/29)

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
<b>Resources</b>					
Rents	21,229	21,229	21,654	22,304	22,973
Service Charges	1,573	1,573	1,657	1,678	1,700
Other	1,124	1,124	1,220	1,249	1,279
Inflation on income	-	605	700	721	742
<b>Likely resources</b>	<b>23,926</b>	<b>24,530</b>	<b>25,230</b>	<b>25,951</b>	<b>26,693</b>
<b>Expenditure</b>					
HRA expenditure base budget	17,772	16,612	18,663	18,487	18,592
Inflation on expenditure	-	209	143	146	149
Repairs & Maintenance Programme	-	1,806	(46)	(79)	74
Savings	-	-	(311)	-	-
Depreciation	3,746	3,725	3,725	3,725	3,725
Revenue Contribution to Capital Outlay	2,500	1,000	1,000	2,100	1,900
Net interest	1,471	1,739	1,787	1,837	1,837
	25,489	25,091	24,961	26,216	26,277
<b>Other Funding</b>					
Contribution to / (from) HRA Working Balance	(1,563)	(561)	269	(265)	416
<b>Total Net budget</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Opening HRA Working Balance	5,669	4,106	3,545	3,814	3,549
Closing HRA Working Balance	4,106	3,545	3,814	3,549	3,966

Please note, the HRA MTFP has been extracted from the 2025/26 published Budget Book and therefore projected HRA Balances differ to balances reported, as at 31/3/2025.

### Capital Programme (2025/26 – 2028/29)

GENERAL FUND - CAPITAL PROGRAMME 2025/26 AND FUTURE YEARS				
SCHEMES LISTED WITHIN COUNCIL PURPOSES	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Operations	29,128	7,744	2,216	150
Corporate Resources	11,464	-	-	-
People & Communities	2,015	1,014	1,014	1,014
Place	2,622	100	100	100
<b>TOTAL GENERAL FUND CAPITAL PROGRAMME</b>	<b>45,229</b>	<b>8,858</b>	<b>3,330</b>	<b>1,264</b>
<b>FINANCING:</b>				
Capital Receipts	3,379	2,644	2,380	-
Disabled Facility Grant	800	800	800	800
Community Infrastructure Levy	8,187	477	-	-
Revenue Contributions to Capital Outlay	174	-	-	-
Other Grants & Contributions	4,869	867	-	-
Prudential Borrowing	27,820	4,070	150	464
<b>TOTAL GENERAL FUND CAPITAL FINANCING</b>	<b>45,229</b>	<b>8,858</b>	<b>3,330</b>	<b>1,264</b>

HOUSING REVENUE ACCOUNT - CAPITAL PROGRAMME 2025/26 AND FUTURE YEARS				
	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000




**TOTAL HRA CAPITAL PROGRAMME**	**21,668**	**9,973**	**6,967**	**5,526**
**FINANCING:**				
Major Repairs Reserve	1,213	8,973	4,867	3,626
Capital Receipts	7,120	-	-	-
Commuted Sums	697	-	-	-
Other Grants and Contributions	1,244	-	-	-
Revenue Contributions to Capital	1,000	1,000	2,100	1,900
Prudential Borrowing	10,394	-	-	-
**TOTAL HRA CAPITAL FINANCING**	**21,668**	**9,973**	**6,967**	**5,526**

## Narrative Report

The Capital Programme, on the previous page, reflects the plans approved in the 2025/26 Budget Book along with budgets slipped from 2024/25 and the associated financing. The Council continues to have an ambitious capital programme, which includes:

ECC has been awarded £3,554,000 in PSDS funding for decarbonisation works and roof replacement at the Riverside Leisure Centre. The Riverside Leisure Centre is an integral part of the local community and boasts a 25-meter swimming pool, a six-court sports hall, and two squash courts, among various other amenities. To enhance its sustainability, Riverside plans to replace its outdated boiler and heating system with air-source heat pumps, implement a heat recovery system, and upgrade the roof to boost thermal efficiency while accommodating the new roof-mounted heat pumps. The site represents the greatest potential for decarbonisation of any of the Council's Leisure sites and ensuring that the building operates efficiently will provided for a long-term sustainable building for years to come.



Riverside Leisure Centre

Trews Weir will be repaired and fully refurbished to extend its lifespan and to protect the Ship Canal and Exeter Quayside for generations to come. Working in partnership with the Environment Agency, in addition to the weir refurbishment we are likely to upgrade or replace the existing Fish Pass to improve migration up the River Exe for a wider range of fish now present in the river up to Trews Weir. This complex scheme is expected to take three years to design, gain approvals and complete the construction works.



Trews Weir

## Narrative Report

### **Message from Dave Hodgson, Strategic Director of Corporate Resources & s151 Officer**

2024/25 saw a financial performance that was generally in line with the budget for ongoing services, however a number of projects moved along more slowly than anticipated resulting in a significant underspend by Services coinciding with the similar request for supplementary budgets in the following year.

The Council's working balance therefore remains in a healthy position projecting to remain above the minimum level throughout the medium term financial plan.

The Government is currently consulting on a new fair funding proposal, which will underpin the method of distributing Government Grant and Business Rates. The value of Business Rates that the Council has earned above the baseline will also reset resulting in a significant reduction in funds for the Council. This may to an extent be offset by the outcome of the Fair Funding review, but this will not be finalised until later in the year. Therefore, a range of scenarios are being looked at.

A number of digitalisation projects are underway to transform the way the public interact with the Council and these will continue to progress over the coming year.

The Council's IT Company, Strata Service Solutions Ltd, set up in partnership with East Devon and Teignbridge District Councils has completed its tenth full year in operation and has delivered a financial performance in line with the agreed business plan.

Exeter City Living Ltd, the Council's development company has been scaled back to manage a number of properties that are rented on the open market.

Whilst the accounts publication has been delayed, this has been beyond the control of the finance team who have managed the challenges presented by a new valuation contract, once again shown their professionalism and commitment by dealing with ever more complex accounts and accounting frameworks.

**Dave Hodgson CPFA**  
Strategic Director of Corporate Resources & s151 Officer

**Councillor AJ Wardle**  
Chair – Audit

## Statement of Responsibilities for the Statement of Accounts

### The Authority's Responsibilities

The authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director of Corporate Resources & s151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the authority'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 Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code except where stated in the Accounting Policies
- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities
- Assessed the Authority's ability to continue as a going concern disclosing, as applicable, matters relating to going concern
- Used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future
- 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

### Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Exeter City Council at the reporting date and of its income and expenditure for the year ended 31 March 2025.

**Dave Hodgson CPFA**  
**Strategic Director of Corporate Resources & s151 Officer**  
**11 February 2026**

## Explanation of the Core Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

### Core Financial Statements

**Comprehensive Income and Expenditure 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 or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

**Movement in Reserves Statement** shows the movement from the start of the year to the end of the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. This statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

**Balance Sheet** shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve that may only be used to finance capital expenditure or repay debt). The second category of reserves is those that are not able to be used to provide services. This category of reserves includes reserves that hold unrealised gains and losses, e.g. the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

**Cash Flow Statement** shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future services 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 authority.

## Core Financial Statements

### Comprehensive Income and Expenditure Statement

Restated			2024-2025			Notes
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	
2,331	(2,358)	(27) Chief Executive	2,126	(337)	1,789	
12,414	(6,966)	5,448 People & Communities	14,037	(6,697)	7,340	
17,067	(5,345)	11,722 Operations	16,828	(5,528)	11,300	
38,437	(41,275)	(2,838) Corporate Resources	43,955	(42,469)	1,486	
17,242	(11,003)	6,239 Place	19,998	(12,406)	7,592	
24,928	(23,411)	1,517 Housing Revenue Account	28,854	(25,016)	3,838	
785	(540)	245 Strata Service Solutions Ltd	605	(365)	240	38
<b>113,204</b>	<b>(90,898)</b>	<b>22,306 Cost of Services</b>	<b>126,403</b>	<b>(92,818)</b>	<b>33,585</b>	
		2,222 Other operating expenditure			(283)	12
		26,991 Financing and investment income and expenditure			(18,315)	13
		(26,821) Taxation and non-specific grant income			(22,631)	14
		<b>24,698 (Surplus) or Deficit on Provision of Services</b>			<b>(7,644)</b>	
<b>Other Comprehensive Income and Expenditure</b>						
		7,024 (Surplus) or deficit on revaluation of property, plant and equipment			(9,290)	27
		(10,628) Remeasurement of the net defined benefit liability/(asset)			650	27
		<b>(3,604) Total Other Comprehensive Income and Expenditure</b>			<b>(8,640)</b>	
		<b>21,094 Total Comprehensive Income and Expenditure</b>			<b>(16,284)</b>	

The Council's internal financial reporting structure changed in 2024/25 following changes to director responsibilities. The segment information for the prior year has therefore been restated.

## Core Financial Statements

### Movement in Reserves Statement

	General Fund Working Balance (£'000)	Earmarked Reserves (£'000)	Sub total General Fund Total	Housing Revenue Account (£'000)	Capital Receipts Reserve (£'000)	Major Repairs Reserve (£'000)	Capital Grants Unapplied (£'000)	Total Usable Reserves (£'000)	Unusable Reserves (£'000)	Total Authority Reserves (£'000)
<b>Balance at 31 March 2023 carried forward</b>	( 6,151)	( 13,645)	( 19,796)	( 7,556)	( 12,731)	( 18,204)	( 18,796)	( 77,083)	( 382,571)	( 459,654)
<b>Movement in Reserves during 2023-2024</b>										
Total Comprehensive Income & Expenditure	26,188	-	26,188	( 1,490)	-	-	-	24,698	( 3,604)	21,094
Adjustments between accounting basis and funding basis under statutory provisions (Note 10)										
	( 26,102)	-	( 26,102)	3,054	4,984	5,590	( 2,412)	( 14,886)	14,886	-
Transfers to / (from) Earmarked Reserves	182	( 182)	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in 2023-2024</b>	<b>268</b>	<b>( 182)</b>	<b>86</b>	<b>1,564</b>	<b>4,984</b>	<b>5,590</b>	<b>( 2,412)</b>	<b>9,812</b>	<b>11,282</b>	<b>21,094</b>
<b>Balance at 31 March 2024 carried forward</b>										
	( 5,883)	( 13,827)	( 19,710)	( 5,992)	( 7,747)	( 12,614)	( 21,208)	( 67,271)	( 371,289)	( 438,560)

## Core Financial Statements

### Movement in Reserves Statement

	General Fund Working Balance (£'000)	Earmarked Reserves (£'000)	Sub total General Fund Total	Housing Revenue Account (£'000)	Capital Receipts Reserve (£'000)	Major Repairs Reserve (£'000)	Capital Grants Unapplied (£'000)	Total Usable Reserves (£'000)	Unusable Reserves (£'000)	Total Authority Reserves (£'000)
<b>Balance at 31 March 2024 carried forward</b>	( 5,883)	( 13,827)	( 19,710)	( 5,992)	( 7,747)	( 12,614)	( 21,208)	( 67,271)	( 371,289)	( 438,560)
<b>Movement in Reserves during 2024-2025</b>										
Total Comprehensive Income & Expenditure	( 7,004)	-	( 7,004)	( 640)	-	-	-	( 7,644)	( 8,640)	( 16,284)
Adjustments between accounting basis and funding basis under statutory provisions (Note 10)	8,624	-	8,624	1,387	2,525	7,439	945	20,920	( 20,920)	-
Transfers to / (from) Earmarked Reserves	( 1,041)	1,041	-	-	-	-	-	-	-	-
<b>(Increase) / Decrease in 2024-2025</b>	<b>579</b>	<b>1,041</b>	<b>1,620</b>	<b>747</b>	<b>2,525</b>	<b>7,439</b>	<b>945</b>	<b>13,276</b>	<b>( 29,560)</b>	<b>( 16,284)</b>
<b>Balance at 31 March 2025 carried forward</b>	<b>( 5,304)</b>	<b>( 12,786)</b>	<b>( 18,090)</b>	<b>( 5,245)</b>	<b>( 5,222)</b>	<b>( 5,175)</b>	<b>( 20,263)</b>	<b>( 53,995)</b>	<b>( 400,849)</b>	<b>( 454,844)</b>

## Core Financial Statements

### Balance Sheet

2023-24		2024-25	Note
	£'000	£'000	
504,882	Property, Plant and Equipment	515,909	15
71,516	Investment Property	86,761	16
22,743	Heritage Assets	23,341	17
470	Intangible Assets	469	
5,462	Long Term Investments	6,785	19
9,198	Long Term Debtors	9,107	19
<b>614,271</b>	<b>Total Long-Term Assets</b>	<b>642,372</b>	
209	Inventories	176	
17,392	Short-Term Debtors	20,641	19, 20 & 21
5,067	Short-Term Investments	0	19
1,039	Assets Held for Sale	6,356	22
22,690	Cash & Cash Equivalents	19,307	19 & 23
<b>46,397</b>	<b>Total Current Assets</b>	<b>46,480</b>	
(1,564)	Short-Term Borrowing	(11,590)	19
(27,818)	Short-Term Creditors	(29,679)	19 & 24
(5,637)	Provisions	(7,472)	25
<b>(35,019)</b>	<b>Total Current Liabilities</b>	<b>(48,741)</b>	
(163,591)	Long term borrowing	(162,026)	19
(3,854)	Capital Grants Receipts in Advance	(3,976)	19 & 36
(2,674)	Long-Term Creditors	(3,309)	19
(16,970)	Pension Scheme Liability	(15,956)	42
<b>(187,089)</b>	<b>Total Long-Term Liabilities</b>	<b>(185,267)</b>	
<b>438,560</b>	<b>Net Assets</b>	<b>454,844</b>	
<b>Financed by:</b>			
67,271	Usable Reserves	53,995	26
371,289	Unusable Reserves	400,849	27
<b>438,560</b>	<b>Total Reserves</b>	<b>454,844</b>	

These financial statements replace the unaudited financial statements certified by the Responsible Financial Officer, Dave Hodgson, on 22 August 2025.

Dave Hodgson, CPFA, Strategic Director of Corporate Resources & s151 Officer, 11 February 2026

## Core Financial Statements

### Cash Flow Statement

2023-24	2024-25	
£'000	£'000	Notes
24,698 Net (surplus) or deficit on the provision of services	(7,644)	
Adjustments to net surplus or deficit on the provision of services for non-cash movements		
(38,712)	(2,090)	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities		
11,635	4,459	
<b>(2,379) Net cashflows from Operating Activities</b>	<b>(5,275)</b>	28
7,222 Investing Activities	19,634	29
221 Financing Activities	(10,976)	30
<b>5,064 Net (Increase) or decrease in cash and cash equivalents</b>	<b>3,383</b>	
<b>27,754 Cash and cash equivalents at the beginning of the reporting period</b>	<b>22,690</b>	
<b>22,690 Cash and cash equivalents at the end of the reporting period</b>	<b>19,307</b>	

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### 1. Accounting Policies

#### General Principles

The Statement of Accounts summarises the authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

#### Accruals of income and expenditure

Income and expenditure is accounted for in the year activity takes place, not simply when cash payments are made or received. In particular;

**Revenue from contracts with service recipients**, whether for services or the provision of goods, is recognised when or as the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

**Supplies** are recorded as expenditure when they are consumed. Where there is a gap between the date received and consumption, they are carried forward as inventories on the Balance Sheet.

**Capitalisation of borrowing costs**; the authority has a policy of capitalising borrowing costs. No borrowing costs have been capitalised by the Council up to 2024/25.

**Expenses in relation to services received (including services provided by employees)** are recorded as expenditure when the services are received rather than when the payments are made.

**VAT** payable is included as an expense only to the extent that it is irrecoverable from HMRC. VAT receivable is excluded from income.

**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.

#### Creditors and Debtors

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.

#### Capital receipts

Capital receipts are sums received by the authority from the sale of assets. A proportion of capital receipts relating to certain housing disposals are payable to the government. However, the receipts may be retained providing the local authority has signed an agreement to re-invest the receipts in the provision of replacement homes within 5 years. Exeter City Council entered into the latest retention agreement in April 2025.

Capital receipts are held in the Capital Receipts Reserve and can then only be used for new capital investment or to repay debt.

Amounts received from the disposal of an asset in excess of £10,000 are categorised as capital receipts. Below this level, the receipts are accounted for as income in the income & expenditure account.

## Notes to the Financial Statements

### Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

### Contingent assets and liabilities

Contingent assets and liabilities arise where an event has taken place, but the potential asset or possible obligation will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. They are not recognised in the Balance Sheet, but are disclosed by way of a note to the accounts.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

### Council tax and non-domestic rates (NDR)

Exeter City Council is a billing authority and acts as an agent, collecting council tax and NDR on behalf of the major preceptors (including government for NDR) and, as principal, collecting council tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR.

Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share

proportionally the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. The difference between the income included within the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### Pool of Authorities for Non Domestic Rates

The Local Government Finance Act 2012 permits the Secretary of State to designate two or more relevant authorities as a pool of authorities. Exeter City Council is party to such a pool and recognises its share of the income and expenditure (and debtors and creditors) in accordance with the agreed arrangements for distribution of the pool together with accounting requirements.

## Notes to the Financial Statements

### Employee benefits

#### Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end, including wages and salaries, paid annual leave and paid sick leave for current employees. They are recognised as an expense in the year in which the employees render service to the authority. An accrual is made for the cost of annual leave and flexible hours earned but not taken before the year-end that employees can carry forward into the next financial year. The accrual is charged to the relevant service but reversed out through the Movement in Reserves Statement so that the entitlements are charged to revenue in the financial year in which the absence occurs.

#### Termination benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment or for the officer to take voluntary redundancy before the normal retirement date. They are charged to the Comprehensive Income and Expenditure Statement when the authority is committed to the termination of employment.

Where the termination benefits involve the enhancement of pensions, statutory provisions require the General Fund to be charged with the amount payable by the authority to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, the notional debits and credits for pension enhancement termination benefits are replaced with the debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

#### Post-employment benefits

Employees of the authority are members of the Local Government Pension Scheme, which is administered by Devon County Council. The Local Government Pension Scheme (LGPS) provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the authority.

The Local Government Pension Scheme is accounted for as a defined benefit scheme:

- The liabilities of the pension fund attributable to the authority 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 future earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate that is based on market yields at the reporting date of a 'high quality corporate bond'.
- The assets of the pension fund attributable to the authority are included 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 pension liability is analysed into the following components:

#### Service cost

- **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 service 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 – charged to the Comprehensive Income and Expenditure Statement.

## Notes to the Financial Statements

- **Net interest on the defined benefit liability (asset)** – the change during the year in the net defined benefit liability (asset) that arises from the passage of time charged to the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability (asset) at the beginning of the year, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

In all cases, the net defined benefit asset will be measured at the lower of the surplus in the defined benefit plan and the asset ceiling.

**Effect of the Asset Ceiling** – this results in an increase in the pensions liabilities recognised by the Council to reflect the current commitment to pay employer's contributions to recover a deficit in the Pension Fund that has been assessed as greater than the net pensions liability established under Accounting Code requirements.

### Re-measurements

- **The return on plan assets** – excluding amounts included in net interest on the defined benefit liability (asset).
- **Actuarial gains and losses** – changes in the net pension liability that arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
- **Contributions paid to the pension fund** - cash paid as employer's contributions to the pension fund in settlement of liabilities.

### McCloud Judgement

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. An allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means the notional debits and credits for retirement benefits are removed and replaced with the debits for cash paid (or due to be paid at year end). These movements are appropriated to the Pension Reserve.

A negative balance on the Pension Reserve reflects the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as earned by employees.

### Discretionary Benefits

The authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities are accrued in the year of the decision to make the award and accounted for using the same policies applied to the Local Government Pension Scheme.

### Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but disclosure is made in the notes of the nature of the events and an estimate of the financial impact, if material.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

## Notes to the Financial Statements

### Financial instruments

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority 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 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. For all 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.

#### 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. The authority holds financial assets measured at:

- Amortised cost
- Fair value through profit and loss (FVPL)

The authority'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 cash flows are not solely payment of principal and interest.

#### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable is 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 authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year.

However, the authority has made a number of loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement 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 at a 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 on the General Fund Balance is the interest receivable for the financial year and 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 de-recognition of a financial asset are credited or debited to the Comprehensive Income and Expenditure Statement.

#### Financial Assets Measured at Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority 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 in the Surplus or Deficit on the Provision of Services.

However, for financial assets deemed to be pooled investment funds, e.g. CCLA Property Fund, statutory regulations are in place until 31 March 2029 that permit fair value gains and losses to be reversed out of the General Fund balance to the Financial Instruments Adjustment Account.

## Notes to the Financial Statements

### Fair value measurements of financial assets

Fair value of an asset is the price that would be received in an orderly transaction between market participants at the measurement date, based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow

Accounting standards provide a fair value hierarchy that categorises into three levels the inputs to fair value measurements:

Hierarchy	Inputs
Level 1 inputs	Quoted prices in active markets for identical assets
Level 2 inputs	Inputs that are observable for the asset, either directly or indirectly
Level 3 inputs	Unobservable inputs

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

### Expected Credit Loss Model

The authority recognises expected credit losses on most its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority. Loans with other local authorities and Government investments are excluded, as they are guaranteed to be repaid by statute.

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. Where risk has increased significantly since recognition of an instrument, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on a 12 month expected loss basis.

A collective assessment is carried out for sundry debtor balances in order to determine expected credit losses, as credit risk information is not available on an individual instrument basis. Provision matrices, based on historical experience but updated for future conditions are used.

Changes in loss allowances are debited or credited to the Comprehensive Income and Expenditure Statement. However, any changes relating to capital loans are reversed out to the Capital Adjustment Account.

### Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are held as creditors on the Balance Sheet. When the conditions have been satisfied, the grant or contribution is either credited to the relevant service line or to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account when they have been applied to finance capital expenditure.

## Notes to the Financial Statements

### Business Improvement District (BID)

A BID scheme applies for Exeter city centre which is administered by InExeter Ltd. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as the agent for the scheme and since it is collecting the BID levy income on behalf of InExeter Ltd most BID transactions are not recognised in the Comprehensive Income and Expenditure Statement, except the reimbursement of collection costs and any BID levies payable in respect of the Council's own premises, e.g. the Guildhall.

### Community Infrastructure Levy (CIL)

The Council has elected to charge a CIL. The levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy is used to fund infrastructure projects to support the development of the area.

CIL is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges are largely used to fund capital but may also be used for revenue expenditure.

### Heritage assets

The Council has a number of heritage assets. Heritage assets are recognised and measured in accordance with the policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets, as detailed below:

**Property / Infrastructure / Statues** – the Council owns a range of assets around the City which are of historic value. The Council does not believe that reliable cost or valuation information can be obtained for these items because of the diverse nature of the assets and lack of comparable market values. Consequently, the authority does not recognise these assets on the balance sheet.

**Museum Exhibits / Art / Civic Regalia** – A non-electronic register of the assets is held by the Museum and Guildhall and from this an insurance valuation has been produced. The Council will use the insurance valuation, as at 31 March 2025, as a measurement of the valuation of the assets. The assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation. Impairments and disposals are treated as per the policy on property, plant and equipment.

### Interest in companies and other entities

The authority has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, which means the authority is the parent of a group for the purposes of the Code. In accordance with the Code, group accounts do not need to be prepared where an authority's interest is not considered to be material. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses, with cost used as a proxy for fair value.

### Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

### Investment properties

Investment properties are those used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way for the delivery of services or is held for sale.

### Measurement

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 an orderly transaction between market participants at the measurement date.

## Notes to the Financial Statements

### Valuations

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. Unless market or other factors suggest a different use by market participants would maximise value, it is assumed that current use is the best and highest use.

Gains and losses on revaluation are posted to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains or loss on disposal. However, revaluation and disposal gains and losses are reversed out in the Movement in Reserves Statement and posted to either the Capital Adjustment Account or Capital Receipts Reserve.

### Valuation Technique

Three valuation techniques can be applied:

- Market approach – use of prices and other information generated by market transactions
- Cost approach – assessment of the amount required to replace the service capacity of an asset
- Income approach – conversion of future amounts (cash flows) to a single current amount

Accounting standards provide a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value at year-end:

Hierarchy	Inputs
Level 1 inputs	Quoted prices in active markets for identical assets
Level 2 inputs	Other inputs observable for the asset (e.g. comparable properties, adjusted for relative square metres of floor space)
Level 3 inputs	Unobservable inputs (e.g. projected cash flows)

### Income from Investment Properties

Rental income is credited to the Financing and Investment Income line and results in a gain to the General Fund balance.

### Joint operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to that arrangement.

Joint operations are recognised in the single entity statements by bringing in the authority's share of the assets, liabilities, revenue and expenses of the arrangement.

Exeter City Council, East Devon District Council and Teignbridge District Council each share control of Strata Service Solutions Ltd (Strata), which was incorporated under the Companies Act 2006 for the provision of a shared Information Communications Technology service. The single entity statements for each authority reflect their respective shares of Strata. However, the accompanying notes to the Council's financial statements only include information relating to Strata where this would make a material difference to the usefulness of the notes.

## Notes to the Financial Statements

### Leases

#### The Authority as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

#### Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise

- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

#### Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

## Notes to the Financial Statements

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

### Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

### Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### The Authority as Lessor

#### Finance Leases

Where the authority grants a finance lease over a property or an item of plant and equipment, the asset is written out of the Balance Sheet as a disposal. The carrying amount of the asset is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line also as part of the gain or loss on disposal, matched by a long-term debtor in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the asset – applied to write down the lease debtor
- Finance income - credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement

## Notes to the Financial Statements

The gain on disposal is not allowed to increase the General Fund balance and is required to be treated as a capital receipt.

Where a premium has been received, this is posted out of the General Fund balance to the Capital Receipts Reserve via the Movement in Reserves Statement. Where the amount due is to be settled by rentals in future financial years, the amount is credited to the Deferred Capital Receipts Reserve and released to the Capital Receipts Reserve when the payments are made, with the actual payment used to write down the long-term debtor.

The written-off value of disposals is not a charge against council tax and is appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### **Operating Leases**

Where the authority grants an operating lease, the asset remains on the Balance Sheet and rental income is credited to Other Operating Expenditure in the Comprehensive Income and Expenditure

Statement on a straight line basis regardless of the pattern of payments (e.g. a premium paid at the commencement of the lease). Initial costs are charged to the carrying amount of the asset and charged as an expense on the same basis as rental income.

## Notes to the Financial Statements

### Overheads and support services

The cost of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance with the following exceptions:

- The Housing Revenue Account is debited with a fair share of support services and overheads in accordance with the Local Government and Housing Act 1989.
- Support services are charged to services that are required to achieve full cost recovery including; building control, land charges, vehicle licensing, licensing of houses in multiple occupation and investment properties.

### Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in estimates are accounted for in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information in respect of the authority's financial position or performance. Where a change is made, it is applied retrospectively by adjusting the opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending the opening balances and comparative amounts for the prior period.

### Property, plant and equipment

Assets that have physical substance and are held for the delivery of services, for rental to others or for administration purposes that are expected to be used during more than one financial year are classified as property, plant and equipment.

#### Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. Expenditure that maintains but does not enhance an asset, such as repairs and maintenance is charged as an expense when it is incurred.

#### Measurement

Assets are initially measured at cost. Only those costs that are directly attributable to bringing the asset into working condition for its intended use are included in its measurement. A de minimis level of £10,000 has been agreed for capital expenditure. Any costs below this are charged to revenue. The costs of assets acquired other than by purchase is deemed to be its fair value or in the case of an exchange, the carrying amount of the asset given up by the authority.

#### Donated Assets

Assets are measured initially at fair value and the difference to the consideration paid is credited to Taxation and Non Specific Grant Income in the Comprehensive Income and Expenditure Statement, unless there are conditions. Until the conditions are satisfied, the gain is held in a Donated Assets Account. When gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out in the Movement in Reserves Statement to the Capital Adjustment Account.

## Notes to the Financial Statements

### Balance Sheet Valuation

Assets are carried in the Balance Sheet using the following measurements bases:

Class	Basis of Measurement
Community assets and assets under construction	Historical cost
Council dwellings	Current value based on existing use value – social housing (EUV-SH)
Non-property assets with short useful lives and/or low values and infrastructure	Depreciated historical cost
Surplus assets	Current value is fair value, estimated at highest and best use from a market participants perspective
All other assets	Current value of the asset in its existing use (EUV). Where there is no market-based evidence of fair value because of an assets specialist nature, depreciated replacement cost (DRC) is used

### Revaluations

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. A full valuation is performed on a rolling basis to cover 20% of assets per annum over a five-year cycle, but with the top 4 highest value assets revalued each year. Assets not included in the full valuation are also assessed in order to ensure that carrying amounts are not materially different to current values at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to services.

A decrease in value is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the 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 in the Comprehensive Income and Expenditure Statement.

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

Impairment reviews are undertaken each year to assess whether there is evidence of a reduction in an asset's value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as a decrease in value, as set out above.

Where an impairment loss is subsequently reversed, it is credited to the relevant service 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.

### Depreciation

Depreciation is provided for all property, plant and equipment assets 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 community assets) and assets that are not yet available for use (i.e. assets under construction).

## Notes to the Financial Statements

The following policies are used for depreciation:

- Newly acquired assets are depreciated from 1 April following their purchase.
- Full year depreciation is charged in the year an asset is disposed.
- A reducing balance method of depreciation is used for vehicles and assumes the following life expectancies and residual values:

Acquisition value	Life expectancy	Residual value
£10,000 – £14,999	6 years	12%
£15,000 - £19,999	7 years	11%
£20,000 - £49,000	6 years	12%
Over £50,000	7 years	4%

- A straight-line method of depreciation is used for the assets below and assumes the following life expectancies:

Asset	Life expectancy	Residual value
Plant & equipment	5 to 10 years	Nil
Infrastructure	20 years	Nil
Operational properties	Up to 60 years (unless otherwise specified)	As specified by the Valuers

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.

### Components

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has a Componentisation Policy and components are determined in accordance with the policy. For example, key components of council dwellings are depreciated on a straight line basis and assume the following life expectancies:

Component	Life expectancy
Kitchens	20 years
Bathrooms	30 years
Windows	30 years
Roofs	60 years

### Disposals

When an asset is disposed of or decommissioned, the carrying value of the asset is written off in the Comprehensive Income and Expenditure Statement along with any proceeds from the disposal as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve relating to the disposed assets are transferred to the Capital Adjustment Account.

The gain or loss is the amount by which the proceeds are more (gain) or less (loss) than the carrying amount of the fixed asset. Statutory regulations require that the gain or loss on the disposal of assets is reversed out in the Movement in Reserves Statement.

### Non-current Assets Held for Sale

When it becomes probable that the carrying value will be recovered principally through a sale transaction, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Fair value is the price that would be received in an orderly transaction between market participants at the measurement date, which should be measured at highest and best use. Fair value for social housing being disposed of under right-to-buy (RTB) legislation is the discounted RTB value.

## Notes to the Financial Statements

Losses in fair value are charged to the Comprehensive Income and Expenditure Statement. Gains are recognised only up to the amount of any previous losses. Depreciation is not charged on assets held for sale.

If an asset no longer meets the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of the previous carrying amount adjusted for depreciation or revaluations that would have been recognised during that time and their recoverable amount at the date of the decision not to sell.

Assets to be abandoned or scrapped are not reclassified as assets held for sale.

### Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date that gives the authority a present obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation. These are charged to the service in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation and are measured at the best estimate of the amount required to settle the obligation. When payments are eventually made they are charged to the provision carried in the Balance Sheet.

### Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service and the reserve is transferred back into the General Fund Balance so that there is no net charge against council tax. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

### Revenue charges for non-current assets

Services 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 these charges; 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 authority in accordance with statutory guidance. Depreciation, amortisation, revaluation and impairment losses are therefore replaced by the contribution in the General Fund balance (referred to as MRP; Minimum Revenue Provision) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference.

Since the introduction of self-financing for the Housing Revenue Account (HRA) a new statutory framework has been established to allow depreciation to be a real charge. The HRA is required to set aside an amount equal to depreciation into the Major Repairs Reserve.

### Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service account in the Comprehensive Income and Expenditure Statement. Where it is funded by capital resources or borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account is made so that there is no impact on the level of Council Tax.

## Notes to the Finance Statements

### 2. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Senior Management Board. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Restated 2023-2024	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Chief Executive	4	(31)	(27)
People & Communities	5,330	118	5,448
Operations	9,645	2,077	11,722
Corporate Resources	(5,640)	2,802	(2,838)
Place	6,437	(198)	6,239
Housing Revenue Account	1,564	(47)	1,517
Strata Service Solutions Ltd	-	245	245
<b>Net Cost of Services</b>	<b>17,340</b>	<b>4,966</b>	<b>22,306</b>
Other income and expenditure	(15,690)	18,082	2,392
<b>(Surplus) or Deficit on Provision of Services</b>	<b>1,650</b>	<b>23,048</b>	<b>24,698</b>

<b>Opening General Fund and HRA Balance at 1 April 2023</b>	<b>(27,352)</b>
Add surplus on General Fund and HRA Balance in Year	1,650
<b>Closing General Fund and HRA Balance at 31 March 2024</b>	<b>(25,702)</b>

<b>Analysed between General Fund and HRA Balances</b>	<b>General Fund</b>	<b>HRA</b>	<b>Total</b>
Opening Balance at 1 April 2023	(19,796)	(7,556)	(27,352)
(Surplus) or Deficit in Year	86	1,564	1,650
<b>Closing General Fund and HRA Balance at 31 March 2024</b>	<b>(19,710)</b>	<b>(5,992)</b>	<b>(25,702)</b>

The Council's internal financial reporting structure changed in 2024/25 following changes to director responsibilities. The segment information for the prior year has therefore been restated.

## Notes to the Financial Statements

### Expenditure and Funding Analysis

2024-2025	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis (Note 7)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000
Chief Executive	1,795	(6)	1,789
People & Communities	7,098	242	7,340
Operations	9,586	1,714	11,300
Corporate Resources	(5,744)	7,230	1,486
Place	5,324	2,268	7,592
Housing Revenue Account	747	3,091	3,838
Strata Service Solutions Ltd	-	240	240
<b>Net Cost of Services</b>	<b>18,806</b>	<b>14,779</b>	<b>33,585</b>
Other income and expenditure	(16,439)	(24,790)	(41,229)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>2,367</b>	<b>(10,011)</b>	<b>(7,644)</b>

<b>Opening General Fund and HRA Balance at 1 April 2024</b>	<b>(25,702)</b>
Add surplus on General Fund and HRA Balance in Year	2,367
<b>Closing General Fund and HRA Balance at 31 March 2025</b>	<b>(23,335)</b>

Analysed between General Fund and HRA Balances	General Fund	HRA	Total
Opening Balance at 1 April 2024	(19,710)	(5,992)	(25,702)
(Surplus) or Deficit in Year	1,620	747	2,367
<b>Closing General Fund and HRA Balance at 31 March 2025</b>	<b>(18,090)</b>	<b>(5,245)</b>	<b>(23,335)</b>

## Notes to the Financial Statements

### 3. Accounting Standards that have been issued but not yet adopted

Local authorities are required to report the impact of accounting changes that will be required by a new standard that has been issued but not yet adopted. The standards introduced by the 2025/26 Code and effective from 1 April 2025.

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

#### Other Minor Amendments

The following minor amendments will also be introduced, but are not expected to have a significant impact on the amounts reported in the financial statements and there will be limited application:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

### 4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

#### Future Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

#### Asset classification

Assets classified as held for sale might be particularly impacted by the higher interest rates, as the potential to discourage buyers increases uncertainty around judgements as to whether a sale is deemed 'highly probable'. Judgement has therefore been required to consider whether inflation or the cost of borrowing is likely to impact on the expectation for a sale. Where there is sufficient evidence that the authority remains committed to its plan to sell the asset it has remained classified as held for sale.

#### Group Accounts

The Council is the sole shareholder of Exeter City Group Ltd and Exeter Business Centre Ltd, it has an associate interest in Exeter Canal and Quay Trust Ltd and South West Audit Partnership Ltd, a 16% shareholding in the Exeter Science Park Ltd, a 16.66% shareholding in the Monkerton Heat Company Limited and a 20%

## Notes to the Financial Statements

shareholding in Dextco Limited. Whilst the authority is a parent of a group for the purposes of the Code, it has been determined that the relevant modifications to the financial statements would not make a material difference to the usefulness of the Statement of Accounts for readers, so group accounts are no longer prepared.

### Application of Asset Ceiling

In calculating the net pensions liability, the Council has made a judgement that the statutory framework for setting employer's contributions under the Local Government Pension Scheme constitutes a minimum funding requirement. The Council's commitment to pay employer's contributions to recover a deficit in the Pension Fund has been assessed as greater than the net pensions liability established under Accounting Code requirements by £29.194m. An asset ceiling therefore applies.

The asset ceiling has modified what would otherwise be a net pension asset of £13.238m to a net pension liability of £15.956m. The practical effect of this is to move the basis of measurement for the net pensions liability closer to the assumptions made in the triennial valuation of the Scheme under which the employer's contributions were set by the Scheme's actuaries. It does not indicate that the Council is committed to making future payments into the scheme that it will be unable to recover.

### Joint Operation

Strata Service Solutions Ltd is a registered company which has been established to assist the three authorities; Exeter City Council, East Devon District Council and Teignbridge District Council, in the provision and operation of shared ICT services. It is deemed to be a joint operation due to the inherent rights to the assets and obligations for liabilities each authority has relating to the joint arrangement, based upon the following facts and circumstances:

- The three authorities have joint control of the entity. Each authority has one nominated Director and each Director has one vote. The Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the company with decisions made collectively and unanimously.
- The Company is required by the Councils to carry out the tasks as set out in the Business Plans and Service Plans and is limited to the business and objectives as set by the Councils
- The Company's revenue derives from the financial allocations set and controlled by each of the Councils
- There are no plans for Strata to do anything other than provide services to the three authorities. The Company has been established as an in-house mutual trading local authority controlled company to assist them in the provision of services.

Joint operations are not consolidated into group accounts; instead each authority has recognised in its financial statement its share of assets, liabilities, revenue and expenses pertaining to Strata Service Solutions Ltd. Please refer to Note 38 for more details.

### 5. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Strategic Director of Corporate Resources & s151 Officer, D Hodgson CPFA, 22 August 2025. Events taking place after this date are not reflected in the 2024/25 financial statements or notes. Where events took place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

## Notes to the Financial Statements

### 6. 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 authority about the future or that are otherwise uncertain. Estimates are made taking into account 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, for which there is a significant risk of material adjustment are as follows:

Item	Uncertainties	Effect if actual result differs from Assumptions
<b>Pensions liability</b>	<p>Estimates 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, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Those assumptions are detailed in Note 42 to the accounts.</p> <p>For 2024/25 the actuaries also allowed for an asset ceiling, where the requirement to make contributions towards a funding deficit is considered as an additional minimum liability or where the employer has an accounting surplus, it should only be recovered to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds.</p> <p>The carrying value of this long-term liability at the end of the reporting period was £15.956m, which includes £29.194m effect of the asset ceiling.</p> <p>For 2024/25, the actuarial report was requested using the results of the latest Triennial 2022 Actuarial Valuation of the Devon Pension Fund. The actuary's standard approach uses 12 months actual cash-flow data and asset values at 31 March 2025.</p> <p>Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023, which relate to age discrimination. An allowance for the McCloud remedy has been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.</p>	<p>The impact of a change in the actuarial assumptions will be to increase or decrease the net pension liability shown in the Balance Sheet. For example, a 1% increase in the discount rate would result in a decrease of £2.277m in the pension liability and £0.119m in the Projected Service Cost. However the assumptions interact in a complex way. During the year the actuaries have reduced the liability by £25.017m as a result of assumptions being updated.</p> <p>These changes do not have an impact on the Council's General Fund position as the Council is not required to fund such non-cash charges from council tax.</p>

## Notes to the Financial Statements

Item	Uncertainties	Effect if actual result differs from Assumptions
<b>Valuation of Property, Plant and Equipment</b>	<p>The Council operates a rolling programme of valuation reviews which ensures all assets are revalued at intervals no greater than five years with; 20% of assets revalued each year, the top 4 highest value assets revalued every year and a desktop valuation undertaken for those assets not subject to the rolling revaluation. A full valuation of all investment properties is undertaken every year.</p> <p>The Council's in-house Royal Institution of Chartered Surveyors (RICS) Registered Valuer applies professional judgement in respect of the current value of assets including assumptions on property condition where no inspection data is available, that properties meet minimum EPC rating requirements, that there has been no recent flooding, properties are not contaminated and are free of radon gas and RAAC. Valuations are undertaken in accordance with RICS guidance. The in-house valuer maintains knowledge of property conditions through their ongoing involvement with Corporate Property management services.</p> <p>External RICS registered valuers were instructed to carry out the full valuation of 20% of the operational portfolio (Tranche 2 for 2024/25) and the top 4 highest value assets and 100% of the non-operational portfolio for 2024/25. External property inspections were undertaken of those assets by the valuers.</p>	<p>In 2024/25 £476.072m of PPE was subject to a revaluation and a variation of 1% in the value of these assets would result in a change in the carrying amount of £4.8m in the Balance Sheet.</p>
<b>Expected Credit Losses</b>	<p>At 31 March 2025, the authority had a balance of £17.309 m for short-term debtors (excluding NDR deficit amounts). A review of significant balances suggested that a loss allowance for doubtful debts totalling £3.789 m was appropriate.</p> <p>The loss allowance was based upon historically observed rates of recovery adjusted for future expectations of recovery for each type of debtor. However, the Council cannot be certain that this impairment allowance is sufficient to offset any losses through non-payment debts. This is due to the uncertainty around which organisations and individuals may become economically unviable due to higher interest rates. Rising costs of living may impact on debtor's ability to pay, with energy and fuel prices remaining at elevated levels.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £3.789m to be set aside as an allowance.</p>

## Notes to the Financial Statements

Item	Uncertainties	Effect if actual result differs from Assumptions
<b>Investment Properties</b>	<p>Investment properties are required to be measured at fair value, reflecting market conditions at the end of the reporting period (i.e. 31 March 2025). Where the Authority uses unobservable inputs to measure the fair value of its investment properties (Level 3 of the fair value hierarchy), there is a level of subjectivity involved, including assumptions regarding rent growth and yield.</p> <p>The portfolio has been valued using the income approach. Expected cash flows from the properties have been discounted utilising market derived rates. Those rates have been used to establish the present value of the net income.</p> <p>The valuers will have used evidence from analysis of relevant recent market transactions and external market reports/reviews. This will have required a number of assumptions such as the duration and timing of cash flows, current market rental value, rent growth, occupancy levels, void periods, covenant strength, risk and maintenance costs (where appropriate) etc.</p> <p>Valuations have been carried out by Bruton Knowles, a firm of external registered valuers with experience in asset valuations for local authorities. Valuations are undertaken in accordance with Royal Institute of Chartered Surveyors (RICS) guidance.</p>	<p>Significant changes in any of the observable inputs would result in a significantly lower or higher fair value measurement for the investment properties.</p> <p>As at 31 March 2025, investment properties were valued at £86.761m based on Level 3 of the fair value hierarchy and a variation of 1% in the value of these assets would result in a change in the carrying amount of £0.868m in the Balance Sheet.</p>
<b>Business rates</b>	<p>The Council receives income from business rates which forms part of its funding of its revenue budget. Due to the uncertain impact of higher energy and fuel prices on businesses and potential rateable value appeals it is possible that current assumptions may not be fully accurate.</p> <p>The NDR arrears balance of £1.435m at the Balance Sheet date is deemed to be at risk of material adjustment within the next year due to current economic circumstance which may result in some businesses struggling to pay. A review of arrears suggested that an impairment of doubtful debts of 70% (£1.007m) was appropriate. However, in the current economic climate it is not certain that such an allowance will be sufficient.</p>	<p>Whilst economic uncertainty means any estimate of the impact would be highly uncertain, the impact would feed through into the collection fund balance which would then be taken account of in future years' budgets.</p> <p>If collection rates were to deteriorate further, a doubling of the amount of the impairment of doubtful debts would require an additional £1.007m to be set aside as an allowance.</p>

## Notes to the Financial Statements

### 7. Note to the Expenditure and Funding Analysis

Restated Adjustments between Funding and Accounting Basis 2023-24	Net change for the Pensions Other Total			
	Adjustments for Capital Purposes (Note 7.1) £'000	Adjustments (Note 7.2) £'000	Differences (Note 7.3) £'000	Adjustments £'000
Chief Executive	-	(31)	-	(31)
People & Communities	233	(94)	(21)	118
Operations	2,172	(209)	115	2,078
Corporate Resources	(1,958)	(1,405)	6,164	2,801
Place	(16)	(195)	13	(198)
Housing Revenue Account	828	(195)	(680)	(47)
Strata Service Solutions Ltd	-	-	245	245
<b>Net Cost of Services</b>	<b>1,259</b>	<b>(2,129)</b>	<b>5,836</b>	<b>4,966</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(9,800)</b>	<b>799</b>	<b>27,083</b>	<b>18,082</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>(8,541)</b>	<b>(1,330)</b>	<b>32,919</b>	<b>23,048</b>
Adjustments between Funding and Accounting Basis 2024-25				
Adjustments between Funding and Accounting Basis 2024-25	Net change for the Pensions Other Total			
	Adjustments for Capital Purposes (Note 7.1) £'000	Adjustments (Note 7.2) £'000	Differences (Note 7.3) £'000	Adjustments £'000
Chief Executive	-	(20)	14	(6)
People & Communities	311	(88)	19	242
Operations	1,763	(184)	135	1,714
Corporate Resources	1,997	(1,465)	6,698	7,230
Place	2,492	(174)	(50)	2,268
Housing Revenue Account	4,330	(206)	(1,033)	3,091
Strata Service Solutions Ltd	-	-	240	240
<b>Net Cost of Services</b>	<b>10,893</b>	<b>(2,137)</b>	<b>6,023</b>	<b>14,779</b>
<b>Other income and expenditure from the Expenditure and Funding Analysis</b>	<b>(5,775)</b>	<b>482</b>	<b>(19,497)</b>	<b>(24,790)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>5,118</b>	<b>(1,655)</b>	<b>(13,474)</b>	<b>(10,011)</b>

The Council's internal financial reporting structure changed in 2024/25 following changes to director responsibilities. The segment information for the prior year has therefore been restated.

## Notes to the Financial Statements

### Note 7.1: Adjustments for Capital Purposes

Adjustments for capital purposes reflect:

- **For services** this column adds in depreciation and impairment and adjusts for revenue expenditure funded from capital under statute and removes the revenue contribution to capital made by the Housing Revenue Account.
- **Other income and expenditure from the Expenditure and Funding Analysis** adjusts for statutory charges for capital financing i.e. Minimum Revenue Provision, Voluntary Revenue Provision and other capital contributions are deducted. It also adjusts for capital disposals with a transfer of the income on the disposal and the amounts written-off. The pooling payment in respect of properties sold under the right-to-buy scheme, capital grants and the gain on donated assets are also recognised.

### Note 7.2: Net Change for the Pensions Adjustments

Net changes for the removal of pension 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 authority as allowed by statute and the replacement with current service costs and past service costs.
- **For other income and expenditure from the Expenditure and Funding Analysis** – the net interest on the defined benefit liability is charged to the CIES.

### Note 7.3: Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute and other non-statutory adjustments:

- **For services** reflects the Council's proportional shares of Strata Service Solutions cost of services, the removal of investment property net income as this is reported below the net cost of services and the removal of interest costs as they are also reported below the net cost of services.
- **For other income and expenditure from the Expenditure and Funding Analysis** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the financial year and the income recognized under generally accepted accounting practices. This is a timing difference. The adjustments also reflect interest costs and investment property net income, which are reported as financing and investment income and expenditure in the Comprehensive Income and Expenditure Statement.

## Notes to the Financial Statements

### 8. Segmental Reporting

The net expenditure figures in the Expenditure and Funding Analysis for the Council's services include the following particular amounts of income and expenditure.

	Chief Executive £'000	People & Communities £'000	Operations £'000	Corporate Resources £'000	Place £'000	Housing Revenue Account £'000
<b>2023-24 Restated</b>						
<b>Expenditure</b>						
Benefit payment	-	-	-	29,704	-	-
Revenue Contribution to Capital	-	-	-	-	-	4,000
Net interest expense	-	-	-	-	-	684
Depreciation & impairment	0	233	2,211	(1,958)	(16)	8,591
<b>Income</b>						
Benefit subsidy	-	-	-	(27,959)	-	-
Car park income	-	-	-	(9,424)	-	-
Leisure membership	-	-	-	-	(3,684)	-
Revenues from other external sources	(1)	(2,397)	(4,902)	(2,025)	(5,579)	(23,374)
Revenues from transactions with other operating segments of the authority	(144)	(870)	(1,192)	(995)	(100)	(98)
<b>2024-25</b>						
<b>Expenditure</b>						
Benefit payment	-	-	-	29,788	-	-
Revenue Contribution to Capital	-	-	-	-	-	2,500
Net interest expense	-	-	-	-	-	1,045
Depreciation & impairment	-	311	1,798	1,997	2,493	10,572
<b>Income</b>						
Benefit subsidy	-	-	-	(28,047)	-	-
Car park income	-	-	-	(9,360)	-	-
Leisure membership	-	-	-	-	(3,788)	-
Revenues from other external sources	-	(2,720)	(4,925)	(2,607)	(6,169)	(24,978)
Revenues from transactions with other operating segments of the authority	(125)	(734)	(1,363)	(1,050)	(120)	(181)

The Council's internal financial reporting structure changed in 2024/25 following a Senior Leadership restructure. The segment information for the prior year has therefore been restated.

## Notes to the Financial Statements

### 9. Expenditure and Income Analysed by Nature

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

	2023-24 £'000	2024-25 £'000
<b>Expenditure:</b>		
Employee benefits expenses	34,669	36,714
Other service expenses	69,246	72,298
Depreciation, amortisation, impairment	9,289	17,389
Interest payments	5,602	5,203
Levies payable	6	5
Net interest on the net defined benefit liability	700	372
Pension Fund administration expenses	99	110
Impairment losses	( 534)	( 165)
<b>Total expenditure</b>	<b>119,077</b>	<b>131,926</b>
<b>Income:</b>		
Fees, charges and other service income	( 30,428)	( 32,446)
Revenue from contracts with service recipients	( 21,499)	( 22,486)
Interest and investment income	21,044	( 23,640)
Income from council tax, non-domestic rates	( 14,405)	( 15,816)
Government grants and contributions	( 40,059)	( 39,931)
Cost of Living Support grants	( 856)	( 997)
Homes for Ukraine Scheme	( 1,204)	( 189)
Capital grants and contributions	( 9,268)	( 3,582)
Movements in Financial Instruments held at Fair Value through Profit and Loss	179	( 85)
(Gain)/losses on the acquisition and disposal of assets	2,117	( 398)
<b>Total income</b>	<b>( 94,379)</b>	<b>( 139,570)</b>
<b>(Surplus) or Deficit on Provision of Services</b>	<b>24,698</b>	<b>( 7,644)</b>

### 9A. Revenue from Contracts with Service Recipients

	2023-24 £'000	2024-25 £'000
<b>Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:</b>		
Revenue from contracts with service recipients	21,462	22,546
Impairment of receivables or contract assets	37	( 60)
<b>Total included in Comprehensive Income and Expenditure Statement</b>	<b>21,499</b>	<b>22,486</b>
<b>Amounts included in the Balance Sheet for contracts with service recipients:</b>		
Receivables, which are included within debtors (Note 20)	371	235
<b>Total included in net assets</b>	<b>371</b>	<b>235</b>

The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient. For HRA rental income, the performance obligations are satisfied over time and recognises revenue over time, as the service recipient (tenant) simultaneously receives and consumes the benefits provided by the authority's performance through their residency at the property. The rents charged in accordance with the tenancy agreement are accounted for on an accruals basis, i.e. when due and not necessarily when paid.

## Notes to the Financial Statements

### 10. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments made to the total Comprehensive Income and Expenditure Statement (CIES) recognised by the authority in accordance with proper accounting practice to arrive at the resources specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against:

#### General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment. The balance is not available to be applied to fund HRA services.

#### Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function.

#### Major Repairs Reserve

The authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

#### Capital Grants Unapplied

The Capital Grants 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. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

#### 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.

## Notes to the Financial Statements

	Usable Reserves									
	2023-24					2024-25				
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
<b>Adjustments to the Comprehensive Income and Expenditure Statement</b>										
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:										
~ Pension costs (transferred to or from the Pensions Reserve)	1,223	111	-	-	-	1,513	148	-	-	-
~ Financial instruments (transferred to the Financial Instruments Adjustment Account)	( 181)	-	-	-	-	101	-	-	-	-
~ Council Tax and NDR (transfers to or from the Collection Fund)	( 1,355)	-	-	-	-	( 599)	-	-	-	-
~ Holiday pay (transferred to the Accumulated Absences Reserve)	( 35)	( 5)	-	-	-	64	( 13)	-	-	-
~ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	( 28,464)	( 8,366)	-	-	( 5,204)	5,023	( 8,044)	80	-	598
<b>Total Adjustments to the Comprehensive Income and Expenditure Statement</b>	<b>( 28,812)</b>	<b>( 8,260)</b>	<b>-</b>	<b>-</b>	<b>( 5,204)</b>	<b>6,102</b>	<b>( 7,909)</b>	<b>80</b>	<b>-</b>	<b>598</b>
<b>Adjustments between Revenue and Capital Resources</b>										
~ Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	20	3,570	( 3,590)	-	-	602	3,085	( 3,687)	-	-
~ Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	( 19)	19	-	-	-	( 31)	31	-	-
~ 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	-	3,763	-	( 3,763)	-	-	3,742	-	( 3,742)	-
~ Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,456	-	-	-	-	2,505	-	-	-	-
~ Voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account)	97	-	-	-	-	( 700)	-	-	-	-
~ Adjustment to Long Term Debtor Repayments	-	-	-	-	-	-	-	-	-	-
~ Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	137	4,000	-	-	-	115	2,500	-	-	-
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>2,710</b>	<b>11,314</b>	<b>( 3,571)</b>	<b>( 3,763)</b>	<b>-</b>	<b>2,522</b>	<b>9,296</b>	<b>( 3,656)</b>	<b>( 3,742)</b>	<b>-</b>
<b>Capital Financing Adjustments</b>										
~ Use of the Capital Receipts Reserve to finance capital expenditure	-	-	8,555	-	-	-	-	6,149	-	-
~ Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	9,353	-	-	-	-	11,181	-
~ Application of capital grants to finance capital expenditure	-	-	-	-	2,792	-	-	-	-	347
~ Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	-	( 48)	-	-
<b>Total Capital Financing Adjustments</b>	<b>-</b>	<b>-</b>	<b>8,555</b>	<b>9,353</b>	<b>2,792</b>	<b>-</b>	<b>-</b>	<b>6,101</b>	<b>11,181</b>	<b>347</b>
<b>Total Adjustments</b>	<b>( 26,102)</b>	<b>3,054</b>	<b>4,984</b>	<b>5,590</b>	<b>( 2,412)</b>	<b>8,624</b>	<b>1,387</b>	<b>2,525</b>	<b>7,439</b>	<b>945</b>

## Notes to the Financial Statements

### 11. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide funding for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in the year. There are no HRA earmarked reserves.

	Balance	Transfers in	Transfers out	Balance	Transfers in	Transfers out	Balance
	31 March 2023	£'000s	£'000s	31 March 2024	£'000s	£'000s	31 March 2025
Building Control Reserve	12	-	( 31)	( 19)	-	( 91)	( 110)
Capital Fund	500	-	( 500)	-	-	-	-
Covid Response Funds	2,539	-	( 2,425)	114	-	( 81)	33
Economic Development	1,401	1,674	( 8)	3,067	724	( 830)	2,961
Environment	866	-	( 236)	630	249	( 221)	658
Housing GF Reserves	574	839	( 215)	1,198	305	( 305)	1,198
Land Charges Reserve	342	-	( 23)	319	-	( 21)	298
Leisure Reserves	269	1,137	( 25)	1,381	664	( 871)	1,174
Museum Reserves	382	-	( 94)	288	127	-	415
New Homes Bonus	134	-	-	134	-	( 74)	60
NDR Deficit	294	1,366	-	1,660	561	-	2,221
Planning Reserves	1,680	-	( 599)	1,081	597	( 381)	1,297
Redundancy Reserve	1,048	-	( 420)	628	-	( 628)	-
Transformation	590	1,000	( 243)	1,347	-	( 1,302)	45
Other Earmarked Reserves	2,765	733	( 1,757)	1,741	1,089	( 542)	2,288
Strata Usable Reserves	249	9	-	258	-	( 10)	248
<b>Total</b>	<b>13,645</b>	<b>6,758</b>	<b>( 6,576)</b>	<b>13,827</b>	<b>4,316</b>	<b>( 5,357)</b>	<b>12,786</b>

## Notes to the Financial Statements

### 12. Other Operating Expenditure

	2023-24 £'000	2024-25 £'000
Pension Fund Administration Expenses	99	110
Levies - Strata Service Solutions	6	5
Payment to the Government's Housing Capital Receipt Pool	-	-
(Gain) / losses on the acquisition of non-current assets	3,284	-
(Gain) / losses on the disposal of non-current assets	( 1,167)	( 398)
(Gain) / losses on disposal of assets - Strata Service Solutions Ltd	-	-
	<b>2,222</b>	<b>( 283)</b>

### 14. Taxation and Non-specific Grant Income

	2023-24 £'000	2024-25 £'000
Council tax income	( 6,796)	( 7,132)
Non-domestic rates	( 7,609)	( 8,684)
Non-ringfenced government grants	( 3,148)	( 3,233)
Capital grants and contributions	( 9,268)	( 3,582)
	<b>( 26,821)</b>	<b>( 22,631)</b>

### 13. Financing and Investment Income and Expenditure

	2023-24 £'000	2024-25 £'000
Interest payable and similar charges	5,602	5,203
Net interest on the net defined benefit liability	694	381
Net interest on the net defined benefit liability - Strata Service Solutions Ltd	6	( 9)
Interest receivable	( 4,418)	( 2,821)
Income and expenditure in relation to investment properties and changes in their fair value	25,411	( 20,874)
Other investment income and expenditure	80	80
Movements in Financial Instruments held at Fair Value through Profit and Loss	179	( 85)
Impairment losses	( 534)	( 165)
Interest receivable - Strata Service Solutions Ltd	( 29)	( 25)
	<b>26,991</b>	<b>( 18,315)</b>

## Notes to the Financial Statements

### 15. Property, Plant and Equipment

Amendments to Section 4.1 of the Code, provide a temporary relief for the reporting periods commencing 1 April 2021 through to 31 March 2025 so that local authorities are not required to report gross book value and accumulated depreciation for infrastructure assets. The Council has elected to apply this temporary relief, because historical reporting practices and resultant information deficits mean that gross cost and accumulated depreciation may not be measured accurately and may not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	Council Dwellings and Garages £'000s	Other Land and Buildings £'000s	Vehicles, Plant & Equipment £'000s	Community Assets £'000s	Surplus Assets £'000s	Assets under Construction £'000s	Total Property, Plant and Equipment £'000s
<b>Cost or valuation</b>							
As at 1 April 2023	316,272	154,133	29,145	5,456	-	4,191	<b>509,197</b>
Additions	15,117	2,257	863	79	3,407	9,606	<b>31,329</b>
Revaluations - Revaluation Reserve	( 24,653)	11,638	-	-	-	-	<b>( 13,015)</b>
Revaluations - CIES	-	5,982	-	-	-	-	<b>5,982</b>
Impairments - CIES	( 5,035)	( 727)	-	( 71)	( 450)	-	<b>( 6,283)</b>
Derecognition - disposals	( 694)	-	( 25)	( 70)	-	( 81)	<b>( 870)</b>
Reclassifications - held for sale	( 537)	-	-	-	-	-	<b>( 537)</b>
Reclassifications - Investment property	-	( 3,921)	-	-	-	-	<b>( 3,921)</b>
Other movements - Strata Service Solutions Ltd	-	-	17	-	-	-	<b>17</b>
<b>Gross Book Value At 31 March 2024</b>	<b>300,470</b>	<b>169,362</b>	<b>30,000</b>	<b>5,394</b>	<b>2,957</b>	<b>13,716</b>	<b>521,899</b>
<b>Depreciation and impairments</b>							
At 1 April 2023	-	-	( 17,001)	-	-	-	<b>( 17,001)</b>
Depreciation Charge	( 3,755)	( 2,455)	( 2,627)	-	-	-	<b>( 8,837)</b>
Depreciation written out to Revaluation Reserve	3,539	2,438	-	-	-	-	<b>5,977</b>
Impairment - CIES	208	17	-	-	-	-	<b>225</b>
Derecognition - disposals	8	-	22	-	-	-	<b>30</b>
<b>Accumulative Depreciation At 31 March 2024</b>	<b>-</b>	<b>-</b>	<b>( 19,606)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 19,606)</b>
<b>Balance Sheet amount at 31 March 2024</b>	<b>300,470</b>	<b>169,362</b>	<b>10,394</b>	<b>5,394</b>	<b>2,957</b>	<b>13,716</b>	<b>502,293</b>

## Notes to the Financial Statements

	Council Dwellings and Garages £'000s	Other Land and Buildings £'000s	Vehicles, Plant & Equipment £'000s	Community Assets £'000s	Surplus Assets £'000s	Assets under Construction £'000s	Total Property, Plant and Equipment £'000s
<b>Cost or valuation</b>							
As at 1 April 2024*	300,470	169,872	30,099	5,394	2,957	13,716	<b>522,508</b>
Additions	16,032	1,888	2,609	359		6,402	<b>27,290</b>
Revaluations - Revaluation Reserve	( 8,468)	10,793	-	-	-	-	<b>2,325</b>
Revaluations - CIES	-	1,945	-	-	-	-	<b>1,945</b>
Impairments - CIES	( 7,234)	( 1,776)	-	-	( 1,635)	-	<b>( 10,645)</b>
Derecognition - disposals	( 1,334)	( 99)	( 2,131)	-	-	( 715)	<b>( 4,279)</b>
Reclassifications - held for sale	( 4,465)	( 485)	-	-	-	-	<b>( 4,950)</b>
Reclassifications - surplus	-	( 4,532)	-	-	5,019	( 487)	-
Reclassifications - AUC	5,784	-	-	-	-	( 5,784)	-
Reclassifications - Investment property	-	( 2,319)	-	-	265	-	<b>( 2,054)</b>
Other movements - Strata Service Solutions Ltd	-	-	109	-	-	-	<b>109</b>
<b>Gross Book Value At 31 March 2025</b>	<b>300,785</b>	<b>175,287</b>	<b>30,686</b>	<b>5,753</b>	<b>6,606</b>	<b>13,132</b>	<b>532,249</b>
<b>Depreciation and impairments</b>							
At 1 April 2024	-	-	( 19,606)	-	-	-	<b>( 19,606)</b>
Depreciation Charge	( 3,734)	( 2,737)	( 2,299)	-	-	-	<b>( 8,770)</b>
Depreciation written out to Revaluation Reserve	3,313	2,679	-	-	-	-	<b>5,992</b>
Impairment - CIES	404	58	-	-	-	-	<b>462</b>
Derecognition - disposals	17	-	1,897	-	-	-	<b>1,914</b>
<b>Accumulative Depreciation At 31 March 2025</b>	<b>-</b>	<b>-</b>	<b>( 20,008)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>( 20,008)</b>
<b>Balance Sheet amount at 31 March 2025</b>	<b>300,785</b>	<b>175,287</b>	<b>10,678</b>	<b>5,753</b>	<b>6,606</b>	<b>13,132</b>	<b>512,241</b>

\*The values as at the 1 April 2024 have been amended to reflect the adoption of IFRS16, please see note 40.

Infrastructure Assets	2023-24 £'000	2024-25 £'000
1 April Net Book Value (modified historical cost)	2,264	2,589
Additions	545	1,309
Derecognition	( 48)	( 2)
Depreciation	( 172)	( 228)
<b>Balance at 31 March</b>	<b>2,589</b>	<b>3,668</b>

Property, Plant and Equipment	2023-24 £'000	2024-25 £'000
Infrastructure Assets	2,589	3,668
Other PPE Assets	502,293	512,241
<b>Balance at 31 March</b>	<b>504,882</b>	<b>515,909</b>

## Notes to the Financial Statements

### Revaluations

The frequency of revaluations and significant assumptions applied in estimating fair value are set out in the statement of accounting policies. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuations, as at 31 March 2025 were carried out by the Council's in-house valuers; registered with the Royal Institution of Chartered Surveyors, and externally appointed valuers.

	Council Dwellings and Garages £'000s	Other Land and Buildings £'000s	Vehicles, Plant & Equipment £'000s	Community Assets £'000s	Surplus Assets £'000s	Assets under Construction £'000s	Total Property, Plant and Equipment £'000s
<b>Carried at historical cost</b>	-	-	30,686	5,753	6,606	13,132	<b>56,177</b>
<b>Valued at current value as at:</b>							
31 March 2021	-	-	-	-	-	-	-
31 March 2022	-	-	-	-	-	-	-
31 March 2023	-	-	-	-	-	-	-
31 March 2024	-	-	-	-	-	-	-
31 March 2025	300,785	175,287	-	-	-	-	476,072
<b>Gross Book Value At 31 March 2024</b>	<b>300,785</b>	<b>175,287</b>	<b>30,686</b>	<b>5,753</b>	<b>6,606</b>	<b>13,132</b>	<b>532,249</b>

### Capital Commitments

At 31 March 2025, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2024/25 and future years budgeted to cost £4.780m. Similar commitments at 31 March 2024 were £12.799m. The major commitments are:

- £2.583m Vaughan Road, phase A
- £1.244m Planned enhancements to housing stock (including fire risk assessment works, electrical re-wiring, kitchen replacements, retrofit)
- £0.495m City Wall
- £0.113m Financial Management System replacement
- £0.075m Hamlin Gardens council housing development
- £0.270m Other (IT and property improvements)

## Notes to the Financial Statements

### 16. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment income and expenditure line in the CIES:

	2023-24 £'000	2024-25 £'000
Rental income from investment property	10,005	11,786
Direct operating expenditure arising from investment property	( 4,382)	( 4,941)
<b>Net gain</b>	<b>5,623</b>	<b>6,845</b>

With the exception of the Guildhall Shopping Centre, there are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

With regards to the Guildhall Shopping Centre, the Ministry of Housing, Communities and Local Government permitted the Council to borrow in respect of acquiring this investment property on the basis that any net gain is set aside specifically for the purposes of economic regeneration. During 2024/25, the shopping centre generated a net gain of £0.724m, which has been set aside in an earmarked reserve for economic regeneration future spend. The reserve stands at £2.899m as at 31 March 2025.

### Fair Value Hierarchy

Details of the authority's investment properties and information about fair value hierarchy as at 31 March 2025 and comparatives as at 31 March 2024 are as follows:

Class of Asset	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2025 £'000
Industrial	-	4,768	4,768
Retail	-	63,731	63,731
Leisure	-	4,672	4,672
Office	-	9,376	9,376
Other Commercial	47	4,167	4,214
<b>Total</b>	<b>47</b>	<b>86,714</b>	<b>86,761</b>

Class of Asset	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2024 £'000
Industrial	5,276	-	5,276
Retail	50,015	-	50,015
Leisure	6,160	-	6,160
Office	6,250	-	6,250
Other Commercial	3,815	-	3,815
<b>Total</b>	<b>71,516</b>	<b>-</b>	<b>71,516</b>

## Notes to the Financial Statements

The movements in the fair value of investment properties over the year are summarised below:

	2023-24 £'000	2024-25 £'000
Balance at 1 April	98,561	71,516
Additions :		
Purchases	-	-
Construction	-	-
Subsequent expenditure	67	52
Disposals	-	( 385)
Net gains / losses from fair value adjustments	( 31,033)	14,028
Transfers:	-	-
To/from Property, Plant & Equipment	3,921	2,319
To Surplus assets	-	( 265)
To Held for sale	-	( 504)
<b>Balance at 31 March</b>	<b>71,516</b>	<b>86,714</b>

### Reconciliation of Fair Value Measurements Categorised within Level 3 of the Fair Value Hierarchy

	Industrial	Retail	Leisure	Office	Other	Total	Level
					Commercial	Commercial	3
Level 3 fair value measurements	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 1 April 2024	-	-	-	-	-	-	-
Gains/(losses) recognised in the CIES resulting from changes in the fair value	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-
Transfers in and out of level 3	4,768	63,731	4,672	9,376	4,167	<b>86,714</b>	
Disposals	-	-	-	-	-	-	-
<b>Level 3 balance at 31 March 2025</b>	<b>4,768</b>	<b>63,731</b>	<b>4,672</b>	<b>9,376</b>	<b>4,167</b>	<b>86,714</b>	

The transfers from Level 3 reflect the appointment of external valuers for the investment property valuations and that they categorise their valuations as Level 2; being prices for similar assets and liabilities in active markets.

### Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs

Property type	Lease type	Rent type	Fair value as at 31 March 2025 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range / percentage used	Sensitivity
Industrial	Commercial	Market	1,609	Income approach	Rent & Yield	Rent £1.50 - £9 psf Yield 6 - 9%	Significant changes in rental levels or yield will result in a significantly lower or higher fair value
	Ground	Nominal	796	Income approach	Yield	Yield 5 - 6%	Significant changes in yield will result in a significant difference to the fair value
	Ground	Geared	2,440	Income approach	Yield	Yield 5 - 6%	Significant changes in yield will result in a significantly lower or higher fair value
Retail	Commercial	Market	63,998	Income approach	Rent & Yield	Rent £14 - £29 psf ITZA. Yield 7 - 11%	Significant changes in rental levels or yield will result in a significantly lower or higher fair value
	Ground	Nominal	23	Income approach	Yield	Yield 7 - 10%	Significant changes in yield will result in a significant difference to the fair value
	Ground	Geared	500	Income approach	Yield	Yield 9.5%	Significant changes in yield will result in a significantly lower or higher fair value
Leisure	Commercial	Turnover	6,975	Income approach	Yield	Yield 13%	Significant changes in yield will result in a significantly lower or higher fair value
	Commercial	Market	9,376	Income approach	Yield	Yield 11 - 12%	Significant changes in yield will result in a significantly lower or higher fair value
	Commercial	Market	1,044	Income approach	Yield	Yield 9 - 10%	Significant changes in yield will result in a significantly lower or higher fair value
Other commercial	Ground	Geared	-	Income approach	Yield	Yield 5 - 6%	Significant changes in yield will result in a significantly lower or higher fair value
	Ground	Nominal	-	Income approach	Yield	Yield 5 - 6%	Significant changes in yield will not result in a significant difference to the fair value

## Notes to the Financial Statements

### 17. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority

	Museum Exhibits	at the Guildhall	Civic Regalia and Paintings	Total
	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>				
<b>1 April 2023</b>	20,000	2,743	<b>22,743</b>	
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	-	-	-
Impairment Losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-
Impairment Losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	-	-	-
<b>31 March 2024</b>	<b>20,000</b>	<b>2,743</b>	<b>22,743</b>	
<b>Cost or Valuation</b>				
<b>1 April 2024</b>	20,000	2,743	<b>22,743</b>	
Additions	-	-	-	-
Disposals	-	-	-	-
Revaluations	324	274	<b>598</b>	
Impairment Losses/(reversals) recognised in the Revaluation Reserve	-	-	-	-
Impairment Losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	-	-	-
<b>31 March 2025</b>	<b>20,324</b>	<b>3,017</b>	<b>23,341</b>	

### 18. Further Information on the Collections

#### Guildhall

The Guildhall is home to a number of fine art portraits painted between the 17<sup>th</sup> and 19<sup>th</sup> Century. They include a portrait of Princess Henrietta Anne, daughter of King Charles I, who was born in Exeter, and a number of other prominent local people. There are a number of portraits by Thomas Hudson including one of George II as Prince of Wales.

#### Royal Albert Memorial Museum

RAMM cares for a wonderful and diverse collection consisting of approximately one and a half million individual objects and specimens from all over the globe. They are divided into the following curatorial departments: antiquities, ethnography, natural history, decorative and fine arts. The collections contain items of local, national and international importance, and many are of outstanding historical or cultural significance.

#### Other Heritage Assets

The Council owns a range of assets around the City which are of historic value including; the Roman Wall, Underground Passages, Catacombs and various statues. These have not been valued and do not form part of the figure held in the Balance Sheet, as explained in Note 1 Accounting Policies.

## Notes to the Financial Statements

### 19. Financial Instruments

#### Classification of Financial Instruments

The following judgements were made in respect of classifying financial instruments:

- A long-term investment in the CCLA Property Fund is designated at fair value through profit and loss as the contractual terms of the asset do not give rise on specified dates to cash flows that are solely payments of principal and interest
- Money market funds are designated at fair value through profit and loss as the contractual terms of the asset do not give rise on specified dates to cash flows that are solely payments of principal and interest
- Equity shareholdings in other related parties are carried at amortised cost. The Code permits group interests to be accounted for at cost. This is on the basis that the group accounts provide information about the value and performance of these investments
- All other financial liabilities and assets are carried at amortised cost on the basis that the Council holds the financial assets until it collects contractual cash-flows or has a liability to transfer economic benefits under a contractual obligation

#### Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

#### Financial Assets

Financial Assets	Long-term				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2024	31 March 2025						
Fair value through profit or loss	4,480	4,560	-	-	17,099	19,077	-	-
Amortised cost	982	2,225	9,198	9,107	10,658	230	7,643	5,561
<b>Total Financial Assets</b>	<b>5,462</b>	<b>6,785</b>	<b>9,198</b>	<b>9,107</b>	<b>27,757</b>	<b>19,307</b>	<b>7,643</b>	<b>5,561</b>
Non-financial assets	-	-	-	-	-	-	9,749	15,080
<b>Total</b>	<b>5,462</b>	<b>6,785</b>	<b>9,198</b>	<b>9,107</b>	<b>27,757</b>	<b>19,307</b>	<b>17,392</b>	<b>20,641</b>

## Notes to the Financial Statements

### Financial Liabilities

Financial Liabilities	Long-term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2024 £'000	31 March 2025 £'000						
Fair value through profit or loss	-	-	-	-	-	-	-	-
Amortised cost	163,591	162,026	2,357	2,984	1,564	11,590	14,588	14,281
<b>Total Financial Liabilities</b>	<b>163,591</b>	<b>162,026</b>	<b>2,357</b>	<b>2,984</b>	<b>1,564</b>	<b>11,590</b>	<b>14,588</b>	<b>14,281</b>
Non-financial liabilities	-	-	4,171	4,301	-	-	13,230	15,398
<b>Total</b>	<b>163,591</b>	<b>162,026</b>	<b>6,528</b>	<b>7,285</b>	<b>1,564</b>	<b>11,590</b>	<b>27,818</b>	<b>29,679</b>

### Material Soft Loans Made by the Authority

Soft loans are those advanced at below market rates in support of the Council's service priorities. A soft loan of £1m was advanced by the Council towards funding the building of the Science Park centre, in two loan advances of £500,000 with interest charged at 2.55% and 2.62% respectively. The loans were due to be repaid in January 2025, however, Council resolved to convert the debt to equity in May 2024.

	2023-24 £'000	2024-25 £'000
<b>Balance at start of year</b>	<b>1,193</b>	<b>1,219</b>
New loans granted in the year	-	-
Fair value adjustment on initial recognition	-	-
Other changes	-	( 1,219)
Accrued interest	26	-
<b>Nominal value at 31 March</b>	<b>1,219</b>	<b>-</b>

### Valuation Assumptions

The interest rate at which the fair value of this soft loan was arrived at by taking the authority's prevailing cost of borrowing and adding an allowance for the risk that the loan might not be repaid by Exeter Science Park Ltd.

## Notes to the Financial Statements

### Reclassification of Financial Instruments

During the year the Council has not reclassified any financial instruments or transferred any financial instruments that would require a change in the recognition of that instrument.

### Income, Expense, Gains and Losses

The gains and losses in the Comprehensive Income and Expenditure Account in relation to Financial Instruments for Investments and Borrowing are made up as follows:

	2023-24 Surplus or Deficit on the Provision of Services £'000	2024-25 Surplus or Deficit on the Provision of Services £'000
<b>Net gains/losses on:</b>		
Financial assets measured at fair value through profit and loss	179	( 85)
Financial assets measured at amortised cost	-	-
Financial liabilities measured at fair value through profit and loss	-	-
Financial liabilities measured at amortised cost	-	-
<b>Total net gains/losses</b>	<b>179</b>	<b>( 85)</b>
<b>Interest receivable:</b>		
Financial assets measured at fair value through profit and loss	( 1,858)	( 1,463)
Financial assets measured at amortised cost	( 2,589)	( 1,383)
<b>Total interest receivable</b>	<b>( 4,447)</b>	<b>( 2,846)</b>
<b>Interest payable</b>	<b>5,602</b>	<b>5,203</b>

### Changes in the valuation technique

There has been no change in the valuation technique used during the year for financial instruments.

## Notes to the Financial Statements

### Fair Value of Financial Assets

Some of the authority's 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.

	Fair Value Level	Valuation technique used to measure fair value	Balance Sheet	Fair Value	Balance Sheet	Fair Value		
			31 March 2024 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2025 £'000		
<b>Financial Assets Held at Fair Value</b>								
Financial instruments classified as fair value through profit and loss:								
Money market funds	1	Unadjusted quoted prices in active markets for identical shares	17,099	17,099	19,077	19,077		
Local Authorities' Property Fund	1	Unadjusted quoted prices in active markets for identical shares	4,480	4,480	4,560	4,560		
<b>Total</b>			<b>21,579</b>	<b>21,579</b>	<b>23,637</b>	<b>23,637</b>		

### Fair Values of Financial Assets that Are Not Measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the authority are carried at amortised cost, as follows:

- The carrying amount of short term creditors and debtors (trade payables and receivables) are considered a reasonable approximation of fair value
- The fair value of finance leases (receivable) have been calculated by discounting the contractual cash-flows at the appropriate PWLB annuity loan rate
- The fair value of long term creditors and capital grants received in advance is assumed to approximate to the carrying value as it is considered unlikely, owing to historical experience, that they will require repayment
- All investments in subsidiaries, associates and joint ventures are measured as financial instruments, however, on the basis that group accounts are prepared which provides information about the value and performance of these investments it is not necessary to supplement with financial instrument valuations

## Notes to the Financial Statements

Fair values are shown in the table below, split by their level in the fair value hierarchy:

	Fair Value Level	Balance Sheet	Fair Value	Balance Sheet	Fair Value
		31 March 2024 £'000	31 March 2024 £'000	31 March 2025 £'000	31 March 2025 £'000
<b>Financial Assets Held at Amortised Cost</b>					
Unquoted equity investment*	3	982	982	2,225	2,225
Loans made for service purposes	2	183	183	172	172
Lease receivables	3	9,015	9,015	8,935	8,935
Short term investments	2	5,067	5,067	-	-
Cash (including bank accounts)	2	5,591	5,591	230	230
Short term debtors	3	17,392	17,392	20,641	20,641
<b>Total Financial Assets</b>		<b>38,230</b>	<b>38,230</b>	<b>32,203</b>	<b>32,203</b>
<b>Financial Liabilities Held at Amortised Cost</b>					
Long term borrowing	2	163,591	99,949	162,026	98,722
Short term borrowing	2	1,564	1,564	11,590	11,590
Finance lease liabilities	3	2,357	2,357	2,984	2,984
Long term creditors	3	317	317	324	324
Capital grants receipts in advance	3	3,854	3,854	3,976	3,976
Short term creditors	3	27,818	27,818	29,679	29,679
<b>Total Financial Liabilities</b>		<b>199,501</b>	<b>135,859</b>	<b>210,579</b>	<b>147,275</b>

\* Increase in unquoted equity investment reflects the Council's decision in May 2024 to convert a loan to Exeter Science Park Ltd into equity.

### Fair Value Disclosure of PWLB Loans

The Council's borrowings are all with the PWLB. The fair value of PWLB loans measures the economic effect of terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, this is referred to as the new loan rate. One approach is to measure the interest that the authority will pay on its PWLB commitments for fixed rate loans and compare these to the terms of these loans with the new loan rates available from PWLB, on the Balance Sheet date. Under this approach, the difference between the carrying amount and fair value measures the variation in interest costs that the authority will pay over the remaining terms of the loans, against what would be paid if the loans were at prevailing rates. If a value is calculated on this basis, the carrying amount of £173.613m (£162.026 long term and £11.587m short term borrowing) would be valued at £98.722m. Alternatively, if the authority were to seek to move to the notional new loan rate by repaying the loans to the PWLB, the exit price, including a penalty charge, would be based on the PWLB Premature Repayment Rates at the Balance Sheet date and this fair value would be £112.339m.

## Notes to the Financial Statements

### 20. Debtors

Long-term Debtors		Short-term Debtors	
2023-24	2024-25	2023-24	2024-25
£'000	£'000	£'000	£'000
-	- Trade Debtors	5,297	4,507
-	- Less impairment allowance	( 1,288)	( 1,271)
-	<b>- Trade Debtors</b>	<b>4,009</b>	<b>3,236</b>
-	- Overpaid Housing Benefits	1,681	1,501
-	- Less impairment allowance	( 1,230)	( 1,184)
-	<b>- Overpaid Housing Benefits</b>	<b>451</b>	<b>317</b>
-	- Rents - General and HRA	922	765
-	- Less impairment allowance	( 524)	( 504)
-	<b>- Rents - General and HRA</b>	<b>398</b>	<b>261</b>
-	- Collection Fund amounts	3,857	6,005
-	- Covid-19 funding	32	16
-	- VAT	1,712	1,666
-	- Housing Benefit Subsidy	237	1,473
-	- Other receivable amounts	2,940	4,944
-	- Prepayments	232	382
-	- Debtors of Strata Service Solutions Ltd	1,552	1,734
9,015	8,935 Finance lease debtors	80	80
-	- Exeter Science Park	1,219	-
138	127 Exeter Council for Voluntary Service	-	-
45	45 Other loans	14	13
<b>9,198</b>	<b>9,107 Total Debtors</b>	<b>16,733</b>	<b>20,127</b>

### 21. Debtors for Local Taxation

The past due amounts for local taxation (council tax and NDR) can be analysed by age as follows:

	2023-24 £'000	2024-25 £'000
Less than 1 year	655	451
Less impairment allowance	( 246)	( 249)
<b>Less than 1 year</b>	<b>409</b>	<b>202</b>
Over 1 to 5 years	619	776
Less impairment allowance	( 411)	( 507)
<b>Over 1 to 5 years</b>	<b>208</b>	<b>269</b>
Over 5 to 10 years	87	98
Less impairment allowance	( 53)	( 66)
<b>Over 5 to 10 years</b>	<b>34</b>	<b>32</b>
Over 10 to 15 years	11	11
Less impairment allowance	( 5)	( 7)
<b>Over 10 to 15 years</b>	<b>6</b>	<b>4</b>
Over 15 years	4	8
Less impairment allowance	( 2)	( 1)
<b>Over 15 years</b>	<b>2</b>	<b>7</b>
<b>Total Debtors for Local Taxation</b>	<b>659</b>	<b>514</b>

## Notes to the Financial Statements

### 22. Assets Held for Sale

	2023-24 £'000	2024-25 £'000
<b>Balance at 1 April</b>	<b>2,063</b>	<b>1,039</b>
Assets newly classified:		
Property, plant and equipment	744	5,142
Other assets / liabilities	-	504
Revaluation losses	( 16)	-
Revaluation gains	15	374
Impairment losses	-	( 5)
Assets declassified:		
Property, plant and equipment	( 208)	( 192)
Assets sold	( 1,559)	( 506)
<b>Balance at 31 March</b>	<b>1,039</b>	<b>6,356</b>

### 23. Cash and Cash Equivalents

	2023-24 £'000	2024-25 £'000
Cash held by the Council	483	368
Bank current accounts	1,540	( 428)
Money Market Funds	17,099	19,077
Short-term investments	-	-
Short-term call accounts	3,207	-
Strata - Cash at bank and in hand	361	290
<b>Total cash and cash equivalents</b>	<b>22,690</b>	<b>19,307</b>

### 24. Short Term Creditors

	2023-24 £'000	2024-25 £'000
Trade Payables	1,108	1,855
Collection Fund amounts	13,172	15,398
Income in Advance	3,799	3,097
Other Payables	8,921	8,661
Covid funding to be transferred to other parties	53	-
Energy Bill Support Scheme	5	-
Creditors of Strata Service Solutions Ltd	760	668
<b>Total Short Term Creditors</b>	<b>27,818</b>	<b>29,679</b>

The lease liability recognised under IFRS 16 is included within Other payables

### 25. Provisions

	Business Rates Appeal Provision £'000	Loan Loss Allowances £'000	Total Provisions £'000
<b>Balance as at 1 April 2024</b>	<b>5,576</b>	<b>61</b>	<b>5,637</b>
Additional provisions	2,329	-	2,329
Provision utilised in year	( 437)	-	( 437)
Unused amounts reversed in year	-	( 57)	( 57)
Unwinding of discount	-	-	-
<b>Balance as at 31 March 2025</b>	<b>7,468</b>	<b>4</b>	<b>7,472</b>

## Notes to the Financial Statements

### 26. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 10.

Usable Reserve	2023-24 £'000	2024-25 £'000
General Fund Balance	5,883	5,304
Housing Revenue Account	5,992	5,245
Capital Receipts Reserve	7,747	5,222
Major Repairs Reserve	12,614	5,175
Earmarked Reserves	13,827	12,786
Capital Grants Unapplied	21,208	20,263
<b>Balance at 31 March</b>	<b>67,271</b>	<b>53,995</b>

### 27. Unusable Reserves

Unusable Reserve	2023-24 £'000	2024-25 £'000
Revaluation Reserve	160,795	167,512
Capital Adjustment Account	221,050	243,454
Financial Instrument Adjustment Account	( 601)	( 500)
Deferred Capital Receipts Reserve	9,143	9,015
Pensions Reserve	( 16,969)	( 15,956)
Collection Fund Adjustment Account	( 1,403)	( 2,002)
Accumulated Absences Account	( 726)	( 674)
<b>Total Unusable Reserves</b>	<b>371,289</b>	<b>400,849</b>

### Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its property, plant and equipment. 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.

2023-24 Revaluation Reserve £'000	2024-25 £'000
170,695 Balance at 1 April	160,795
24,785 Upward revaluation of assets	35,901
Downward revaluation of assets and impairment losses not charged to	
( 31,809) CIES	( 26,611)
( 7,024) Surplus / (deficit) on revaluation	9,290
Difference between fair value depreciation and historical cost	
( 2,286) depreciation	( 2,074)
( 590) Accumulated gains on assets sold	( 499)
( 2,876) Amount written off to CAA	( 2,573)
<b>160,795 Balance at 31 March</b>	<b>167,512</b>

## Notes to the Financial Statements

### Capital Adjustment Account (CAA)

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority. The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2023-24 Capital Adjustment Account		2024-25
	£'000	£'000
232,743	Balance at 1 April	221,050
( 9,156)	Charges for depreciation and impairment of non-current assets	( 17,241)
( 144)	Amortisation of intangible assets	( 148)
39	Revenue expenditure funded from capital under statute	34
1,067	Capital loan loss allowance	58
2,491	Amounts of non-current assets written-off on disposal or sale as part of the gain/loss on disposal	( 2,679)
( 5,703)		( 19,976)
2,286	Adjusting amounts to Revaluation reserve	2,075
229,326	Net amount written out of the cost of non-current assets in year	203,149
<b>Capital finance applied in year:</b>		
8,555	Use of Capital Receipts Reserve	6,149
9,353	Use of the Major Repairs Reserve	11,181
6,855	Capital Grants and contributions applied - CIES	4,345
	Capital Grants and contributions applied - Capital Grants - Unapplied Account	-
2,456	Statutory provision for financing capital	2,505
97	Voluntary provision for financing capital	( 700)
	Capital Expenditure charged directly to the General Fund and HRA	2,615
31,453		26,095
( 31,033)	Movements in the market value of Investment Properties - Movement in the Donated Assets Account	14,027
( 8,696)	Repayment of Long Term Debtors	183
<b>221,050</b>	<b>Balance at 31 March</b>	<b>243,454</b>

## Notes to the Financial Statements

### Financial Instruments Adjustment Account

This reserve absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. Up until 31 March 2025, this account also holds the gains and losses that would otherwise hit the General Fund balance in respect of pooled investment funds.

2023-24 Financial Instruments Adjustment Account £'000	2024-25 £'000
( 421) Balance at 1 April	( 601)
Statutory reversal of movements in Financial Instruments held at Fair	
( 179) Value through Profit and Loss	85
Transfer to Capital Adjustment	
- Account - soft loan write off	-
Amount by which finance costs charged to CIES differ from finance	
( 1) costs charged in year under statute	16
<b>( 601) Balance at 31 March</b>	<b>( 500)</b>

### Pensions 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 authority 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 authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The asset ceiling is the amount that the net pensions asset needs to be reduced to, to recognise the limitation on the extent to which realisation of the net pensions' asset is realisable. The Accounting Code classifies the effect of the asset ceiling as a remeasurement, it is posted to Other Comprehensive Income and Expenditure.

2023-24 Pensions Reserve £'000	2024-25 £'000
( 28,934) Balance at 1 April	( 16,969)
Remeasurements of the net defined benefit liability/(asset)	23,016
Effect of asset ceiling - treated as Other Comprehensive Income and	
( 5,258) Expenditure	( 23,666)
Reversal of items relating to	
( 4,945) retirement benefits in the CIES	( 5,572)
Employers pension contributions and	
6,282 direct payments to pensioners	7,235
<b>( 16,969) Balance at 31 March</b>	<b>( 15,956)</b>

## Notes to the Financial Statements

### Deferred Capital Receipts Reserve

This 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 authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement takes place, amounts are transferred to the Capital Receipts Reserve.

2023-24 Deferred Capital Receipts £'000	2024-25 £'000
9,222 Balance at 1 April	9,143
( 79) Transfer of Finance Lease Premium to CIES	( 80)
Transfer to Capital Receipts Reserve upon receipt - of cash	( 48)
<b>9,143 Balance at 31 March</b>	<b>9,015</b>

### Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and NDR income in the CIES as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2023-24 Collection Fund Adjustment £'000	2024-25 £'000
( 48) Balance at 1 April	( 1,403)
Amount by which council tax and NNDR income credited to CIES differs from that calculated for the	
( 1,355) year under statute	( 599)
<b>( 1,403) Balance at 31 March</b>	<b>( 2,002)</b>

### Accumulated Absences Account

This 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 Account.

2023-24 Accumulated Absences Account £'000	2024-25 £'000
( 686) Balance at 1 April	( 726)
686 Settlement / cancellation of previous year's accrual	726
( 726) Amounts accrued at the end of year	( 674)
Amount by which remuneration charged to CIES differs from remuneration charged for the year	
( 40) under statute	52
<b>( 726) Balance at 31 March</b>	<b>( 674)</b>

## Notes to the Financial Statements

### 28. Cash Flow Statement – Operating Activities

	2023-24 £'000	2024-25 £'000
<b>Net (surplus) / deficit on provision of Services</b>	24,698	( 7,644)
<b>Adjusted for non-cash movements:</b>		
Depreciation	( 9,054)	( 8,999)
Impairment	( 91)	( 8,243)
Amortisation	( 144)	( 148)
Investment (losses) / gains	-	-
Donated assets	-	183
Pension liability	1,337	1,664
Carrying amount of non-current assets sold	( 2,404)	( 3,257)
Movement in investment properties	( 31,033)	14,027
Finance lease income	( 80)	( 80)
Other	( 2,944)	260
Movement in inventories	6	( 33)
Movement in debtors	1,291	3,271
Movement in creditors	4,404	( 735)
<b>Items classified as investing and financing activities:</b>		
Proceeds from the sale of property, plant & equipment	3,590	3,607
Items classified elsewhere	8,045	852
<b>Net cashflows from Operating Activities</b>	<b>( 2,379)</b>	<b>( 5,275)</b>

### 29. Cash Flow Statement – Investing Activities

	2023-24 £'000	2024-25 £'000
Purchase of non-current assets	29,020	29,370
Purchase of short and long-term investments	33,000	-
Other payments for investing activities	4,034	4,046
Proceeds from the sale of non-current assets	( 3,590)	( 3,607)
Proceeds of short and long-term investments	( 43,000)	( 5,000)
Other receipts for investing activities	( 12,242)	( 5,175)
<b>Net cash flows from investing activities</b>	<b>7,222</b>	<b>19,634</b>

### 30. Cash Flow Statement – Financing Activities

	2023-24 £'000	2024-25 £'000
Cash receipts of short and long-term borrowing	-	( 10,000)
Other receipts for financing activities	( 2,183)	( 3,474)
Cash payments for the reduction of liabilities relating to finance leases	867	934
Repayments of short and long-term borrowing	1,537	1,564
<b>Net cash flows from financing activities</b>	<b>221</b>	<b>( 10,976)</b>

### 31. Reconciliation of Liabilities arising from Financing Activities

The total of Financing cash flows of £10.976m reconciles to the movement in borrowings in the Balance Sheet, excluding £3.474m in respect of Collection Fund cash-flows and a £0.934m reduction in liabilities relating to finance leases. Apart from this, there have been no non-cash movements in borrowing amounts on the Balance Sheet.

## Notes to the Financial Statements

### 32. Officers' Remuneration

The table below sets out the remuneration paid to or receivable by the authority's senior management:

2024-25	Salary, fees Expenses & allowances		Compensation for Loss of Office	Total Remuneration	Employers Pension Contributions	Total
	£	£	£	£	£	£
Chief Executive*	144,963	395	-	145,358	28,413	173,771
Strategic Director - Corporate Resources	97,777	396	-	98,173	19,164	117,337
Strategic Director - Place	97,777	51	-	97,828	19,164	116,992
Strategic Director - People and Communities	92,990	-	-	92,990	18,226	111,216
Strategic Director - Operations (started 02/01/25)	77,604	22	-	77,626	15,210	92,836
Director (0.86 FTE, left 31/07/2024)	28,525	-	123,280	151,805	5,222	157,027
Director (left 30/06/2024)	23,533	-	71,715	95,248	4,612	99,860
Director (Corporate Services, left 31/05/2024)	23,210	-	138,186	161,396	243,885	405,281

\*Additional £11,302 allowances and £1,524 employers pension contributions receivable in respect of Returning Officer duties

2023-24	Salary, fees Expenses & allowances		Compensation for Loss of Office	Total Remuneration	Employers Pension Contributions	Total
	£	£	£	£	£	£
Chief Executive	128,007	290	-	128,297	25,089	153,386
Director (0.81 FTE)	74,461	-	-	74,461	14,594	89,055
Director (0.86 FTE)	79,425	403	-	79,828	15,567	95,395
Director	91,835	-	-	91,835	18,000	109,835
Director (Finance)	91,835	380	-	92,215	18,000	110,215
Director (Corporate Services)	91,835	39	-	91,874	18,000	109,874
Director (City Development)	91,835	-	-	91,835	18,000	109,835

## Notes to the Financial Statements

The authority's other employees receiving more than £50,000 remuneration in the year (excluding employer's normal pension contributions) were:

Remuneration band	Number of employees	
	2023-24	2024-25
£50,000 - £54,999	13	14
£55,000 - £59,999	4	8
£60,000 - £64,999	2	3
£65,000 - £69,999	11	2
£70,000 - £74,999	3	9
£75,000 - £79,999	-	-
£80,000 - £84,999	-	1
£85,000 - £89,999	1	1
£90,000 - £94,999	-	-
£95,000 - £99,999	-	1
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	1
£115,000 - £119,999	1	1
£120,000 - £124,999	1	-
£125,000 - £129,999	-	-
£130,000 - £134,999	1	-

## Notes to the Financial Statements

### 33. Termination Benefits

The number of exit packages with total cost per band and total cost of compulsory redundancies and other departures are set out below. The total cost of £1,694,592 has been charged to the Comprehensive Income and Expenditure Statement in 2024/25.

Exit Package Cost Band	Number of employees		Total Cost of exit packages in each band	
	2023-24	2024-25	2023-24	2024-25
£'000	£'000			
<b>Compulsory Redundancies</b>				
Less than £20,000	3	2	18	18
£20,001 - £39,999	1	-	32	-
£40,000 - £59,999	-	-	-	-
£60,000 - £79,999	1	-	65	-
£80,000 - £99,999	-	1	-	95
£100,000 - £149,999	-	2	-	243
£150,000 - £199,999	1	-	170	-
<b>Other Departures Agreed</b>				
Less than £20,000	2	1	20	6
£20,001 - £39,999	-	2	-	72
£40,000 - £59,999	-	1	-	48
£60,000 - £79,999	-	1	-	63
£80,000 - £99,999	-	-	-	-
£100,000 - £149,999	1	1	103	109
£150,000 - £199,999	-	1	-	176
£200,000 - £249,999	-	-	-	-
Greater than £250,000	-	3	-	865
<b>Total</b>	<b>9</b>	<b>15</b>	<b>408</b>	<b>1,695</b>

### 34. Audit Costs

The authority has incurred the following audit costs in relation to the statement of accounts and certification of grant claims:

	2023-24	2024-25
	£'000	£'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	168	191
Fees payable to Grant Thornton; external audit services carried out by the appointed auditor in respect of prior year	5	9
Fees payable to Grant Thornton; certification of grant claims and returns	46	49
<b>Total</b>	<b>219</b>	<b>249</b>

### 35. Members Allowances

The authority paid the following amounts to members of the council during the year:

	2023-24	2024-25
	£'000	£'000
Salaries	15	16
Allowances	420	417
Expenses	1	-
<b>Total</b>	<b>436</b>	<b>433</b>

## Notes to the Financial Statements

### 36. Grants, Contributions and Donations

The Authority credited the following grants, contributions and donations to the comprehensive income and expenditure statement in 2024/25:

	Restated	
	2023-24	2024-25
	£'000	£'000
<b>Credited to Taxation and non-specific grant income</b>		
Council taxpayers	( 6,796)	( 7,132)
Revenue Support Grant	( 597)	( 634)
Funding Guarantee & Services Grant *	( 1,010)	( 1,339)
New Homes Bonus	( 672)	( 486)
NDR *	( 7,609)	( 8,684)
Community Infrastructure Levy	( 869)	( 774)
Other Capital Grants & Contributions	( 9,268)	( 3,582)
<b>Total</b>	<b>( 26,821)</b>	<b>( 22,631)</b>
<b>Credited to Services</b>		
Benefit Subsidy	( 27,959)	( 28,047)
Arts Council	( 614)	( 623)
Cost of Living Support Grants	( 856)	( 997)
Homes for Ukraine Scheme	( 1,204)	( 189)
NDR Cost of Collection	( 215)	( 211)
Sport England	( 2,314)	( 444)
Homelessness and Rough Sleepers		
Support Grant	( 2,749)	( 3,027)
CT/HB Admin Grant	( 316)	( 327)
Other Grants and Contributions	( 2,744)	( 4,019)
<b>Total</b>	<b>( 38,971)</b>	<b>( 37,884)</b>

\*Restated to reflect Funding Guarantee grant and Services grant separately

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver in the event that the conditions are not fulfilled. The balances at the year-end are as follows:

	2023-24	2024-25
Capital Grants receipts in advance	£'000	£'000
Affordable Housing - Yeoman Gardens	-	-
Car Club - Harrington Lane	( 89)	( 89)
Community Facility - Hill Barton	( 208)	( 208)
Community Facility - Newcourt	( 376)	( 376)
Habitats Mitigation	( 304)	( 304)
Land at Beacon Avenue	( 6)	( 6)
Leisure Contribution - Bishops Court	( 309)	( 309)
Leisure Contribution - Gladstone Rd	( 62)	( 62)
Leisure Contribution - Hill Barton	( 70)	( 70)
Leisure Contribution - Holland Park	( 56)	( 56)
Leisure Contribution - Homefield Rd	( 13)	( 13)
Leisure Contribution - Monkerton	( 102)	( 102)
Leisure Contribution - Newcourt	( 558)	( 558)
Leisure Contribution - Rydon Lawns	( 12)	( 12)
Leisure Contribution - Rydon Place	( 190)	( 190)
Leisure Contribution - St Loyes	( 296)	( 296)
Leisure Contribution - Tithebarn Green	( 774)	( 774)
Leisure Contribution - Yeoman Gardens	( 8)	( 8)
Leisure Contribution - Brookhayes	( 43)	( 40)
Local Energy Networks	( 29)	( 29)
Other Grants	( 349)	( 474)
<b>Total</b>	<b>( 3,854)</b>	<b>( 3,976)</b>

## Notes to the Financial Statements

### 37. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

**Central Government** – has significant influence over the general operations of the Council, providing the statutory framework, the majority of the funding, and prescribes the terms of many of the transactions that the council has with other parties (e.g. housing benefits and council tax bills).

**Council Members** – have direct control over the council's financial and operating policies. The total of member allowances paid in 2024/25 is shown in Note 35. During the financial year, the Council paid grants to organisations totalling £7,100 (£60,686 2023/24) in which 8 members had an interest. In all instances, the grants were made with proper considerations of declarations of interest. The relevant members did not take part in any discussion relating to the grants. Payments totalling £307,038 (£318,139 2023/24) were also made to organisations in which 26 members had an interest in respect of goods and services.

**Other public bodies** – Exeter City Council is part of a designated pool for the retention of business rates, which allows local authorities to be treated as if they were a single entity for the purposes of calculating tariffs, top-ups, levies and safety net payments.

### Entities Controlled or Significantly Influenced by the Authority

#### Exeter City Group Ltd and Exeter City Living Ltd

Exeter City Group Ltd (holding company) and Exeter City Living Ltd (housing development company) are subsidiary companies due to the Council's 100% shareholding. The purposes of Exeter City Living Ltd is limited to holding and managing six residential flats in the Guildhall Shopping Centre.

#### Exeter Business Centre Ltd (EBC)

EBC's main purpose is the letting of affordable business units to support small businesses. The Authority controls EBC through its ownership of 100% of the shares in the Company and it is deemed to be a subsidiary. EBC had a net liability of £11,651 as at 31 March 2025 (net asset of £6,294 as at 31 March 2024).

#### Exeter Canal and Quay Trust Ltd (ECQT)

ECQT has a charitable status and its main objectives are to preserve and develop the Exeter Canal and Quay area. ECQT is deemed to be an associate company, as the company is limited by guarantee and the Council has significant influence through its representation on the Trust Board. The Council leases a number of assets to ECQT on a long term basis at nil rent, with the exception of Double Locks Hotel whereby rent is 5% of turnover divided equally between ECQT and the Council (£41,172 in 2024/25). ECQT also contributed £241,544 towards Council costs mostly in respect of running the Custom House Visitor Centre during 2024/25 and works to Cricklepit Bridge (£151,074 in 2023/24).

## Notes to the Financial Statements

### Exeter Science Park Ltd

The principal activity of the Company is to ensure the successful delivery of the Science Park by enabling the market for the Science Park to be developed through connections with the knowledge base at the University of Exeter, the Met Office and the Peninsula College of Medicine and Dentistry. The largest shareholder is Devon County Council (45%) along with the East Devon District Council (15%) and University of Exeter (24%).

The Authority has a 16% shareholding in the Company. It is deemed to be an associate due to the Council's ownership interest and significant influence. The Council has previously provided a loan of £1m towards funding the building of the Science Park centre, in two loan advances of £500,000 with interest charged at 2.55% and 2.62% respectively. On 28 May 2024, the Council agreed the conversion of the Council's £1.241m outstanding loan (principal and interest) to equity. The Council has also provided a guarantee to the University of Exeter for a lease granted to Exeter Science Park Ltd of up to £950,054.

### South West Audit Partnership

The Council was admitted as a member of South West Audit Partnership (SWAP) from 1 April 2024. The Company was established as an in-house company controlled by contracting authorities to assist them in the provision of a shared internal audit, counter fraud, and governance related service. The Council paid £146,877 to SWAP during 2024/25 and its interest in the company is based upon its proportional share of annual contract sums, which equates to a 4% interest. It is deemed to be an associate but excluded from group accounts on the basis that the Council does not have significant influence.

### Monkerton Heat Company Ltd

The company was set up to help facilitate the formation of a district heating network, as part of planning requirements relating to five major residential developments at Monkerton. Exeter City Council is a shareholder along with the five developers.

The purpose of the company is to hold a 999 year head lease for the pipelines and to grant an 80 year sub-lease to the energy supplier – both leases at nil consideration. As a result, the company is considered a dormant company as it is not carrying on any kind of business activity or receiving any form of income.

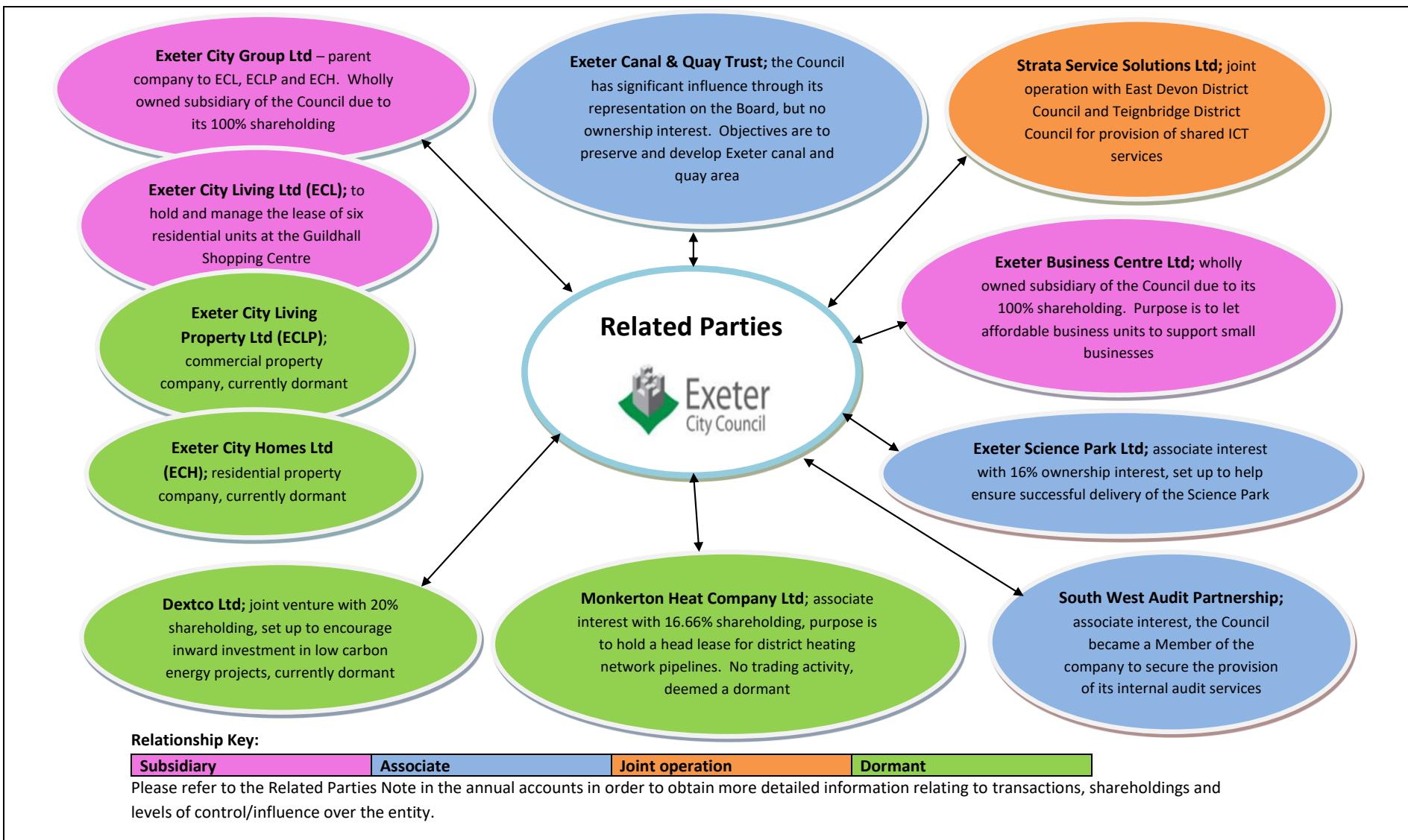
### Dextco Ltd

Dextco Ltd was established to procure a delivery partner and funding to implement a district heating network in Exeter to deliver a reliable, low cost energy infrastructure which will encourage inward investment, thereby driving growth in the local economy and skilled jobs for the workforce. Exeter City Council is one of five equal shareholders comprising; Devon County Council, Royal Devon & Exeter NHS Foundation Trust, University of Exeter and Teignbridge District Council.

Dextco Limited is deemed to be a joint venture, as it is a separate legal entity with shareholders that have equal and collective control with decisions made unanimously. In 2021/22 a collective decision was made to place the company into abeyance with any further activities being temporarily suspended.

The next page contains a visual representation of the entities controlled or significantly influenced by the Authority, to further support the Related Party disclosure note.

## Notes to the Financial Statements



## Notes to the Financial Statements

### 38. Interests in Joint Operations

Exeter City Council, Teignbridge District Council and East Devon District Council each have interests in a joint operation called Strata Service Solutions Ltd, a registered company (company number 09041662) whose registered office is Civic Centre, Paris Street, Exeter, Devon, EX1 1JN. The business of the Company is the operation and provision of a shared Information Communications Technology service to each of the Councils.

The proportions of ownership interests are; Exeter City Council (35.936%), Teignbridge District Council (27.372%) and East Devon District Council (36.692%). Each authority has equal voting rights, with decisions taken collectively and unanimously.

The figures that have been consolidated into the Council's single entity financial statements in respect of Strata Service Solutions Ltd are:

Adjustments to CIES	2023-24 £'000	2024-25 £'000
Fees	( 3,169)	( 3,349)
Cost of sales	1,378	1,472
Admin expenses	2,036	2,117
Transfer of pension scheme liability	-	-
<b>Cost of Services</b>	<b>245</b>	<b>240</b>
Loss/(Gain) on disposal of assets	-	-
Pension Fund Administration	3	3
Net interest on the net defined benefit liability	6	( 9)
Levies	6	5
Interest receivable	( 29)	( 25)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>231</b>	<b>214</b>
Remeasurement of the net defined benefit liability	( 162)	18
<b>Total CIES</b>	<b>69</b>	<b>232</b>

Adjustments to Balance Sheet	2023-24 £'000	2024-25 £'000
Property, plant & equipment	( 66)	38
Intangible assets	( 4)	( 1)
Investment in Strata removed upon consolidation and replaced with proportional share of assets and liabilities	( 289)	( 452)
<b>Total Long Term Assets</b>	<b>( 359)</b>	<b>( 415)</b>
Inventories	3	1
Short Term Debtors	624	182
Cash & cash equivalents	104	( 71)
<b>Total Current Assets</b>	<b>731</b>	<b>112</b>
Short Term Creditors	( 591)	92
<b>Total Current Liabilities</b>	<b>( 591)</b>	<b>92</b>
Capital Grants Receipts in Advance	( 10)	( 19)
Pension Scheme Liability	160	( 2)
<b>Total Long Term Liabilities</b>	<b>150</b>	<b>( 21)</b>
<b>Net assets</b>	<b>( 69)</b>	<b>( 232)</b>
Financed by:		
Usable Reserves	9	( 10)
Unusable Reserves	( 78)	( 222)
<b>Total Reserves</b>	<b>( 69)</b>	<b>( 232)</b>

## Notes to the Financial Statements

### 39. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2023-24 £'000	2024-25 £'000
<b>Opening Capital Financing Requirement</b>	<b>226,430</b>	<b>218,838</b>
<b>Capital Investment</b>		
Intangible Assets	-	-
Property, Plant and Equipment	27,570	28,597
Investment Properties	67	52
Long Term Debtors	-	-
Long Term Investments	289	452
REFCUS	1,415	1,309
Initial recognition of assets arising from IFRS 16 restatement	-	609
<b>Sources of Finance</b>		
Capital Receipts	( 8,555)	( 6,149)
Government grants and other contributions	( 8,310)	( 5,655)
Sums set aside from revenue	( 4,137)	( 2,615)
Major Repairs Reserve	( 9,353)	( 11,181)
Minimum Revenue Provision	( 2,456)	( 2,505)
Voluntary Revenue Provision	( 97)	700
Repayment of Long Term Debtors	( 4,025)	262
Donated Assets	-	( 183)
<b>Closing Capital Financing Requirement</b>	<b>218,838</b>	<b>222,531</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrow (unsupported by Government financial assistance)	( 7,592)	3,267
Recognition of leases arising from IFRS 16 restatements	-	426
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>( 7,592)</b>	<b>3,693</b>

## Notes to the Financial Statements

### 40. Leases

#### Change in Accounting Policies for Leases – Council as Lessee

In 2024/25, the Council has changed its accounting policies to align with those in IFRS 16 *Leases* as adopted by the Code of Practice for Local Authority Accounting in the United Kingdom. In previous years, property, plant and equipment was only brought onto the Balance Sheet as an asset where the Council secured substantially all the risks and rewards incidental to ownership of the leased item (finance leases). For all other leases (operating leases), no assets were recognised, and rents were charged as expenses when they became payable.

The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

The transitional provisions of the Code are for the following amounts to be brought onto the Balance Sheet by adjusting the opening balances at 1 April 2024:

- liabilities for leases previously accounted for as operating leases, calculated as the present value of the remaining lease payments fixed at 1 April 2024, discounted by the Council's incremental borrowing rate at that date

- right-of-use assets for the leased items, measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the Balance Sheet on 31 March 2024.

The adjustments to opening balances were as follows:

	Other Land and Buildings £'000s	Vehicles, Plant & Equipment £'000s	Short-Term Creditors £'000s	Long-Term Creditors £'000s
Balance Sheet amount at 31 March 2024	169,362	10,394	( 27,818)	( 2,674)
Assets/Liabilities newly recognised on transition	510	99	( 95)	( 331)
<b>Opening Balance at 1 April 2024</b>	<b>169,872</b>	<b>10,493</b>	<b>( 27,913)</b>	<b>( 3,005)</b>

In calculating the liabilities, the weighted average of the incremental borrowing rate used in discounting the future payments was 5.15%.

The newly recognised liabilities of £426,000 compare with the operating lease commitments of £283,000 at 31 March 2024 disclosed in the notes to the 2023/24 statement of accounts. The £143,000 difference is made up of an additional lease identified after closing the 2023/24 accounts, an extension to a temporary accommodation lease, a reduction as a result of discounting liabilities to present value and the exclusion of short-term leases from the calculation.

In making the transitional adjustments, the Council has applied the following practical expedients in the Code:

## Notes to the Financial Statements

- reliance was placed on assessments made in previous years as to whether leases were onerous at 31 March 2024
- hindsight has been applied [e.g., *in determining the lease term where the lease contains options to extend or terminate*]
- leases due to expire before 1 April 2025 have been treated as short-term leases, irrespective of their overall term.

### Council as Lessee

As 2024/25 is the first year of new lease accounting arrangements, reliable comparative figures for 2023/24 are not available.

This table shows the change in the carrying amount of right-of-use assets held under leases by the Council:

	Council Dwellings and Garages £'000s	Other Land and Buildings £'000s	Investment Property £'000s	Vehicles, Plant & Equipment £'000s	Total
Balance as at 31 March 2024	350	5,199	3,845	2,621	12,015
Recognised on transition	-	510	-	99	609
<b>Balance as at 1 April 2024</b>	<b>350</b>	<b>5,709</b>	<b>3,845</b>	<b>2,720</b>	<b>12,624</b>
Additions	18	-	-	1,577	1,595
Revaluations	7	3,189	2,122	-	5,319
Depreciation charge	-	-	-	(786)	(786)
Disposals	-	-	-	(22)	(22)
<b>Balance as at 31 March 2025</b>	<b>375</b>	<b>8,898</b>	<b>5,967</b>	<b>3,489</b>	<b>18,729</b>

### Lease transactions under leases

The following expenses and cash flows in relation to leases were incurred:

	2024/25 £'000s
<b>Comprehensive Income and Expenditure Statement</b>	
Interest expense on lease liability	224
Expense relating to short-term leases	735
Expense relating to leases of low-value items (excluding short-term leases)	13
Variable lease payments not included in the measurement of lease liabilities	-
Income from subletting right-of-use assets	327
Gains or losses arising from sale and leaseback transactions	-
<b>Cash Flow Statement</b>	
Total cash outflow for leases	1,252

### Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

	31 March 2025 £'000s
Less than one year	1,434
One to five years	3,380
More than five years	666
<b>Total undiscounted liabilities</b>	<b>5,480</b>

## Notes to the Financial Statement

### Council as a Lessor

#### Finance Leases

The Authority has 55 leases, which would be classified as finance leases under IFRS. The asset valuation in the Balance Sheet is therefore based on the freehold interest in the asset.

The gross investment is made up of the following amounts:

	2023-24 £'000	2024-25 £'000
<b>Finance Lease Debtor (net present value of minimum lease payments)</b>		
Current	80	80
Non-current	9,014	8,935
Unearned finance income	9,094	9,015
Unguaranteed Residual Value	14,871	15,635
<b>Gross Investment in Lease</b>	<b>23,965</b>	<b>24,650</b>
<b>Minimum lease payments are:</b>		
Per annum	378	378

Rents due in respect of leases out (lessor) are collected by the Council's ASH Debtors system. As there is a possibility that worsening financial circumstances might result in lease payments not being made, the authority has set aside an allowance for uncollectable amounts using the simplified approach. Please refer to Note 20.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

#### Operating Leases

The Council leases out approximately 315 areas of land and premises, for the provision of community services and for economic development purposes; to provide suitable, affordable accommodation for local businesses. These are predominantly held as investment properties. Note 16 sets out the value of the investment properties in the accounts.

The future minimum lease payments receivable under non-cancellable leases in future years can be broken down as follows:

	Restated 2023-24 £'000	2024-25 £'000
Not later than one year	3,625	3,049
One to two years	3,003	2,904
Two to three years	2,758	2,330
Three to four years	2,183	2,096
Four to five years	1,949	1,909
More than five years	90,148	88,716
	<b>103,666</b>	<b>101,004</b>

Restated to reflect the updated analysis split.

## Notes to the Financial Statements

### 41. Impairments and Downward Valuations

During 2024/25, the Council recognised impairment losses of £10.183m in relation to its property, plant and equipment. Impairment losses of £1.945m charged to the Surplus and Deficit on the Provision of Services in previous financial years were reversed.

The impairments mainly reflect a change in the building cost information impacting the valuations, the HRA impairments also include the application of the Existing Use Value - Social Housing (EUV-SH) valuation basis. HRA beacon properties are independently valued every 5 years to inform valuations of the whole housing stock, and this was last undertaken in 2023/24.

Assets impaired include £1.038m in respect of Clifton Hill, £0.929m in relation to RAMM and £5.157m relating to twenty-five new HRA properties.

The impairment reversals reflect an upward movement in market yield. The impairments are reflected in Note 15 which reconciles the movement over the year in the Property, Plant and Equipment balances.

## Notes to the Financial Statement

### 42. Defined Benefit Pension Scheme

#### Participation in Pension Scheme

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

- Exeter City Council participates in the Local Government Pension Scheme, which is administered by Devon County Council in accordance with the Local Government Pension Scheme Regulations 2013. The Pension Fund Committee oversees the management of the Fund.
- The Local Government Pension Scheme is a defined benefit statutory scheme and currently provides benefits based on career average revalued earnings.
- The principal risks to the authority 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 HRA the amounts required by statute.
- The Pension Reserve shows the City Council's current deficit in the Devon County Council Pension Fund. The figure has been derived from the latest triennial valuation of the LGPS pension fund at 31 March 2022, but re-measured at the reporting date.

#### Basis for Estimating Assets and Liabilities

The most recent triennial valuation was carried out as at 31 March 2022 and has been updated by Barnett Waddingham, independent actuaries to the Devon County Council Pension Fund as at 31 March 2025.

To assess the value of the liabilities at 31 March 2025, the actuaries have rolled forward the value of the Employer's liabilities calculated for the funding valuations as at 31 March 2022, using financial assumptions that comply with IAS 19.

To calculate the asset share the actuaries have rolled forward the assets at 31 March 2022 allowing for investment returns, contributions paid into and estimated benefits paid from the Fund by the Council and its employees.

#### Asset Ceiling

The actuaries have applied an asset ceiling at 31 March 2025, to recognise an additional liability of £29.194 m in respect of the Council's obligation to pay future deficit contributions. When an authority still has a net pension liability but has an employer's secondary rate for the recovery of a deficit calculated as higher than that assumed in the IAS 19 calculations, the asset ceiling is applied to recognise these commitments.

#### Scheduled Contributions

The Council's contribution rates certified in the 31 March 2022 valuation are:

##### Future Service Pay

2023/24 – 2025/26	19.6% of pensionable pay
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##### Past Service Deficit

2023/24	£1.120 million
2024/25	£1.160 million
2025/26	£1.200 million

## Notes to the Financial Statements

### Local Government Pension Scheme Assets Comprised:

Asset Share	2023-24		2024-25	
	£'000	%	£'000	%
Equities	2,424	1	3,952	2
Overseas Equities	92,256	54	89,911	51
Infrastructure	17,479	10	18,452	10
Other Bonds	39,209	23	42,133	24
Property	13,253	8	14,803	8
Cash	3,884	2	4,598	3
Target Return Portfolio	4,075	2	4,190	2
Alternative Assets	( 35)	-	6	-
<b>Total</b>	<b>172,545</b>	<b>100</b>	<b>178,045</b>	<b>100</b>

### Significant Assumptions used by the Actuary:

	2023-24	2024-25
Discount rate for scheme liabilities	4.9% pa	5.8% pa
Rate of increase in salaries	3.9% pa	3.9% pa
Rate of increase in pensions	2.9% pa	2.9% pa
Rate of inflation - RPI	3.25% pa	3.2% pa
Rate of inflation - CPI	2.9% pa	2.9% pa
Longevity at 65 - current pensioners		
Men	21.5	21.4
Women	22.7	22.7
Longevity at 65 - future pensioners		
Men	22.8	22.7
Women	24.1	24.1
Conversion of pension into lump sum		
Pre April 2008 permitted amount	50%	50%
Post April 2008 permitted amount	50%	50%

### Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge that is required to be made against council tax and the HRA is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out via the Movement in Reserves Statement.

The following transactions have been made in the comprehensive income and expenditure statement and the movement in reserves statement during the year:

	2023-24	2024-25
	£'000	£'000
<b>Cost of Services</b>		
Current Service Cost	3,959	4,154
Loss / (Gain) on curtailment	186	957
(Gain) / Loss from Settlements	-	( 21)
<b>Other Operating Expenditure</b>		
Administration expenses	99	110
<b>Financing and Investment Income and Expenditure</b>		
Net Interest on the net defined benefit liability	701	372
<b>Total post-employment benefits charged to the CIES</b>		
	<b>4,945</b>	<b>5,572</b>
<b>Movement in Reserves Statement:</b>		
Reversal of net charges	( 4,945)	( 5,572)
Actual Employers contributions payable to the scheme	6,282	7,236

## Notes to the Financial Statements

### Pension Assets and Liabilities Recognised in the Balance Sheet:

	2023-24 £'000	2024-25 £'000
Present value of defined benefit obligation	184,257	164,807
Fair Value of Scheme Assets	(172,545)	(178,045)
Effect of Asset Ceiling	5,258	29,194
<b>Net liability arising from defined benefit obligation</b>	<b>16,970</b>	<b>15,956</b>

### Reconciliation of the Movements in the Fair Value of Scheme Assets:

	2023-24 £'000	2024-25 £'000
Opening fair value of assets	150,157	167,348
Opening fair value of Strata assets	4,465	5,198
Interest income	8,110	8,857
Re-measurement gains / losses	9,858	( 2,553)
Administration expenses	( 99)	( 110)
Contributions by the employer	6,340	7,366
Contributions by participants	1,571	1,591
Net benefits paid out	( 7,857)	( 9,983)
Settlement prices received / (paid)	-	331
<b>Closing fair value of assets</b>	<b>172,545</b>	<b>178,045</b>

### Reconciliation of the Present Value of Scheme Liabilities (Defined Benefit Obligation):

	2023-24 £'000	2024-25 £'000
Opening present value of liabilities	178,863	179,345
Opening present value of Strata liabilities	4,694	4,912
Current service cost	3,959	4,154
Interest cost	8,811	8,959
Contributions by participants	1,571	1,591
Re-measurement (gains) and losses:		
Change in demographic assumptions	( 2,604)	( 488)
Change in financial assumptions	( 3,841)	( 24,529)
Experience loss (gain)	475	( 421)
Benefits paid out	( 7,607)	( 9,728)
Past service cost, including curtailments	186	957
Liabilities assumed / (extinguished) on settlements	-	310
Unfunded pension payments	( 250)	( 255)
<b>Closing present value of liabilities</b>	<b>184,257</b>	<b>164,807</b>

### Reconciliation of Asset Ceiling:

	2023-24 £'000	2024-25 £'000
Opening impact of credit ceiling	-	5,258
Actuarial losses / (gains)	5,258	23,666
Interest on impact of asset ceiling	-	270
<b>Closing impact of asset ceiling</b>	<b>5,258</b>	<b>29,194</b>

## Notes to the Financial Statements

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions.

The sensitivity analysis below sets out the impact on the defined benefit obligations for each change while all other assumptions remain constant:

	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease by 1 year)	170,701	159,147
Rate of increase in salaries (increase or decrease by 1%)	165,024	164,590
Rate of increase in pensions (increase or decrease by 1%)	166,983	162,679
Rate for discounting scheme liabilities (increase or decrease by 1%)	162,529	167,137

## Notes to the Financial Statements

### 43. Charitable and Trust Funds

The Council administers six charitable/trust funds related to Leisure and Museum services, principally from legacies left by individual Exeter inhabitants over a period of years.

The funds do not represent assets of the Council and are not included in the Balance Sheet. The funds are:

	<b>Value of fund at 31 March 2024 £'000</b>	<b>Expenditure £'000</b>	<b>Income £'000</b>	<b>Value of fund at 31 March 2025 £'000</b>
Reynolds Chard Bequest	<b>493</b>	( 1)	30	<b>522</b>
Veitch Bequest	<b>24</b>	-	1	<b>25</b>
Dorothy Holman Trust	<b>29</b>	-	1	<b>30</b>
Bowling Green Marshes	<b>3</b>	-	1	<b>4</b>
Topsham Recreation Ground	<b>19</b>	-	1	<b>20</b>
King George Playing Field Trust	<b>38</b>	( 19)	40	<b>59</b>
	<b>606</b>	<b>( 20)</b>	<b>74</b>	<b>660</b>

## Notes to the Financial Statements

### 44. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the authority
- liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock movements

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. Risk management is carried out by the Council's finance team, under policies approved by full Council as set out in the 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.

#### Credit risk

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. The Council's latest Treasury Management Strategy, incorporating the Annual Investment Strategy was approved on 20 February 2024, which is available on the Council's website (use search function for the 2024/25 Budget Book).

#### Credit Risk Management Practices

The authority's credit risk management practices are set out in the annual Investment Strategy, with particular regard to determining the credit criteria and monitoring arrangements for specified investments.

## Notes to the Financial Statements

The table below sets out the credit risk management practices and estimation techniques for calculating impairment loss allowances.

Asset Type	Credit Risk Management Practice	Estimation of Impairment Loss Allowance
<b>Loans to businesses and voluntary organisations</b>	<p>Loans are subject to internal credit risk assessment, based on audited accounts, match funding secured or management accounts.</p> <p>Loans are treated as credit impaired where the borrower defaults on the terms of the loan or there is evidence of significant financial difficulties.</p> <p>Balances are not written off until there is no realistic prospect of recovery.</p>	12 month expected credit losses are calculated in respect of loans where the credit risk has not increased significantly, using a probability of default approach. Lifetime expected credit losses are calculated in respect of loans where the credit risk has increased significantly, i.e. when default has occurred, using probability weighted outcomes.
<b>Short term investments:</b>  Loans to other local authorities	<p>Investments guaranteed by statute - no credit risk.</p> <p>However, a monetary limit of £5m may be placed with each upper tier and lower tier local authority for up to 12 months</p>	No allowance required
Investments with banks and building societies	<p>Deposits are restricted by the Council's treasury strategy to institutions with high credit ratings (Fitch and Moodys ratings). Up to £4m may be placed with UK owned banks and buildings societies with F1+ and P-1 credit ratings for up to 12 months, up to £3m may be placed with foreign owned banks that deal in sterling holding short-term credit ratings no lower than F1+ and P-1 for up to 9 months and up to £3m may be placed with UK owned banks and building societies holding short-term credit ratings no lower than F1 and P-1 for up to 6 months.</p> <p>Consideration is given to recalling any existing investments when an institution has been downgraded</p>	12 month expected credit losses are calculated applying risk factors provided by the Council's treasury management advisers, Link Asset Services.
<b>Sundry debtors</b>	<p>Sundry debtors are not subject to internal credit rating and have been grouped for the purposes of calculating expected credit losses. The groupings used comprise:</p> <ul style="list-style-type: none"> <li>- Trade receivables</li> <li>- Recovery of overpaid housing benefits</li> <li>- Council Tax and NDR balances</li> </ul> <p>Council Tax and NDR balances are not written off until all debt recovery actions have been taken and there is no realistic prospect of recovery</p>	<p>Trade receivables &amp; recovery of overpaid housing benefits - Expected credit losses are calculated using provision matrices based on historical data in respect of aged debt, adjusted for future expectations of recovery.</p> <p>Council Tax and NDR - Expected credit losses are calculated using provision matrices based on the stages of debt recovery actions and historically observed rates of recovery adjusted for future expectations of recovery.</p>

## Notes to the Financial Statements

### Impairment Loss Allowances

The changes in the loss allowance for each class of financial asset during the year are as follows:

	Allowance at 1 April 2024 £'000	Allowance for assets originated or acquired £'000	Allowance for assets de- recognised £'000	Assets switching measurement basis £'000	Changes in models/risk parameters £'000	Other movements £'000	Allowance at 31 March 2025 £'000
<b>Deposits with bank and building societies</b>							
12-month expected credit losses	-	-	-	-	-	-	-
<b>Loans to business and voluntary organisations</b>							
12-month expected credit losses	<b>61</b>	-	-	-	-	( 57)	<b>4</b>
Lifetime expected credit losses	-	-	-	-	-	-	-
<b>Other debtors</b>							
Sundry debtors	<b>1,288</b>	-	-	-	-	( 17)	<b>1,271</b>
Overpaid Housing Benefits	<b>1,230</b>	-	-	-	-	( 46)	<b>1,184</b>
Housing rents	<b>524</b>	-	-	-	-	( 20)	<b>504</b>
Council Tax and NDR	<b>717</b>	-	-	-	-	113	<b>830</b>
<b>Total Loss Allowances</b>	<b>3,820</b>	-	-	-	-	( 27)	<b>3,793</b>

## Notes to the Financial Statements

### Credit Risk Exposure

The authority has the following exposure to credit risk at 31 March 2025:

	Credit risk rating	Gross carrying amount £'000
<b>Deposits with bank and building societies:</b>		
12-month expected credit losses	Low	-
<b>Loans to business and voluntary organisations:</b>		
12-month expected credit losses	Low	<b>140</b>
Lifetime expected credit losses	High	-
<b>Other debtors:</b>		
Sundry debtors	Other *	<b>4,507</b>
Overpaid Housing Benefits	Other *	<b>1,501</b>
Housing rents	Other *	<b>765</b>
Council Tax and NDR	Other *	<b>1,344</b>
<b>Total amount exposed to credit risk</b>		<b>8,257</b>

#### \* Credit risk rating – Other

These debtors are not subject to internal credit rating. The Code allows a simplified approach, which removes the need to consider changes in credit risk. Instead, expected credit losses are considered for debtors with common risk characteristics based upon historical experience but updated for future conditions.

### Exposure to Credit Risk on Guarantees

The Council also has exposure to credit risk on a guarantee provided to the University of Exeter in respect of an 18 year lease granted to Exeter Science Park Ltd (in which the Council has a shareholding interest). The risk of the guarantee being called in considered low, as the lease payments are included in the company's Business Plan. The maximum value of the guarantee is £950,055 and the Council's exposure will reduce annually as lease payments are made by the company.

## Notes to the Financial Statements

### Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority may need to replenish its borrowings at a time of unfavourable interest rates. All trade and other payables are due to be paid in less than one year, although some debt repayment plans are agreed over a longer period in order to support individuals and businesses experiencing financial difficulties, but these measures are not expected to present a significant risk to liquidity and instead encourage continuing payment behaviour.

The Council has several long-term loans with the PWLB and one interest free loan in respect of energy saving projects. The maturity analysis of financial liabilities is as follows:

	31 March 2024	31 March 2025
	£'000	£'000
Less than 1 year	1,564	11,567
1 - 2 years	1,563	1,592
2 - 5 years	4,863	4,952
5 - 10 years	8,711	8,870
+ 10 years	148,091	146,254
	<b>164,792</b>	<b>173,235</b>

### Market risk

#### Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowing and investments. Movements in interest rates have a complex impact on the Council. For example a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expenses charged to the Income and Expenditure will rise
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Income and Expenditure will rise
- investments at fixed rates - the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the CIES. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the CIES and affect the General Fund

## Notes to the Financial Statements

Balance. 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 in the CIES.

The Council has a number of strategies for managing interest rate risk; however it has not borrowed using variable rate loans for many years.

If on the 31 March 2025 the interest rates are 1% higher than the actual interest rates the financial impact would be:

### **Borrowing:**

As at 31 March 2025, the Council had a number of long-term loans with the PWLB amounting to £163m. A 1% increase in interest rates would increase the cost of borrowing by £1.63m a year. However, the Council is protected from interest rate rises in respect of these arrangements due to the fixed rates of borrowing.

### **Investments:**

As at 31/03/25 the Council had no fixed term deposits and therefore not exposed to changes in interest rates.

### **Price Risk**

The authority does not generally invest in equity shares but does have shareholdings to the value of £2.225m in a number of associates and joint ventures on the Balance Sheet, held at historic cost.

As the shareholdings have arisen in the acquisition of specific interests, the authority is not in a position to limit its exposure to price movements by diversifying its portfolio. However, the authority can monitor factors that might cause a fall in the value of specific shareholdings through having significant influence.

The Council has investments in pooled investment funds, which are classified as fair value through profit and loss, including £19.077m in money market funds and a £5m investment in the CCLA Local Authorities' Property Fund. At the end of each financial year the value of the local authority's investment is adjusted to equal the number of units held multiplied by the published bid price, with the gain or loss charged to the Surplus or Deficit on the Provision of Services. However, the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, allows local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. The Government have put in place a statutory override for pooled investment funds to the 31 March 2029.

### **Foreign Exchange Risk**

The authority has no financial assets or liabilities denominated in foreign currencies and thus no exposure to loss arising from movements in exchange rates.

## Notes to the Financial Statements

### 45. Statutory Harbour Authority

Exeter City Council is the harbour authority for the Exe Estuary. An annual Statement of Account relating to harbour activities is required to be prepared, in accordance with the 1964 Harbours Act.

	2023-24 £'000	2024-25 £'000
<b>Income</b>		
Fees and Charges	( 142)	( 94)
<b>Total Income</b>	<b>( 142)</b>	<b>( 94)</b>
<b>Expenditure</b>		
Employees	182	150
Premises	106	95
Supplies and Services	79	72
Transport	53	40
Capital Charges	44	37
<b>Total Expenditure</b>	<b>464</b>	<b>394</b>
<b>Net cost of Harbour Activities as included in the Comprehensive Income and Expenditure Statement</b>		
	<b>322</b>	<b>300</b>

### 46. Contingent Liabilities

As at 31 March 2025, the authority had one material contingent liability.

#### Virgin Media judgement

In June 2023, the High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by actuarial confirmation certificates issued under section 37 of the Pension Schemes Act 1993. The Court of Appeal rejected an appeal of this decision in July 2024. The LGPS is affected by this ruling. The Government Actuary's Department has so far been unable to locate evidence that section 37 certificates are in place for all amendments. Work is ongoing to discover whether the evidence exists. Until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits under IAS 19 or if it can be reliably estimated.

There remains uncertainty as the case may be subject to a further appeal or the Department for Work and Pensions could legislate to amend section 37 to allow retrospective actuarial confirmation. Developments are being monitored. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the value of retirement benefits in the financial statements.

## Group Accounts

The Code sets out a requirement to prepare Group Accounts where the authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality. As at 31 March 2025, the authority has the following interests (please also refer to Note 37, Related Parties, for more information):

### Composition of the Group:

Entity	Purpose	Significant judgements	Relationship with the Exeter City Council	Accounting	Materiality
Exeter City Group Ltd and Exeter City Living Ltd	Purpose limited to managing and holding the lease of six residential units at the Guildhall Shopping Centre	100% shareholding	Subsidiary	Line-by-line consolidation of assets, liabilities, income and expenditure	<b>Not Material</b> The net assets of the Company were £117k as at 31/3/2025 and minimal profit for 24/25 of £22.
Exeter Canal and Quay Trust Ltd	Charitable status and its main objectives are to preserve and develop Exeter Canal and Quay area	The company is limited by guarantee and the Council has significant influence through its representation on the board	Associate	Equity method	<b>Not material</b> The Council has significant influence but no interest in the net assets of the charity and no rights to the profits
Exeter Business Centre Ltd	Main purpose is the letting of affordable business units to support small businesses	100% shareholding	Subsidiary	Line-by-line consolidation of assets, liabilities, income and expenditure	<b>Not material</b> Largest item for consolidation is turnover of £278k (24/25) and net deficit of £12k (24/25) and £253k turnover (23/24) and net assets of £6k (23/24)
Exeter Science Park Ltd	Principal activity is to ensure the successful delivery of the Science Park by enabling the market for the Science Park to be developed through connections with the knowledge base at the University of Exeter, the Met Office and the Peninsula College of Medicine and Dentistry	16% ownership interest and significant influence through its representation on the board	Associate	Equity accounting	<b>Not material</b> Accounts to 31 March 2023 show Council's equity share of profit at (<£1k) and (£1.180m) net assets and forecast Balance Sheet to 31 March 2024 show Council's equity share of £1.605m net assets
Dextco Ltd	Established to fund and implement low carbon energy projects across Devon to deliver a reliable, low cost energy infrastructure which will encourage inward investment	20% shareholding with equal and collective control with five equal shareholders and unanimous decisions	Joint Venture	Equity method	<b>Not material</b> No financial activities. The company was placed into abeyance during 2021/22
Monkerton Heat Company Ltd	Set up to facilitate the formation of a district heating network, as part of planning requirements relating to five major residential developments at Monkerton	16.66% shareholding with significant influence due to representation on the board	Associate	Equity accounting	<b>Not material</b> The company is deemed to be a dormant company with no transactions to recognise
South West Audit Partnership Ltd	Main purpose is the provision of internal audit services to its members	4% ownership interest and influence as a consequence of its membership of the company	Associate	Equity accounting	<b>Not material</b> Accounts up to 31 March 2024 show Council's share of net assets of £40k

## Group Accounts

### Non Material Interests

As set out in the previous table, the authority has applied judgement in respect of materiality (both singly and in aggregate) and assessed that its interests in Exeter City Group, Exeter Canal and Quay Trust Ltd, Exeter Business Centre Ltd, Exeter Science Park Ltd, Dextco Ltd and Monkerton Heat Company Ltd are not material. Where non-material interests are excluded from the Group Accounts, the Council's interests are carried at cost in the single entity Balance Sheet.

## HRA Income & Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2023-24		2024-25	
£'000	Income	£'000	£'000
( 21,431)	Dwelling rents	( 22,515)	
( 451)	Non dwelling rents	( 419)	
( 1,076)	Charges for services and facilities	( 1,681)	
<b>( 22,958)</b>	<b>Total Income</b>		<b>( 24,615)</b>
 <b>Expenditure</b>			
8,247	Repairs and maintenance	9,782	
7,207	Supervision and management	7,842	
192	Rents, rates, taxes and other charges	35	
8,591	Depreciation and impairment of non-current assets	10,572	
24	Debt management costs	25	
<b>24,261</b>	<b>Total Expenditure</b>		<b>28,256</b>
 1,303	<b>Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement</b>		<b>3,641</b>
214	HRA share of Corporate and Democratic Core	197	
<b>1,517</b>	<b>Net Cost of HRA Services</b>		<b>3,838</b>

## HRA Income & Expenditure Statement

	2023-24	2024-25
	£'000	£'000
1,517	<b>Net Cost of HRA Services</b>	<b>3,838</b>
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>	
( 1,305)	(Gain) or loss on sale of HRA non-current assets	( 1,231)
2,227	Interest payable and similar charges	2,132
( 1,543)	Interest and investment income	( 1,085)
83	Net interest on the net defined benefit liability (asset) and administration expenses	57
( 2,469)	Capital grants and contributions receivable	( 4,351)
( 1,490)	<b>(Surplus) or deficit for the year on HRA services</b>	<b>( 640)</b>

### Movement on the HRA Statement

	2023-24	2024-25
	£'000	£'000
( 7,556)	Housing Revenue Account surplus brought forward	( 5,992)
( 1,490)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	( 640)
3,054	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	1,387
1,564	<b>(Increase) or decrease in the HRA Balance</b>	<b>747</b>
( 5,992)	<b>Housing Revenue Account surplus carried forward</b>	<b>( 5,245)</b>

## Notes to the HRA Statements

### 1. HRA Dwellings

	Flats	Houses and Bungalows	Total
At 31 March 2024	2,524	2,266	<b>4,790</b>
At 31 March 2025	2,531	2,258	<b>4,789</b>

### 2. Vacant Possession Value of Dwellings

At 1 April 2025 the vacant possession value of the dwellings was £846.013m, this compares to the tenanted market value in the Balance Sheet of £296.105m. The difference of £549.908m represents the economic cost to the Government of providing council housing at less than open market rents.

### 3. Council Own Build Scheme

The Council's Own Build scheme involves the development of 21 homes at Sivell Place and Merlin Crescent. Whilst the developments remain within the overall umbrella of the Housing Revenue Account, the costs and incomes arising from the developments are accounted for separately as part of their build costs were financed from borrowing. The cost of servicing the borrowing will therefore be met from the rent income received from the completed dwellings.

### 4. Impairment Charges

Impairment charges of £6.830 million (£4.827 million 2023/24) were debited to the HRA Income and Expenditure Account in 2024/25 although they were reversed out in the Statement of Movement on the HRA Balance, to avoid having an impact on rent levels, in accordance with the Code of Practice.

### 5. HRA Capital Receipts

The following capital receipts were received during the year from disposals of land, houses and other property within the authority's HRA:

	2023-24 £'000	2024-25 £'000
Land	-	-
Dwellings	3,551	3,030
Repayment of discounts	-	24
	<b>3,551</b>	<b>3,054</b>
Less amount pooled	-	-
	<b>3,551</b>	<b>3,054</b>

## Notes to the HRA Statements

### 6. Balance Sheet Valuation of Assets

	Dwellings £'000	Garages £'000	Vehicles, Plant & Equipment £'000	Assets Under Construction £'000	Surplus Assets £'000	Assets Held for Sale £'000	Total £'000
At 31 March 2024	296,391	4,080	24	12,581	-	933	314,009
At 31 March 2025	296,105	4,680	17	11,612	-	5,056	317,470

Within the valuation of Council dwellings as at 31 March 2025 of £296.105 million, £179.567 million was attributable to the value of land (2023/24 £179.654 million) and £116.538 million to buildings (2023/24 £116.736 million)

### 7. HRA Capital Expenditure

HRA capital expenditure amounted to £22.402m during 2024/25 (£23.804m 2023/24), the expenditure and sources of finance were as follows:

	Sources of Finance					Total Expenditure £'000
	Major Repairs Reserve £'000	Revenue Contributions £'000	Borrowing £'000	Grants & Other Contributions £'000	Capital Receipts £'000	
Land	-	-	-	-	-	-
Houses	11,181	2,500	-	3,143	5,578	22,402
Other	-	-	-	-	-	-
<b>Total</b>	<b>11,181</b>	<b>2,500</b>	<b>-</b>	<b>3,143</b>	<b>5,578</b>	<b>22,402</b>

## Notes to the HRA Statements

### 8. Depreciation

The depreciation charges for the year in respect of HRA assets were:

	2023-24 £'000	2024-25 £'000
<b>Operational assets</b>		
Dwellings	3,708	3,680
Garages	47	54
Equipment	8	8
<b>Total depreciation charged</b>	<b>3,763</b>	<b>3,742</b>
Less depreciation written off - disposals	( 8)	( 17)
Less depreciation written off - revaluations	( 3,540)	( 3,313)
Less depreciation written off - impairments	( 207)	( 404)
<b>Total depreciation</b>	<b>8</b>	<b>8</b>

## Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

2023-2024			2024-2025			
Council	Tax	NDR	Council	Tax	NDR	
	£'000	£'000		£'000	£'000	
<b>Income</b>						
85,275	-	85,275	Council tax	90,572	-	90,572
-	3,605	3,605	Transitional Protection - sums due to / (from) the Council	-	735	735
-	68,757	68,757	NDR	-	75,526	75,526
<b>85,275</b>	<b>72,362</b>	<b>157,637</b>		<b>90,572</b>	<b>76,261</b>	<b>166,833</b>
<b>Expenditure</b>						
<b>Demands on the Fund by:</b>						
10,145	-	10,145	Police and Crime Commissioner for Devon and Cornwall	10,908	-	10,908
3,755	729	4,484	Devon & Somerset Fire and Rescue Service	3,962	726	4,688
63,394	6,558	69,952	Devon County Council	68,173	6,530	74,703
6,698	29,147	35,845	Exeter City Council	7,042	29,019	36,061
-	36,434	36,434	Central Government	-	36,274	36,274
-	210	210	Costs of Collection Allowance	-	211	211
87	-	87	Exeter City Council Fund Transfer	127	-	127
<b>Bad and doubtful debts</b>						
236	38	274	Write offs	281	(6)	275
840	70	910	Impairment for Uncollectable Debt	590	180	770
-	2,591	2,591	Provisions for Appeals	-	4,731	4,731
<b>85,155</b>	<b>75,777</b>	<b>160,932</b>		<b>91,083</b>	<b>77,665</b>	<b>168,748</b>
<b>(120)</b>	<b>3,415</b>	<b>3,295 (Surplus) / Deficit</b>		<b>511</b>	<b>1,404</b>	<b>1,915</b>
(2,757)	735	(2,022)	Fund balance b/f	(2,877)	4,150	1,273
<b>(2,877)</b>	<b>4,150</b>	<b>1,273</b>	<b>Fund Balance c/f</b>	<b>(2,366)</b>	<b>5,554</b>	<b>3,188</b>

## Notes to the Collection Fund

### 1. Council Tax base

The council tax base, for tax setting purposes, is calculated by reference to the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, converted to an equivalent number of Band D dwellings. The figures for 2024/25 were:

Band	Dwellings	Less Discounts	Technical Changes	Conversion Factor	Band D equivalents
A Relief	22	11	-	5/9ths	6
A	9,636	3,502	22	6/9ths	4,104
B	14,436	3,030	17	7/9ths	8,885
C	13,267	1,786	14	8/9ths	10,218
D	8,518	797	5	9/9ths	7,726
E	4,152	293	0	11/9ths	4,717
F	2,060	124	1	13/9ths	2,798
G	965	49	2	15/9ths	1,530
H	33	3	1	18/9ths	62
<b>Band D equivalent</b>					<b>40,046</b>
Less Hardship Relief (Band D)					0
<b>Total Band D equivalent</b>					<b>40,046</b>
Collection rate					98%
<b>Tax base</b>					<b>39,045</b>

### 2. Income from Business Rates

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area, which are based on local rateable values (£195.289m at March 2025) multiplied by a uniform rate 54.6p (49.9p for those receiving small business relief) for 2024/25.



Exeter City Council

# Annual Governance Statement 2024-25

## Annual Governance Statement

### Scope of Responsibility

Exeter City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of Delivering Good Governance in Local Government (CIPFA/Solace 2016). This statement explains how Exeter City Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, paragraph 4(3), which required all relevant bodies to prepare an Annual Governance Statement.

The Code of Governance sets out the seven principles of good governance and the arrangements the Council has put in place to meet each of these principles:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the Council's capacity. Including the capability of its leadership and individuals within it.
6. Managing risk and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

A copy of the Council's code is available on our website.

## Annual Governance Statement

### The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled together with activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its purposes and to consider whether those purposes have led to the delivery of appropriate, cost-effective services.

The Council's 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. There is an ongoing process designed to identify and prioritise risks to the achievement of Council policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at Exeter City Council for the year ended 31 March 2025 and up to the date of the approval of the annual statement of accounts.

### The Governance Framework

The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focused upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Council's Corporate Plan 2022-26. The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

The local Code of Corporate Governance is reviewed annually through the Audit and Governance Committee and was last reviewed and recommended for approval by Council on 24 July 2024. Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Strategic Management Board (SMB) which comprises the Chief Executive and Strategic Directors including the Section 151 Officer.

The Council has designed systems and processes to regulate, monitor and control its activities in order to achieve its vision and objectives. The Code of Corporate Governance sets out the controls in full.

## Annual Governance Statement

### The key elements of the Governance Framework

#### Role of Governance Arrangements

The Council operates Executive governance arrangements, which consist of Executive and Scrutiny function. All Executive members have been allocated a specific portfolio and are responsible for driving forward the Council's key strategic aims. The Council has a constitution which sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. This was approved in (insert date) and will be kept under review throughout the year.

#### Role of the Council



- Comprises 39 elected Members (Councillors)
- Approves the Council's Corporate Strategy, Policy and Budgetary Framework
- Approves the Constitution
- Appoints to Committees, Sub-Committees and Outside Bodies

#### Role of Executive



- The Executive is responsible for most of the day to day decisions of the Council which are not delegated to officers. It is made up of the Leader of the Council and Portfolio Holders who have responsibilities for various service areas. It develops policies and strategies for approval by Council, exercises overall control of resources within the Council's policies and budget, and recommends the level of council tax to the Council. It also considers any matters specifically referred by a Scrutiny Committee

The Executive now regularly considers strategic risk registers, performance, complaints and other items which make up the governance framework. Scrutiny Committee are sighted on the Executive's work plan and may consider as appropriate. The Executive provides strategic leadership to the authority and is held to account by the Council's Scrutiny Committees.

## Annual Governance Statement

### Role of Scrutiny

#### Scrutiny

- Not a decision-making body but seek to influence policies and decisions prior to them being made
- Have the ability to challenge/review decisions by calling them in
- Can investigate issues of public importance

The role that Scrutiny can play in holding an authority's decision-makers to account makes it fundamentally important to the successful functioning of local democracy. Effective scrutiny helps secure the efficient delivery of public services and drives improvements within the authority itself.

### Role of Audit and Governance Committee

#### Audit & Governance

- To provide independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment
- Approves the Annual Governance Statement and the Statement of Accounts
- To promote high standards of member conduct

The Committee meets with the external and internal auditor to discuss findings in the Annual Audit Management Letter and Reports and the Committee is responsible for ensuring that the Council's system for internal control is sound by reviewing control mechanisms, and guidelines (both internal and external) as well as adherence to these, ensuring continued probity and good governance of the Council's operations.

## Annual Governance Statement

### Role of Management

The Authority has two layers of management and its management teams each play an important role in maintaining the governance framework.

#### Strategic Management Board (SMB)

- Implements policy and budgetary framework set by Council and provides advice to Committees of the Council on the development of future policy, procedure and budgetary issues
- Oversees the delivery of the Council's Corporate Strategy and implementation of Council Policy
- Oversees the implementation of audit recommendations to improve weaknesses in controls in a timely manner

#### Operational Management Board (OMB)

- Responsible for developing, maintaining and implementing the Council's governance risk and control framework
- Contribute to the effective corporate management and governance of the Council
- Responsible for ensuring audit recommendations to improve weaknesses in controls are actioned in a timely manner

The Strategic management Board ("SMB") comprising the Chief Executive and Strategic Directors meet weekly and focus on strategic issues, projects and programs and the health of the organisation.

The Operational Management Board ("OMB") comprises all service managers and they meet monthly to consider operational service issues and ensure compliance with corporate matters, such as performance, risk registers, compliance.

The Extended Leadership Team ("ELT") comprising SMB and OMB meet regularly and focus on both the Council's strategic direction, leadership and organisational development.

All Strategic Directors meet with the Heads of Service in their respective Directorates to consider specific service matters regularly.

## Annual Governance Statement

### Role of Statutory Officers

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#### Head of Paid Service

- Overall Corporate management and operational responsibility for the Council, including overall management responsibility for all employees
- The Head of Paid Service will determine how the Council's functions are discharged, the Council's structure, the number and grade of officers required to discharge those functions
- The provision of professional advice to all parties in the decision making process and responsibility for a system of record keeping for all the council's decisions
- Proper Officer for Access to Information

#### Section 151 Officer

- Accountable for developing and maintaining the Council's governance, risks and control framework
- Ensuring lawfulness and financing prudence of decision making and the administration of financial affairs
- Providing advice to all Councilors on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues
- Support and advise Councilors in their respective roles
- Contributes to the effective corporate management and governance of the Council

#### Monitoring Officer (MO)

- Monitoring, reviewing and maintaining the Constitution
- Ensuring lawfulness and fairness of decision making
- Supporting the Audit & Governance Committee by conducting investigations and/or undertaking other action in respect of matters referred by the Committee
- Advising whether decisions are in accordance with the Constitution
- Providing advice to all Councilors on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues
- Support and advise Councilors in their respective roles
- Contribute to the effective corporate management and governance of the Council

## Annual Governance Statement

The three statutory officers; the Head of Paid Service (the Chief Executive), the Monitoring Officer (Head of Service – Legal & Democratic) and Section 151 Officer (Strategic Director for Corporate Resources) fulfil the statutory duties associated with their roles as detailed above.

The Council's financial management arrangements conform to the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

The Council formally reviews its Financial Procedure Rules on a regular basis. On-going updates are implemented as part of the regular reviews of the Constitution.

### Role of Southwest Audit Partnership

#### Internal Audit (South West Audit Partnership)

- Provides independent assurance and opinion on the adequacy and effectiveness of the Council's risk management and control framework
- Delivers an annual program of risk-based audit activity, including counter fraud and investigation activity and makes recommendations for the improvement in the management of risk and control

The Southwest Audit partnership is responsible for monitoring the quality and effectiveness of systems of internal control. The Council has delegated its Internal Audit function to Southwest Audit partnership. Internal Audit undertakes its work in accordance with the CIPFA Code of Practice for Internal Audit in the United Kingdom and the Public Sector Internal Audit Standards.

A risk model is used to formulate an annual audit work plan, progress against which is reviewed each quarter by Senior Leadership Team and the Audit & Governance Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director and Service Lead as well as the Section 151 Officer.

The reports include an independent opinion on the adequacy of the applicable internal controls, audit findings and recommendations for improvements with an agreed timescale for implementation.

Progress against recommendations is followed up by Internal Audit and reported to Audit and Governance Committee at each meeting throughout the year.

## Annual Governance Statement

The Internal Audit Annual Report 2023/24 was considered by the Audit and Standards Committee in July 2024. Internal Audit's opinion overall, based on all Internal Audit work during the year is that Satisfactory Assurance can be given over the adequacy and effectiveness of the Council's control environment for 2023/24.

### Role of External Audit

The current external auditors are Grant Thornton. External Auditors audit the financial statements and provide an audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2024 and of the income and expenditure for the year then ended. An unqualified opinion was issued in February 2025.

External auditors also consider whether the Council has put in place proper arrangements to secure economy, efficiency, effectiveness on its use of resources.

This Annual Governance Statement for 2023/24 is the latest accountability statement for governance.

### Role of Risk Management

A robust risk management framework is an integral part of operational service delivery and the decision-making process. The Council has a Performance and Risk Management Framework in place which provides visibility and assurance that there is a robust approach to managing performance and risk. An up to date and regularly reviewed Risk Management Policy and Strategy is maintained. This requires that both Directorate and Strategic Risk Registers are maintained with appropriate action plans to mitigate and manage identified risks. The strategic risk registers are reviewed and updated at the SMB Team as appropriate.

Responsibility for assessing the adequacy of the risk management process sits with the Audit and Governance Committee. Review of the risks and the implementation of mitigating controls included in the Corporate Risk Register (CRR) is undertaken by the Executive as owners of the CRR, this is done on a quarterly basis. The Council's Strategic Management Board (SMB) are responsible for constantly reviewing the risks being posed to the Council

Heads of Service monitor risks at operational level and feedback any issues to their Strategic Director. Any significant risks, at operational level, that could impact the Council corporately are escalated to the CRR. The administrative support for the CRR process is provided by the Executive Office Manager.

To ensure that risk is considered when decisions are made, all reports presented to Members must include a risk assessment of the actions or implications within the report. This assessment also covers legal and financial considerations. Risk assessments are also put in place as part of the Council's Project Management process.

## Annual Governance Statement

The Strategic Risk Register is reported to the Executive to ensure those agreeing and implementing policy decisions, do so in knowledge of the context of the risks being faced by the Council.

### Review of effectiveness

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 Strategic Management Board who have responsibility for the development and maintenance of the governance environment.
- ✓ The work of Executive who are responsible for considering overall financial and performance management and receive comprehensive reports throughout the year.
- ✓ The work of Customer Focus and Strategic Scrutiny Committees who monitor the overall financial performance of the Council.
- ✓ The work of the Audit & Governance Committee who monitor the standards of conduct of Members, effectiveness of risk management, the work of Internal Audit and the system of internal control.
- ✓ The Section 151 Officer who is responsible for delivering and overseeing the financial management of the Council.
- ✓ The Monitoring Officer who provides assurance that the Council has complied with its statutory and regulatory obligations.
- ✓ Annual reviews of the Council's key financial and non-financial systems by Internal Audit against known and evolving risks which are reported on a quarterly basis to the Audit & Governance Committee.
- ✓ Annual reviews of the Council's financial accounts and records by the External Auditors leading to their opinion as published in the year-end statements.
- ✓ Ongoing reviews of strategic and operational risks in each service area and the conduct of risk analysis and management in respect of major projects undertaken by the Council.
- ✓ Reviews and, where appropriate, updates of the Council's Constitution including Financial Regulations and Standing Orders
- ✓ Comments made by other review agencies and inspectorates.

### Financial Management Arrangements

The Council's financial management arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2010) as set out in the "Application Note to Delivering Good Governance in Local Government: Framework" and with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations. The Section 151 Officer is a member of the Council's Strategic Management Board.

## Annual Governance Statement

### Internal Audit

The Internal Audit Service is provided by South West Audit Partnership and is managed and delivered in accordance with the Public Sector Internal Audit Standards (PSIAS) which were introduced in April 2013. It is a requirement of the standards that an independent external review of Internal Audit's compliance with PSIAS is undertaken every five years. This external review was completed in December 2024 when the external assessor concluded that:

"It is our overall opinion that SWAP **generally conforms** to the Public Sector Internal Audit Standards (PSIAS), including the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*."

Based on the assurance work undertaken by Internal Audit, the Audit Manager has provided an opinion on the adequacy of the control environment as part of the Annual Internal Audit Report which concluded that the key systems are operating soundly and that there are no fundamental breakdowns of controls resulting in material discrepancy.

### External Audit

The Council's external auditor (Grant Thornton) has not yet issued a certificate of completion in respect of 2020/21, although all necessary audit work has been completed. With regards to 2021/22, 2022/23 and 2023/24 again Grant Thornton has not yet issued a certificate of completion, but all work has been completed and an audit opinion has been issued for each year.

### Corporate Complaints

During 2024-25, 40 corporate complaints were received compared to 23 in 2023-24. Of the 40 complaints received, 26 were dealt with at Stage 1, 8 were dealt with at stage 2 and 6 were escalated to the Local Government ombudsman and there are no complaints waiting to be resolved. In addition there were 219 Housing complaints of which 180 were dealt with at Stage 1, 37 were dealt with at stage 2 and 2 were escalated to the Social Care and Housing Ombudsman.

### Performance Management

Performance management of individual services, for example building control, planning and waste management has been developed in our Power BI dashboards. The scope of these dashboards continues to expand and the reports enable accessible, visible data and analytics to support managers in monitoring performance. A review of the priorities and objectives in the corporate plan will be undertaken shortly following the appointment of the new Chief Executive. When completed a performance framework will be introduced to enable reporting and monitoring of performance across key areas of the council.

## Annual Governance Statement

### Key Issues 2024-25

In SWAP's Internal and opinion 2024-25, one organisational risk high.

The Council accepts started to address the

- A new team has operating at full
- Policies and reviewed and
- One member of 50% of their Commercial largest area of

#### Debt Management Advisory Review

Our work showed there were varying levels of debt recovery action taken across service areas. Several service areas reported they do not have dedicated debt recovery officers and that they do not take recovery action regularly.

There were three separate debt recovery procedures published on the intranet. None of them provide detailed instructions of the recovery steps services should follow beyond automatic reminders. The procedure documents have not been reviewed since 2019.

The council's write-off authorisation protocols are restrictive, which may deter write-off even when this is the most appropriate action. Write-off guidance and templates need updating.

This audit was specifically requested by management as an advisory review outside of the agreed internal audit plan. Senior Management had concerns in relation to the operation of debt management and had already decided to move the function from Revenues and Benefits across to Accountancy Services. This review was requested to assess the basepoint and to help inform priorities for the team.

Our action plan monitoring shows agreed actions to be in progress.

Audit Annual Report they have highlighted that they have rated as

this risk and has issues raised.

been appointed and is capacity; procedures are being updated; the team is spending time working on Asset debt (by far the debt).

In addition, 72% of Audits during the year were given limited assurance. This resulted in an overall opinion of limited assurance. The Council has put in place the following:

- All limited assurance audits are reported to SMB and Audit & Governance;
- All actions are tracked via both Audit Board and internal templates for SMB.

## Annual Governance Statement

### Approval of the Annual Governance Statement

To the best of our knowledge, the governance arrangements, as outlined in this AGS have been operating effectively during the year. During the review of effectiveness, we have identified three key areas of concern and we propose over the coming year to take steps to address these concerns in order to enhance our governance arrangements and are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness. Progress against the action plan will be monitored quarterly by the Audit & Governance Committee.

**Signed:** .....

**Date:** .....

Councillor Wardle  
**Chair of Audit & Governance Committee**

**Signed:** .....

**Date:** .....

Dave Hodgson CPFA  
**Strategic Director Corporate Resources & Section 151 Officer**

**Signed:** .....

**Date:** .....

Councillor Bialyk  
**Leader of the Council**

**Signed:** .....

**Date:** .....

Bindu Arjoon  
**Chief Executive**

## **Auditors Report**

## Glossary of Terms

### **Accounting Period**

The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for local authority accounts.

### **Accrual Basis**

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

### **Amortisation**

The spreading of the cost of an asset over a number of financial years to fairly represent the period over which the Council benefits from the asset.

### **Actual**

Actual, as opposed to budget, expenditure and income directly attributable to an accounting period, generally referred to as actuals.

### **Annual Governance Statement**

A statement published with the Statement of Accounts prepared in accordance with the CIPFA/SOLACE publication Delivering Good Governance in Local Government: Framework. It assesses the effectiveness of the arrangements the Council has put in place to govern decision-making and accountability.

### **Appointed Auditors**

For audits of Council accounts from 1 April 2018, Public Sector Audit Appointments Limited (PSAA) is responsible for appointing an auditor, as Exeter City Council opted into its national appointment arrangements. Grant Thornton (UK) LLP is the Council's appointed Auditor.

### **Asset Ceiling**

An asset ceiling is the present value of any economic benefits available in the form of refunds from the defined benefit pension scheme or reductions in future contributions to the plan.

### **Associate**

An entity that the Council does not control but over which it has significant influence.

## Glossary of Terms

### **Balances**

Working balances are reserves needed to finance expenditure in advance of income from debtors, precepts and grants. Any excess may be applied at the discretion of the authority, to reduce future demands on the Collection Fund or to meet unexpected costs during the year. Balances on holding accounts and provisions are available to meet expenditure in future years without having adverse effect on revenue expenditure.

### **Beacon Property**

A property that is similar to others held by the Council, so that its valuation can be used to estimate a valuation for those other properties.

### **Budget**

A statement of the income and expenditure policy plan of the Council over a specified period. The most common is the annual Revenue Budget expressed in financial terms and including other physical data, e.g. staff resources.

### **Capital Expenditure**

This is expenditure on the acquisition of a fixed asset, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

### **Capital Financing**

The raising of money to meet the cost of capital expenditure. Capital expenditure may be financed by borrowing, leasing, and contributions from revenue accounts, the proceeds from the sale of capital assets, capital grants and contributions from developers or others.

### **Capital Grants**

Grants specifically towards capital expenditure on a specific service or project.

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the leading professional accountancy body for public services. CIPFA publishes the annual Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code constitutes proper accounting practice.

### **Collection Fund**

This is a statutory fund kept separate from the main accounts of the Council. The Collection fund shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities (Devon County Council, Police and Crime Commissioner for Devon and Cornwall and Devon & Somerset Fire and Rescue Service) and the government of council tax and non-domestic rates.

## Glossary of Terms

### **Community Assets**

These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and may have restrictions on their disposal.

### **Contingent Liability or Assets**

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately and for which provision has not been made in the Council's accounts.

### **Council Tax Requirement**

This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General Fund Balances, specific grants and any funding from reserves.

### **Creditors**

Amounts owed by the authority for work done, goods received or services rendered, but for which payment was not made at the balance sheet date.

### **Current Service Cost**

This is an increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

### **Current Assets**

Assets that can be expected to be consumed or realised during the next accounting period.

### **Current Liabilities**

Amounts that will become due or could be called upon during the next accounting period.

### **Curtailment**

The cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

### **Debtors**

Amounts due to the Council that have not been received at the balance sheet date.

### **Deferred Liabilities**

This represents the liability for principal repayments on finance leases.

## Glossary of Terms

### **Depreciation**

This is the measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

### **Earmarked Reserves**

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

### **Economic Life**

The period over which an asset is expected to be economically usable, whether by the Council or subsequent users.

### **Employee Costs**

These include salaries, wages and employer's national insurance and superannuation costs payable by the Council, together with training expenses and charges relating to the index-linking of pensions of former employees.

### **External Audit**

The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

### **Fair Value**

The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

### **Fair value through other comprehensive income financial assets**

Investments for which gains and losses in fair value are recognised on the Balance Sheet but do not impact on the Council's income as they arise but only when the investment matures or is sold. Defined as financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling investments, and which have the form of a basic lending arrangement.

### **Final Accounts**

Accounts prepared for an accounting period, showing the net surplus (profit) or deficit (loss) on individual services and a balance sheet is prepared for them. They are produced as a record of stewardship and are available to interested parties. Local authorities are required to publish each year a Statement of Accounts, as specified in the Accounts and Audit Regulations 2015.

## Glossary of Terms

**Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

**Financial Instruments**

A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

**Financial Year**

The local authority financial year commences 1 April and finishes 31 March the following year.

**Financial Regulations**

These are a written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

**Fixed interest**

A loan or investment where the interest rate is set as a specified amount for the duration of the arrangement.

**General Fund**

The fund into which the Council pays all its revenue income and from which it incurs all its revenue expenditure, unless specifically mandated by law not to.

**Government Grants**

Payments by central government towards local authority expenditure. They must be specific e.g. Housing Benefits, or general e.g. Revenue Support Grant.

**Housing Benefit**

This is an allowance to persons receiving little or no income to meet, in whole or part, their rent. Benefit is allowed or paid by local authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to local authorities. Benefits paid to the Authority's own tenants are known as rent rebates and that paid to private tenants as rent allowances.

**Housing Revenue Account**

Local authorities are required to maintain a separate account, the Housing Revenue Account, which sets out the expenditure and income arising from the provision of Council housing.

## Glossary of Terms

### **Impairment**

A reduction in the value of an asset below its value held in the Balance Sheet. Factors which may cause such a reduction include; fall in general prices, a decline in an asset's market value and evidence of obsolescence or physical deterioration.

### **Impairment Loss**

The loss that is incurred when the amount at which an asset is recorded in the Balance Sheet is greater than the value that the Council will be able to recover from it (the recoverable amount).

### **Income and expenditure basis**

An accounting method based on recording transactions when an organisation becomes entitled to receive economic benefits or obligated to transfer economic benefits, rather than when cash payments take place.

### **Infrastructure Assets**

Assets whose purpose is fixed once they are constructed and whose value can only be recovered through their continued use for this purpose, such as roads and bridges.

### **Interest**

An amount receivable or payable for the use of a sum of money when it is invested or borrowed.

### **Inventories**

Items of raw materials and stock an authority has procured to use on a continuing basis which it has not consumed or the value of work in progress.

### **Investment Properties**

Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

### **Major Repairs Reserve**

A statutory reserve that accumulates resources to finance capital expenditure on the Council's housing stock, built up from transfers from the HRA of amounts equal to the depreciation of the stock each year.

### **Materiality**

Information is material if omitting it or misstating it could influence the decisions that users make on the statement of accounts.

## Glossary of Terms

### **Minimum Revenue Provision (MRP)**

The minimum amount that must be charged to an authority's revenue accounts and set aside for the repayment of debt. It is calculated in accordance with the Council's approved MRP policy.

### **Money market funds**

Collective investment schemes in which a number of investors put their money, which is then invested by the fund manager in a portfolio of highly liquid and low risk investments.

### **Non-Domestic Rates (NDR)**

NDR is also referred to as business rates; is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. Authorities can voluntarily form a business rate retention pool, where all authorities in the pool can benefit from keeping a proportion of business rate revenue as well as growth on the revenue that is generated in their area to spend on local services.

### **Net Book Value**

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

### **Non-Current Assets**

Assets that can be expected to be of use or benefit to the Authority in providing its service for more than one accounting period.

### **Operating Lease**

A lease under which ownership of the asset remains with the lessor; the lease costs are revenue expenditure to the Authority.

### **Precepts**

The amount levied by various Authorities that is collected by the Council on their behalf. The major precepting authorities in Exeter are Devon County Council, Devon and Somerset Fire and Rescue Service and Devon and Cornwall Police Authority.

### **Prior Period Adjustments**

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

### **Property, Plant and Equipment (PPE)**

Tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administration purposes, and are expected to be used during more than one year.

## Glossary of Terms

### **Provision**

A liability of the Council where there is uncertainty about when it will be settled and/or how much the Council will have to pay. The estimated amount that will be required to settle the liability is charged as an expense when the Council recognises the obligation.

### **Public Works Loan Board (PWLB)**

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

### **Revaluation gain**

The excess of the revalued amount of an asset over its previous carrying amount.

### **Revaluation loss**

A shortfall in the revalued amount of an asset compared with its previous carrying amount.

### **Revenue Contribution to Capital Outlay (RCCO)**

The mechanism by which items of capital expenditure can be financed by the General Fund or Housing Revenue Account.

### **Revenue Expenditure Financed by Capital under Statute (REFCUS)**

Expenditure which has been legally capitalised but which does not produce a fixed asset for the council, e.g. renovation grants for homeowners.

### **Revenue Support Grant**

A grant paid by government to meet a proportion of the local authority expenditure necessary to provide a standard level of service throughout the country.

### **Right-of-use asset**

Represents a lessee's right to use an asset over the course of a lease and these rights are recognised on its balance sheet as a 'right of use' asset.

### **Short-term lease**

A lease that has a term of 12 months or less at its commencement date.

### **Significant Influence**

The power to participate in the financial and operating policy discussions of another entity (but without control or joint control over those policies).

## Glossary of Terms

### **Statement of Movement on the HRA Balance**

The financial statement that shows the balance on the HRA available to the Council at the year-end, detailing how the balance has been arrived at by adjustments to the financial performance established by proper accounting practices in the HRA Income and Expenditure Statement.

### **Subsidiary**

A subsidiary is an entity that is controlled by another entity (the parent). A reporting authority controls an entity if it has; power over the entity, exposure to or rights to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amounts of its returns.

### **Surplus Assets**

Property, plant or equipment that is not being used to provide services but that does not meet the criteria for an investment property or an asset held for sale.

### **Trust Funds**

A separate legal entity that holds assets for the benefit of specified organisations or individuals, overseen by a trustee or trustees.

### **Unusable reserves**

The reserves in the Balance Sheet that are not balances of usable resources, comprising revaluation reserves and adjustment accounts.

### **Usable reserves**

The reserves in the Balance Sheet that are balances of usable resources, both revenue and capital.

### **Value for Money**

An expression describing the benefit obtained (not just in financial terms) for a given input of cash. The term is widely used within public bodies, but there are many difficulties in its use because value, as such, is a subjective measure and there are rarely supporting objective measures. The appointed auditors are required to consider value for money with the three objectives of economy of input, efficiency of operation and effectiveness of output in service provision and report on the Council's arrangements for securing VFM.



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BS2 0EL

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**Please ask for:**

**Direct Dial:** 01392 265292

**Email:** [David.hodgson@exeter.gov.uk](mailto:David.hodgson@exeter.gov.uk)

**Our ref:**

**Date:** 11 February 2026

Dear Grant Thornton UK LLP,

### **Exeter 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 Exeter City Council for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority 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**

- We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- The Council 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.
- We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include valuation of land and buildings, investment properties, council dwellings and the net pension liability. 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 use. During the year we evaluated our estimation process for right of use assets (due to changes in accounting standard IFRS 16) to align with accounting standard requirements. 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.

- We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 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.
- Except as disclosed in the group and Council financial statements:
  - there are no unrecorded liabilities, actual or contingent
  - none of the assets of the group and Council has been assigned, pledged or mortgaged
  - there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- 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.
- 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.
- Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 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 group and Council's ability to continue as a going concern need to be made in the financial statements

- 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.
- 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

- We have provided you with:
  - Access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
  - additional information that you have requested from us for the purpose of your audit; and
  - access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.
- We have communicated to you all deficiencies in internal control of which management is aware.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 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.
- 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:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements.
- 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.
- 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.
- 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.
- We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

## Annual Governance Statement

- We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council'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

- 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 and Governance Committee at its meeting on 11 February 2026.

Yours faithfully

Name            Councillor A J Wardle

Position        Chair - Audit and Governance Committee

Date            11 February 2026

Signature ..... .

Name            Dave Hodgson

Position        Director Finance (Section 151 Officer)

Date            11 February 2026

Signature ..... .

**Signed on behalf of the Council**