

## **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