

STATEMENT OF ACCOUNTS

2023-2024



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Narrative Report

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 2023/24
- Non-Financial Performance 2023/24
- Future Financial Plans
- Statement from Director Finance

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 130,800 and is at the heart of a travel to work area of over 499,800 residents.

Employment: The city’s wider area includes much of the district council areas of East Devon, Teignbridge and Mid Devon. 297,000 of these residents are of working age and 249,400 are employed. Well over half the workforce is well qualified, substantially higher than the national average.

Commuters: Approximately 35,000 people commute into Exeter on a daily basis.

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

Business: 5,147 registered for business rates.

Average City Centre footfall: 1,500,000 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.

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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 177th in the latest (2024) Times Higher Education World University Rankings, the most influential global league table.

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 19th 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. The Chiefs have become one of the leading clubs in the Premiership, winning the championship title twice in 2016-17 and 2019-20. 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 2022/23 financial year was:

Party	Councillors
Labour seats	25
Conservative	4
Liberal Democrat	3
Green Party	6
Independent	1

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

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 2023/24 (AMENDED 16 MAY 2023)

ALPHINGTON



LABOUR

Yvonne Atkinson



LABOUR

Bob Foale



LABOUR

Steve Warwick

DURYARD & ST JAMES



LIB DEM

Kevin Mitchell



LIB DEM

Michael Mitchell



LABOUR & CO-OP

Martin Pearce

EXWICK



LABOUR & CO-OP

Phil Bialyk



LABOUR

Paul Knott



LABOUR & CO-OP

Susannah Patrick

HEAVITREE



GREEN

Carol Bennett



LABOUR

Barbara Denning



GREEN

Catherine Rees

MINCINGLAKE & WHIPTON



LABOUR

Naima Allcock



LABOUR

Emma Morse



LABOUR

Ruth Williams

PENNSYLVANIA



LABOUR

Zion Lights



LABOUR & CO-OP

Josie Parkhouse



LABOUR & CO-OP

Martyn Snow

PRIORY



LABOUR

Marina Asvachin



LABOUR

Jane Begley



LABOUR

Tony Wardle

ST LOYES



CONSERVATIVE

Peter Holland



CONSERVATIVE

Anne Jobson



CONSERVATIVE

Alison Sheridan

ST THOMAS



LIB DEM

Adrian Fullam



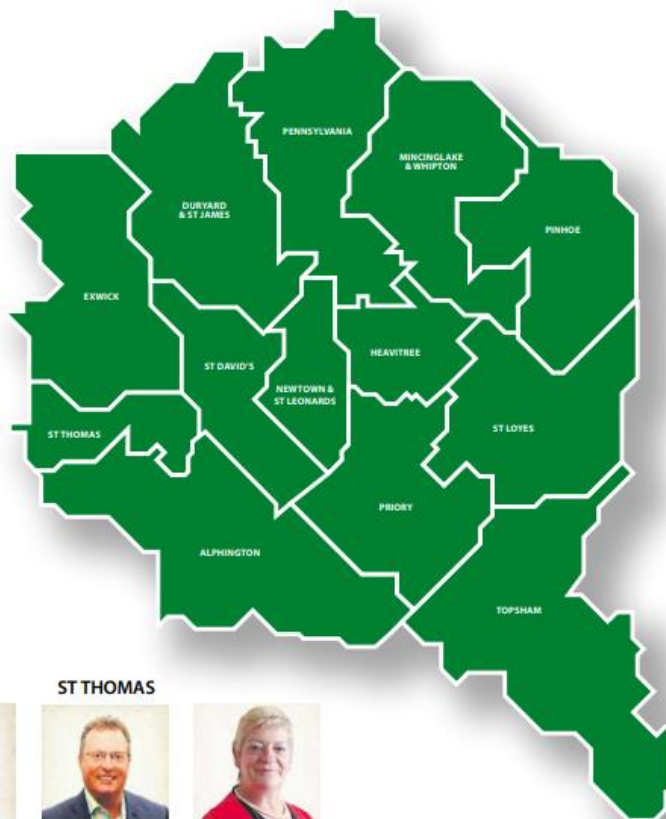
LABOUR & CO-OP

Rob Hannaford



LABOUR

Laura Wright



NEWTOWN & ST LEONARDS



LABOUR

Richard Branton



GREEN

Andy Ketchin



LABOUR

Matthew Vizard

PINHOE



INDEPENDENT

David Harvey



LABOUR

Mollie Miller



LABOUR & CO-OP

Duncan Wood

ST DAVID'S



GREEN

Diana Moore



GREEN

Tess Read



GREEN

Amy Sparling

TOPSHAM



LABOUR

Joshua Ellis-Jones



CONSERVATIVE

Andrew Leadbetter

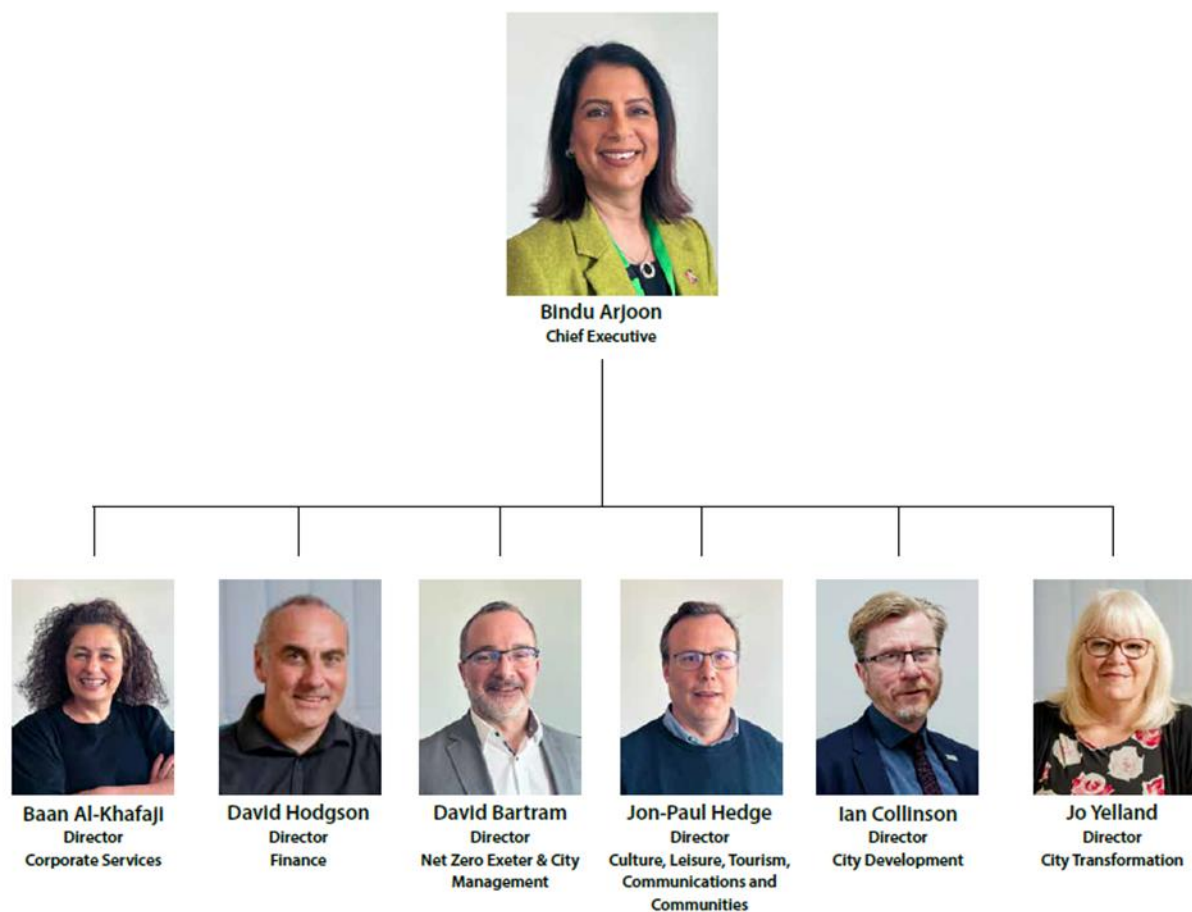
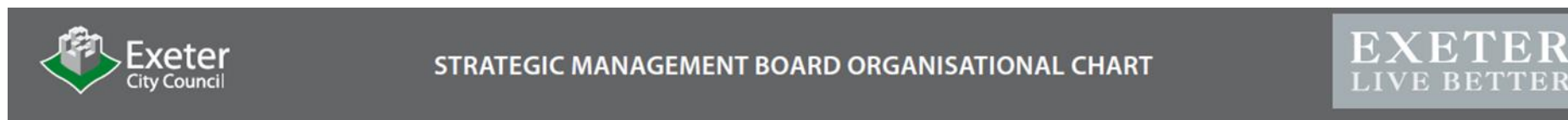


LABOUR

Matthew Williams

Narrative Report

Exeter City Council's Senior Management Structure for the 2023/24 Financial Year:



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Council Employees

The Council employed 799 people in full time and part time contracts in March 2024, compared to 824 people in March 2023.

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 2023/24 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 £10.90 per hour from 1 April 2023 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 10 staff who are union representatives, with one officer spending at least 50% of their working hours on union activity.

The Council is undertaking a significant business transformation designed to modernise service delivery and respond to the financial pressures it is under. Following the appointment of Bindu Arjoon as the Council's new Chief Executive, the next stage of the Senior Management is underway but will not be completed until 2024-25.

4. The Council's Corporate Plan 2022-2026

On 18 October 2022, Council approved the council's 2022-2026 Corporate Plan; one of the key strategic documents that frames the actions of the Council.

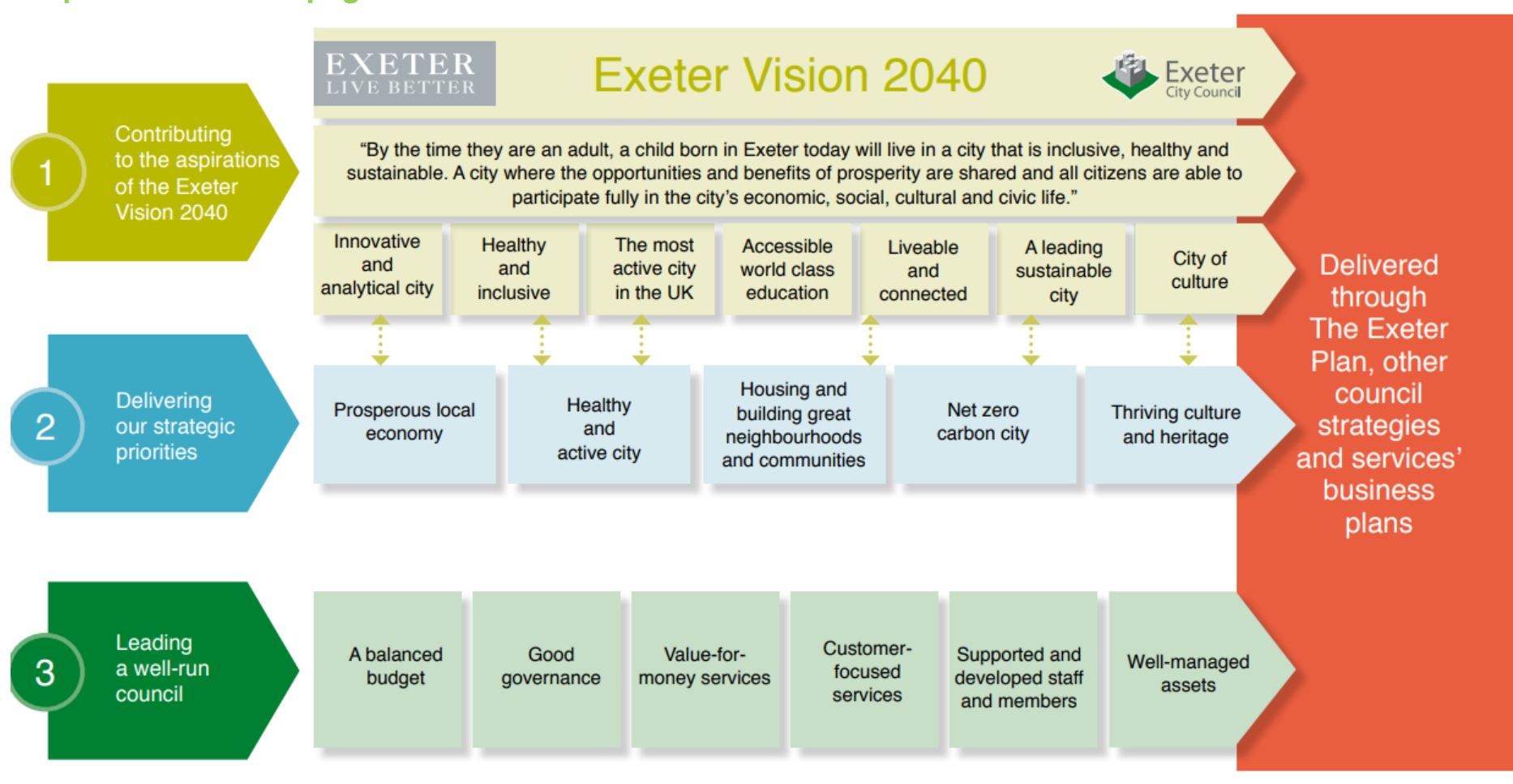
The Corporate Plan has been updated to reflect the changes that have occurred since we produced Our Strategy 2018-2021, as we face up to complex and unprecedented challenges. Some of these followed directly in the wake of the Covid-19 pandemic and our exit from the European Union. Others include the climate emergency, the housing emergency, and the decline of the High Street and health inequalities.

Delivery of the plan will be very much dependent on the rapidly-changing economic climate, the availability and prioritisation of our resources. Continued financial challenges mean we must reduce our budget by £5.1m by 2028. Focusing on the council and achieving savings is critical. We are still aspirational for our city so innovative and creative working with the private sector and our partners will be critical. Against this backdrop, the council will be focusing on:

- Contributing to the aspirations of the Exeter Vision 2040
- Delivering our strategic priorities
- Leading a well-run council

Narrative Report

Corporate Plan on a page



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Our values and behaviours – how we work

We know that only the exemplary behaviour and positive attitude of our employees will deliver outstanding results for those that visit, work in and live in the city.

We are developing a Values and Behaviours Framework, which represents how we will deliver the planned outcomes of this plan. Our values and behaviours are central to who we are as a council and they help to develop the right working environment to deliver our ambitious goals for the city.

These are our initial thoughts, developed through working with a small group of staff. Over the coming months, we will work with staff more widely and elected members to seek further feedback and to refine the framework.

Equality and diversity

As a service provider, community leader and employer we are committed to being an exemplar in promoting equality and tackling social exclusion. We demonstrate this commitment through our corporate equality group, corporate equality plan, our equality objectives and our values and behaviours. We also undertake equality impact assessments of our policies, programmes and plans to ensure we are considering their impact on equality groups.



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5. Financial Performance 2023/24

2023/24 presented its own financial challenges for the Council along with many others around the Country. Whilst there was a reduction in energy price pressures, ongoing and stubbornly high inflation fuelled a higher than anticipated national pay settlement and income streams struggled to reach the budget. Whilst the headline figures set out a small contribution of £269,000 from the General Fund reserve, a further £1,512,000 of supplementary budget requests are proposed to be funded from the Reserve. This means that the General Fund Balance will be close to the minimum recommended level of reserves at the end of 2024/25.

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	1,144	1,466	322
IT & Transformation	2,710	2,319	(391)
City Development	4,728	3,472	(1,256)
Communications, Culture & Leisure Facilities	7,785	3,531	(4,254)
Net Zero Exeter and City Management	4,887	5,142	255
Finance	2,797	1,993	(804)
Corporate Services	2,869	3,060	191
Less Notional Capital Charges	(5,207)	(5,207)	-
Service Committee Net Expenditure	21,713	15,776	(5,937)
Net Interest	1,320	537	(783)
Revenue Contribution to Capital	-	137	137
Minimum Revenue Provision	1,694	2,553	859
General Fund Expenditure	24,727	19,003	(5,724)
Transfer To/(From) Working Balance	(3,225)	(269)	2,956
Transfer To/(From) Earmarked Reserves	(3,964)	173	4,137
General Fund Net Expenditure	17,538	18,907	1,369
Met By:			
Formula Grant	(5,856)	(5,856)	-
Business Rates Growth / Pooling Gain	(3,272)	(4,725)	(1,453)
New Homes Bonus	(672)	(672)	-
CIL Income	(953)	(869)	84
Council Tax	(6,785)	(6,785)	-
	(17,538)	(18,907)	(1,369)
	March 2024	March 2024	
Working Balance	6,151	5,882	

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2023/24 Capital Outturn

The Council spent £29.380m on its Capital Programme in 2023/24 compared to the revised forecast spend of £39.600m. This comprised £5.575m on General Fund and £23.805m on HRA capital expenditure.

The variance between the outturn forecast and actual outturn for the year was £10.220m will require the re-profiling of planned expenditure into 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:

	2023/24 Forecast Outturn £'000	2023/24 Outturn £'000	Variance £'000
Capital Expenditure:			
Chief Executive	0	0	0
IT & Transformation	494	289	(205)
City Development	31,061	24,323	(6,738)
Communications, Culture and Leisure Facilities	827	407	(420)
Net Zero Exeter and City Management	5,585	3,155	(2,430)
Finance	1,633	1,206	(427)
Corporate Services	0	0	0
Total Expenditure	39,600	29,380	(10,220)
Resources:			
Major Repairs Reserve	15,045	9,353	(5,692)
Capital Receipts	7,881	5,587	(2,294)
Grants and Contributions	9,396	8,064	(1,332)
Community Infrastructure Levy (CIL)	297	246	(51)
Revenue Contributions	4,172	4,137	(35)
Prudential Borrowing	2,809	1,993	(816)
Total Financing	39,600	29,380	(10,220)

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Key achievements in 2023/24 Capital Programme:

- **Rough Sleepers Accommodation**

The Council has bought a further four properties (former one-bed council homes) as part of an initiative to end rough sleeping in the city.

The homes will go to people who have a current or recent history of rough sleeping and in the future will form part of the Council's wider temporary accommodation offer.



One-bed council homes

- **Local Authority Housing Fund**

The Council has purchased 13 homes under the above scheme, costing a total of £4.1 million, mainly funded by grant. The homes have been purchased under the agreement to provide accommodation to Afghan and Ukrainian families along with temporary accommodation. All thirteen have now been purchased and the first seven families have been accommodated. A matching programme is underway to allocate the remaining six homes.

- **RAMM Roof replacement**

A large grant of close to half a million pounds from the Arts Council has been matched by the Council to replace part of the roof at the Grade II listed Royal Albert Memorial Museum. The scheme when complete will increase the space available for exhibitions or meetings in this unique setting.

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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 2023/24 the HRA reported an operating deficit of £1.574m. 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 £4 million, as a contingency against financial risks. As at 31 March 2024, the working balance was £5.992m. Further revenue contributions are planned over the remainder of the MTFP towards financing the capital schemes to bring the working balance closer to £4m.

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 2023/24, work continued on the HRA House-building programme, to progress towards the Council Objective of 500 new council homes being built by 2030.

Key achievements

The Council successfully secured Government Grant of £1.495m to tackle fuel poverty in some of our least energy efficient homes – this was in addition to the £2.6m 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 – currently targeted by 2030. The retrofits programme sees the whole house refurbished to deliver the very highest energy standards and the greatest energy benefits for tenants and over 750 properties fully retrofitted to date.

The Council continues to operate its first extra care housing scheme at Edwards Court – 53 one and two bedroom flats which have been designed, built and certified to the rigorous passiv-haus standard. The buildings ventilation system also includes heat recovery which is around 90% efficient – this heat recovery coupled with the airtightness and insulation means that the energy required to heat the building will be reduced by up to 90%.

Progress is being made at Vaughan Road with phase 1 - 35 of 91 properties are currently under construction and due for completion in May 2025. Additionally, 21 flats are being construction at Hamlin Gardens and will be completed in July 2024.

This year the Housing Service has completed a review of its Tenancy Strategy and Policy making changes to the type of tenancies being offered to new tenants via Devon Home Choice. A new Council Housing Strategy was also agreed setting out the 5 key priorities relating to housing and how it will achieve its aspirational targets.

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
Cost headlines			
Overheads cost per property	£266.05	1st	Within top 25% of peer group
Total cost per property of Housing Management	£394.06	1st	Within top 25% of peer group
Total cost per property of Responsive Repairs & Void Works	£1,016.17	1st	Within top 25% of peer group
Operation performance headlines			
Average number of calendar days taken to complete repairs	9.59	1st	Within top 25% of peer group
Staff turnover in the year %	9.3%	2nd	Within top 50% of peer group
Overall satisfaction with service	70%	2nd	Within top 50% of peer group

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Pension Fund

The Council has net pension liabilities of £16.970m 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 £221.807m of which £73.242m relates to the HRA.

Actual borrowing is £164.768m, which comprises the principal outstanding on long-term loans from the PWLB. The loans include; £72.244m in respect of the HRA, £42.886m for the Guildhall Shopping Centre, £33.915m for the new leisure centre and £15.723m for capital acquisitions. The rest of the requirement is managed via internal borrowing.

6. Non-Financial Achievements 2023/24

Although 2023/24 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:

- at the National Unlock Net Zero Awards as part of the Chartered Institute of Housing Conference in Manchester, the Council won the Green Homes Upgrade of the Year.
- The Council has been awarded the Bronze award by the Carbon Literacy Organisation.
- The Council's Extra Care scheme, Edwards Court, won the award for Project of the Year (over £5m), awarded at the Michelmores Property Awards 2023. The 53-flat scheme built by Exeter City Council, Edwards Court, was described by the

judges as "one of the most interesting and well-designed buildings of its type".



- Exeter's new solar farm and battery storage facility at Marsh Barton was shortlisted in the 2023 RTPI South West Awards for Planning Excellence and was a runner up in the EDIE Renewable Energy Project of the year. The Scheme was also a runner up in the APSE Best Climate Action or Decarbonisation initiative.



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Significant Projects and Matters

One Exeter

Since the appointment of the new Chief Executive there has been an enhanced focus to deliver on the strategic priority of 'Leading a Well-Run Council'. This will concentrate on the core functions of the council as well as the transformational work identified through the One Exeter programme. The programme is now structured around five work streams as set out below. These work streams are cross-referenced to the Council's Corporate Plan:

- Our People;
- Our Assets and Income;
- Our Customers;
- Our Services;
- Our Governance.

Over the last year the programme has delivered the following outcomes:

- A Draft Green Travel Plan has been prepared. The aim of the plan is for all staff to travel sustainably to commute in and for all associated work journeys by 2030. A staff survey was conducted to understand how staff currently travel to and for work and the barriers that stop staff from using sustainable transport. An action plan has been developed to implement the plan.
- Work has continued to ensure that all employees have access to wellbeing support. A new Employee Assistance Programme (Health Assured) has been launched which provides all employees and their immediate family members to emotional and practical support. This service is also available for Members. Between July 2023 and September 2023, 52 phone calls were made by staff to the provider.
- The new Values and Behaviours framework has been launched and communicated to all staff. A staff group was created to develop the Values and Behaviours and reflect what's important to both the Council and staff. The Values and Behaviours have been incorporated into the new Performance and Development Review process so that all staff will have the opportunity to demonstrate how they have modelled the behaviours.
- Alongside the Values and Behaviours, a new Performance and Development review process has been introduced to replace the former Growth and Development Reviews. All employees will be required to have a Performance and Development review on an annual basis and in addition to their regular 1:1 meetings with their Manager. As well as evaluating performance and setting objectives, the reviews will help to embed the new Values and Behaviours. The full roll out of the new process will begin in April 2024.

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- In December 2022, all services were asked to undertake Service Reviews to identify opportunities to improve the customer experience and to find a 15% cost reduction over the life of the Medium Term Financial Plan. Those services that put forward cost reduction proposals for the next financial year have successfully delivered many of the proposals put forward without having an adverse impact on service delivery.
- A Decision Making Accountability review has been undertaken by the Local Government Association to understand how decisions are made within the council and whether they are being made at the right level. The findings from this have informed the new organisational structure.
- A number of HR policies have been reviewed and updated over the last year including the Drug and Alcohol at Work policy, Sickness Absence Management Process and Procedure, Probation Policy and Disciplinary Policy. This work will continue in 2024.
- The Digital Customer Strategy was approved by Council in November 2023. The strategy is an important milestone for the Council and all services will be affected. The strategy has been developed in recognition that digital technology has, and is, continuing to change the way people live, connect and work. A Delivery Plan is being developed and work has already started on implementing the strategy. House keeping work is nearing completion on the migration to Microsoft 365 and most telephone numbers and email addresses have been removed from the website. Customers are now directed to the main switchboard or asked to complete a 'contact us' form.
- As part of the Service Review process, it was agreed to investigate the hypothesis set by Service Leads that there were several functions delivered in a fragmented way across the Council. The hypothesis suggested that if these functions could be joined up, it would be possible to improve the quality of services and reduce the cost of delivering them. In terms of deliverables, the work is focussed on three pieces of work:
 - A proposal for a centralised Debt Management Function.
 - A draft policy for the expansion of digital payments
 - An outline business case for the creation of single corporate functions for Health and Safety and Soft Facilities Management, Anti-Social Behaviour and Sales and Marketing.

This work will continue in 2024.

Over the next twelve months, the work programme will focus on:

- Further development of the OD/HR Workplan;
- Implementation of the Digital Customer Strategy;
- Development of a Data Strategy;
- Development of Performance Management Framework;
- Equalities, Diversity and Inclusion Review;
- Accommodation Review;
- Customer Insight and Consultation;
- Senior Management Restructure.

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Sport England Partnership

The Live and Move programme has developed through a partnership between Exeter, Cranbrook and Sport England as part of the national Local Delivery Pilot programme. Sport England is working with 12 places across the country to identify how physical activity can tackle health inequalities and build healthier, more active communities. Following an award of £4.721m in June 2019 by Sport England, Exeter City Council embarked on a delivery programme to achieve the Local Delivery Pilot outcomes, named 'Live & Move'. A further £1.883m has been awarded to continue delivery of the programme in line with the Sport England strategy 'Uniting the Movement' to March 2025.

The refreshed Live and Move strategy ensures the programme 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.



Through programmes and networks such as Wellbeing Exeter and Move More Cranbrook we are identifying ways to support people to be more active in their everyday lives, be that walking, cycling, exercising, gathering with friends and family or taking part in a club, activity or class. 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.

Whilst Exeter is a city with high rates of physical activity compared to the national average, there are significant pockets of high deprivation and poor health outcomes. There is a significant health inequality gap with a wide range of life expectancy between the most affluent and most deprived wards. In Cranbrook, the identity of a new town, rapid population growth and an evolving formal community infrastructure is making us question traditional approaches to developing sport and activity as a way of life.

The impact of the pandemic on activity levels, health outcomes and widening inequalities is significant. Our own local fieldwork has identified that residents in our poorest neighbourhoods are three times more likely to be inactive than the mainstream population. In particular, those on low incomes and from culturally diverse communities have seen a fall in activity levels and a decrease in general health and wellbeing. Our programme is changing and adapting as people's attitudes to community, work, health and wellbeing have changed dramatically in the last two years following the pandemic.

Through working with Sport England, we are aiming to contribute 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.

Live & Move Sustainable Outcomes and Long Term Impacts

Live and Move is focused on delivering three, sustainable, strategic outcomes, through our place-based, community led approach:

- Increased physical activity and adoption of active and healthy lifestyles
- Increased walking and cycling levels supported by an active travel friendly environment and culture
- Increased community trust, inclusivity, and sense of belonging

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By delivering sustainable outcomes, Live and Move will be setting a course toward long-term change to support Sport England in delivering the national strategy, 'Uniting the Movement':

- A narrowing of stubborn health inequalities and reduction in the life expectancy (at birth) gap between the most and least deprived populations
- Active Travel and low traffic neighbourhoods are the norm
- Empowered communities leading change, and 'owning' local spaces

Our Local Active Lives survey fieldwork and analysis is identifying some positive signs:

- The inactivity gap between men and women in Exeter is narrowing
- Physical activity levels recovering and increasing following the pandemic
- Physical activity levels are recovering within our culturally diverse communities, there has been a considerable decrease in inactivity amongst black and minority ethnic residents

In 2023/24 we have further delivered and embedded the Live and Move and Wellbeing Exeter programme. Through the Local Active Lives annual survey we are demonstrating a year on year decrease for those residents who are the most inactive in the city. This includes:

Through **Wellbeing Exeter** over 5,500 referrals have been delivered since the inception of the programme, more than 1,000 of which were referred with physical activity requirements. A funding campaign has been delivered to extend Wellbeing Exeter to 2024/25 and beyond. CoLab have been appointed as the new local management lead for the programme. The 2023/24 Wellbeing Exeter Impact Report highlights the significant improvements to individual and community wellbeing across the city.

A business case and detailed RIBA Stage 3 designs and technical surveys have been delivered, alongside embedding community programmes with the new trustees. Pre-planning has taken place and a formal submission to planning will be made in Summer 2024.

Working with Inclusive Exeter, **the Inclusive Communities** programme has supported over 1,000 residents from culturally diverse communities. Inclusive Exeter have secured a significant 3-year National Lottery grant to sustain physical activity development through the new programme 'Better Connections'.

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.

Further detailed design work with Exeter City Council planning and Devon County Council transport planning has finalised designs for walking and cycling infrastructure, to be consulted on and delivery commence in 2024.

Evaluation, insight, learning and further case studies and stories can be found at Live & Move – www.liveandmove.co.uk where you can find out further information of all of the above, case studies and plans for the future.

Narrative Report

Liveable Exeter

Vision

“By the time they are an adult, a child born in Exeter today will live in a city that is inclusive, healthy and sustainable – a city where the opportunities and benefits of prosperity are shared and all citizens are able to participate fully in the city’s economic, social, cultural and civic life” Exeter Vision 2040

Exeter has a vision for 2040 to be a global leader in addressing the social, economic and environmental challenges including climate change and urban renewal. Liveable Exeter is an Exeter City Council initiative which will support the Exeter Plan to deliver the Exeter Vision 2040.

Liveable Exeter Principles

The Liveable Exeter document highlights how a transformational housing delivery programme can be the means to bring major investment into the city and renew its infrastructure for the 21st Century with the aim of improving peoples’ lives and wellbeing.

The principles will be used as a tool for planning officers, members, developers and others discussing and bringing forward proposals for brownfield development within the city. The principles apply to all stages of planning and design from locating development and identifying projects for infrastructure renewal down to the detailed design of individual buildings.



Narrative Report

Future Financial Plans

Revenue

The Council's General Fund Medium Term Financial Plan (MTFP), on the next page, will achieve the requirement to maintain a minimum balance of £3.020 million. However, the MTFP indicates that further reductions are required from 2025/26 to 2028/29 to fully address the additional spending pressures. The proposed budget for 2024/25 makes use of one off reserves totalling £2.556 million, which will need to be addressed in future years. The reductions required total £5.4 million, of which proposals covering £1.5 million have been identified. The reset of business rates and impact of the formula funding review have been removed pending further clarity on the timing of their implementation.

The Council's current policy is such that the minimum level of General Fund Balance will remain above £3.020m. As the Council faces great uncertainty in the medium term over funding, high inflation and increased interest costs, it is prudent to hold reserves at this level to offset sudden losses of income or unexpected expenditure.

Risk assessment

The main risks to the Council's financial position are as follows:

- Economic volatility, higher interest rates and inflation have added substantial costs to running services. The Council's funding has not kept pace with the scale of increases seen. The UK economy is relatively weak and this could impact on future funding agreements. Conversely, there is a chance that prices will continue to settle and reduce. This would have a positive impact of the reductions required;
- The Governments review of the future funding formula for Local Government, including a business rates rest, coupled with the potential loss of New Homes Bonus, would add a further significant gap in funding over the Medium Term Financial Plan. The overall impact of both streams of funding stopping in the next four years would require further reductions of around £3 - 4 million;
- The Council collects, for itself, one of the lowest amounts of Council Tax in the Country. Indeed it collects, per head of population far less than other district Cities and prominent towns. Council Tax is considered a more secure form of income as it is backed by statute and has high collection rates. In order to deliver the services the Council operates, it is overly reliant on less secure forms of income such as car park income to balance its budget. Indeed the cost of providing our statutory functions with associated support services and legal liabilities is well over £20 million, far in excess of the Government's Core Spending Power assessment of £14.6 million that they believe Exeter requires to deliver services (see below for explanation);
- The Council has a range of statutory obligations, which do not form part of a standard district council and for which it therefore receives no funding from Government. These include responsibility for the River Exe and Canal, the Roman Wall a host of historic listed buildings and a number of bridges. These add significant pressure to the budget and require significant maintenance, which will add further pressure;
- The Council has experienced significant volatility in a number of its income budgets in the last 12 months. Whilst these have been addressed in the production of this budget, it does demonstrate the risk of reliance on less secure income streams.

Narrative Report

Although the Council faces risks from the assumptions and uncertainties outlined above these have been mitigated by the following:

- Adopting a prudent approach to financial forecasting which involves obtaining information from external professional sources;
- Continuous monitoring and review of the key factors together with regular reports to Members on any key issues;
- Regular budget monitoring meetings with budget managers to ensure that budget pressures are identified at the earliest opportunity;
- The adoption of robust financial management arrangements including option appraisal, risk assessment and financial monitoring;
- Retaining a prudent level of reserves and balances.

Narrative Report

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

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	
Resources						
Revenue Support Grant	1,939	1,969	1,827	1,864	1,901	
Business Rates Income	8,775	7,909	7,985	8,072	8,160	
CIL income	907	793	793	793	793	
New Homes Bonus	486	87	87	87	87	
Council Tax	7,170	7,326	7,620	7,926	8,245	
Likely resources	19,277	18,084	18,312	18,741	19,186	
Expenditure						
Service expenditure						
Committee expenditure	23,046	17,656	14,639	14,486	14,923	
Net Interest	1,406	1,503	1,583	1,613	1,613	
Repayment of debt	1,652	2,451	2,553	2,381	2,447	
RCCO	50	0	0	0	0	
	26,154	21,610	18,775	18,480	18,983	
Other funding						
Contribution to/ (from) earmarked reserves	(4,321)	369	384	565	565	
Contribution to/ (from) balances - Other	(2,556)	(50)	40	26	8	
	(6,877)	319	424	591	573	
Further reductions required		(2,700)	(500)	(330)	(370)	(3,900)
Potential reductions identified		(1,145)	(387)	0	0	(1,532)
Total Net Budget	19,277	18,084	18,312	18,741	19,186	
						(5,432)
Opening General Fund Balance	5,882	3,326	3,276	3,316	3,342	
Closing General Fund Balance	3,326	3,276	3,316	3,342	3,350	
Balance as a percentage of budget	17.3%	18.1%	18.1%	17.8%	17.5%	

Narrative Report

HRA Medium Term Revenue Plan (2023/24 – 2027/28)

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Resources					
Rents	20,563	20,563	21,229	21,866	22,522
Service Charges	1,482	1,482	1,573	1,594	1,615
Other	1,324	1,324	1,055	1,131	1,148
Inflation on income	-	487	734	694	714
Likely resources	23,370	23,857	24,591	25,285	25,999
Expenditure					
HRA expenditure base budget	15,801	16,132	16,424	16,573	16,944
Inflation on expenditure	-	179	142	141	144
Repairs & Maintenance Programme	-	37	130	205	171
Service Review savings	-	-	(150)	-	-
Depreciation	4,073	3,746	3,746	3,746	3,746
Revenue Contribution to Capital Outlay	4,000	2,500	3,325	2,925	3,200
Net interest	1,898	1,471	1,598	1,693	1,741
	25,772	24,065	25,215	25,283	25,946
Other Funding					
Contribution to / (from) HRA Working Balance	(2,402)	(208)	(624)	2	53
Total Net budget	-	-	-	-	-
Opening HRA Working Balance	7,243	4,841	4,633	4,008	4,010
Closing HRA Working Balance	4,841	4,633	4,008	4,010	4,063

Please note, the HRA MTFP has been extracted from the 2024/25 published Budget Book and therefore projected HRA Balances differ to balances reported, as at 31/3/2024.

Narrative Report

Capital Programme (2024/25 – 2027/28)

GENERAL FUND - CAPITAL PROGRAMME 2024/25 AND FUTURE YEARS				
SCHEMES LISTED WITHIN COUNCIL PURPOSES	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
Chief Executive	-	-	-	-
IT & Transformation	1,140	304	214	214
City Development	160	-	-	-
Communications, Culture and Leisure Facilities	2,511	3,026	100	100
Net Zero Exeter and City Management	18,138	6,665	4,793	950
Finance	6,017	14,976	-	-
Corporate Services	0	-	-	-
TOTAL GENERAL FUND CAPITAL PROGRAMME	27,966	24,971	5,107	1,264
FINANCING:				
Capital Receipts	2,936	1,200	314	-
Disabled Facility Grant	998	800	800	800
Community Infrastructure Levy	6,987	1,716	167	-
Revenue Contributions to Capital Outlay	134	54	-	-
Other Grants & Contributions	6,249	3,688	767	-
Prudential Borrowing	10,662	17,513	3,059	464
TOTAL GENERAL FUND CAPITAL FINANCING	27,966	24,971	5,107	1,264

HOUSING REVENUE ACCOUNT - CAPITAL PROGRAMME 2024/25 AND FUTURE YEARS				
	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
City Development	24,704	10,758	10,767	10,088
TOTAL HRA CAPITAL PROGRAMME	24,704	10,758	10,767	10,088
FINANCING:				
Major Repairs Reserve	15,524	2,433	4,219	5,020
Capital Receipts	4,752	2,000	875	1,868
Commuted Sums	95	-	-	-
Other Grants and Contributions	933	-	-	-
Revenue Contributions to Capital	2,500	3,325	2,925	3,200
Prudential Borrowing	900	3,000	2,748	-
TOTAL HRA CAPITAL FINANCING	24,704	10,758	10,767	10,088

Narrative Report

The Capital Programme, on the previous page, reflects the plans approved in the 2024/25 Budget Book along with budgets slipped from 2023/24 and the associated financing. The Council continues to have an ambitious capital programme, which includes:

Two new housing developments progressed during 2023/24 as part of the Council's housing development programme – at Hamlin Gardens 21 flats will be constructed and are expected to complete in the Summer 2024. Additionally, work started on site at Vaughan Road with Phase 1 consisting of 35 affordable homes. All new homes are being built to the passiv-haus environmental standard and form part of the Council's wider plans to create 500 new passiv-haus Council homes in Exeter by 2030.



The Gardens, Vaughan Road, Whipton



Hamlin Gardens, view from North West

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, Director Finance

2023/24 posed different challenges to the Council's position from 2022/23. Whilst the reduction in energy prices and a ruling that the majority of Leisure income would no longer be subject to VAT saw improvements against the budget, these were offset by another higher pay award than expected and significant reductions in income against budgets.

Considerable supplementary budget requests mean that, as planned the Council is projected to move to a position where its General Fund Balance is close to the minimum recommended level.

The Council does have to address a significant gap in its resources over the life of the medium term financial plan, with a requirement to identify a further £5.4m of savings over the next four financial years. Of this, proposals totalling £1.5m have been identified with a further £3.9m required from the range of cross cutting themes and other projects under the One Exeter programme. These programmes will require a shift in the way the Council generates resources as well as streamlining the way the Council is run.

A number of digitalisation projects are underway to transform the way the public interact with the Council and these will 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 ninth full year in operation and has delivered a refund in line with that agreed at the start of the financial year.

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. The scaling back was completed during the year.

In delivering the accounts on time, the finance team have once again shown their professionalism and commitment by dealing with ever more complex accounts and accounting frameworks.

Dave Hodgson CPFA
Director Finance

Councillor A J Wardle
Chair – Audit and Governance Committee

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 Director Finance.
- 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 2024.

Dave Hodgson CPFA
Director Finance
12 February 2025

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 2022-2023			2023-2024			Notes	
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		
2,041	(417)	1,624	Chief Executive	1,681	(253)	1,428	
2,173	(10)	2,163	IT & Transformation	2,317	0	2,317	
9,846	(6,645)	3,201	City Development	10,263	(6,769)	3,494	
26,312	(9,687)	16,625	Communications, Culture & Leisure Facilities	14,623	(13,537)	1,086	
21,021	(13,777)	7,243	Net Zero Exeter & City Management	20,273	(15,258)	5,015	
35,911	(31,130)	4,781	Finance	34,688	(30,507)	4,181	
3,849	(544)	3,305	Corporate Services	3,646	(623)	3,023	
32,353	(21,594)	10,758	Housing Revenue Account	24,928	(23,411)	1,517	
1,140	(627)	513	Strata Service Solutions Ltd	785	(540)	245	38
134,646	(84,431)	50,215	Cost of Services	113,204	(90,898)	22,306	
		(1,607)	Other operating expenditure			2,222	12
		6,816	Financing and investment income and expenditure			26,991	13
		(23,343)	Taxation and non-specific grant income			(26,821)	14
		32,081	(Surplus) or Deficit on Provision of Services			24,698	
			Other Comprehensive Income and Expenditure				
		(16,238)	(Surplus) or deficit on revaluation of property, plant and equipment			7,024	27
		(78,688)	Remeasurement of the net defined benefit liability/(asset)			(10,628)	27
		(94,926)	Total Other Comprehensive Income and Expenditure			(3,604)	
		(62,845)	Total Comprehensive Income and Expenditure			21,094	

The Council's internal financial reporting structure changed in 2023/24 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)
Balance at 31 March 2022 carried forward	(5,521)	(26,002)	(31,523)	(11,468)	(12,938)	(18,189)	(19,503)	(93,621)	(303,188)	(396,809)
Movement in Reserves during 2022-2023										
Total Comprehensive Income & Expenditure	22,000	-	22,000	10,082	-	-	-	32,082	(94,927)	(62,845)
Adjustments between accounting basis and funding basis under statutory provisions (Note 10)	(10,273)	-	(10,273)	(6,170)	207	(15)	707	(15,544)	15,544	-
Transfers to / (from) Earmarked Reserves	(12,357)	12,357	-	-	-	-	-	-	-	-
(Increase) / Decrease in 2022-2023	(630)	12,357	11,727	3,912	207	(15)	707	16,538	(79,383)	(62,845)
Balance at 31 March 2023 carried forward	(6,151)	(13,645)	(19,796)	(7,556)	(12,731)	(18,204)	(18,796)	(77,083)	(382,571)	(459,654)

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)
Balance at 31 March 2023 carried forward	(6,151)	(13,645)	(19,796)	(7,556)	(12,731)	(18,204)	(18,796)	(77,083)	(382,571)	(459,654)
Movement in Reserves during 2023-2024										
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)	-	-	-	-	-	-	-	-
(Increase) / Decrease in 2023-2024	268	(182)	86	1,564	4,984	5,590	(2,412)	9,812	11,282	21,094
Balance at 31 March 2024 carried forward	(5,883)	(13,827)	(19,710)	(5,992)	(7,747)	(12,614)	(21,208)	(67,271)	(371,289)	(438,560)

Core Financial Statements

Balance Sheet

2022-23 £'000	2023-24 £'000	Note
494,460 Property, Plant and Equipment	504,882	15
98,561 Investment Property	71,516	16
22,743 Heritage Assets	22,743	17
474 Intangible Assets	470	
5,633 Long Term Investments	5,462	19
20,386 Long Term Debtors	9,198	19
642,257 Total Long-Term Assets	614,271	
203 Inventories	209	
13,319 Short-Term Debtors	17,392	19, 20 & 21
15,202 Short-Term Investments	5,067	19
2,063 Assets Held for Sale	1,039	22
27,754 Cash & Cash Equivalents	22,690	19 & 23
58,541 Total Current Assets	46,397	
(1,537) Short-Term Borrowing	(1,564)	19
(33,541) Short-Term Creditors	(27,818)	19 & 24
(5,668) Provisions	(5,637)	25
(40,746) Total Current Liabilities	(35,019)	
(165,160) Long term borrowing	(163,591)	19
(2,835) Capital Grants Receipts in Advance	(3,854)	19 & 36
(3,468) Long-Term Creditors	(2,674)	19
(28,935) Pension Scheme Liability	(16,970)	42
(200,398) Total Long-Term Liabilities	(187,089)	
459,654 Net Assets	438,560	
Financed by:		
77,083 Usable Reserves	67,271	26
382,571 Unusable Reserves	371,289	27
459,654 Total Reserves	438,560	

These financial statements replace the unaudited financial statements certified by the Responsible Financial Officer, Dave Hodgson, on 30 May 2024.

Dave Hodgson, CPFA, Director Finance, 12 February 2025

Core Financial Statements

Cash Flow Statement

2022-23 £'000	2023-24 £'000	Notes
32,081 Net (surplus) or deficit on the provision of services	24,698	
(58,448) Adjustments to net surplus or deficit on the provision of services for non-cash movements	(38,712)	
10,117 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,635	
(16,250) Net cashflows from Operating Activities	(2,379)	28
55,823 Investing Activities	7,222	29
952 Financing Activities	221	30
40,525 Net (Increase) or decrease in cash and cash equivalents	5,064	
68,279 Cash and cash equivalents at the beginning of the reporting period	27,754	
27,754 Cash and cash equivalents at the end of the reporting period	22,690	

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Notes to the Financial Statements

1. Accounting Policies

General Principles

The Statement of Accounts summarises the authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. 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 2023/24, 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 2023/24.

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 June 2023.

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
 - unlisted 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 2025 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 2024, 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.

On 17 October 2023 the Council resolved to significantly reduce the capacity of Exeter City Living Ltd. The company has been retained for the limited purpose of holding and managing six residential flats in the Guildhall Shopping Centre.

In the authority'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.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers land and buildings these are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Notes to the Financial Statements

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value at inception (or the present value of minimum payments, if lower). The asset is matched by a liability for the obligation to pay the lessor.

Initial direct costs are added to the carrying amount and any initial premium paid is applied to write down the lease liability. Contingent rents are charged as expenses in the period incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the asset – applied to write down the lease liability.
- A finance charge debited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement

Property, plant and equipment recognised under finance leases are accounted for using the policies applied generally to such assets. However, depreciation is charged over the term of the lease where this is lower than the useful life.

The authority is not required to raise council tax to fund these charges; however it is required to make a prudent annual contribution from revenue towards the deemed capital investment in accordance with statutory guidance. Depreciation, revaluation and impairment losses are therefore replaced by this contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals are charged to the relevant service benefitting from the use of the leased asset in the Comprehensive Income and Expenditure Statement on a straight line basis regardless of the pattern of payments (e.g. a rent free period at the commencement of the lease).

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

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

Notes to the Financial Statements

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.

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 recognised 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 2022-2023	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive	1,275	349	1,624
IT & Transformation	2,081	82	2,163
City Development	2,360	841	3,201
Communications, Culture & Leisure Facilities	5,667	10,958	16,625
Net Zero Exeter & City Management	3,331	3,913	7,244
Finance	(1,015)	5,796	4,781
Corporate Services	2,506	799	3,305
Housing Revenue Account	3,913	6,846	10,759
Strata Service Solutions Ltd	-	513	513
Net Cost of Services	20,118	30,097	50,215
Other income and expenditure	(4,479)	(13,655)	(18,134)
(Surplus) or Deficit on Provision of Services	15,639	16,442	32,081

Opening General Fund and HRA Balance at 1 April 2022	(42,991)
Add surplus on General Fund and HRA Balance in Year	15,639
Closing General Fund and HRA Balance at 31 March 2023	(27,352)

Analysed between General Fund and HRA Balances	General Fund	HRA	Total
Opening Balance at 1 April 2022	(31,523)	(11,468)	(42,991)
(Surplus) or Deficit in Year	11,727	3,912	15,639
Closing General Fund and HRA Balance at 31 March 2023	(19,796)	(7,556)	(27,352)

The Council's internal financial reporting structure changed in 2023/24 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

2023-2024	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive	1,466	(38)	1,428
IT & Transformation	2,274	43	2,317
City Development	3,390	104	3,494
Communications, Culture & Leisure Facilities	1,723	(637)	1,086
Net Zero Exeter & City Management	2,568	2,447	5,015
Finance	1,815	2,366	4,181
Corporate Services	2,540	483	3,023
Housing Revenue Account	1,564	(47)	1,517
Strata Service Solutions Ltd	-	245	245
Net Cost of Services	17,340	4,966	22,306
Other income and expenditure	(15,690)	18,082	2,392
(Surplus) or Deficit on Provision of Services	1,650	23,048	24,698

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

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

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 2024/25 Code and effective from 1 April 2024 most notably includes the implementation of IFRS 16 Leases.

IFRS 16 Leases

The main impact of IFRS 16 relates to property that the Council holds under operating leases, for which assets and liabilities are not recognised and rents are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those involving low value items) will be to recognise a right-of-use asset in the Balance Sheet, measuring the value of the Council's right to use the property over the remaining term of the lease. The Balance Sheet will also include a liability for the rents payable before the lease expires.

When rents are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements are in place that allow the impact on the General Fund Balance to be unchanged – i.e., that the overall charge for each year will be rents payable in that year.

It is anticipated that the application of IFRS16 will result in the following additions to the balance sheet:

- £328,895 Property, plant and equipment – land and buildings (right-of-use assets)
- £254,357 Long-term creditors (lease liabilities)
- £74,538 Short-term creditors (lease liabilities)

It is also anticipated that a donated right-of-use asset will be recognised but there will be no corresponding lease liability, due to it being leased in with a peppercorn rent. A right-of-use asset of £183,284 will be

recognised and matched as a gain in the surplus/deficit on the provision of services. As a capital transaction, the impact of the gain is then neutralised by statutory reversals.

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:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
 - Specify that an entity's right to defer settlement must exist at the end of the reporting period
 - Clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
 - Clarify how lending conditions affect classification and,
 - Clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS16 add subsequent measurement requirements for sale and leaseback transactions.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover and introduced:
 - A temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes and,
 - Targeted disclosure requirements for affected entities
- Supplier Finance Arrangements (Amendments to IAS7 and IFRS7) issued in May 2023.

Notes to the Financial Statements

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:

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.

Expected Credit Losses

The cost of living pressures and higher interest rates may impact on future debt recovery. Judgement has therefore been required in respect of expected credit losses. The Council uses a range of data to help inform any loss allowances – for debtors with common risk characteristics it is based upon historically observed rates of recover but adjusted for future expectations of recovery.

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, a 19.9% shareholding in the Exeter Science Park Ltd, a 16.66% shareholding in the Monkerton Heat Company Limited and a 20% shareholding in Dextco Limited. It has been determined that group accounts are required, however non-material interests are excluded.

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 £5.258m. An asset ceiling therefore applies.

The asset ceiling has increased what would otherwise be the net pensions liability of £11.712m to £16.970m. 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.

Notes to the Financial Statements

- 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 Director Finance, D Hodgson CPFA, 12 February 2025. Events taking place after this date are not reflected in the 2023/24 financial statements or notes. Where events took place before this date provided information about conditions existing at 31 March 2024, 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
Pensions liability	<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 2023/24 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 £16.970m, which includes £5.258m effect of the asset ceiling.</p> <p>For 2023/24, 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 2024.</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 £2.770m in the pension liability and £0.158m in the Projected Service Cost. However the assumptions interact in a complex way. During the year the actuaries have reduced the liability by £6.445m 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
Valuation of Property, Plant and Equipment	<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.</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.</p> <p>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 portfolio (Tranche 1 for 2023/24) and the top 4 highest value assets. External property inspections were undertaken of those assets by the valuers.</p>	<p>In 2023/24 £469.833m 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 £4.7m in the Balance Sheet.</p>
Expected Credit Losses	<p>At 31 March 2024, the authority had a balance of £14.901m for short-term debtors (excluding NDR deficit amounts). A review of significant balances suggested that a loss allowance for doubtful debts totalling £3.759m 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 the interest rate rises and inflation. 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 £3.759m to be set aside as an allowance.</p>

Notes to the Financial Statements

Item	Uncertainties	Effect if actual result differs from Assumptions
Investment Properties	<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 2024). Where the Authority uses significant observable inputs to measure the fair value of its investment properties (Level 2 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 JLL, 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 2024, investment properties were valued at £71.516m based on Level 2 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 £0.715m in the Balance Sheet.</p>
Business rates	<p>The Council receives income from business rates which forms part of its funding of its revenue budget. Due to the uncertain impact of rising 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 £1.728m 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 58% (£1m) 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 £1m to be set aside as an allowance.</p>

Notes to the Financial Statements

7. Note to the Expenditure and Funding Analysis

Restated	Adjustments	Net change	Other	Total
Adjustments between Funding and Accounting Basis 2022-23	for Capital	for the	Differences	Adjustments
	Purposes	Pensions	(Note 7.3)	
	(Note 7.1)	(Note 7.2)		
	£'000	£'000	£'000	£'000
Chief Executive	-	349	-	349
IT & Transformation	46	36	-	82
City Development	289	591	(39)	841
Communications, Culture & Leisure Facilities	9,702	1,258	(2)	10,958
Net Zero Exeter & City Management	2,211	1,868	(166)	3,913
Finance	445	(878)	6,229	5,796
Corporate Services	456	338	5	799
Housing Revenue Account	7,821	462	(1,437)	6,846
Strata Service Solutions Ltd	-	-	513	513
Net Cost of Services	20,970	4,024	5,103	30,097
Other income and expenditure from the Expenditure and Funding Analysis	(8,580)	2,622	(7,697)	(13,655)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	12,390	6,646	(2,594)	16,442

Adjustments between Funding and Accounting Basis 2023-24	Adjustments	Net change	Other	Total
	for Capital	for the	Differences	Adjustments
	Purposes	Pensions	(Note 7.3)	
	(Note 7.1)	(Note 7.2)		
	£'000	£'000	£'000	£'000
Chief Executive	2	(40)	-	(38)
IT & Transformation	46	(3)	-	43
City Development	193	(83)	(6)	104
Communications, Culture & Leisure Facilities	(487)	(147)	(3)	(637)
Net Zero Exeter & City Management	2,562	(231)	116	2,447
Finance	(2,405)	(1,389)	6,160	2,366
Corporate Services	520	(41)	4	483
Housing Revenue Account	4,828	(195)	(4,680)	(47)
Strata Service Solutions Ltd	-	-	245	245
Net Cost of Services	5,259	(2,129)	1,836	4,966
Other income and expenditure from the Expenditure and Funding Analysis	(9,800)	799	27,083	18,082
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,541)	(1,330)	28,919	23,048

The Council's internal financial reporting structure changed in 2023/24 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	City Development £'000	IT & Transformation £'000	Communications, Culture & Leisure Facilities £'000	Net Zero Exeter & City Management £'000	Finance £'000	Corporate Services £'000	Housing Revenue Account £'000
2022-2023 Restated								
Expenditure								
Benefit payment	-	-	-	-	-	28,411	-	-
Revenue Contribution to Capital	-	-	-	-	-	-	-	5,000
Net interest expense	-	-	-	-	-	-	-	1,442
Depreciation & impairment	-	289	46	9,702	2,248	445	456	16,913
Income								
Benefit subsidy	-	-	-	-	-	(26,916)	-	-
Car park income	-	-	-	-	(8,504)	-	-	-
Leisure membership	-	-	-	(2,308)	-	-	-	-
Revenues from other external sources	(394)	(3,086)	(10)	(4,312)	(4,788)	(1,061)	(476)	(21,574)
Revenues from transactions with other operating segments of the authority	(166)	-	(392)	(77)	(731)	(1,240)	(495)	(95)
2023-2024								
Expenditure								
Benefit payment	-	-	-	-	-	29,704	-	-
Revenue Contribution to Capital	-	-	-	-	-	-	-	4,000
Net interest expense	-	-	-	-	-	-	-	684
Depreciation & impairment	2	194	46	(486)	2,601	(2,404)	520	8,591
Income								
Benefit subsidy	-	-	-	-	-	(27,959)	-	-
Car park income	-	-	-	-	(9,424)	-	-	-
Leisure membership	-	-	-	(3,684)	-	-	-	-
Revenues from other external sources	(225)	(3,265)	-	(5,188)	(5,001)	(780)	(446)	(23,374)
Revenues from transactions with other operating segments of the authority	(154)	-	(442)	(88)	(739)	(1,334)	(544)	(98)

The Council's internal financial reporting structure changed in 2023/24 following changes to director responsibilities. 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:

	2022-23 £'000	2023-24 £'000
Expenditure:		
Employee benefits expenses	39,041	34,669
Other service expenses	65,273	69,246
Depreciation, amortisation, impairment	30,331	9,289
Interest payments	4,889	5,602
Levies payable	3	6
Net interest on the net defined benefit liability	2,526	700
Pension Fund administration expenses	96	99
Impairment losses	531	(534)
Payments to Housing Capital Receipts Pool	-	-
Total expenditure	142,690	119,077
Income:		
Fees, charges and other service income	(27,266)	(30,428)
Revenue from contracts with service recipients	(19,873)	(21,499)
Interest and investment income	(2,037)	21,044
Income from council tax, non-domestic rates	(13,221)	(14,405)
Government grants and contributions	(39,311)	(40,059)
Covid grants	(16)	-
Cost of Living Support grants	(923)	(856)
Homes for Ukraine Scheme	(390)	(1,204)
Capital grants and contributions	(6,773)	(9,268)
Movements in Financial Instruments held at Fair Value through Profit and Loss	907	179
(Gain)/losses on the acquisition and disposal of assets	(1,706)	2,117
Total income	(110,609)	(94,379)
(Surplus) or Deficit on Provision of Services	32,081	24,698

9A. Revenue from Contracts with Service Recipients

	2022-23 £'000	2023-24 £'000
Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:		
Revenue from contracts with service recipients	19,908	21,462
Impairment of receivables or contract assets	(35)	37
Total included in Comprehensive Income and Expenditure Statement	19,873	21,499
Amounts included in the Balance Sheet for contracts with service recipients:		
Receivables, which are included within debtors (Note 20)	255	371
Total included in net assets	255	371

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									
	2022-23					2023-24				
	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
Adjustments to the Comprehensive Income and Expenditure Statement										
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)	(6,179)	(727)	-	-	-	1,223	111	-	-	-
~ Financial instruments (transferred to the Financial Instruments Adjustment Account)	(868)	-	-	-	-	(181)	-	-	-	-
~ Council Tax and NDR (transfers to or from the Collection Fund)	10,923	-	-	-	-	(1,355)	-	-	-	-
~ Holiday pay (transferred to the Accumulated Absences Reserve)	(40)	(5)	-	-	-	(35)	(5)	-	-	-
~ 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)	(17,517)	(18,726)	-	-	(235)	(28,464)	(8,366)	-	-	(5,204)
Total Adjustments to the Comprehensive Income and Expenditure Statement	(13,681)	(19,458)	-	-	(235)	(28,812)	(8,260)	-	-	(5,204)
Adjustments between Revenue and Capital Resources										
~ Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	2,908	4,247	(7,155)	-	-	20	3,570	(3,590)	-	-
~ Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	(51)	51	-	-	-	(19)	19	-	-
~ 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	-	4,092	-	(4,092)	-	-	3,763	-	(3,763)	-
~ Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,909	-	-	-	-	2,456	-	-	-	-
~ Voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account)	(1,480)	-	-	-	-	97	-	-	-	-
~ Adjustment to Long Term Debtor Repayments	-	-	-	-	-	-	-	-	-	-
~ Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	71	5,000	-	-	-	137	4,000	-	-	-
Total Adjustments between Revenue and Capital Resources	3,408	13,288	(7,104)	(4,092)	-	2,710	11,314	(3,571)	(3,763)	-
Capital Financing Adjustments										
~ Use of the Capital Receipts Reserve to finance capital expenditure	-	-	7,311	-	-	-	-	8,555	-	-
~ Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	4,077	-	-	-	-	9,353	-
~ Application of capital grants to finance capital expenditure	-	-	-	-	942	-	-	-	-	2,792
~ Cash payments in relation to deferred capital receipts	-	-	-	-	-	-	-	-	-	-
Total Capital Financing Adjustments	-	-	7,311	4,077	942	-	-	8,555	9,353	2,792
Total Adjustments	(10,273)	(6,170)	207	(15)	707	(26,102)	3,054	4,984	5,590	(2,412)

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 31 March 2022	Transfers in	Transfers out	Balance 31 March 2023	Transfers in	Transfers out	Balance 31 March 2024
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Building Control Reserve	58	-	(46)	12	-	(31)	(19)
Capital Fund	500	-	-	500	-	(500)	-
Covid Response Funds	4,218	454	(2,133)	2,539	-	(2,425)	114
Economic Development	113	1,301	(13)	1,401	1,674	(8)	3,067
Environment	968	-	(102)	866	-	(236)	630
Housing GF Reserves	249	340	(15)	574	839	(215)	1,198
Land Charges Reserve	325	17	-	342	-	(23)	319
Leisure Reserves	561	-	(292)	269	1,137	(25)	1,381
Museum Reserves	733	-	(351)	382	-	(94)	288
New Homes Bonus	134	-	-	134	-	-	134
NDR Deficit	11,098	-	(10,804)	294	1,366	-	1,660
Planning Reserves	2,019	80	(419)	1,680	-	(599)	1,081
Redundancy Reserve	938	706	(596)	1,048	-	(420)	628
Transformation	683	-	(93)	590	1,000	(243)	1,347
Other Earmarked Reserves	3,146	695	(1,076)	2,765	733	(1,757)	1,741
Strata Usable Reserves	259	-	(10)	249	9	-	258
Total	26,002	3,593	(15,950)	13,645	6,758	(6,576)	13,827

Notes to the Financial Statements

12. Other Operating Expenditure

	2022-23 £'000	2023-24 £'000
Pension Fund Administration Expenses	96	99
Levies - Strata Service Solutions	3	6
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	(1,710)	(1,167)
(Gain) / losses on disposal of assets - Strata Service Solutions Ltd	4	-
	(1,607)	2,222

13. Financing and Investment Income and Expenditure

	2022-23 £'000	2023-24 £'000
Interest payable and similar charges	4,889	5,602
Net interest on the net defined benefit liability	2,438	694
Net interest on the net defined benefit liability - Strata Service Solutions Ltd	88	6
Interest receivable	(2,753)	(4,418)
Income and expenditure in relation to investment properties and changes in their fair value	651	25,411
Other investment income and expenditure	80	80
Movements in Financial Instruments held at Fair Value through Profit and Loss	907	179
Impairment losses	531	(534)
Interest receivable - Strata Service Solutions Ltd	(15)	(29)
	6,816	26,991

14. Taxation and Non-specific Grant Income

	2022-23 £'000	2023-24 £'000
Council tax income	(6,534)	(6,796)
Non-domestic rates	(6,687)	(7,609)
Non-ringfenced government grants	(3,333)	(3,148)
Capital grants and contributions	(6,773)	(9,268)
Covid Grants:		
Sales, Fees & Charges		
Compensation Scheme	(16)	-
	(23,343)	(26,821)

Notes to the Financial Statements

15. Property, Plant and Equipment

	Council Dwellings and Garages £'000s	Other Land and Buildings £'000s	Vehicles, Plant & Equipment £'000s	Infrastructure Assets £'000s	Community Assets £'000s	Surplus Assets £'000s	Assets under Construction £'000s	Total Property, Plant and Equipment £'000s
Cost or valuation								
As at 1 April 2022	290,453	119,520	25,179	5,794	5,392	117	58,178	504,633
Additions	11,709	4,141	4,525	329	64	-	5,111	25,879
Donations	-	-	-	-	-	-	-	-
Revaluations - Revaluation Reserve	15,452	(4,864)	-	-	-	-	-	10,588
Revaluations - CIES	-	221	-	-	-	-	-	221
Impairments - CIES	(12,832)	(9,532)	-	-	-	-	-	(22,364)
Derecognition - disposals	(1,369)	-	(627)	(28)	-	-	-	(2,024)
Reclassifications - held for sale	(1,592)	-	-	-	-	-	-	(1,592)
Reclassifications - surplus	-	-	-	-	-	(117)	-	(117)
Reclassifications - AUC	14,451	44,647	-	-	-	-	(59,098)	-
Reclassifications - Investment property	-	-	-	-	-	-	-	-
Other movements - Strata Service Solutions Ltd	-	-	68	-	-	-	-	68
Gross Book Value At 31 March 2023	316,272	154,133	29,145	6,095	5,456	-	4,191	515,292
Depreciation and impairments								
At 1 April 2022	-	-	(15,425)	(3,586)	-	-	-	(19,011)
Depreciation Charge	(4,062)	(1,912)	(2,140)	(245)	-	-	-	(8,359)
Depreciation written out to Revaluation Reserve	4,032	1,600	-	-	-	-	-	5,632
Depreciation written out to CIES	-	-	-	-	-	-	-	-
Revaluations - CIES	-	-	-	-	-	-	-	-
Impairment - CIES	11	312	-	-	-	-	-	323
Derecognition - disposals	19	-	564	-	-	-	-	583
Accumulative Depreciation At 31 March 2023	-	-	(17,001)	(3,831)	-	-	-	(20,832)
Balance Sheet amount at 31 March 2023	316,272	154,133	12,144	2,264	5,456	-	4,191	494,460

Notes to the Financial Statements

	Council Dwellings and Garages £'000s	Other Land and Buildings £'000s	Vehicles, Plant & Equipment £'000s	Infrastructure Assets £'000s	Community Assets £'000s	Surplus Assets £'000s	Assets under Construction £'000s	Total Property, Plant and Equipment £'000s
Cost or valuation								
As at 1 April 2023	316,272	154,133	29,145	6,095	5,456	-	4,191	515,292
Additions	15,117	2,257	863	545	79	3,407	9,606	31,874
Donations	-	-	-	-	-	-	-	-
Revaluations - Revaluation Reserve	(24,653)	11,638	-	-	-	-	-	(13,015)
Revaluations - CIES	-	5,982	-	-	-	-	-	5,982
Impairments - CIES	(5,035)	(727)	-	-	(71)	(450)	-	(6,283)
Derecognition - disposals	(694)	-	(25)	(48)	(70)	-	(81)	(918)
Reclassifications - held for sale	(537)	-	-	-	-	-	-	(537)
Reclassifications - surplus	-	-	-	-	-	-	-	-
Reclassifications - AUC	-	-	-	-	-	-	-	-
Reclassifications - Investment property	-	(3,921)	-	-	-	-	-	(3,921)
Other movements - Strata Service Solutions Ltd	-	-	17	-	-	-	-	17
Gross Book Value At 31 March 2024	300,470	169,362	30,000	6,592	5,394	2,957	13,716	528,491
Depreciation and impairments								
At 1 April 2023	-	-	(17,001)	(3,831)	-	-	-	(20,832)
Depreciation Charge	(3,755)	(2,455)	(2,627)	(172)	-	-	-	(9,009)
Depreciation written out to Revaluation Reserve	3,539	2,438	-	-	-	-	-	5,977
Depreciation written out to CIES	-	-	-	-	-	-	-	-
Revaluations - CIES	-	-	-	-	-	-	-	-
Impairment - CIES	208	17	-	-	-	-	-	225
Derecognition - disposals	8	-	22	-	-	-	-	30
Accumulative Depreciation At 31 March 2024	-	-	(19,606)	(4,003)	-	-	-	(23,609)
Balance Sheet amount at 31 March 2024	300,470	169,362	10,394	2,589	5,394	2,957	13,716	504,882

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 2024 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	Infrastructure Assets £'000s	Community Assets £'000s	Surplus Assets £'000s	Assets under Construction £'000s	Total Property, Plant and Equipment £'000s
Carried at historical cost	-	-	30,000	6,592	5,394	2,957	13,716	58,659
Valued at current value as at:								
31 March 2020	-	-	-	-	-	-	-	-
31 March 2021	-	-	-	-	-	-	-	-
31 March 2022	-	-	-	-	-	-	-	-
31 March 2023	-	-	-	-	-	-	-	-
31 March 2024	300,470	169,362	-	-	-	-	-	469,832
Gross Book Value At 31 March 2024	300,470	169,362	30,000	6,592	5,394	2,957	13,716	528,491

Capital Commitments

At 31 March 2024, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2023/24 and future years budgeted to cost £14.270m. Similar commitments at 31 March 2023 were £17.318m. The major commitments are:

- £ 0.555m St Sidwell's Point Leisure Complex
- £ 7.514m Vaughan Road, phase I
- £ 0.470m Hamlin Gardens council housing development
- £ 0.097m Bus station construction
- £ 0.250m Exeter Quay Cellars cliff face
- £ 0.278m Bromhams Farm Playing Fields
- £ 4.668m Planned enhancements to housing stock (boiler replacements, electrical re-wiring)
- £ 0.438m 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:

	2022-23 £'000	2023-24 £'000
Rental income from investment property	9,431	10,005
Direct operating expenditure arising from investment property	(3,238)	(4,382)
Net gain	6,193	5,623

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 Department for Levelling Up, Housing and Communities 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 2023/24, the shopping centre generated a net gain of £0.874m, which has been set aside in an earmarked reserve for economic regeneration future spend. The reserve stands at £2.175m as at 31 March 2024.

Fair Value Hierarchy

Details of the authority's investment properties and information about fair value hierarchy as at 31 March 2024 and comparatives as at 31 March 2023 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 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
Total	71,516	-	71,516

Class of Asset	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2023 £'000
Industrial	2,637	4,235	6,872
Retail	70,008	31	70,039
Leisure	7,385	-	7,385
Office	11,701	-	11,701
Other Commercial	2,312	252	2,564
Total	94,043	4,518	98,561

Notes to the Financial Statements

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

	2022-23 £'000	2023-24 £'000
Balance at 1 April	56,034	98,561
Additions :		
Purchases	49,061	-
Construction	-	-
Subsequent expenditure	310	67
Disposals		
Net gains / losses from fair value adjustments	(6,844)	(31,033)
Transfers:	-	-
To/from Property, Plant & Equipment	-	3,921
Balance at 31 March	98,561	71,516

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

	Industrial	Retail	Other Commercial	Total Level 3 Fair Value
Level 3 fair value measurements	£'000	£'000	£'000	£'000
Balance at 1 April 2023	4,235	31	252	4,518
Gains/(losses) recognised in the CIES resulting from changes in the fair value	-	-	-	-
Additions	-	-	-	-
Transfers in and out of level 3	(4,235)	(31)	(252)	(4,518)
Disposals	-	-	-	-
Level 3 balance at 31 March 2024	-	-	-	-

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 2024 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range / percentage used	Sensitivity
Industrial	Commercial	Market	1,805	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	905	Income approach	Yield	Yield 5 - 6%	Significant changes in yield will result in a significant difference to the fair value
	Ground	Geared	2,566	Income approach	Yield	Yield 5 - 6%	Significant changes in yield will result in a significantly lower or higher fair value
Retail	Commercial	Market	38,945	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	1,180	Income approach	Yield	Yield 7 - 10%	Significant changes in yield will result in a significant difference to the fair value
	Ground	Geared	9,890	Income approach	Yield	Yield 9.5%	Significant changes in yield will result in a significantly lower or higher fair value
Leisure	Commercial	Turnover	6,160	Income approach	Yield	Yield 13%	Significant changes in yield will result in a significantly lower or higher fair value
Office	Commercial	Market	6,250	Income approach	Yield	Yield 11 - 12%	Significant changes in yield will result in a significantly lower or higher fair value
Other commercial	Commercial	Market	3,470	Income approach	Yield	Yield 9 - 10%	Significant changes in yield will result in a significantly lower or higher fair value
	Ground	Geared	200	Income approach	Yield	Yield 5 - 6%	Significant changes in yield will result in a significantly lower or higher fair value
	Ground	Nominal	145	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 £'000	Civic Regalia and Paintings at the Guildhall £'000	Total £'000
Cost or Valuation			
1 April 2022	20,000	2,743	22,743
Additions	-	-	0
Disposals	-	-	0
Revaluations	-	-	0
Impairment Losses/(reversals) recognised in the Revaluation Reserve	-	-	0
Impairment Losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	-	0
31 March 2023	20,000	2,743	22,743
Cost or Valuation			
1 April 2023	20,000	2,743	22,743
Additions	-	-	0
Disposals	-	-	0
Revaluations	-	-	0
Impairment Losses/(reversals) recognised in the Revaluation Reserve	-	-	0
Impairment Losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	-	0
31 March 2024	20,000	2,743	22,743

18. Further Information on the Collections

Guildhall

The Guildhall is home to a number of fine art portraits painted between the 17th and 19th 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

	Long-term				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000
Financial Assets								
Fair value through profit or loss	4,651	4,480	-	-	25,080	17,099	-	-
Amortised cost	982	982	20,386	9,198	17,876	10,658	4,617	7,643
Total Financial Assets	5,633	5,462	20,386	9,198	42,956	27,757	4,617	7,643
Non-financial assets	-	-	-	-	-	-	8,702	9,749
Total	5,633	5,462	20,386	9,198	42,956	27,757	13,319	17,392

Notes to the Financial Statements

Financial Liabilities

	Long-term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000	31 March 2023 £'000	31 March 2024 £'000
Financial Liabilities								
Fair value through profit or loss	-	-	-	-	-	-	-	-
Amortised cost	165,160	163,591	3,211	2,357	1,537	1,564	14,340	14,588
Total Financial Liabilities	165,160	163,591	3,211	2,357	1,537	1,564	14,340	14,588
Non-financial liabilities	-	-	3,092	4,171	-	-	19,201	13,230
Total	165,160	163,591	6,303	6,528	1,537	1,564	33,541	27,818

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 are repayable on maturity along with accrued interest in January 2025.

	2022-23 £'000	2023-24 £'000
Balance at start of year	1,129	1,193
New loans granted in the year	-	-
Fair value adjustment on initial recognition	-	-
Accrued interest	64	26
Nominal value at 31 March	1,193	1,219

Valuation Assumptions

The interest rate at which the fair value of this soft loan has been made is 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:

	2022-23 Surplus or Deficit on the Provision of Services £'000	2023-24 Surplus or Deficit on the Provision of Services £'000
Net gains/losses on:		
Financial assets measured at fair value through profit and loss	907	179
Financial assets measured at amortised cost	-	-
Financial liabilities measured at fair value through profit and loss	-	-
Financial liabilities measured at amortised cost	-	-
Total net gains/losses	907	179
Interest receivable:		
Financial assets measured at fair value through profit and loss	(928)	(1,858)
Financial assets measured at amortised cost	(1,825)	(2,589)
Total interest receivable	(2,753)	(4,447)
Interest payable	4,889	5,602

Changes in the valuation technique

There have 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 2023	31 March 2023	31 March 2024	31 March 2024
			£'000	£'000	£'000	£'000
Financial Assets Held at Fair Value						
Financial instruments classified as fair value through profit and loss:						
Money market funds	1	Unadjusted quoted prices in active markets for identical shares	25,080	25,080	17,099	17,099
Local Authorities' Property Fund	1	Unadjusted quoted prices in active markets for identical shares	4,651	4,651	4,480	4,480
Total			29,731	29,731	21,579	21,579

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 31 March 2023 £'000	Fair Value 31 March 2023 £'000	Balance Sheet 31 March 2024 £'000	Fair Value 31 March 2024 £'000
Financial Assets Held at Amortised Cost					
Unquoted equity investment	3	982	982	982	982
Loans made for service purposes	2	11,292	11,292	183	183
Lease receivables	3	9,094	9,094	9,015	9,015
Short term investments	2	15,202	15,202	5,067	5,067
Cash (including bank accounts)	2	2,674	2,674	5,591	5,591
Short term debtors	3	13,319	13,319	17,392	17,392
Total Financial Assets		52,563	52,563	38,230	38,230
Financial Liabilities Held at Amortised Cost					
Long term borrowing	2	165,160	110,234	163,591	99,949
Short term borrowing	2	1,537	1,537	1,564	1,564
Finance lease liabilities	3	3,211	3,211	2,357	2,357
Long term creditors	3	257	257	317	317
Capital grants receipts in advance	3	2,835	2,835	3,854	3,854
Short term creditors	3	33,541	33,541	27,818	27,818
Total Financial Liabilities		206,541	151,615	199,501	135,859

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 £167.759m (£163.591m long term and £1.536m short term borrowing) would be valued at £99.949m. 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 £116.639m.

Notes to the Financial Statements

20. Debtors

Long-term Debtors		Short-term Debtors	
2022-23	2023-24	2022-23	2023-24
£'000	£'000	£'000	£'000
-	- Trade Debtors	4,315	5,297
-	- Less impairment allowance	(1,693)	(1,288)
-	- Trade Debtors	2,622	4,009
-	- Overpaid Housing Benefits	1,858	1,681
-	- Less impairment allowance	(1,334)	(1,230)
-	- Overpaid Housing Benefits	524	451
-	- Rents - General and HRA	765	922
-	- Less impairment allowance	(481)	(524)
-	- Rents - General and HRA	284	398
-	- Collection Fund amounts	1,874	3,857
-	- Covid-19 funding	32	32
-	- VAT	148	1,712
-	- Housing Benefit Subsidy	1,858	237
-	- Other receivable amounts	3,571	2,940
-	- Prepayments	342	232
-	- Debtors of Strata Service Solutions Ltd	928	1,552
9,094	9,015 Finance lease debtors	80	80
1,194	- Exeter Science Park	-	1,219
166	138 Exeter Council for Voluntary Service	-	-
9,838	- Exeter City Living Ltd	259	-
94	45 Other loans	-	14
20,386	9,198 Total Debtors	12,522	16,733

21. Debtors for Local Taxation

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

	2022-23	2023-24
	£'000	£'000
Less than 1 year	780	655
Less impairment allowance	(268)	(246)
Less than 1 year	512	409
Over 1 to 5 years	548	619
Less impairment allowance	(311)	(411)
Over 1 to 5 years	237	208
Over 5 to 10 years	84	87
Less impairment allowance	(43)	(53)
Over 5 to 10 years	41	34
Over 10 to 15 years	8	11
Less impairment allowance	(4)	(5)
Over 10 to 15 years	4	6
Over 15 years	4	4
Less impairment allowance	(1)	(2)
Over 15 years	3	2
Total Debtors for Local Taxation	797	659

Notes to the Financial Statements

22. Assets Held for Sale

	2022-23 £'000	2023-24 £'000
Balance at 1 April	4,290	2,063
Assets newly classified:		
Property, plant and equipment	1,851	744
Revaluation losses	-	(16)
Revaluation gains	17	15
Assets declassified:		
Property, plant and equipment	(142)	(208)
Assets sold	(3,953)	(1,559)
Balance at 31 March	2,063	1,039

23. Cash and Cash Equivalents

	2022-23 £'000	2023-24 £'000
Cash held by the Council	113	483
Bank current accounts	(753)	1,540
Money Market Funds	25,080	17,099
Short-term investments	-	-
Short-term call accounts	3,057	3,207
Strata - Cash at bank and in hand	257	361
Total cash and cash equivalents	27,754	22,690

24. Short Term Creditors

	2022-23 £'000	2023-24 £'000
Trade Payables	280	1,108
Collection Fund amounts	17,216	13,172
Income in Advance	4,301	3,799
Other Payables	9,590	8,921
Covid funding to be transferred to other parties	539	53
Energy Bill Support Scheme	1,446	5
Creditors of Strata Service Solutions Ltd	169	760
Total Short Term Creditors	33,541	27,818

25. Provisions

	Business Rates Appeal Provision £'000	Loan Loss Allowances £'000	Total Provisions £'000
Balance as at 1 April 2023	4,540	1,128	5,668
Additional provisions	1,806	42	1,848
Provision utilised in year	(750)	-	(750)
Unused amounts reversed in year	(20)	(1,109)	(1,129)
Unwinding of discount	-	-	-
Balance as at 31 March 2024	5,576	61	5,637

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.

	2022-23	2023-24
Usable Reserve	£'000	£'000
General Fund Balance	6,151	5,883
Housing Revenue Account	7,556	5,992
Capital Receipts Reserve	12,731	7,747
Major Repairs Reserve	18,204	12,614
Earmarked Reserves	13,645	13,827
Capital Grants Unapplied	18,796	21,208
Balance at 31 March	77,083	67,271

27. Unusable Reserves

	2022-23	2023-24
Unusable Reserve	£'000	£'000
Revaluation Reserve	170,695	160,795
Capital Adjustment Account	232,743	221,050
Financial Instrument Adjustment Account	(421)	(601)
Deferred Capital Receipts Reserve	9,222	9,143
Pensions Reserve	(28,934)	(16,969)
Collection Fund Adjustment Account	(48)	(1,403)
Accumulated Absences Account	(686)	(726)
Total Unusable Reserves	382,571	371,289

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.

2022-23 Revaluation Reserve	2023-24
£'000	£'000
157,876 Balance at 1 April	170,695
26,620 Upward revaluation of assets	24,785
Downward revaluation of assets and impairment losses not charged to	
(10,382) CIES	(31,809)
16,238 Surplus / (deficit) on revaluation	(7,024)
Difference between fair value depreciation and historical cost	
(2,124) depreciation	(2,286)
(1,295) Accumulated gains on assets sold	(590)
(3,419) Amount written off to CAA	(2,876)
170,695 Balance at 31 March	160,795

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.

2022-23 Capital Adjustment Account		2023-24
£'000		£'000
242,999	Balance at 1 April	232,743
	Charges for depreciation and	
(30,179)	impairment of non-current assets	(9,156)
(153)	Amortisation of intangible assets	(144)
	Revenue expenditure funded from	
38	capital under statute	39
(399)	Capital loan loss allowance	1,067
	Amounts of non-current assets	
	written-off on disposal or sale as part	
(4,103)	of the gain/loss on disposal	2,491
(34,796)		(5,703)
	Adjusting amounts to Revaluation	
2,124	reserve	2,286
210,327	Net amount written out of the cost of non-current assets in year	229,326
	Capital finance applied in year:	
7,311	Use of Capital receipts reserve	8,555
4,077	Use of the Major Repairs Reserve	9,353
	Capital Grants and contributions	
7,479	applied - CIES	6,855
	Capital Grants and contributions	
	- applied - CGU Account	-
	Statutory provision for financing	
1,909	capital	2,456
	Voluntary provision for financing	
(1,480)	capital	97
	Capital Expenditure charged directly	
5,071	to the General Fund and HRA	4,137
24,367		31,453
	Movements in the market value of	
(6,844)	Investment Properties	(31,033)
	Movement in the Donated Assets	
	Account	-
4,893	Repayment of Long Term Debtors	(8,696)
232,743	Balance at 31 March	221,050

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.

2022-23 Financial Instruments Adjustment Account £'000	2023-24 £'000
448 Balance at 1 April	(421)
Statutory reversal of movements in Financial Instruments held at Fair (907) Value through Profit and Loss	(179)
Transfer to Capital Adjustment - Account - soft loan write off	-
Amount by which finance costs charged to CIES differ from finance 38 costs charged in year under statute	(1)
(421) Balance at 31 March	(601)

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.

2022-23 Pensions Reserve £'000	2023-24 £'000
(100,717) Balance at 1 April	(28,934)
78,688 Remeasurements of the net defined benefit liability/(asset)	15,886
Effect of asset ceiling - treated as Other Comprehensive Income and - Expenditure	(5,258)
(12,880) Reversal of items relating to retirement benefits in the CIES	(4,945)
5,975 Employers pension contributions and direct payments to pensioners	6,282
(28,934) Balance at 31 March	(16,969)

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.

2022-23 Deferred Capital Receipts £'000 Reserve	2023-24 £'000
14,194 Balance at 1 April	9,222
Deferred sale proceeds forming part of the (4,893) gain/loss on disposal to CIES	-
(79) Transfer of Finance Lease Premium to CIES	(79)
Transfer to Capital Receipts Reserve upon - receipt of cash	-
9,222 Balance at 31 March	9,143

In 2022/23 a finance lease relating to the Guildhall shopping Centre was terminated early, as the Council acquired the leasehold interest in May 2022. This has resulted in a reduction in deferred sale proceeds in conjunction with a reduction in long term debtors of £4.893m in the Balance Sheet.

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.

2022-23 Collection Fund Adjustment £'000 Account	2023-24 £'000
(10,971) Balance at 1 April	(48)
Amount by which council tax and NNDR income credited to CIES differs from that calculated for 10,923 the year under statute	(1,355)
(48) Balance at 31 March	(1,403)

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.

2022-23 Accumulated Absences Account £'000	2023-24 £'000
(641) Balance at 1 April	(686)
Settlement / cancellation of previous year's 641 accrual	686
(686) Amounts accrued at the end of year	(726)
Amount by which remuneration charged to CIES differs from remuneration charged for the year (45) under statute	(40)
(686) Balance at 31 March	(726)

Notes to the Financial Statements

28. Cash Flow Statement – Operating Activities

	2022-23 £'000	2023-24 £'000
Net (surplus) / deficit on provision of Services	32,081	24,698
Adjusted for non-cash movements:		
Depreciation	(8,359)	(9,054)
Impairment	(21,820)	(91)
Amortisation	(153)	(144)
Investment (losses) / gains	-	-
Donated assets	-	-
Pension liability	(6,905)	1,337
Carrying amount of non-current assets sold	(5,398)	(2,404)
Movement in investment properties	(6,844)	(31,033)
Finance lease income	(80)	(80)
Other	(2,931)	(2,944)
Movement in inventories	11	6
Movement in debtors	(16,776)	1,291
Movement in creditors	10,807	4,404
Items classified as investing and financing activities:		
Proceeds from the sale of property, plant & equipment	7,155	3,590
Items classified elsewhere	2,962	8,045
Net cashflows from Operating Activities	(16,250)	(2,379)

29. Cash Flow Statement – Investing Activities

	2022-23 £'000	2023-24 £'000
Purchase of non-current assets	73,292	29,020
Purchase of short and long-term investments	111,000	33,000
Other payments for investing activities	4,058	4,034
Proceeds from the sale of non-current assets	(7,155)	(3,590)
Proceeds of short and long-term investments	(118,000)	(43,000)
Other receipts for investing activities	(7,372)	(12,242)
Net cash flows from investing activities	55,823	7,222

30. Cash Flow Statement – Financing Activities

	2022-23 £'000	2023-24 £'000
Cash receipts of short and long-term borrowing	-	-
Other receipts for financing activities	(1,382)	(2,183)
Cash payments for the reduction of liabilities relating to finance leases	852	867
Repayments of short and long-term borrowing	1,482	1,537
Net cash flows from financing activities	952	221

31. Reconciliation of Liabilities arising from Financing Activities

The total of Financing cash flows of £0.221m reconciles to the movement in borrowings in the Balance Sheet, excluding £2.183m in respect of Collection Fund cash-flows and a £0.867m 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:

	Salary, fees & allowances	Expenses	Compensation for Loss of Office	Total Remuneration	Employers Pension Contributions	Total
2023-24	£	£	£	£	£	£
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

	Salary, fees & allowances	Expenses	Compensation for Loss of Office	Total Remuneration	Employers Pension Contributions (inc. strain payments)	Total
Restated 2022-23	£	£	£	£	£	£
Chief Executive & Growth Director (left 31 March 2023)	123,678	-	60,877	184,555	197,983	382,538
Deputy Chief Executive	103,755	38	-	103,793	18,261	122,054
Director (0.81 FTE)	71,942	-	-	71,942	12,620	84,562
Director (0.86 FTE)	76,739	388	-	77,127	13,506	90,633
Director	88,729	-	-	88,729	15,616	104,345
Director (Finance)	88,729	362	-	89,091	15,616	104,707
Director (Corporate Services)	88,729	-	-	88,729	15,616	104,345
Director (City Development wef 4 April 2022)	87,989	-	-	87,989	15,486	103,475

Restated to reflect the final pension strain payment in respect of the Chief Executive and Growth Director and to reflect the composition of the Council's Strategic Management Board

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 Restated	
	2022-23	2023-24
£50,000 - £54,999	3	13
£55,000 - £59,999	4	4
£60,000 - £64,999	9	2
£65,000 - £69,999	4	11
£70,000 - £74,999	1	3
£75,000 - £79,999	-	-
£80,000 - £84,999	1	-
£85,000 - £89,999		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
£120,000 - £124,999	-	1
£125,000 - £129,999	-	-
£130,000 - £134,999	-	1

Restated to reflect the transfer of three officers from the senior employee's disclosure note.

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 £408,011 has been charged to the Comprehensive Income and Expenditure Statement in 2023/24.

Exit Package Cost Band	Number of employees		Total Cost of exit packages in each band	
	2022-23	2023-24	£'000	£'000
Compulsory Redundancies				
Less than £20,000	3	3	10	18
£20,001 - £39,999	-	1	-	32
£40,000 - £59,999	-	-	-	-
£60,000 - £79,999	-	1	-	65
£80,000 - £99,999	-	-	-	-
£100,000 - £149,999	-	-	-	-
£150,000 - £199,999	-	1	-	170
Other Departures Agreed				
Less than £20,000	6	2	61	20
£20,001 - £39,999	4	-	107	-
£40,000 - £59,999	1	-	46	-
£60,000 - £79,999	1	-	67	-
£80,000 - £99,999	1	-	81	-
£100,000 - £149,999	-	1	-	103
£150,000 - £199,999	-	-	-	-
£200,000 - £249,999	1	-	224	-
Total	17	9	596	408

34. Audit Costs

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

	2022-23 £'000	2023-24 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	94	168
Fees payable to Grant Thornton; external audit services carried out by the appointed auditor in respect of prior year	-	5
Fees payable to Grant Thornton; certification of grant claims and returns	38	46
Total	132	219

35. Members Allowances

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

	2022-23 £'000	2023-24 £'000
Salaries	15	15
Allowances	406	420
Expenses	-	1
Total	421	436

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 2023/24:

	Restated 2022-23 £'000	2023-24 £'000
Credited to Taxation and non-specific grant income		
Council taxpayers	(6,534)	(6,796)
Revenue Support Grant	(894)	(597)
New Homes Bonus	(1,362)	(672)
NDR	(6,687)	(8,619)
Community Infrastructure Levy	(1,077)	(869)
Other Capital Grants & Contributions	(6,773)	(9,268)
Covid Grants	(16)	-
Total	(23,343)	(26,821)
Credited to Services		
Benefit Subsidy	(26,916)	(27,959)
Arts Council	(618)	(614)
Cost of Living Support Grants	(923)	(856)
Homes for Ukraine Scheme	(390)	(1,204)
NDR Cost of Collection	(212)	(215)
Sport England	(1,104)	(2,314)
Homelessness and Rough Sleepers Support Grant	(2,434)	(2,749)
CT/HB Admin Grant	(456)	(316)
Other Grants and Contributions	(4,238)	(2,744)
Total	(37,291)	(38,971)

Restated to disclose the Arts Council funding 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:

	2022-23 £'000	2023-24 £'000
Capital Grants receipts in advance		
Affordable Housing - Yeoman Gardens	(34)	-
Car Club - Harrington Lane	(89)	(89)
Community Facility - Hill Barton	(208)	(208)
Community Facility - Newcourt	(376)	(376)
Habitats Mitigation	(33)	(304)
Land at Beacon Avenue	(6)	(6)
Leisure Contribution - Bishops Court	(309)	(309)
Leisure Contribution - Gladstone Rd	-	(62)
Leisure Contribution - Hill Barton	(70)	(70)
Leisure Contribution - Holland Park	(56)	(56)
Leisure Contribution - Homefield Rd	-	(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	(298)	(296)
Leisure Contribution - Tithebarn Green	(106)	(774)
Leisure Contribution - Yeoman Gardens	(8)	(8)
Leisure Contribution - Brookhayes	(43)	(43)
Local Energy Networks	(29)	(29)
Other Grants	(308)	(349)
Total	(2,835)	(3,854)

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 2023/24 is shown in Note 35. During the financial year, the Council paid grants to organisations totalling £60,686 (£49,163 2022/23) in which 14 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 £318,139 (£237,653 2022/23) were also made to organisations in which 19 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. On 17 October 2023 the Council resolved to significantly reduce the capacity of Exeter City Living Ltd. The company has been retained for the limited purpose of holding and managing six residential flats in the Guildhall Shopping Centre. In order to facilitate this reduction in activities, the Council entered into an asset sale agreement on 26 March 2024, whereby the Council acquired ECL's assets (with the exception of the six leasehold flats) in return for releasing ECL from its loan obligations, which stood at £8.696m.

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 net assets of £6,294 as at 31 March 2024 (£88,338 as at 31 March 2023).

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 (£42,776 in 2023/24). ECQT also contributed £151,074 towards Council costs mostly in respect of running the Custom House Visit Centre during 2023/24 (£135,326 in 2022/23).

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 (46%) along with the East Devon District Council (18.8%) and University of Exeter (15.3%).

The Authority has a 19.9% 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. The loans are repayable on maturity in 2024/25. 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.

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.

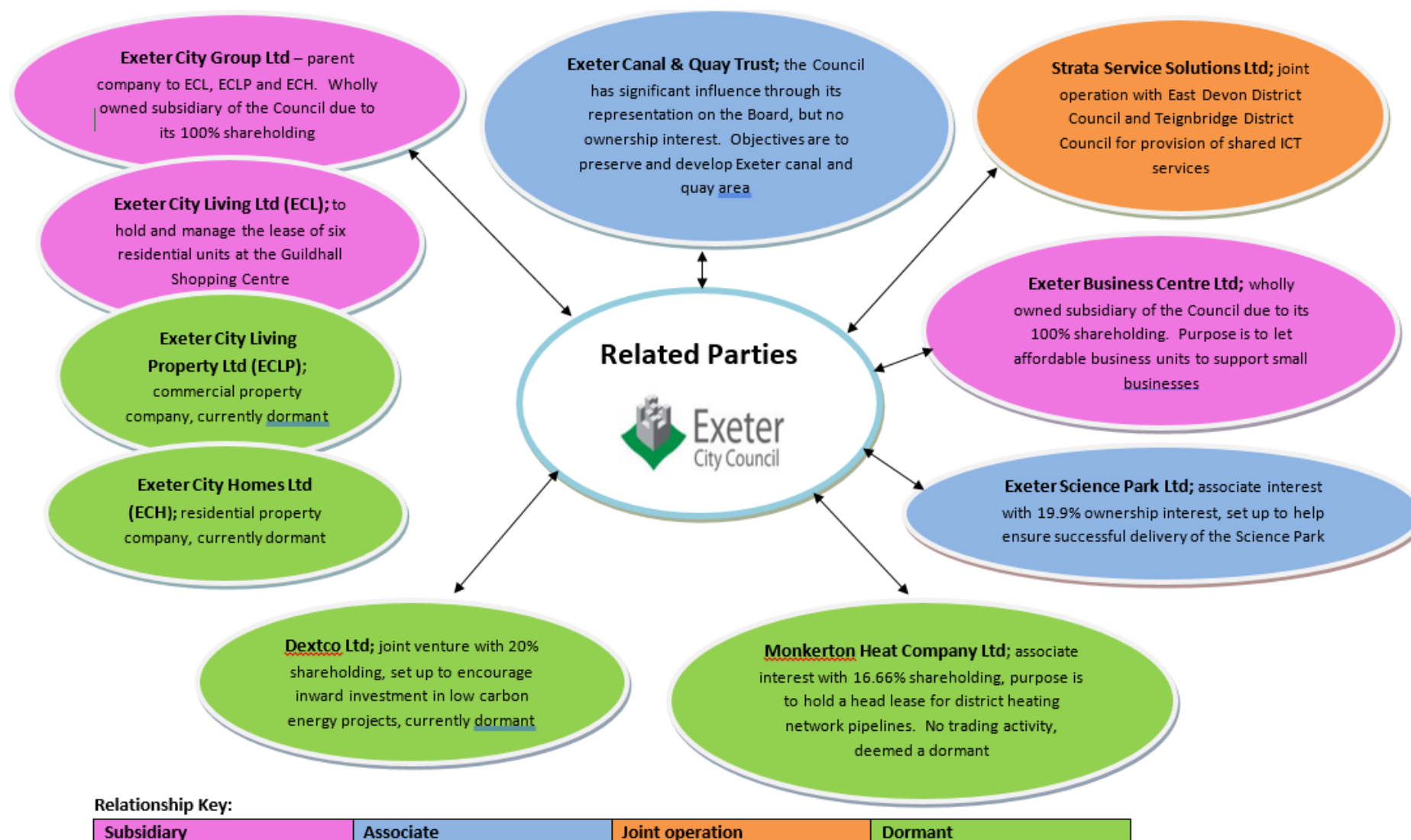
Dextco Ltd

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:

	2022-23	2023-24
Adjustments to CIES	£'000	£'000
Fees	(2,949)	(3,169)
Cost of sales	1,558	1,378
Admin expenses	1,904	2,036
Transfer of pension scheme liability	-	-
Cost of Services	513	245
Loss/(Gain) on disposal of assets	4	-
Pension Fund Administration	3	3
Net interest on the net defined benefit liability	88	6
Levies	3	6
Interest receivable	(15)	(29)
(Surplus) or Deficit on Provision of Services	596	231
Remeasurement of the net defined benefit liability	(3,589)	(162)
Total CIES	(2,993)	69

	2022-23	2023-24
Adjustments to Balance Sheet	£'000	£'000
Property, plant & equipment	(14)	(66)
Intangible assets	26	(4)
Investment in Strata removed upon consolidation and replaced with proportional share of assets and liabilities	(434)	(289)
Total Long Term Assets	(422)	(359)
Inventories	2	3
Short Term Debtors	90	624
Cash & cash equivalents	(123)	104
Total Current Assets	(31)	731
Short Term Creditors	314	(591)
Total Current Liabilities	314	(591)
Capital Grants Receipts in Advance	(107)	(10)
Pension Scheme Liability	3,239	160
Total Long Term Liabilities	3,132	150
Net assets	2,993	(69)
Financed by:		
Usable Reserves	(8)	9
Unusable Reserves	3,001	(78)
Total Reserves	2,993	(69)

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.

	2022-23 £'000	2023-24 £'000
Opening Capital Financing Requirement	178,753	226,430
Capital Investment		
Intangible Assets		
Property, Plant and Equipment	25,880	27,570
Investment Properties	44,477	67
Long Term Debtors	1,500	-
Long Term Investments	434	289
REFCUS	718	1,415
Sources of Finance		
Capital Receipts	(7,311)	(8,555)
Government grants and other contributions	(8,235)	(8,310)
Sums set aside from revenue	(5,071)	(4,137)
Major Repairs Reserve	(4,077)	(9,353)
Minimum Revenue Provision	(1,909)	(2,465)
Voluntary Revenue Provision	1,480	(97)
Repayment of Long Term Debtors	(209)	(1,047)
Closing Capital Financing Requirement	226,430	221,807
Explanation of movements in year		
Increase in underlying need to borrow (unsupported by Government financial assistance)	47,677	(4,623)
Increase/(decrease) in Capital Financing Requirement	47,677	(4,623)

Notes to the Financial Statements

40. Leases

Council as Lessee

Finance Leases

The Council is taking a phased approach to leasing in items of plant and vehicles, as items fall due for replacement. Another item of plant was acquired under a finance lease during 2023/24, bringing the total number of vehicles and plant leased to 98 as at 31/3/2024.

The Council also holds fifteen investment property assets, which have been leased in under finance leases, owing to the length of the lease. However, fifteen leases did not attract a lease premium payment, nor is there an annual lease payment due. The assets therefore have been initially recognised in the accounts at zero, being the lower of the net present value of the lease payments or the fair value of the asset. Only the acquisition of a 999 year leasehold interest in Senate Court attracted a lease premium. Where appropriate the assets have been revalued to reflect the value to the Council of the lease, were the Council to sell it at market value.

The assets acquired under these leases are carried in the Balance Sheet at the following net amounts:

	2022-23 £'000	2023-24 £'000
Net amount carried in the Balance Sheet		
Council dwellings	431	350
Other land and buildings	4,995	5,199
Investment property	7,444	3,845
Vehicles, plant and equipment	3,702	2,621

The authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the authority and finance costs that will be payable by the authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	2022-23 £'000	2023-24 £'000
Finance lease liabilities (net present value of minimum lease payments)		
Current	867	870
Non-current	3,211	2,357
Finance costs payable in future years	815	643
Total minimum lease payments	4,893	3,870

The minimum lease payments will be payable over the following periods:

	Minimum lease payments		Finance lease liabilities	
	2022-23 £'000	2023-24 £'000	2022-23 £'000	2023-24 £'000
Not later than one year	1,042	1,046	867	870
2 - 5 years	3,384	2,636	2,817	2,199
5+ years	467	188	394	158
	4,893	3,870	4,078	3,227

The authority has sub-let some properties held under finance leases. At March 2024 the minimum future payments expected to be received under non-cancellable sub-leases is £0.888m.

Notes to the Financial Statements

Operating Leases

The Council holds some capital assets, principally property, plant and equipment under operating lease agreements. The majority of the lease payments represent rent payments to landlords who have provided property on short term leases for use as temporary accommodation.

Rental payments made in the year amounted to £289,268 (2022/23 £318,334).

The future minimum lease payments due under non-cancellable leases in future years can be broken down as follows:

	2022-23 £'000	2023-24 £'000
Not later than one year	69	85
2 - 5 Years	54	85
5+ Years	35	113
	158	283

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:

	2022-23 £'000	2023-24 £'000
Finance Lease Debtor (net present value of minimum lease payments)		
Current	80	80
Non-current	9,094	9,014
Unearned finance income	9,174	9,094
Unguaranteed Residual Value	20,815	14,871
Gross Investment in Lease	29,989	23,965
Minimum lease payments are:		
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.

Notes to the Financial Statements

Operating Leases

The Council leases out approximately 350 areas of land and premises, which 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	
	2022-23	2023-24
	£'000	£'000
Not later than one year	3,781	3,625
2 - 5 Years	10,881	9,893
5+ Years	90,665	90,148
	105,327	103,666

Restated to reflect future rents receivable in respect of land and premises that are leased out alongside the Council's commercial property portfolio.

41. Impairments and Downward Valuations

During 2023/24, the Council recognised impairment losses of £6.227m in relation to its council dwellings and operational land and buildings. Impairment losses of £5.928m charged to the Surplus and Deficit on the Provision of Services in previous financial years were reversed.

The impairments mainly reflect capital expenditure incurred without a commensurate increase in respective asset values, 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 undertaken in 2023/24.

The Council sought valuations from external valuers for a range of properties in the portfolio, who reported reversals of previous impairments of:

- £2.980m for the new bus station at Cheeke Street, £1.537m in respect of St Sidwells Point, £0.578m in respect of the Royal Albert Memorial Museum and £0.507m in respect of Exeter Arena

Assets impaired include £0.450m in respect of Clifton Hill, £0.610m Edwards Court extra care flats and £3.409m relating to seventeen HRA properties acquired during the year. 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 Statements

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 2024.

To assess the value of the liabilities at 31 March 2024, 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 2024, to recognise an additional liability of £5.258m 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	2022-23		2023-24	
	£'000	%	£'000	%
Equities	12,197	8	2,424	1
Overseas Equities	69,264	45	92,256	54
Infrastructure	13,902	9	17,479	10
Other Bonds	33,062	21	39,209	23
Property	13,553	9	13,253	8
Cash	1,836	1	3,884	2
Target Return Portfolio	10,747	7	4,075	2
Alternative Assets	60	-	(35)	-
Total	154,621	100	172,545	100

Significant Assumptions used by the Actuary:

	2022-23	2023-24
Discount rate for scheme liabilities	4.8% pa	4.9% pa
Rate of increase in salaries	3.95% pa	3.9% pa
Rate of increase in pensions	2.95% pa	2.9% pa
Rate of inflation - RPI	3.95% pa	3.25% pa
Rate of inflation - CPI	2.95% pa	2.9% pa
Longevity at 65 - current pensioners		
Men	21.8	21.5
Women	22.9	22.7
Longevity at 65 - future pensioners		
Men	23.1	22.8
Women	24.4	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:

	2022-23	2023-24
	£'000	£'000
Cost of Services		
Current Service Cost	10,204	3,959
Loss / (Gain) on curtailment	54	186
(Gain) / Loss from Settlements	-	-
Other Operating Expenditure		
Administration expenses	96	99
Financing and Investment Income and Expenditure		
Net Interest on the net defined benefit liability	2,526	701
Total post-employment benefits charged to the CIES	12,880	4,945
Movement in Reserves Statement:		
Reversal of net charges	(12,880)	(4,945)
Actual Employers contributions payable to the scheme	5,975	6,282

Notes to the Financial Statements

Pension Assets and Liabilities Recognised in the Balance Sheet:

	2022-23 £'000	2023-24 £'000
Present value of defined benefit obligation	183,557	184,257
Fair Value of Scheme Assets	(154,622)	(172,545)
Effect of Asset Ceiling	-	5,258
Net liability arising from defined benefit obligation	28,935	16,970

Reconciliation of the Movements in the Fair Value of Scheme Assets:

	2022-23 £'000	2023-24 £'000
Opening fair value of assets	154,209	150,157
Opening fair value of Strata assets	4,196	4,465
Interest income	4,097	8,110
Re-measurement gains / losses	(6,107)	9,858
Administration expenses	(96)	(99)
Contributions by the employer	4,273	6,340
Contributions by participants	1,522	1,571
Net benefits paid out	(7,472)	(7,857)
Settlement prices received / (paid)	-	-
Closing fair value of assets	154,622	172,545

Reconciliation of the Present Value of Scheme Liabilities (Defined Benefit Obligation):

	2022-23 £'000	2023-24 £'000
Opening present value of liabilities	250,029	178,863
Opening present value of Strata liabilities	7,664	4,694
Current service cost	10,204	3,959
Interest cost	6,623	8,811
Contributions by participants	1,522	1,571
Re-measurement (gains) and losses:		
Change in demographic assumptions	(443)	(2,604)
Change in financial assumptions	(104,880)	(3,841)
Experience loss (gain)	20,256	475
Benefits paid out	(7,236)	(7,607)
Past service cost, including curtailments	54	186
Liabilities assumed / (extinguished) on settlements	-	-
Unfunded pension payments	(236)	(250)
Closing present value of liabilities	183,557	184,257

Reconciliation of Asset Ceiling:

	2022-23 £'000	2023-24 £'000
Opening impact of credit ceiling	-	-
Actuarial losses / (gains)	-	5,258
Closing impact of asset ceiling	0	5,258

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)	191,501	177,326
Rate of increase in salaries (increase or decrease by 1%)	184,524	183,993
Rate of increase in pensions (increase or decrease by 1%)	186,885	181,695
Rate for discounting scheme liabilities (increase or decrease by 1%)	181,486	187,099

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:

	Value of fund at 31 March 2023 £'000	Expenditure £'000	Income £'000	Value of fund at 31 March 2024 £'000
Reynolds Chard Bequest	467	(1)	27	493
Veitch Bequest	23	-	1	24
Dorothy Holman Trust	27	-	2	29
Bowling Green Marshes	3	-	-	3
Topsham Recreation Ground	18	-	1	19
King George Playing Field Trust	28	(19)	29	38
	566	(20)	60	606

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
Loans to businesses and voluntary organisations	Loans are subject to internal credit risk assessment, based on audited accounts, match funding secured or management accounts. Loans are treated as credit impaired where the borrower defaults on the terms of the loan or there is evidence of significant financial difficulties. Balances are not written off until there is no realistic prospect of recovery.	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.
Short term investments: Loans to other local authorities	Investments guaranteed by statute - no credit risk. However, a monetary limit of £5m may be placed with each upper tier and lower tier local authority for up to 12 months	No allowance required
Investments with banks and building societies	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. Consideration is given to recalling any existing investments when an institution has been downgraded	12 month expected credit losses are calculated applying risk factors provided by the Council's treasury management advisers, Link Asset Services.
Sundry debtors	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: - Trade receivables Recovery of overpaid housing benefits 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	Trade receivables & 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. - 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.

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 2023 £'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 2024 £'000
Deposits with bank and building societies							
12-month expected credit losses	-	-	-	-	-	-	-
Loans to business and voluntary organisations							
12-month expected credit losses	1,128	-	(1,109)	-	-	42	61
Lifetime expected credit losses	-	-	-	-	-	-	-
Other debtors							
Sundry debtors	1,693	-	-	-	-	(405)	1,288
Overpaid Housing Benefits	1,334	-	-	-	-	(104)	1,230
Housing rents	481	-	-	-	-	43	524
Council Tax and NDR	627	-	-	-	-	90	717
Total Loss Allowances	5,263	-	(1,109)	-	-	(334)	3,820

Notes to the Financial Statements

Credit Risk Exposure

The authority has the following exposure to credit risk at 31 March 2024:

	Credit risk rating £'000	Gross carrying amount £'000
Deposits with bank and building societies:		
12-month expected credit losses	Low	-
Loans to business and voluntary organisations:		
12-month expected credit losses	Low	153
Lifetime expected credit losses	High	1,235
Other debtors:		
Sundry debtors	Other *	5,297
Overpaid Housing Benefits	Other *	1,681
Housing rents	Other *	922
Council Tax and NDR	Other *	1,376
Total amount exposed to credit risk		10,664

* 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 2023	31 March 2024
	£'000	£'000
Less than 1 year	1,537	1,564
1 - 2 years	1,565	1,563
2 - 5 years	4,778	4,863
5 - 10 years	8,556	8,711
+ 10 years	149,898	148,091
	166,334	164,792

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 2024 the interest rates are 1% higher than the actual interest rates the financial impact would be:

Borrowing:

As at 31 March 2024, the Council had a number of long-term loans with the PWLB amounting to £165m. A 1% increase in interest rates would increase the cost of borrowing by £1.65m a year. However, the Council is protected from interest rate rises in respect of these arrangements due to the fixed rates of borrowing.

Investments:

In respect of the fixed term deposits of £5m a 1% increase in interest rates would increase interest receivable by £50k a year. The impact of a 1% fall in interest rates would be the same, but with the movements being reversed.

Price Risk

The authority does not generally invest in equity shares but does have shareholdings to the value of £982k 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 £17.099m 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. Following consultation, the Government has announced that the statutory override will remain in place, for an additional two-year period, until 31 March 2025.

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.

	Restated 2022-23 £'000	2023-24 £'000
Income		
Fees and Charges	(27)	(142)
Total Income	(27)	(142)
Expenditure		
Employees	232	182
Premises	62	106
Supplies and Services	43	79
Transport	37	53
Capital Charges	47	44
Total Expenditure	421	464
Net cost of Harbour Activities as included in the Comprehensive Income and Expenditure Statement	394	322

Restated to reflect current service cost adjustment to employee costs, in order reflect net cost of Harbour Authorities included in the Comprehensive Income and Expenditure Statement

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 2024, 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 reduced 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	Material It is expected that 2023/24 will be the final year that the Council's interests will be considered material, following completion of the asset transfer agreement on 26 March 2024. The Council acquired ECL's assets (£4.304m excluding the 6 leasehold flats) in return for proper consideration in the form of a release from its loan obligations (£8.696m)
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	Not material 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	Not material Largest item for consolidation is turnover of £255k (22/23) and net assets of £88k (22/23) 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	19.9% ownership interest and significant influence through its representation on the board	Associate	Equity accounting	Not material 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	Not material 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	Not material The company is deemed to be a dormant company with no transactions to recognise

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 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.

Group Accounts

The Group Accounts consist of the Core Financial Statements, which have been prepared using consistent accounting policies as those applied to the authority-only accounts. Notes have been omitted if there are no material differences to the disclosures already made.

The Group Accounts have been prepared by combining Exeter City Living Ltd.'s income and expenditure and assets and liabilities with those of the Council on a line-by-line basis, eliminating intra-group transactions. Copies of Exeter City Living Ltd.'s accounts to 31 March 2024 can be obtained from Exeter City Living Ltd, Civic Centre, Paris Street, Exeter, EX1 1JN.

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 of Exeter City Council who own a 100% shareholding in the group.

On 17 October 2023 the Council resolved to significantly reduce the capacity of Exeter City Living Ltd. The company has been retained for the limited purpose of holding and managing six residential flats in the Guildhall Shopping Centre. In order to facilitate this reduction in activities, the Council entered into an asset transfer agreement with ECL on 26 March 2024, whereby the Council acquired all ECL's assets (£4.304m excluding the six leasehold flats) in return for releasing ECL from its loan agreement obligations of £8.696m.

The challenging economic environment caused by external factors meant that a reduction in the capacity of the Company was financially prudent. Despite a challenging backdrop, ECL has been successful in completing three sites providing 22 homes and progressed two developments which will provide 56 homes by the end of 2024. A further site to provide 41 homes is cleared and ready to start construction when economic conditions improve.

Group Comprehensive Income & Expenditure Statement

Gross Expenditure £'000	Restated 2022-2023	Net Expenditure £'000		Gross Expenditure £'000	2023-2024	Net Expenditure £'000	Notes
	Gross Income £'000				Gross Income £'000		
2,022	48	2,070	Chief Executive	1,681	(28)	1,653	
2,173	(10)	2,163	IT & Transformation	2,317	0	2,317	
9,846	(6,553)	3,293	City Development	10,263	(6,725)	3,538	
26,116	(9,687)	16,429	Communications, Culture & Leisure Facilities	14,491	(13,537)	954	
21,021	(13,777)	7,243	Net Zero Exeter & City Management	20,273	(15,258)	5,015	
35,911	(31,047)	4,864	Finance	34,688	(30,461)	4,227	
3,849	(436)	3,413	Corporate Services	3,646	(600)	3,046	
32,343	(21,594)	10,748	Housing Revenue Account	24,928	(23,411)	1,517	
1,140	(627)	513	Strata Service Solutions Ltd	785	(540)	245	
1,198	(869)	329	Exeter City Group Ltd - subsidiary	(333)	(43)	(376)	
135,619	(84,552)	51,067	Cost of Services	112,739	(90,603)	22,136	
		(1,607)	Other operating expenditure			(2,170)	1
		7,230	Financing and investment income and expenditure			26,909	
		(23,393)	Taxation and non-specific grant income			(26,821)	
		33,297	(Surplus) or Deficit on Provision of Services			20,054	
			Other Comprehensive Income and Expenditure				
		(16,238)	(Surplus) or deficit on revaluation of property, plant and equipment			7,024	
		(78,688)	Remeasurement of the net defined benefit liability/(asset)			(10,628)	
		(94,926)	Total Other Comprehensive Income and Expenditure			(3,604)	
		(61,629)	Total Comprehensive Income and Expenditure			16,450	

The Council's internal financial reporting structure changed in 2023/24 following changes to director responsibilities. The segment information for the prior year has therefore been restated.

Group 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)	Council's share of Reserves of Subsidiary (£'000)	Total Usable Reserves (£'000)	Unusable Reserves (£'000)	Total Authority Reserves (£'000)
Balance at 31 March 2023 carried forward	(6,151)	(13,645)	(19,796)	(7,556)	(12,731)	(18,204)	(18,796)	4,527	(72,556)	(382,571)	(455,127)
Movement in Reserves during 2023-2024											
Total Comprehensive Income & Expenditure	26,188	-	26,188	(1,490)	-	-	-	(4,644)	20,054	(3,604)	16,450
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)	-	-	-	-	-	-	-	-	-
(Increase) / Decrease in 2023-2024	268	(182)	86	1,564	4,984	5,590	(2,412)	(4,644)	5,168	11,282	16,450
Balance at 31 March 2024 carried forward	(5,883)	(13,827)	(19,710)	(5,992)	(7,747)	(12,614)	(21,208)	(117)	(67,388)	(371,289)	(438,677)

Group Balance Sheet

2022-23 £'000	2023-24 £'000	Note
494,460 Property, Plant and Equipment	504,882	
98,561 Investment Property	71,516	
22,743 Heritage Assets	22,743	
474 Intangible Assets	470	
5,633 Long Term Investments	5,462	
10,548 Long Term Debtors	9,198	
632,419 Total Long-Term Assets	614,271	
4,294 Inventories	209	2
13,078 Short-Term Debtors	17,396	
15,202 Short-Term Investments	5,067	
2,063 Assets Held for Sale	1,039	
29,269 Cash & Cash Equivalents	24,407	3
63,906 Total Current Assets	48,118	
(1,537) Short-Term Borrowing	(1,564)	
(33,595) Short-Term Creditors	(29,422)	4
(5,668) Provisions	(5,637)	
(40,800) Total Current Liabilities	(36,623)	
(165,160) Long term borrowing	(163,591)	
(2,835) Capital Grants Receipts in Advance	(3,854)	
(3,468) Long-Term Creditors	(2,674)	
(28,935) Pension Scheme Liability	(16,970)	
(200,398) Total Long-Term Liabilities	(187,089)	
455,127 Net Assets	438,677	
Financed by:		
72,556 Usable Reserves	67,388	5
382,571 Unusable Reserves	371,289	
455,127 Total Reserves	438,677	

These financial statements replace the unaudited financial statement certified by the Responsible Financial Officer, Dave Hodgson, on 30 May 2024.

Dave Hodgson, CPFA, Director Finance, 12 February 2025

Group Cash-Flow Statement

2022-23 £'000	2023-24 £'000	Notes
33,297 Net (surplus) or deficit on the provision of services	20,054	
(55,929) Adjustments to net surplus or deficit on the provision of services for non-cash movements	(35,670)	6
10,149 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,716	
(12,483) Net cashflows from Operating Activities	(3,900)	
54,564 Investing Activities	7,141	
952 Financing Activities	1,621	
43,033 Net (Increase) or decrease in cash and cash equivalents	4,862	
72,302 Cash and cash equivalents at the beginning of the reporting period	29,269	
29,269 Cash and cash equivalents at the end of the reporting period	24,407	

Group Notes to the Accounts

1. Other Operating Expenditure

	2022-23 £'000	2023-24 £'000
Pension Fund Administration Expenses	96	99
Levies - Strata Service Solutions	3	6
Payment to the Government's Housing Capital Receipt Pool	-	-
(Gain) / losses on the acquisition of non-current assets	-	(1,108)
(Gain) / losses on the disposal of non-current assets	(1,710)	(1,167)
(Gain) / losses on disposal of assets - Strata Service Solutions Ltd	4	-
	(1,607)	(2,170)

2. Inventories

	Exeter City Council consumables 2022/23 £'000s	Exeter City Council consumables 2023/24 £'000s	Strata proportional share of stock 2022/23 £'000s	Strata proportional share of stock 2023/24 £'000s	Subsidiary work in progress 2022/23 £'000s	Subsidiary work in progress 2023/24 £'000s	Total 2022/23 £'000s	Total 2023/24 £'000s
Balance at 1 April	188	197	4	6	1,545	4,091	1,737	4,294
Purchases	463	600	2	3	2,549	6,159	3,014	6,762
Expense in year	(454)	(597)	-	-	(3)	(10,250)	(457)	(10,847)
Written off balances	-	-	-	-	-	-	-	-
Reversals of write-offs in previous years	-	-	-	-	-	-	-	-
Balance at 31 March	197	200	6	9	4,091	0	4,294	209

Group Notes to the Accounts

3. Cash and Cash Equivalents

	2022-23 £'000	2023-24 £'000
Cash held by the Council	113	483
Bank current accounts	(753)	1,540
Money Market Funds	25,080	17,099
Short-term investments	-	-
Short-term call accounts	3,057	3,207
Strata - Cash at bank and in hand	257	361
Subsidiary - Cash at bank and in hand	1,515	1,717
Total cash and cash equivalents	29,269	24,407

4. Short Term Creditors

	2022-23 £'000	2023-24 £'000
Trade Payables	280	1,108
Collection Fund amounts	17,216	13,172
Income in Advance	4,301	3,799
Other Payables	9,590	8,921
Covid funding to be transferred to other parties	539	53
Energy Bill Support Scheme	1,446	5
Creditors of Strata Service Solutions Ltd	169	760
Subsidiary - Short Term Creditors	54	1,604
Total Short Term Creditors	33,595	29,422

5. Usable Reserves

Usable Reserve	2022-23 £'000	2023-24 £'000
General Fund Balance	6,151	5,883
Housing Revenue Account	7,556	5,992
Capital Receipts Reserve	12,731	7,747
Major Repairs Reserve	18,204	12,614
Earmarked Reserves	13,645	13,827
Capital Grants Unapplied	18,796	21,208
Subsidiary I&E Account	(4,527)	117
Balance at 31 March	72,556	67,388

6. Cash Flow Statement – Operating Activities

	2022-23 £'000	2023-24 £'000
Net (surplus) / deficit on provision of Services	33,297	20,054
Adjusted for non-cash movements:		
Depreciation	(8,359)	(9,054)
Impairment	(21,820)	(91)
Amortisation	(153)	(144)
Investment (losses) / gains	-	-
Donated assets	-	-
Pension liability	(6,905)	1,337
Carrying amount of non-current assets sold	(5,398)	(2,404)
Movement in investment properties	(6,844)	(31,033)
Finance lease income	(80)	(80)
Other	(2,929)	1,448
Movement in inventories	2,457	269
Movement in debtors	(16,217)	514
Movement in creditors	10,319	3,568
Items classified as investing and financing activities:		
Proceeds from the sale of property, plant & equipment	7,155	3,590
Items classified elsewhere	2,994	8,126
Net cashflows from Operating Activities	(12,483)	(3,900)

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.

2022-23		2023-24	
£'000	Income	£'000	£'000
(19,926)	Dwelling rents	(21,431)	
(336)	Non dwelling rents	(451)	
(908)	Charges for services and facilities	(1,076)	
(21,170)	Total Income		(22,958)
	Expenditure		
7,664	Repairs and maintenance	8,247	
6,750	Supervision and management	7,207	
387	Rents, rates, taxes and other charges	192	
16,913	Depreciation and impairment of non-current assets	8,591	
23	Debt management costs	24	
31,737	Total Expenditure		24,261
10,567	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		1,303
191	HRA share of Corporate and Democratic Core		214
10,758	Net Cost of HRA Services		1,517

HRA Income & Expenditure Statement

2022-23 £'000		2023-24 £'000
10,758	Net Cost of HRA Services	1,517
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:	
(1,545)	(Gain) or loss on sale of HRA non-current assets	(1,305)
2,155	Interest payable and similar charges	2,227
(713)	Interest and investment income	(1,543)
265	Net interest on the net defined benefit liability (asset) and administration expenses	83
(838)	Capital grants and contributions receivable	(2,469)
10,082	(Surplus) or deficit for the year on HRA services	(1,490)

Movement on the HRA Statement

2022-23 £'000		2023-24 £'000
(11,468)	Housing Revenue Account surplus brought forward	(7,556)
10,082	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	(1,490)
(6,170)	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	3,054
3,912	(Increase) or decrease in the HRA Balance	1,564
(7,556)	Housing Revenue Account surplus carried forward	(5,992)

Notes to the HRA Statements

1. HRA Dwellings

	Flats	Houses and Bungalows	Total
At 31 March 2023	2,532	2,260	4,792
At 31 March 2024	2,524	2,266	4,790

5. Vacant Possession Value of Dwellings

At 1 April 2024 the vacant possession value of the dwellings was £846.830m, this compares to the tenanted market value in the Balance Sheet of £296.391m. The difference of £550.439m represents the economic cost to the Government of providing council housing at less than open market rents.

6. 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.

7. Impairment Charges

Impairment charges of £4.828m (£12.821m 2022/23) were debited to the HRA Income and Expenditure Account in 2023/24 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.

8. 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:

	2022-23 £'000	2023-24 £'000
Land	-	-
Dwellings	4,196	3,551
Repayment of discounts	-	-
	4,196	3,551
Less amount pooled	-	-
	4,196	3,551

Notes to the HRA Statements

9. Balance Sheet Valuation of Assets

	Dwellings	Garages	Vehicles, Plant & Equipment	Assets Under Construction	Surplus Assets	Assets Held for Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2023	312,722	3,550	45	3,937	-	1,991	322,245
At 31 March 2024	296,391	4,080	24	12,581	-	933	314,009

Within the valuation of Council dwellings as at 31 March 2024 of £296.391m, £179.655m was attributable to the value of land (2022/23 £158.275m) and £116.736m to buildings (2022/23 £154.447m).

10. HRA Capital Expenditure

HRA capital expenditure amounted to £23.804m during 2023/24 (£13.598m 2022/23), the expenditure and sources of finance were as follows:

	Sources of Finance					Total
	Major Repairs Reserve	Revenue Contributions	Borrowing	Grants & Other Contributions	Capital Receipts	Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Land	-	-	-	-	-	-
Houses	9,353	4,000	-	4,864	5,587	23,804
Other	-	-	-	-	-	-
Total	9,353	4,000	-	4,864	5,587	23,804

Notes to the HRA Statements

11. Depreciation

The depreciation charges for the year in respect of HRA assets were:

	2022-23 £'000	2023-24 £'000
Operational assets		
Dwellings	4,011	3,708
Garages	51	47
Equipment	29	8
Total depreciation charged	4,091	3,763
Less depreciation written off - disposals	(19)	(8)
Less depreciation written off - revaluations	(4,032)	(3,540)
Less depreciation written off - impairments	(11)	(207)
Total depreciation	29	8

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.

2022-2023			2023-2024			
Council Tax £'000	NDR £'000	Total £'000	Council Tax £'000	NDR £'000	Total £'000	
Income						
79,918	-	79,918	Council tax	85,275	-	85,275
-	(1,672)	(1,672)	Transitional Protection - sums due to / (from) the Council	-	3,605	3,605
-	73,731	73,731	NDR	-	68,757	68,757
'9,918	72,059	151,977		85,275	72,362	157,637
Expenditure						
Demands on the Fund by:						
9,302	-	9,302	Police and Crime Commissioner for Devon and Cornwall	10,145	-	10,145
3,463	442	3,905	Devon & Somerset Fire and Rescue Service	3,755	729	4,484
58,721	3,978	62,699	Devon County Council	63,394	6,558	69,952
6,405	17,679	24,084	Exeter City Council	6,698	29,147	35,845
-	22,098	22,098	Central Government	-	36,434	36,434
-	211	211	Costs of Collection Allowance	-	210	210
10	-	10	Exeter City Council Fund Transfer	87	-	87
Bad and doubtful debts						
161	487	648	Write offs	236	38	274
410	(90)	320	Impairment for Uncollectable Debt	840	70	910
-	243	243	Provisions for Appeals	-	2,591	2,591
'8,472	45,048	123,520		85,155	75,777	160,932
(1,446)	(27,011)	(28,457)	(Surplus) / Deficit	(120)	3,415	3,295
(1,311)	27,746	26,435	Fund balance b/f	(2,757)	735	(2,022)
(2,757)	735	(2,022)	Fund Balance c/f	(2,877)	4,150	1,273

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 2023/24 were:

Band	Dwellings	Less Discounts	Technical Changes	Conversion Factor	Band D equivalents
A Relief	28	16	-	5/9ths	7
A	9,593	3,546	(1)	6/9ths	4,031
B	14,330	3,028	(1)	7/9ths	8,790
C	13,158	1,781	-	8/9ths	10,113
D	8,352	786	(2)	9/9ths	7,564
E	4,080	288	1	11/9ths	4,636
F	2,012	121	1	13/9ths	2,733
G	951	50	(1)	15/9ths	1,500
H	31	3	-	18/9ths	56
Band D equivalent					39,430
Less Hardship Relief (Band D)					0
Total Band D equivalent					39,430
Collection rate					97%
Tax base					38,247

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 (£195.216m at March 2024) multiplied by a uniform rate 51.2p (49.9p for those receiving small business relief) for 2023/24.



Annual Governance Statement

2023-24

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 2024 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 08 March 2023. 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, Directors, Director Finance (Section 151), Director Corporate Services (Monitoring 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

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

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, Directors and the Monitoring Officer 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 Directors meet with the Service Leads in their respective Directorates to consider specific service matters regularly.

Annual Governance Statement

Role of Statutory Officers

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

Chief Finance Officer (s.151)

- Accountable for developing and maintaining the Council's governance, risks and control framework
- Ensuring lawfulness and financial prudence of decision making and the administration of financial affairs
- Providing advice to all Councillors on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues
- Support and advise Councillors 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 Councillors on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues
- Support and advise Councillors 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 (Service lead- legal) and Section 151 Officer (Director of finance) 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.

The Internal Audit Annual Report 2022/23 was considered by the Audit and Standards Committee in July 2023. 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 2022/23.

Annual Governance Statement

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 2023 and of the income and expenditure for the year then ended.

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

Service Leads monitor risks at operational level and feedback any issues to their 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 Lorraine Betts, the Chief Executives support Officer.

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.

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.

Annual Governance Statement

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". The Section 151 Officer is a member of the Council's Strategic Management Board.

Annual Governance Statement

Internal Audit

The Internal Audit Service has been 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 January 2020 when the external assessor concluded that:

"It is our overall opinion that the Exeter City Council Internal Audit Team generally conforms to the Public Sector Internal Audit Standards, including the Definition of Internal Auditing, the Code of Ethics and the Standards." Generally Conforms is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to 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, again Grant Thornton has not yet issued a certificate of completion, but all work has been completed. For 2022/23 the audit of the Council's financial statements remains ongoing but is virtually complete. Unfortunately, the audit commenced later than planned.

Corporate Complaints

During 2023-24, 23 corporate complaints were received compared to 14 in 2022-23. Of the 23 complaints received, 17 were dealt with at Stage 1, 6 were dealt with at stage 2 and there are no complaints waiting to be resolved. There were multiple complaints in the year relating to the same issues, which contributed to the increase.

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 2023-24

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. In concluding this overview of the Council's governance arrangements, three key issues have been identified for 2023-24 shown in the table below. Progress will be subject to regular monitoring by the Audit and Governance Committee.

Issue no.	Issue Identified	Summary of Action to be Taken
1	<p>Financial position – Significant inflation fuelled by high energy prices, a higher than anticipated national pay settlement and income streams still struggling to reach the budget meant that the Council had to take action to address significant issues during 2022/23 and the unprecedented cost pressures also meant that significant reductions and additional income were required to deliver a balanced budget for 2023/24.</p> <p>The Council's medium term financial plan anticipates reserves being reduced to the minimum required by 2024/25 and further budget reductions required total £5.4 million, of which proposals covering £1.5 million have been identified.</p>	<p>One Exeter plan is operational and being progressed. Specific reduction targets have been set for each year of the plan. This is being monitored monthly by SMB. Clear programmes of work are in place and are being actioned.</p> <p>It is imperative that strong financial discipline is maintained across the Council to ensure that the reductions are delivered. The budget for 2024/25 has been passed. Members are aware there is significant work required now to deliver a balanced budget in 2025/26.</p>
2	<p>Debt Collection – The Council has actively been seeking to identify new income streams as part of the 'One Exeter' project. Whilst this is good news, our work has identified that there are significant weaknesses within service areas around raising invoices and the subsequent collection of debt for all income streams. For example, services are being provided but invoices are not always raised, or not raised promptly, to collect fees for services provided. It should be noted that this weakness relates only to service areas and does not apply to the Council's Income Collection Team.</p>	<p>Council has approved additional funding to support a better approach to debt recovery. This is well underway but it should be noted will not address the issue of services not raising invoices promptly. Once the new team is established it is hoped there will be capacity to support improvements in services.</p>

Annual Governance Statement

Issue no.	Issue Identified	Summary of Action to be Taken
3	<p>Change Management – the current scale and pace of change due to a number of factors presents a risk to achieving objectives and may impact the extent to which the organisation is capable of maintaining acceptable levels of compliance amid the shake-up of operations and control systems. These factors include the following:</p> <ul style="list-style-type: none"> • external factors e.g. regulatory change and compliance, climate change • internal factors e.g. The One Exeter project to deliver the digitalisation/transformation of service delivery 	<p>The Audit Managers have been involved in a number of the One Exeter work streams, including the cross cutting theme reviews. Involvement at this early stage should help identify risks to the internal control environment that could arise due to any changes being brought about by the program and this work will continue as the project develops.</p> <p>Internal Audit have also been asked to input into the development of service plans advising on governance and risk assessment processes.</p>

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

Director Finance & Section 151 Officer

Signed:

Date:

Councillor Bialyk

Leader of the Council

Signed:

Date:

Bindu Arjoon

Chief Executive

Auditors Report

Auditors Report

Auditors Report

Auditors Report

Auditors Report

Auditors Report

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

Actual

Actual, as opposed to budget, expenditure and income directly attributable to an accounting period, generally referred to as actuals.

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 Companies

An associate is an entity over which the Council has significant influence.

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.

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.

Glossary of Terms

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.

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.

Glossary of Terms

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.

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.

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.

Glossary of Terms

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.

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.

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.

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.

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.

Materiality

Information is material if omitting it or misstating it could influence the decisions that users make on the statement of accounts.

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.

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.

Glossary of Terms

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.

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

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.

Glossary of Terms

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.

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.



Exeter
City Council

