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30 January 2026

AUDIT COMMITTEE

A meeting of the **Audit Committee** will be held on **Monday, 9th February, 2026** in the **Council Chamber, Forde House, Brunel Road, Newton Abbot, TQ12 4XX** at **10.00 am**

PHIL SHEARS
Managing Director

Membership:

Councillors Morgan (Chair), Jackman, Purser, Ryan, Steemson (Vice-Chair), Vacancy, Swain and Smith

Please Note: Filming is permitted during Committee meeting with the exception where there are confidential or exempt items, which may need to be considered in the absence of the press and public. By entering the Council Chamber you are consenting to being filmed.

A G E N D A

Part I

1. **Apologies for Absence**
2. **Minutes of the previous meeting** (Pages 3 - 6)
To approve and sign the minutes of the meeting held on 17 December 2026
3. **Declarations of Interest.**
4. **Public Questions (If any)**
5. **Members Questions (if any)**
Members of the Council may ask questions of the Chairman subject to procedural rules.

The deadline for questions is no later than three clear working days before the meeting.

- 6. **External Audit Findings Report** (Pages 7 - 84)
- 7. **External Audit Opinion** (Pages 85 - 90)
- 8. **Final Statement of Accounts** (Pages 91 - 242)
- 9. **Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

It is unlikely that the Committee will need to exclude the Press and Public but if needed the following resolution is recommended:

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

Part II: Items suggested for discussion with the press and public excluded

NIL

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AUDIT COMMITTEE**17 DECEMBER 2025**Present:

Councillors Morgan (Chair), Jackman, Purser, Steemson (Vice-Chair) and Swain

Members in Attendance:

Councillors Palethorpe, Parrott and Smith

Apologies:

Councillors Radford, Ryan and Smith

Officers in Attendance:

Charlie Fisher, Democratic Services Manager and Deputy Monitoring Officer

Sue Heath, Audit Manager

Gordon Bryant, Head of Financial Services and Audit

Christopher Morgan, Assistant Democratic Services Officer

Roz Apperley, External Auditor

Tom Pearce, Principal Strategy and Policy Officer

Beth Bowers, External Auditor

46. MINUTES OF THE PREVIOUS MEETING

It was proposed by Cllr Morgan and seconded by Cllr Jackman and

RESOLVED

That the minutes of the previous meeting be agreed as a correct record and signed by the Chair.

47. DECLARATIONS OF INTEREST.

None.

48. PUBLIC QUESTIONS

None.

49. MEMBERS QUESTIONS

None.

50. EXTERNAL AUDITOR'S AUDIT FINDINGS 2024/25

Note: The title for this item is erroneous. The item is External Audit Sector Update and Progress Report.

The Grant Thornton Audit Manager introduced the item to the Committee. They had been unable to reconcile all risks so far during the auditing process, including in the cash and cash equivalent section of the report. The Audit review in this area was still in progress. The firm had access to additional resources to undertake the work. It was emphasised that the reports provided to the External Auditors needed to be accurate.

Large samples had been received by the finance team. These would be helpful in ensuring that the work is completed by the backstop date. It was noted that the backstop date keeps moving however it was expected that the Audit next year would run more smoothly.

The Committee noted the External Audit Sector Update and Progress Report.

51. EXTERNAL AUDITOR'S ANNUAL AUDITOR'S REPORT 2024/25

The External Auditors introduced the item to the Committee.

There was limited time to address the previously made recommendations regarding governance. The Committee discussed the recommendations as well as the possibility of a new financial system and the need to manage the savings gap before Local Government Reorganisation.

The Committee noted the report.

52. COUNCIL TAX BASE 2026/27

The Head of Financial Services introduced the item to the Committee.

The Committee discussed projections and assumptions. There had been a good collection rate for Council Tax.

It was proposed by Cllr Morgan, seconded by Cllr Jackman, and

RESOLVED

That the Council Tax base for 2026/27 be approved.

53. TREASURY MANAGEMENT MID YEAR REVIEW

The Head of Financial Services introduced the item to the Committee.

The Council was looking to work with Fire and Police Authorities in the future.

The Committee noted the report.

54. STRATEGIC AND CORPORATE RISK REPORT

The Principal Strategy and Policy Officer introduced the item to the Committee.

Members were no longer considered the biggest risk. The Committee discussed flood risk, election risk, and planning risk.

The Committee asked for an item on actions following on from risks. Further information would be shared with them after the meeting.

The Committee noted the report.

55. RIPA (REGULATION OF INVESTIGATORY POWERS) REPORT

The Audit and Information Governance Manager introduced the item to the Committee.

An inspection carried out 18 months prior had been positive. Planning Enforcement did not come under this topic.

The Committee noted the report.

56. GOVERNANCE IMPROVEMENT PLAN MONITORING REPORT

The Audit and Information Governance Manager introduced the item to the Committee.

Following discussions, it was agreed that the Governance Improvement Plan Monitoring Report would go to the Executive Committee for review.

The Committee noted the report.

57. INTERNAL AUDIT UPDATE REPORT

The Audit and Information Governance Manager introduced the item to the Committee. There was work underway to achieve reconciliation from Covid Business Grants, further details of which would be circulated to Committee Members.

It was requested that the Head of Neighbourhoods attend the next Committee meeting to provide an update on the recovery of Penalty Charge Notices.

The Committee noted the report.

58. FINANCIAL INSTRUCTIONS AND CONTRACT RULES WAIVERS AND EXEMPTIONS

The Audit and Information Governance Manager introduced the item to the Committee. All 3 waivers related to the purchasing of specialised items.

The Independent Person asked for a list of waivers by quarter and department to be included. The Committee noted that the purchased Waste vehicles were second hand – this was due to value for money and the limited supply.

The Committee noted the report.

59. AUDIT COMMITTEE FORWARD PLAN

The Committee noted the items on the Audit Committee Forward Plan.

The meeting commenced at 10.00 am and finished at 11.25 am.

Cllr Sally Morgan
Chair

Audit Findings (ISA 260) Report for Teignbridge District Council

Year ended 31 March 2025

30 January 2026



Teignbridge District Council

Forde House

Brunel Road

Newton Abbot

TQ12 4XX

30 January 2026

Dear Members of the Audit Committee

Audit Findings for Teignbridge District Council for the 31 March 2025

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

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

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

Chartered Accountants

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

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

Beth Bowers


Director
For Grant Thornton UK LLP

Chartered Accountants

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Headlines and status of the audit

Headlines

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

Financial statements

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

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

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

As of this report's date, we have concluded several areas of our audit work, detailing the findings in the body of this report on pages 51 - 66 . For work not yet concluded, we have highlighted the work undertaken to date, and any findings or recommendations.

Key areas where we have been unable to conclude include: opening balances, property valuations, creditors, grants received in advance, movements in reserves and Capital expenditure and financing. There are also a number of other areas still in progress these include:

- Leases and IFRS16
- Debtors – including bad debt provision
- Cash
- Fees and charges income
- Grants and contributions
- Housing benefit
- Expenditure and funding analysis
- Financial instruments
- Collection fund account and disclosures
- Joint arrangement – Strata

Continued.

Headlines

Financial statements continued

- Whole of government accounts
- Review of pay 360 system
- Review of management letter of rep
- Review of final set of financial statements

Areas subject to quality review:

- Pensions
- Operating expenditure
- Remuneration disclosures
- Capital commitments
- Journal entry testing

Our findings to date are summarised on pages 16 - 33. We have not identified any adjustments to the financial statements that result in an adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed from page 41 - 45. During our work, we have also raised 5 recommendations for management, which are set out at pages 46 and 47, with follow up of our prior year's audit recommendations detailed at pages 49 - 50.

Owing to the challenges of undertaking an audit where the previous years audits were subject to backstop-related disclaimed audit opinions, we have been unable to undertake sufficient work to support an unmodified audit opinion in advance of the backstop date of 27 February 2026. The limitations imposed by not having assurance on opening balances mean that we will be unable to form an opinion on the financial statements. Our anticipated financial statements audit report opinion will be a disclaimed opinion.

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

Headlines

Value for money (VFM) arrangements

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

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

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

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which was presented at the 17th December Audit Committee. We identified one statutory recommendation and three significant weakness in the Authority's arrangements; these were all retained from the 2023/24 work. We are therefore not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our findings are set out in the value for money arrangements section of this report pages 70 – 72.

Headlines

Statutory duties

We have retained a statutory recommendation that was issued as part of the 2023/24 VFM work around member behaviour at the Council although we note that progress has been made in implementing the recommendations made.

Significant matters

There were a number of issues that we encountered during the audit, that have led to delays in areas where we had planned to complete work and ultimately to us not being able to conclude work on all areas. While progress is greater than in previous periods, there is still a way to go for the authority to be able to conclude an audit by the end of November.

We experienced issues with some populations where the volume of debit and credit entries was so significant that it increased our sample sizes significantly. Given this was the first year the authority has been subject to a number of audit procedures in several years, we also experienced challenges in obtaining sufficient, appropriate audit evidence to support the nature of transactions.

Throughout the audit process we have maintained dialogue with officers to seek to conclude in the most efficient manner, and this will continue as we move our attention to planning for the 2025/26 financial statements audit.

Headlines

National context – audit backlog

Government proposals around the backstop

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

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

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

Headlines

National context – local audit recovery

In the audit report for the year ended 31 March 2024, a disclaimer of opinion was issued due to the backstop legislation. Our audit opinion also included a qualification over PPE balances due to the disclaimed opinion from 2020/21 being carried forward and also a qualification on the SANGS balance.

As a result, for 2024/25:

- we have limited assurance over the opening balances for 2024/25, the opening balance areas we have assurance over are investments and cash.
- no assurance over the closing reserves balance also due to the uncertainty over their opening amount.

Our aim for the 2024/25 audit has been to continue with rebuilding assurance, therefore our focus has been on in-year transactions including income and expenditure, journals, payroll and remuneration and disclosures; and closing balances.

On 5 June 2025 the National Audit Office (NAO) published its “Local Audit Reset and Recovery Implementation Guidance (LARRIG) 06” for auditors which sets out special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions. The key messages outlined within this guidance include rebuilding assurance through:

- tailored risk assessment procedures for individual audit entities, including assessments over risk of material misstatements of opening balance figures and reserves;
- designing and performing specific substantive procedures, such as proof-in-total approach;
- special considerations for fraudulent reporting, property, plant & equipment, and pension related balances.

At Teignbridge the scale of the challenge is large. With the year ended 31 March 2025 being the fourth consecutive set of financial statements subject to a disclaimer of opinion, we recognise how challenging future audit periods will be with the backstop date moving forward. Both external auditors and council officers are committed to working together to support the regaining of as much assurance as possible over the coming financial periods.

Headlines

Implementation of IFRS 16

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

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16.

Additionally, CIPFA has published specific guidance for local authority practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

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

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

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

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

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

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

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

Impact on the Authority

Implementation of IFRS 16 resulted in 16 operating lease and 1 peppercorn being transferred from PPE, these have been recognised appropriately under IFRS 16.

The following adjustments to opening balances were made to the Council's accounts following the implementation of IFRS 16:

Right-of-use - Other Land & Buildings - £9,814,000 transferred from Property, plant and equipment (other land & buildings) plus £1,587,000 recognised on transition – total £11,401,000.

Other Land & Buildings – reduced by £9,814,000 (net) as shown above.

Lease Liabilities: long term £1,261,000 plus short term £326,000 – total £1,587,000.

Accounting policies and disclosures have been updated to reflect the requirements of the new standard.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated April 2025, we determined materiality at the planning stage as £1.5 million which equates to approximately 2.2% of your prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements. Materiality levels have been updated from those in the audit plan to reflect actual calculations based on the draft 2024/25 accounts.

Basis for our determination of materiality

- We have determined materiality at £1.6m based on professional judgement in the context of our knowledge of the Authority.
- We have used 2.2% of gross expenditure as the basis for determining materiality.

Performance materiality

- We have determined performance materiality at £960,000; this equates to 60% of headline materiality.

Specific materiality

- A lower materiality was identified for senior officers' remuneration of £20k due to the sensitivity of disclosures.

Reporting threshold

- We will report to you all misstatements identified in excess of £80k, in addition to any matters considered to be qualitatively material.

Our approach to materiality

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

	Authority (£)	Qualitative factors considered
Materiality for the financial statements	1,600,000	Materiality has been based on 2.2% of Gross Operating Expenditure.
Performance materiality	960,000	Calculated as 60% of materiality. This is due to the partial completion of audit work in 2023/24
Specific materiality for Senior Officers	20,000	A specific materiality for senior officer remuneration is applied due to heightened public interest of these disclosures.
Reporting threshold	80,000	Based on 5% of materiality.

Overview of significant and other risks identified

Overview of audit risks

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

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

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

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	In progress
Valuation of land and buildings	Significant	↔	✗	High	●
Valuation of pension fund net liability	Significant	↔	✗	Low	In progress
Suitable alternative natural green space (SANGS)	Significant	↑	✗	Low	●
Cash and cash equivalents	Significant	↑	✗	Low	In progress
The implementation of IFRS 16	Other	↔	✗	Low	In progress

↑ Assessed risk increase since Audit Plan

↔ Assessed risk consistent with Audit Plan

↓ Assessed risk decrease since Audit Plan

- Not likely to result in material adjustment or change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Likely to result in material adjustment or significant change to disclosures within the financial statements / unable to complete sufficient audit procedures

Significant risks

Risk identified	Audit procedures performed	Key observations
Management override of controls	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design and implementation of management controls over journals; analysed the journals listing and determined the criteria for selecting high risk unusual journals; identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness 	<p>Our testing of journal entries is still in progress. To date we have not identified any issues in respect of management override of controls.</p> <p>For all journals reviewed we have concluded that they were appropriate transactions.</p> <p>However, we have noted two deficiencies in the control environment:</p> <ul style="list-style-type: none"> We identified that the S151 and deputy s151 can post and do post journals in the year. From our testing we have not identified any issues in these journals but we would not expect senior officers to have this level of access. We also identified that users can self-authorise their own journals. We therefore recommend that management consider amending their processes such that the self-authorisation of journals is removed.

Significant risks

Risk identified

Presumed risk of fraud in revenue recognition

Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue.

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Audit procedures performed

We have identified and completed a risk assessment of all revenue streams for the Council. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the revenue streams both individually and collectively.

Key observations

Throughout the audit we have continually reviewed this assessment and our judgement still stands, therefore we do not consider this to be a significant risk of for the Authority.

Significant risks

Risk identified

Presumed risk of fraud in expenditure recognition

Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.

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Audit procedures performed

We have identified and completed a risk assessment of all expenditure streams for the Council. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.

Key observations

Throughout the audit we have continually reviewed this assessment and our judgement still stands, therefore we do not consider this to be a significant risk of for the Authority.

Significant risks

Risk identified	Audit procedures performed	Key observations
Valuation of land and buildings	<p>We have:</p> <ul style="list-style-type: none"> Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work Evaluated the competence, capabilities and objectivity of the valuation expert Written to the valuer to confirm the basis on which the valuation was carried out challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; tested revaluations made during the year to see if they had been input correctly into the Authority's asset register; and evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value (fair value for surplus assets) at year-end. 	<p>Due to the previous two financial statements audits being subject to a backstop disclaimer opinion we do not have assurance on assets valued in prior years. In addition, in the 20/21 audit opinion, we disclaimed the Valuation of land and buildings due to little evidence being provided to support the inputs to the valuation calculations.</p> <p>We received the Fixed Asset Register and the valuers report and used these as a basis for selecting a sample for testing. However, due to time constraints imposed by the statutory audit backstop, we are unable to conclude our work in this area.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>Valuation of pension fund net liability</p> <p>The Authority's share of the pension fund net liability, as reflected in its Balance Sheet as the pension liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£17.3m in the Authority's Balance Sheet at 31 March 2025) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p> <p>The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.</p> <p>The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary.</p> <p>A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability.</p>	<p>We have:</p> <ul style="list-style-type: none"> updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and obtained assurances from the auditor of the Devon Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. 	<p>Management had considered the impact of IFRIC14 and included an asset ceiling adjustment in the draft financial statements. We reviewed the calculations undertaken by the Actuary.</p> <p>We have also reviewed the IAS19 letter received from the Auditor of the Devon Pension Fund, they identified an understatement of the pension funds asset figures which has been reported as an unadjusted misstatement.</p> <p>Our work is completed subject to quality reviews.</p>

Significant risks

Risk identified	Audit procedures performed	Key observations
<p>SANGS</p> <p>The council purchased land to use as Suitable Alternative Natural Green Space (SANGS). This transaction was entered into in 21/22 and treated as capital, in our 21/22 Audit Findings Report we reported that we believed SANGS did not meet the definition of capital expenditure. In 24/25 the council have agreed to an alternative method of treatment which aligns with our view as external auditors. The council is therefore doing a prior period adjustment to ensure SANGS is appropriately recorded in the accounts as a revenue transaction. There is a risk that the adjustment is not appropriately accounted for.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated the design and implementation of the SANGS adjustments; analysed the rationale for the adjustment; Reviewed the adjustments in the prior year figures to ensure that all adjustments have been made appropriately; Reviewed the third balance sheet to ensure this is appropriately presented. 	<p>Our work completed identified that there was no third balance sheet produced, the council had initially produced one but removed it due to confusion from previous email correspondence. The council has updated the accounts to include a third balance sheet. No further issues identified and we are satisfied that the specific disclaimer issued in 2023/24 can be removed as all relevant adjustments have been processed in relation to this transaction.</p>
<p>Cash and cash equivalents</p> <p>While officers have invested significant time into the bank reconciliation work, the council was not able to fully reconcile the bank reconciliations from October to February; this is primarily due to personnel shortages and the introduction of the new IMS system. We have therefore determined this as a significant risk due to the nature of cash and cash equivalents being fundamental to an organisations financial position.</p>	<p>We have:</p> <ul style="list-style-type: none"> Gained an understanding of the processes in place within the cash system; Obtained the year end bank reconciliation; Agreed year end balances back to bank statements and Reviewed reconciling items. 	<p>Our work in this area is still in progress. To date we have not identified any issues in this area.</p>

Other risks

Risk identified	Audit procedures performed	Key observations
Changes to risk assessment	<p>The following risks have been reassessed from the version previously communicated in the Audit Plan:</p> <p>Escrow</p> <p>As part of our planning inquiries, management confirmed their awareness of a transaction outside the normal course of business—specifically, the use of an escrow account in relation to one of the Council's Future High Streets Fund (FHSF) projects. We have identified a risk that the escrow account may be subject to incorrect accounting treatment or mis-presentation in the financial statements. This is considered a risk factor, as any such misstatement could result in errors and potential non-compliance with applicable accounting standards relating to the recognition, classification, and disclosure of the escrow arrangements.</p>	<p>We have:</p> <ul style="list-style-type: none"> evaluated the nature of the escrow agreement to determine how it should be treated in the accounts; analysed the rationale for entry into escrow account and Reviewed the accounting entries to ensure it is being appropriately accounted. <p>Our work in this area is complete and has not identified any issues in this area.</p>

Other risks

Risk identified	Audit procedures performed	Key observations
Implementation of IFRS16	<p>Reviewed the steps taken by management to identify leases to be disclosed under IFRS16</p> <ul style="list-style-type: none"> – Tested a sample of leases to ensure these have been calculated accurately – Tested a peppercorn right of use asset valuations 	Our audit work in this area is still in progress.

Other findings

Other findings – significant matters

Issue	Commentary
Significant events or transactions that occurred during the year	None noted. Not required.
Business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement	None noted. Not required.
<p>Concerns about management's consultations with other accountants on accounting or auditing matters</p>	None noted. Not required.
Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services	None noted. Not required.

Other findings – significant matters

Issue	Commentary	
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information	None noted.	Not required.
Other matters that are significant to the oversight of the financial reporting process	None noted.	Not required.
Prior year adjustments identified	The council purchased land to use as Suitable Alternative Natural Green Space (SANGS). This transaction was entered into in 21/22 and treated as capital, in our 21/22 Audit Findings Report we reported that we believed SANGS did not meet the definition of capital expenditure. In 24/25 the council have agreed to an alternative method of treatment which aligns with our view as external auditors. The council is therefore doing a prior period adjustment to ensure SANGS is appropriately recorded in the accounts as a revenue transaction.	The draft accounts did not include a third balance sheet for 2022/23, the council had initially produced one but removed it due to confusion from previous email correspondence. The council has updated the accounts to include a third balance sheet.

Other findings – key judgements and estimates

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

Assessment:

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

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings £112.4m at 31 March 2025	Other land and buildings comprises of specialised assets such as leisure centres and tennis courts which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Authority has engaged an internal valuer and an external valuer (District Valuer) to complete the valuation of properties as at 31 March 2025 on a five yearly cyclical basis. 85% of total assets were revalued during 2024/25.	We have: <ul style="list-style-type: none"> • Reconciled the valuation report to the Fixed Asset Register • Reviewed the valuation report to identify any changes in valuation basis from the prior year. • Performed review over indices to compare the valuation movement to the expected movement using Gerald Eve reports • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • Evaluated the competence, capabilities and objectivity of the valuation expert • Written to the valuer to confirm the basis on which the valuation was carried out 	No overall conclusion formed this year, as our opinion has been disclaimed.

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of land and buildings	<p>Management have considered the year end value of non-valued properties. Our assessment of assets not revalued has identified no material change to the properties value. The total year end valuation of land and buildings was £112.4m, a net decrease of £3.4m from 2023/24 (£115.8m).</p>	<p>Due to the previous three financial statements audit being subject to a backstop disclaimer opinion we do not have assurance on assets valued in prior years. In addition, in the 20/21 audit opinion, we disclaimed the Valuation of land and buildings due to little evidence being provided to support the inputs to the valuation calculations.</p> <p>We received the Fixed Asset Register and the valuers report and used these as a basis for selecting a sample for testing. However, due to time constraints imposed by the statutory audit backstop, we are unable to conclude our work in this area.</p>	<p>No overall conclusion formed this year, as our opinion has been disclaimed.</p>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Valuation of net pension liability £17.3m at 31 March 2025	<p>The Authority's net pension liability at 31 March 2025 is £17.3m (PY £18.5m). The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from the Devon County Pension Fund. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £1.2m net actuarial gain during 2024/25.</p>	<p>In assessing the estimate, we have considered the following:</p> <ul style="list-style-type: none"> the actuary's experience, competence and professional qualifications; the actuary's approach, through the use of PwC as an auditors expert, used to assess the methods and assumptions used (see below table for consideration of the assumptions adopted); the impact of any changes to valuation method – none were noted; the completeness and accuracy of the underlying information used to determine the estimate by comparing it to source records and other data provided through the audit; the assurances provided by the auditor of Devon Pension Fund over the process and controls in place at the Fund over the information provided to the actuary; and the adequacy of disclosures of estimate in the financial statements. 	<p>No overall conclusion formed this year, as our opinion has been disclaimed.</p> <p>No issues identified from our work.</p>

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment
Minimum revenue provision £1.5m in 2024/25	<p>The Authority is responsible on an annual basis for determining the amount charged for the repayment of debt known as its minimum revenue provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>The year end MRP charge was £1.5m, a net increase of £1.26m from 2023/24.</p>	<ul style="list-style-type: none"> The MRP has been calculated in line with the statutory guidance The Authority's policy on MRP complies with statutory guidance. Assess whether any changes to the Authority's policy on MRP have been discussed and agreed with those charged with governance and have been approved by full Council The MRP has increased Reasonableness of the increase/decrease in MRP charge 	<p>Our audit work in this area is still in progress.</p>

Other findings – Information Technology

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

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating				Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure		
FMS	ITGC assessment (design, implementation and effectiveness)	Amber	Amber	Green	Green	Green	Management override of controls, valuation of PPE and investment property assets and valuation of pension liability.
i-Trent	ITGC assessment (design and implementation effectiveness only)	Green	Green	Black	Black	Employee benefit expenditure	
Payroll							

Assessment:

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

Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	<ul style="list-style-type: none">• We have previously discussed the risk of fraud with the Audit Committee and were not made aware of any instances at that time. During the course of our audit procedures, we were informed by management of a minor case of employee fraud. The matter has been addressed by the council, and the amount involved is considered trivial. No further impact on our audit conclusions has been identified.
Matters in relation to related parties	<ul style="list-style-type: none">• We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	<ul style="list-style-type: none">• During the audit, we were informed of a governance matter where a councillor was disqualified, and the seat was not declared vacant promptly as required by legislation. The seat has since been declared vacant. This matter does not impact our audit opinion.
Written representations	<ul style="list-style-type: none">• A letter of representation will be requested from the Council.

Other communication requirements

Issue	Commentary
Confirmation requests from third parties	<ul style="list-style-type: none"> • We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent. We are still awaiting some of these confirmations.
Disclosures	<ul style="list-style-type: none"> • Our review found no material omissions in the financial statements
Audit evidence and explanations / Significant difficulties	<ul style="list-style-type: none"> • We have encountered challenges during the audit due to the continued use of scanned documents and limited digital audit working papers. The financial system in use by the Council has also hindered our interrogation of the finance system as the data we need to be able to complete our work has not been readily available due to the reporting limitations of the current software being used
Other matters	<ul style="list-style-type: none"> • None noted.

Other responsibilities

Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> • The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.

(continued)

Other responsibilities

Issue	Commentary
Going concern	<p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none">• the nature of the Authority and the environment in which it operates• the Authority's financial reporting framework• the Authority's system of internal control for identifying events or conditions relevant to going concern• management's going concern assessment. <p>However, as this year's audit will be disclaimed, we have not been able to obtain sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none">• a material uncertainty related to going concern has not been identified• management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, if we have applied any of our statutory powers or duties. where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. <p>Our Auditors Annual Report includes a Statutory Recommendation retained from 2023/24 due to the members behaviour, the member-officer relationship and bullying and aggressive behaviour having persisted among some members.</p> <p>The Annual Governance Statement will be subject to the disclaimer opinion.</p>

Other responsibilities

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. This work is not required as the Council does not exceed the threshold.
Certification of the closure of the audit	We intend to certify the closure of the 2024/25 audit of Teignbridge District Council in the audit report when we have concluded our audit testing.

Audit adjustments

Audit adjustments

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

Impact of adjusted misstatements

No adjusted misstatements have been identified at the date of issuing our report. We will provide an update to management and the Audit Committee should any issues be identified from the remaining testing.

Audit adjustments

Misclassification and disclosure changes

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

Disclosure	Misclassification or change identified	Adjusted?
SANGS	As detailed on page 34 this transaction was entered into in 21/22 and treated as capital, in our 21/22 Audit Findings Report we reported that we believed SANGS did not meet the definition of capital expenditure. In 24/25 the council have agreed to an alternative method of treatment which aligns with our view as external auditors. The council is therefore doing a prior period adjustment to ensure SANGS is appropriately recorded in the accounts as a revenue transaction. The draft accounts did not include a third balance sheet for 2022/23, the council had initially produced one but removed it due to confusion from previous email correspondence. The council has updated the accounts to include a third balance sheet. This also involved updates to the prior period adjustments accounting policy to ensure appropriate disclose of this prior period adjustment.	✓
Pensions disclosures	In our work on pensions we identified that there was no reference to the Virgin media judgement. Updates have been made to include this within the pensions note.	✓
Investment in shares	Following our review of the Council's investment in shares disclosed in Note 17 – Long-Term Investments, we noted that the investment is not included in the Financial Instruments tables (Note 31) because its carrying amount is nil, although Note 17 provides a narrative disclosure. Under IFRS 7, disclosure requirements apply to all financial instruments, regardless of their carrying value. As a result, the Council has agreed to include a narrative disclosure for this investment in Note 31 (Financial Instruments).	✓
Pensions Note	We identified a £270k variance arising from a transposition error in the overseas equities figure disclosed on page 108 of the accounts. The Council reported £65.714 million, whereas our reconciliation to the Actuarial Report indicates the amount should be £65.983 million. Management has confirmed that this error will be corrected.	✓
Throughout	A number of typographical errors have been identified throughout the financial statements.	✓

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the audit which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on total net expenditure	Impact on general fund
	£'000	£'000	£'000	£'000
We identified a calculation error in the NNDR debtors provision	-	Dr Debtors - 136 Cr Creditors - (82)	-	Cr Unusable reserves - (54)
The pension fund auditor identified an understatement of the total fund assets provided to the actuary amounting to £17,551k. Based on the council's share of 2.069% this results in a £363k understatement.	-	Dr Pension Assets - 363 Cr Pension Reserves - (363)	-	-
Overall impact of current year unadjusted misstatements	0	54	0	(54)

Impact of unadjusted misstatements in the prior year

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023/24, and the resulting impact upon the 2024/25 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2024/25 financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement	Balance Sheet	Impact on total net expenditure	Impact on general fund	Reason for not adjusting
	£'000	£'000	£'000	£'000	
One issue identified within our creditors testing, resulting in an over-accrual of £399k. We have extrapolated a total possible variance of £589k.	589	589	589	589	Projected error is not material
Overall impact of prior year unadjusted misstatements	589	589	589	589	
Cumulative impact of prior year and current year unadjusted misstatements on 2024/25 financial statements	589	643	589	535	

Action plan

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

Assessment	Issue and risk	Recommendations
● Medium	<p>An employee who had left the organisation continued to appear on the payroll report for four months after their departure date. Although no payments were made to the individual in this period. They remained on the payroll whilst it was confirmed the appropriate backpay had been paid to the individual.</p> <p>The presence of a former employee on payroll records increases the risk of erroneous or fraudulent payments occurring.</p>	<p>The council should ensure it does everything in its power to follow up on these matters to ensure individuals can be removed from payroll within a month of leaving the organisation.</p> <p>Management response</p> <p>The Council will ensure that former employees are removed from the payroll system as soon as we have all of the relevant information to enable this to take place.</p>
● Medium	<p>The 2023/24 closing trial balance and the 2024/25 opening trial balance did not balance due to posting errors, and although the corrections were made in 2024/25, they should have been addressed as part of the 2023/24 year-end process.</p>	<p>The council should ensure year-end trial balances are fully reconciled and corrected before accounts are closed.</p> <p>Management response</p> <p>Our finance system allows us to address in the following year by adjusting the opening balances. We were aware of the change very early due to our robust weekly testing and reconciliation reports and required a simple journal to correct the two numbers in question.</p>

Key

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

Action plan continued

Assessment	Issue and risk	Recommendations
● Low	<p>In our work on depreciation, we identified six assets with negative carrying values due to an extra year of depreciation being charged after the asset was fully depreciated. We also identified 87 assets being left with small residual balances instead of being fully depreciated or cleared on disposal.</p> <p>Although the value of residual amounts were below trivial, assets should be depreciated to zero or appropriately removed from the fixed asset register.</p>	<p>The council should consider implementing checks to prevent additional depreciation being charged in error and to identify and correct small residual balances occurring.</p> <p>Management response</p> <p>These checks are in place every year and we are aware of these old assets with very small negative values. The 87 assets are retained if still held and being used, any that have been sold are flagged as such and only retained on the assets spreadsheet for reference purposes</p>
● Medium	<p>In obtaining our journals population the required general ledger listing could not be obtained in the format needed as the council's general ledger was only in weeks and for our report, we needed this information in days. System constraints limit the completeness of data available.</p>	<p>The council should consider the existing system capabilities or whether available add-ons could enhance general ledger data date extraction.</p> <p>Management response</p> <p>Journals are recorded by date and this is available on the journal listing report, which was provided during the audit</p>
● Medium	<p>In line with the CIPFA code assets should be valued every 5 years as part of the 5-year rolling programme. We have identified 101 assets totalling £1.3million that were last valued on 1/04/2019 and not revalued until 31/03/2025. This is therefore outside of the 5-year period, this has occurred due to change in the valuation date in 2024/25 to March from April. We are satisfied there is not a risk of material misstatement of these assets as our analysis identified a potential movement of these assets of £185k.</p>	<p>The council should ensure compliance with the CIPFA codes 5-year rolling programme valuation requirement.</p> <p>Management response</p> <p>These assets were still valued within the five year accounting periods but valuation date moved to the end of the financial year. As this change of accounting valuation date is a one off this won't happen again in future years</p>

Follow up of prior year recommendations

We identified the following issues in the audit of the Authority's 2023/24 financial statements, which resulted in 9 recommendations being reported in our 2023/24 Audit Findings Report. We are pleased to report that management have implemented 4 of our recommendation.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	The audit was delayed by the age and user-friendliness of the finance system as there is typically only one member of the finance team the Finance Systems Analyst/Administrator, who can integrate the system and pull-down financial reports. At the start of the audit, this individual was seconded to a project team to roll out a new income management system and therefore was not able to assist the finance team in providing reports to the audit team such as a trial balance and general ledger reports.	<p>Management comment:</p> <p>We continue to make this individual available for the audit work required. We have also trained others in aspects of the report writing to give more cover moving forward.</p> <p>GT Comment:</p> <p>As noted previously, we faced some challenges as part of the audit process that we will work with management to address in future periods.</p>
5	The PPE valuations are undertaken as at 31 December and therefore we challenged Management to confirm that the difference between the valuation date and the value in the financial statements is not material. We asked Management if any indexation exercise is undertaken. Management confirmed that no such exercise was performed.	<p>Management comment:</p> <p>For 24/25 we have moved valuations to 31 March.</p> <p>GT Comment:</p> <p>Valuations have been moved to 31 March.</p>
X	During our work we have noted that there are multiple codes within the trial balance where they do not relate to only one area of the balance sheet. For example, debtors and creditors are routinely posted to one nominal ledger code and manually split out at year end. We have therefore had difficulty in reconciling account codes and listings in order to performing sampling.	<p>Management comment:</p> <p>This will continue to occur as we try and split a control code between long and short term elements e.g. sundry debtors and those with 'arrangements' they are easily reconcilable from our working papers.</p>

Assessment

- ✓ Action completed
- ✗ Not yet addressed

Follow up of prior year recommendations continued

Assessment Issue and risk previously communicated

Update on actions taken to address the issue

5	<p>During our testing of payroll we check a sample of starters, leavers and those employees who have changed roles within the year. Our testing noted that Several of the forms we were provided with were not signed by the employee and/or their manager and one form was even signed with the wrong name and date. This is not in line with the Council's policies. We also noted that Two of our samples related to members and upon investigation it was noted that there are no official starters and leavers process for Councillors.</p>	Management comment: We continue to ensure that all documentation is signed as part of our leavers procedures. This may not always happen if someone is dismissed or leaves whilst on long term sick etc so a small number of anomalies will arise.
		Management comment: This was a small item based on accruing and cut off and shouldn't concern the considerable accuracy around how we set our accrual policy and should be considered as a 'one off'.
		Management comment: We continue to input journals. The transition period after I retire is to train 2 members of Finance staff who will then be able to do the majority/all of the journals as they cover asset and pension accounting

Follow up of prior year recommendations continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Our testing of journals also noted gaps in the sequential numbers of the journals posted. This is due to a manual numbering system being used and users “taking” journal numbers to use and then that number no longer being needed.</p>	<p>Management comment: This was just a blip in using the numbers and can easily be reconciled based on input GT Comments: No gaps identified in our 2024/25 journals work</p>
5 X	<p>During our testing of employee benefit expenditure testing we sampled some payslips and asked management for support so that we could recalculate the elements of pay received.</p> <p>There were two lines of overtime hours paid for one of the samples, so we asked for supporting timesheets to confirm the number of hours worked and the dates to confirm the appropriate rate of pay. Payroll team advised they were not able to provide timesheets as the Waste Depot destroy timesheets after 12 months and the payroll team didn't have any other records to evidence this.</p>	<p>Management comment: We can ask the Waste department to hold such information longer if necessary until the audit is complete. I would imagine Payroll could identify payslips from the iTrent system.</p>
X	<p>We also noted that users can self-authorise their own journals. During our testing we noted that one of the S151 journals had not been reviewed.</p>	<p>Management comment: We carry out an exercise to ensure the CFO journals are checked which will continue until we have gone through the transition period above</p>

Status of audit testing 2024/25

19

Primary Statement									
Balance Sheet									
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments	
Property Plant and Equipment (PPE) – Opening balance	Red	Yellow	2024/25: unknown 2023/24: unknown 2022/23: unknown	54	50		4	Our audit work in this area is still in progress. No issues have been identified in our testing completed. We do not have assurances over this area due to prior year backstop.	
PPE – Additions & REFCUS			2025/25: No 2023/24: No 2022/23: unknown	15	15	-	-	No issues identified from testing completed.	

Assessment

- [Red] We were unable to fully test the balance/transaction.
- [Amber] We reviewed the balances and where applicable tested on a sample of transactions, however, we identified a number of issues/exceptions to be able to conclude.
- [Green] We were able to test the balances and conclude for 24/25 and we did not identify any significant issues

Status of audit testing 2024/25

Primary Statement								
Balance Sheet								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
PPE – Disposals (and the associated gain/loss on disposal)			2025/25: No 2023/24: No 2022/23: unknown	-	-	-	-	Not material, no sample testing work undertaken.
Depreciation charge			2024/25 unknown 2023/24: no 2022/23: unknown	8	-	-	8	Our audit work in this area is still in progress. No issues have been identified in our testing completed.

Status of audit testing 2024/25

Primary Statement								
Balance Sheet								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size	Samples with appropriate evidence	Failed samples	Inconclusive samples	Auditor Comments
PPE – Revaluation and Impairment (Other land & building) [Significant risk]			2024/25 unknown 2023/24: unknown 2022/23: unknown	25	-	-	25	<p>We have agreed the financial statement notes to the Fixed Asset Register, Valuers Report and Trial Balance. We have also agreed that the Valuers Report agrees to the Fixed Asset Register. We have confirmed the value of assets not revalued. We have undertaken a high level review of the significant assumptions we would expect to see within each valuation method and what evidence we would expect to observe for each assumption.</p> <p>We completed a sampling strategy and identified 25 assets for testing. We have received the evidence for the 25 assets however due to the statutory audit backstop, we lack sufficient time to complete the planned audit procedures in this area.</p>
Property Plant and Equipment (PPE) – closing balance			2024/25 unknown 2023/24: unknown 2022/23: unknown	25	-	-	25	<p>We have been unable to test the opening PPE and the revaluation movement in the financial year due to the statutory audit backstop, we lack sufficient time to complete the planned audit procedures in this area. Consequently, we are unable to conclude our work in this area.</p>

Status of audit testing 2024/25

Primary Statement								
Balance Sheet								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Property Plant and Equipment (PPE) – closing balance (Other)			2024/25 unknown 2023/24: unknown 2022/23: unknown	-	-	-	-	- Due to the statutory audit backstop, we lack sufficient time to complete work on the in year PPE movements which means we do not have assurance over the closing position. No specific samples were selected.
Long and Short term debtors (accuracy & Occurrence)			2024/25: unknown 2023/24: unknown 2022/23: unknown	98	In progress	-	-	At the date of drafting this report, no issues have been identified from our testing performed on debtors. As the prior year work on debtors was not completed, we do not have assurance over the opening balances contained within the year end debtors listing.
Short term debtors (Completeness)			2024/25: no 2023/24: unknown 2022/23: unknown	24	In progress	-	-	Testing still in progress. No issues identified from our testing performed to date.

Status of audit testing 2024/25

Primary Statement								
Balance Sheet								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Allowance for bad debts			2024/25: no 2023/24: no 2022/23: unknown	n/a	n/a	n/a	n/a	Our work in this area is still in progress. To date we have not identified any issues. We have recalculated the bad debt provision and note that the percentages used within the calculation are similar to previous years and there isn't a material movement compared to the prior years provision. This section has not identified any reporting points to be communicated to management and those charged with governance.
Cash and Cash equivalents			2024/25: no 2023/24: no 2022/23: unknown	n/a	n/a	n/a	n/a	Testing still in progress. No issues identified from our testing performed to date.

Status of audit testing 2024/25

Primary Statement								
Balance Sheet								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Short-term Creditors	Red	Red	2023/24: unknown 2022/23: unknown	51	16	-	-	Audit work still in progress and awaiting evidence on 35 items, to be updated on conclusion of audit work.
Investments – long term and short term			2024/25: no 2023/24: no 2022/23: unknown	5	5	-	-	No issues identified from our testing performed.

Status of audit testing 2024/25

Primary Statement								
Balance Sheet								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Short term creditors (completeness)			2024/25: no 2023/24: unknown 2022/23: unknown	50	In progress	-	-	Testing still in progress. No issues identified from our testing performed to date.
Grants received in advance			2023/24: unknown 2022/23: unknown	23	In progress	-	-	Audit work still in progress and awaiting evidence on 10 items, to be updated on conclusion of audit work.

Status of audit testing 2024/25

Primary Statement								
Balance Sheet								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Pensions Liability [Significant risk]	Yellow	Green	2024/25: no 2023/24: unknown 2022/23: unknown	n/a	n/a	n/a	n/a	<p>Areas covered within this section include:</p> <ul style="list-style-type: none"> - IAS19 – we have agreed the values in the IAS19 report agrees to the values included within the nominal ledgers and the draft statement of accounts both for the Council and those including the Council's share of the Strata values. - Reviewed the competence, capability and objectivity of the Managements expert – no issues noted - Source data – we reviewed the source data, including the Council's records. No issues were noted. - Analytical reviews – we performed a series of analytical reviews and evaluated the results. - Pension liabilities – we have assessed the actuarial assumptions and methods behind the actuary's calculations and have noted no issues. - Pension assets – we have reviewed the letter of assurance provided by the pension fund auditor and have noted no issues. - IFRIC14 – We have recalculated the IFRIC14 values and have agreed these back to the Actuary's figures. <p>This is now green for 24/25 as testing has been completed in 23/24 and 24/25, therefore meaning we have assurance over the movement.</p>

Status of audit testing 2024/25

Primary Statement								
Balance Sheet								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Reserves			2024/25: unknown 2023/24: unknown 2022/23: unknown	n/a	n/a	n/a	n/a	<p>Areas covered within this section include:</p> <ul style="list-style-type: none"> - Working paper prepared for the Movement In Reserves Statement showing that the totals agree to CIES, adjustments between accounting basis and funding basis note and the transfer to / from ear marked reserves note. No issues were noted. - Adjustments between accounting basis and funding basis note – cross referenced the values in this note to where each item is testing within the file. No issues were noted. - Usable reserves – cross referenced to other notes / where tested on file. No issues were noted. - Transfers to / from ear marked reserves – agreement back to Council meeting minutes showing that the members have agreed the values to be carried forward. No issues were noted. - Unusable reserves - cross referenced to other notes / where tested on file. No issues were noted. - Management prepared the MIRS consistency checker however differences were noted. Due to the time constraints imposed by the backstop it is not practical to resolve the remaining differences.

Status of audit testing 2024/25

Primary Statement								
Comprehensive Income and Expenditure Statement								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Fees and charges			2024/25: no 2023/24: unknown 2022/23: unknown	32	25	-	7	Testing still in progress. No issues have been identified from our testing performed to date.
Grant income			2023/24: unknown 2022/23: unknown	20	In progress	-		Audit work still in progress and queries on a number of sample items, to be updated on conclusion of audit work.
Employee Benefit Expenditure			2024/25: no 2023/24: unknown 2022/23: unknown	-	-	-	-	We identified one item where a leaver was still included on the payroll 4 months after their leaving date. They were not paid anything during this period; this has been raised as part of our action plan and recommendations.

Status of audit testing 2024/25

Primary Statement								
Comprehensive Income and Expenditure Statement								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Housing Benefits			2024/25: no 2023/24: no 2022/23: unknown	22	20	-	2	Testing still in progress. No issues identified from our testing performed to date.
Other Services Expenditure			2024/25: no 2023/24: unknown 2022/23: unknown	23	19	-	4	Testing still in progress. No issues identified from our testing performed to date.
Precepts and levies			2024/25: no 2023/24: no 2022/23: unknown	5	5	-	-	No issues identified from our testing performed.

Status of audit testing 2024/25

Primary Statement									
Comprehensive Income and Expenditure Statement									
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments	
88 Council tax income and non-domestic rates (including Collection fund disclosures)	Red	Green	2023/24: unknown 2022/23: unknown	10	10	-	-	No issues identified from our testing performed.	

Status of audit testing 2024/25

Primary Statement								
Other areas of testing								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
g Remuneration disclosures			2024/25: no 2023/24: unknown 2022/23: unknown	n/a	n/a	n/a	n/a	Review still in progress. No issues identified from our testing performed to date.
Leases and IFRS 16			2024/25: no 2023/24: no 2022/23: unknown	20	In progress	-	-	Testing still in progress. No issues identified from our testing performed to date.
Audit fees			2024/25: no 2023/24: no 2022/23: unknown	n/a	n/a	n/a	n/a	No issues identified from our testing performed.

Status of audit testing 2024/25

Primary Statement								
Other areas of testing								
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments
Capital Expenditure and Financing			2024/25: no 2023/24: no 2022/23: unknown	n/a	n/a	n/a	n/a	Review still in progress. No issues identified from our testing performed to date.
Financial Instruments			2024/25: no 2023/24: no 2022/23: unknown	n/a	n/a	n/a	n/a	Review still in progress. No issues identified from our testing performed to date.

Status of audit testing 2024/25

Primary Statement									
Other areas of testing									
Financial Statement Line Item	Status 23/24	Status 24/25	Likely to be materially misstated	Total sample size (#)	Samples with appropriate evidence (#)	Failed samples (#)	Inconclusive samples (#)	Auditor Comments	
Journals	Yellow	Green	2024/25: unknown 2023/24: unknown 2022/23: unknown	107	107	-	-	Testing still in progress. No issues identified from our testing performed to date.	
Statement of cash flows	Red	Yellow	2024/25: unknown 2023/24: unknown 2022/23: unknown	n/a	n/a	n/a	n/a	This area is assessed as amber because, although we have completed our audit work on the 2024/25 cashflow statement, it is dependent on figures drawn from other sections of the accounts that are subject to a disclaimed opinion. As a result, we cannot obtain assurance over all of the inputs used in its preparation.	

Value for Money arrangements

Value for Money arrangements

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

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2024-25. Our draft AAR was reported to you on 17 December audit committee.

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

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Improving economy, efficiency and effectiveness

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



Financial sustainability

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



Governance

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

In undertaking this work we have identified a one statutory and three key recommendations in arrangements relating to governance that have been retained from 2023/24 work.

Our detailed findings in this area were set out in the Interim Auditor's Annual Report, which was presented to the Audit Committee on 17 December 2025. A final report will be issued in due course once our wider responsibilities have been completed.

Other statutory powers

We set out below details of other matters which we, as auditors, are required by the Act and the Code to communicate to those charged with governance.

Issue	Commentary
Statutory recommendations	In 2023/24 we concluded that it was appropriate for us to use our powers to make written recommendations under section 24 of the Local Audit and Accountability Act, due evidence of bullying and aggressive behaviours having persisted among some members. This statutory recommendation remains in 2024/25.

Independence considerations

Independence considerations

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

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

Independence considerations

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

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Fees and non-audit services

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to January 2026, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

No non-audit services are provided to the Council. Therefore no non-audit fees.

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

Audit fees	£
Scale Fee	159,588
Additional VFM Fee	23,165
SANGS	7,325
Escrow	4,045
Journals	7,180
Debtors	4,680
IFRS 16	4,590
Cash 360 – New System	1,170
Laws and regulations	1,240
Elector Communication	4,460
General delays in audit process	48,750
Total	266,193

- The above fees are exclusive of VAT and out of pocket expenses.
- The scale fee agrees to the financial statements.

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

Appendices

A. Communication of audit matters with those charged with governance

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

A. Communication of audit matters with those charged with governance

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

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

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

Respective responsibilities

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

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

Distribution of this Audit Findings report

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

B. Management letter of representation

We have requested a letter of representation from management. The letter includes representations on the unadjusted misstatements as included in this audit findings report.

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Independent auditor's report to the members of Teignbridge District Council

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Teignbridge District Council (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

On 25 February 2025, we issued a disclaimer of opinion on the Authority's financial statements for the year ended 31 March 2024. We were not able to obtain sufficient appropriate audit evidence by 28 February 2025, the previous backstop date, that the financial statements were free from material misstatement. We were therefore unable to obtain sufficient appropriate audit evidence over the corresponding figures or whether there was any consequential effect on the Authority Comprehensive Income and Expenditure Statement for the year ended 31 March 2025 for the same reason.

As a result of the limitations imposed by the backstop date, we have been unable to obtain sufficient appropriate audit evidence over the Authority's opening balances reported in the financial statements for the year ended 31 March 2025. Consequently, we have been unable to satisfy ourselves over the in-year movements in the net pension liability and property, plant and equipment. This has also resulted in uncertainty over the closing balance of property, plant and equipment of £129.636million as at 31 March 2025. Similarly, we have not been able to obtain assurance over the Authority's closing reserves balance of £154.706million as at 31 March 2025, also due to the uncertainty over their opening amount. We have also been unable to obtain sufficient appropriate audit evidence in respect of Creditors, Grants Received in Advance, the Movements in Reserves Statement, and the capital expenditure and capital financing disclosures.

We were also unable to obtain sufficient appropriate audit evidence in relation to the valuation of the Authority's land and buildings, linked to the matters which led us to issue a disclaimer of opinion on the Authority's financial statements for the year ended 31 March 2024:

The valuation of the Authority's land and buildings at 31 March 2021 was £98.015million and was undertaken by a professionally qualified valuer who subsequently left the Authority's employment before the audit commenced. Insufficient documentation was retained by the Authority to appropriately evidence the significant assumptions and judgements made by the valuer in their certified valuation. Limitations arising from the backstop date have prevented us from undertaking procedures in the current year necessary to obtain sufficient assurance over the accuracy of the valuation, which as at 31 March 2025 is £112.431million. We were therefore unable to confirm the accuracy of the valuation calculations or obtain sufficient appropriate audit evidence to conclude whether the basis of the valuation was reasonable.

In addition, the Authority's car parks had been valued at 31 March 2021 based on the average car parking income for the prior three accounting periods. However, this valuation did not include consideration of the impact of Covid-19 on the car parks' likely future income trends, given the fact that actual income levels for 2020-21 had significantly declined due to the national lockdowns in force. Limitations arising from the backstop date have prevented us from undertaking procedures in the current year necessary to obtain sufficient assurance over the accuracy of the valuation of £43.8million as at 31 March 2025. As a result, we

were unable to obtain sufficient assurance that the carrying amounts of car parks reported in the financial statements were not materially overstated.

We have concluded that the possible effect of these matters on the financial statements could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2025 by the backstop date.

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters except that on 4 February 2025 and as reiterated on 27 November 2025, we made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in relation to the behaviour of some members. We recommended that the Authority should:

- commission a suitably qualified expert to investigate the underlying causes of member behaviours which contravene the standards set out in the Authority's constitution under the members' code of conduct and the member/officer protocol; and which have impacted the Authority's reputation and working culture. The Authority should then develop an action plan to enable members and officers to address those issues.
- adopt a consistent zero-tolerance approach to any swearing; lack of respect for other people attending meetings; or other abusive behaviour towards other members or officers in meetings. This should be done by making full use of the procedural rules set out in the Authority's constitution by: immediately adjourning the meeting; moving a motion that the member concerned be not heard; or moving a motion that the member concerned should leave the meeting.

- consider amendments to its constitution to extend those procedural rules to all meetings of committees and amend the Member Code of Conduct to include an obligation for all members to reinforce standards of behaviour and to support the Chair of the Council and chairs of committees in their use of procedural rules to ensure proper conduct. Group Leaders should model good behaviour and discipline members of their groups whose behaviour breaches the Code of Conduct and the member/officer protocol.
- continue to provide information and support to ensure that members and officers who are subjected to aggressive and abusive behaviour from individual members can, if they wish, submit a written complaint to the Monitoring Officer immediately, so that it can be dealt with under the Authority's Standards procedures.
- ensure that Group Leaders take responsibility for their members working collaboratively with officers and for their members improving behaviours and relationships.
- review membership of the Standards Committee, with only members who have an excellent behavioural track record being eligible to join it. Meetings should then resume. A Governance Committee should be introduced to reinforce the work of the Standards Committee. As with the Standards Committee, members on the Governance Committee must have an unblemished behavioural track record.

Responsibilities of the Authority and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, 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 Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except that:

On 4 February 2025 and as reiterated on 27 November 2025, we made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in relation to the Authority's governance arrangements, which is set out within the 'Matters on which we are required to report by exception section' of this report.

In addition, on 4 February 2025 we identified three significant weaknesses in the Authority's arrangements for the year ended 31 March 2024, in which we made key recommendations. Although there is some evidence of progress being made, the recommendations are retained, and two of the significant weaknesses in arrangements remain in place for the year ended 31 March 2025. These are in relation to:

- We identified a significant weakness in the Authority's governance arrangements. Members did not always understand their responsibilities and the council business they can have access to by law. We recommended that members should be clear what they can and cannot have access to and that, where appropriate, meetings should be used to discuss any sensitive issues.
- We identified a significant weakness in the Authority's arrangements for governance, financial sustainability and improving economy, efficiency and effectiveness. This was in relation to the Authority's decision making. There were no specific issues arising from reversal of decisions that affected financial sustainability or improving economy, efficiency and effectiveness in 2024/25. Therefore, the significant weakness is retained solely for the Authority's governance arrangements for 2024/25. The following recommendation is retained. We recommended that the Authority strengthen its decision-making arrangements by implementing the following:
 - A decision flowchart should be completed and used. If necessary, longer timescales for evaluation of the impact of decisions should be introduced; and
 - Once decisions are made, they should be treated with trust and respect by members and officers, and they should be acted on in a spirit of mutual co-operation.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in the Authority's use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;

- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Teignbridge District Council for the ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[**Signature**]

Beth Bowers, Engagement Lead

for and on behalf of Grant Thornton UK LLP, Local Auditor

Bristol

[**Date**]

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**Teignbridge District Council
Audit
9 February 2026
Part i**

2024/25 FINAL ACCOUNTS

Purpose of Report

To bring an update on the statement of accounts for 2024/25 for Members to review and approve.

Recommendation(s)

To approve the final statement of accounts, updated Annual Governance Statement and letter of representation for 2024/25.

Financial Implications

The financial implications are contained throughout the report. The main implication is that the accounts have now been closed and partly audited. General reserves are as previously reported in September 2025 being at the budgeted level anticipated at 31 March 2025 - £2.5 million based on the probable budget projections in February 2025. See section 3.

Gordon Bryant
Chief Finance Officer & Head of Financial Services & Audit
Email: gordon.bryant@teignbridge.gov.uk

Legal Implications

See section 5 – the Accounts and Audit Regulations 2015 set out the requirements for the production and publication and audit of the annual statement of accounts.

Gordon Bryant
Chief Finance Officer & Head of Financial Services & Audit
Email: gordon.bryant@teignbridge.gov.uk

Risk Assessment

Major risks are summarised in section 4. The most significant of these is the level of future funding from Central Government and the level of reserves held to meet future unexpected variations in income.

Gordon Bryant
Chief Finance Officer & Head of Financial Services & Audit
Email: gordon.bryant@teignbridge.gov.uk

Environmental/ Climate Change Implications

The revenue budget supports the funding of a Climate Change Officer and associated budget – see section 7.

David Eaton
Head of Neighbourhoods
Email: david.eaton@teignbridge.gov.uk

Report Author

Gordon Bryant
Chief Finance Officer & Head of Financial Services & Audit
Email: gordon.bryant@teignbridge.gov.uk

Executive Member

Councillor John Parrott – Executive Member for Resources

Appendices/Background Papers

Statement of Accounts – final statement of accounts attached as appendix and see link to draft statement of accounts below
Letter of Representation 2024/25

1. PURPOSE

To bring an update on the statement of accounts 2024/25 for Members to review and approve

2 BACKGROUND

2.1 The accounts and audit regulations 2015 set out the requirements for the production and publication of the annual statement of accounts. The regulations set a date by which we should publish the statement of accounts which for 2024/25 is 30 June 2025. We published on 4 July 2025 – slightly later than the prescribed date due to significant challenges to produce the accounts including availability of resources, implementation of a new accounting standard, delays in receipt of asset valuations from external providers and liaising with the auditors on a prior year adjustment and working through the amendments required to determine changes to opening balances etc. Production of the accounts is

also a challenge due to having to produce group accounts to incorporate our share of the Strata transactions on a line by line basis throughout the document. The accounts for 2024/25 have to be approved by 27 February 2026 as part of the back stop arrangements to clear the audit back log.

- 2.2** At the Audit meeting of 2 September 2025 the committee was introduced to the draft accounts and the results for the year 2024/25 including those for treasury management. The draft accounts were published on 4 July 2025.
- 2.3** The statement of accounts and financial records have been partially audited by our external auditors Grant Thornton. A full audit was not possible due to resourcing issues and an audit clash with work required to prepare the annual budget for 2026/27. Further difficulties were encountered by the level of testing and sampling which continues to be considerable due to changes in the materiality threshold because of the backstop implications. Some minor changes to notes and wording within the accounts have been made however the core financial statements and reserves remain unaltered from the draft accounts produced. There has been a minor update to the Annual Governance Statement included in the accounts to reflect the requirement for monitoring of ongoing governance improvements. The accounts have to be signed off due to the legislative 'back stop' dates introduced for outstanding audits – being 27 February 2026 for 2024/25.
- 2.4** After approval the final accounts will be available on the website or a hard copy can be obtained. Members can access the draft accounts via this link: [Teignbridge website](#) and a hard copy is available in the Finance department.
- 2.5** The Chartered Institute of Public Finance and Accountancy (CIPFA) Toolkit for Local Authority Audit Committees published in 2006 recommended the following focus in relation to the committee's review of the financial statements:
 - the suitability of accounting policies and treatments
 - any changes in, and compliance with, accounting policies and treatments
 - major judgemental arrears such as provisions
 - significant adjustments and material weaknesses in internal control reported by the external auditor

There have been no changes to these areas of work and assumptions since the accounts for each of these years were produced.

A further publication from CIPFA called Practical Guidance for Local Authority Audit Committees published in 2022 recommends focus in relation to the committee's review of the financial reporting:

- to monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met

- To review the annual statement of accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council
- To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts

3 FINAL STATEMENT OF ACCOUNTS 2024/25

3.1 The statement of accounts are now finalised, have been partially audited and there are some changes to the notes to the accounts in relation to pensions and contingent liabilities in relation to a case related to Virgin Media and its potential impact on the values contained within the pension liability, wording in relation to the prior year adjustment for the SANGS transaction previously capitalised and requirements for a third balance sheet and some sundry wording within the financial instruments note and other miscellaneous wording amendments. The closing general reserves at 31 March 2025 remain at £2.5 million – an improvement on the original budget of £100,000 but in line with the February 2025 probable budget proposals.

3.2 The balance sheet for 2024/25 shows a net worth of £154.7 million at 31 March 2025 compared to a net worth of £140.8 million at 31 March 2024. This is due mainly to an increase in the value of property, plant & equipment and an increase in capital grants unapplied.

3.3 The regulations require the formal approval of the accounts and this will be signified by the Chair of Audit signing and dating the accounts on the page entitled the Statement of Responsibilities for the Statement of Accounts at the Audit meeting. This statement is from the Chief Finance Officer and will be signed by him at the same time. In addition the Annual Governance Statement will be signed at the same time by the Managing Director and Leader of the Council.

3.4 Accounting Policies and Treatments

Note 1 of the notes to the financial statements identifies the accounting policies which follow CIPFA recommendations in the latest Code of Practice on Local Authority Accounting in the United Kingdom for 2024/25. The most significant policies relate to property, plant and equipment, charges to revenue, accruals, pensions, reserves and provisions as follows:

- All expenditure over £20,000 on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. These are valued on the basis recommended by CIPFA and in accordance with The Statement of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors. The majority of assets are valued at fair value with some at depreciated historical cost. Property, plant and equipment excluding land are depreciated over their remaining useful life on a straight line basis.

- Charges for depreciation and impairment are made to the comprehensive income and expenditure account by direct allocation to the relevant service and then reversed out in the movement in reserves statement. Capital charges therefore help show the true cost of services but have a neutral impact on the amount required to be raised from council tax.
- The accounts are maintained on an accruals basis in accordance with the Code of Practice on Local Authority Accounting. That is all sums due to or from the council during the year are included whether or not the cash has actually been received or paid in the year.
- Accounting for the council's defined benefit pension scheme is prepared under the requirements of International Accounting Standard 19. Thus entries are made in the accounts and the valuation of liabilities is shown in the balance sheet. The notes explain that the cost of benefits is charged as they are earned but this cost is reversed out so that the charge against council tax is based on the cash payable in the year.
- Reserves are maintained to meet general rather than specific future expenditure although some can be earmarked for specific purposes. Provisions are only recognised when there is a liability that is of uncertain timing or amount. Provisions are required where Teignbridge has a present obligation as a result of a past event.

3.5 Provisions

The main provisions are those for bad debts (now described as an impairment allowance for bad debts) and the most significant of these are for sundry debtors, council tax, and national non domestic rates. An appeals provision is also held for potential appeals against business rates valuations charged. These are as follows:

- A provision of £1,196,000 or 35% has been made against a year end balance of £3,374,000 for sundry debts including rents for 2024/25. The majority of the debt relates to housing benefit overpayments where arrangement for regular affordable payments has been made. 30% is provided for small older debts still outstanding with specific appropriate provision for individual large debts. Write offs in the year were £74,000 or 0.5% of debt raised in year for 2024/25.
- The council tax gross debt at the end of 2024/25 was £7,800,000 (2023/24 £7,154,000) and write offs in the year were £641,000 (2023/24 £159,000). The write offs have remained low for each of the last five years at less than 0.45% of the debit raised. The debit raised in the year 2024/25 was £150 million and in 2023/24 £142 million. The bad debt provision for 2024/25 has been decreased slightly to £1,925,000 being 25% of the balance – a reduction of £21,000.
- For national non domestic rates the gross balance at the 2023/24 year end was £376,000 (2023/24 £457,000). Write offs were £86,000 in 2024/25

(2023/24 £33,000). The value of the bad debt and appeals provision amounts to £1.571 million at 31 March 2025 and £1.726 million at 31 March 2024 to cover potential future bad debts and appeal adjustments on rating valuations. Write offs have remained low for each of the last five years at less than 0.2% of the debit raised. The debit raised in the year 2024/25 was £45.4 million and for 2023/24 £41.0 million.

3.6 External audit reports - all reports from Grant Thornton regarding internal control and any other relevant matters and the officer responses for review are brought to this audit scrutiny committee. The specific comments on these accounts are in the Annual Governance Report (AGR).

3.7 Audit work to finalise the accounts

There has been a partial audit of the 2024/25 statement of accounts. As detailed above this was due to a number of factors including availability of resources, the audit clashing with the work required to prepare the annual budget proposals. Added to that the complications of back stop dates to accounts preparation reduced the materiality thresholds for the auditors meaning the sample sizes in all areas remain increased significantly compared to historical audits meaning even more time obtaining the relevant evidence etc. The accounts have to be signed off by the back stop date of 27 February 2026. The appropriate audit opinion will be included in the accounts when published together with an updated Annual Governance Statement for approval as an appendix to this report. We understand the audit opinion will be a 'disclaimed' opinion due to opening balance uncertainties and a partial completion of the audit. The draft audit opinion will be presented by Grant Thornton at the meeting as a separate agenda item and when confirmed and finalised incorporated into the statement of accounts.

3.8 Annual Governance Statement update

The Annual Governance Statement 2024-2025 was reviewed and approved by the Audit Committee in September 2025 and was further reviewed by the Council's Corporate Governance Group in January 2026. A minor amendment has been made to reflect the need for ongoing monitoring of governance arrangements.

3.9 Letter of Representation

Our external auditor requires assurances from us on various financial matters including statutory and contractual requirements, reasonableness of estimates and provisions, responsibility for internal controls, various disclosures and information provided. These are detailed in the attached letter which needs approval. I am currently clarifying elements of the letter for confirmation that their inclusion is valid. This will be clarified at the meeting.

3.10 Final Auditors Annual Report 2024/25

Grant Thornton will submit their final version of this report after the meeting for subsequent insertion into the statement of accounts. As referenced in 3.7 above we understand this will be a 'disclaimed' opinion. See separate agenda item.

4. RISKS

The major risks to be aware of are around future funding and the adequacy of reserves going forward and confirmation as to the correct value of those reserves. Further action is still required to address the future budget gaps. General reserves are maintained at a value higher than originally budgeted and earmarked reserves are held to help deal with future forecast funding changes and earmarked projects/schemes. These risks may impact further on the performance of treasury management and borrowing levels moving forward.

Preparation and approval of the accounts are required by the Accounts and Audit Regulations 2015 and if these regulations are not adhered to the auditors can qualify the accounts.

5. MAIN IMPLICATIONS

The implications members need to be aware of are as follows:

5.1 Legal

The Financial Accounts for 2024/25 need to be produced and should be audited in accordance with the Accounts & Audit Regulations 2015.

5.2 Resources and Audit Opinion

The report notes that general reserves have been maintained at a level higher than originally budgeted at 31 March 2025.

The auditors 'disclaimed' opinion will be included within the statement of accounts when published before the end of February.

6. GROUPS CONSULTED

The draft accounts are advertised as available for inspection and are available on the website. As required by legislation these will be updated with the final version including the external audit opinion on our website.

7. ENVIRONMENTAL/CLIMATE CHANGE IMPACT

The revenue budget supports the appointment of a climate change officer and associated budget.

8. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)

No call in applicable.



TEIGNBRIDGE DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2024/25

STATEMENT OF ACCOUNTS 2024/2025

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Part 1

Introduction

STATEMENT OF ACCOUNTS 2024/2025

CHIEF OFFICER OF THE COUNCIL &

LOCATION OF OFFICES

CHIEF OFFICER OF THE COUNCIL

Managing Director

Phil Shears

LOCATION OF OFFICES

Building Control
Customer Services
Revenue & Benefits
Environmental Health
Business Transformation team
Spatial Planning
Neighbourhood Planning
Development Management
Housing
Internal Audit
Resorts
Strata Service Solutions Limited
Democratic Services
Communications
Human Resources
Waste, Recycling & Cleansing
Leisure
Green Spaces & Active Leisure
Licensing
Economy/Property & Assets
Health & Wellbeing
Community Safety
Parking
Land Charges
Coastal & Drainage
Elections
Finance
Legal
Procurement
Partnership Development

Forde House
Brunel Road
Newton Abbot
TQ12 4XX

Tel: (01626) 361101

Narrative Report

INTRODUCTION

1. This Narrative Report sets out the overall financial position and details the financial transactions relating to the activities for the year ended 31 March 2025. It provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Authority's financial position. It also provides a commentary on the financial highlights and identifies any significant events that may affect the reader's interpretation of the accounts. The Authority's Accounts for the year 2024/25 are set out on pages 23-123. They consist of:

THE CORE FINANCIAL STATEMENTS:

These are listed below with a brief description that outlines the purpose of each:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)	This statement on page 31 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. Authorities raise taxation to cover expenditure in accordance with regulations, but this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
MOVEMENT IN RESERVES STATEMENT (MIRS)	This statement on page 32 shows the movement in the year on the different reserves held by the authority analysed into 'usable reserves' which can be used to fund expenditure or reduce local taxation and those that are unusable.
BALANCE SHEET	This shows on page 33 the assets and liabilities recognised by the Authority on 31 March 2025.
CASH FLOW STATEMENT	This shows on page 34 the changes in cash and cash equivalents of the Authority during the reporting period.

The financial statements are supported by various notes shown on pages 35-117. These notes include the accounting policies which summarise the framework within which the Council's accounts are prepared and published.

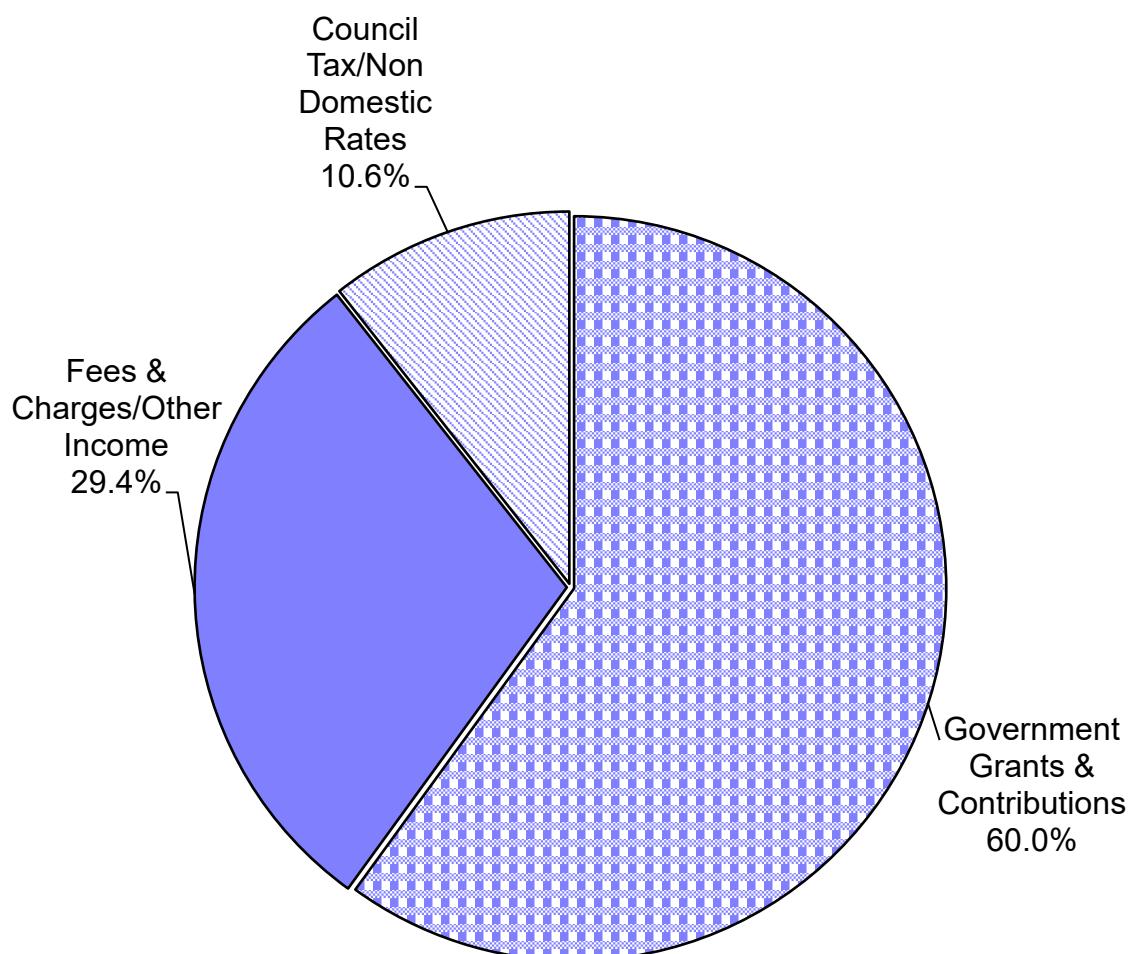
The Expenditure and Funding Analysis statement note 7 on page 54 shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes across the Council's reporting segments.

SUPPLEMENTARY FINANCIAL STATEMENTS (Pages 118-119)

COLLECTION FUND A statutory fund showing administration of council tax and income from business ratepayers on page 118.

2. **Review of the year** - The following three charts show in broad terms where the Authority obtains its finance, what it is spent on and what services it provides.

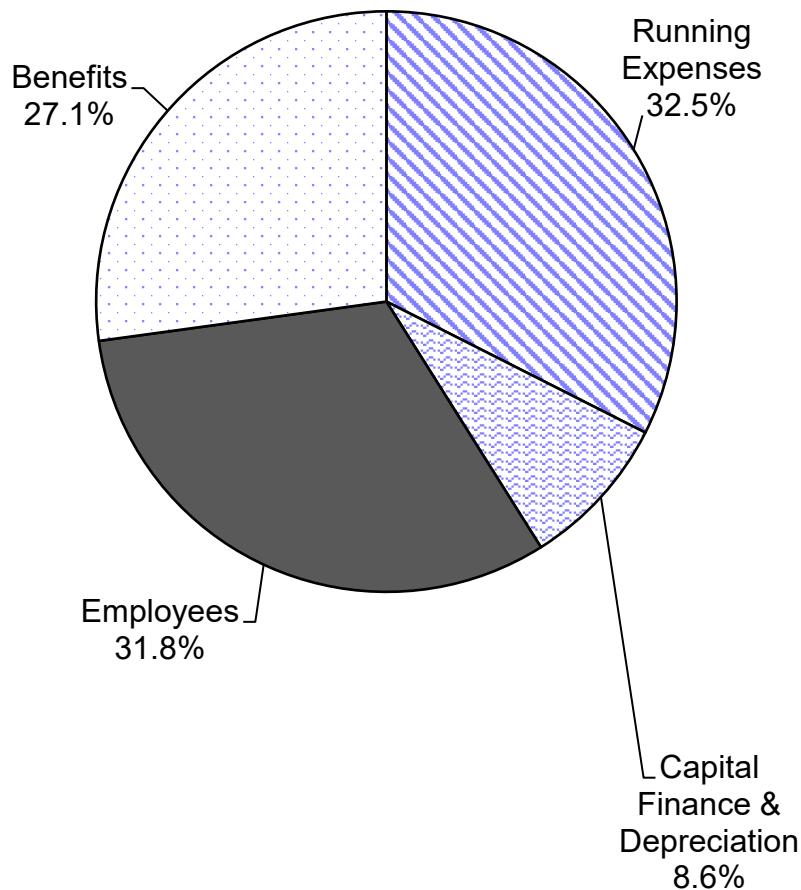
WHERE THE MONEY COMES FROM



The largest single item is Government Grants, for example rent allowances and revenue support grant, and other contributions which provide 60.0% of the total.

Income received from the services provided through fees, charges and other income including interest account for 29.4% of the total.

WHAT THE MONEY IS SPENT ON



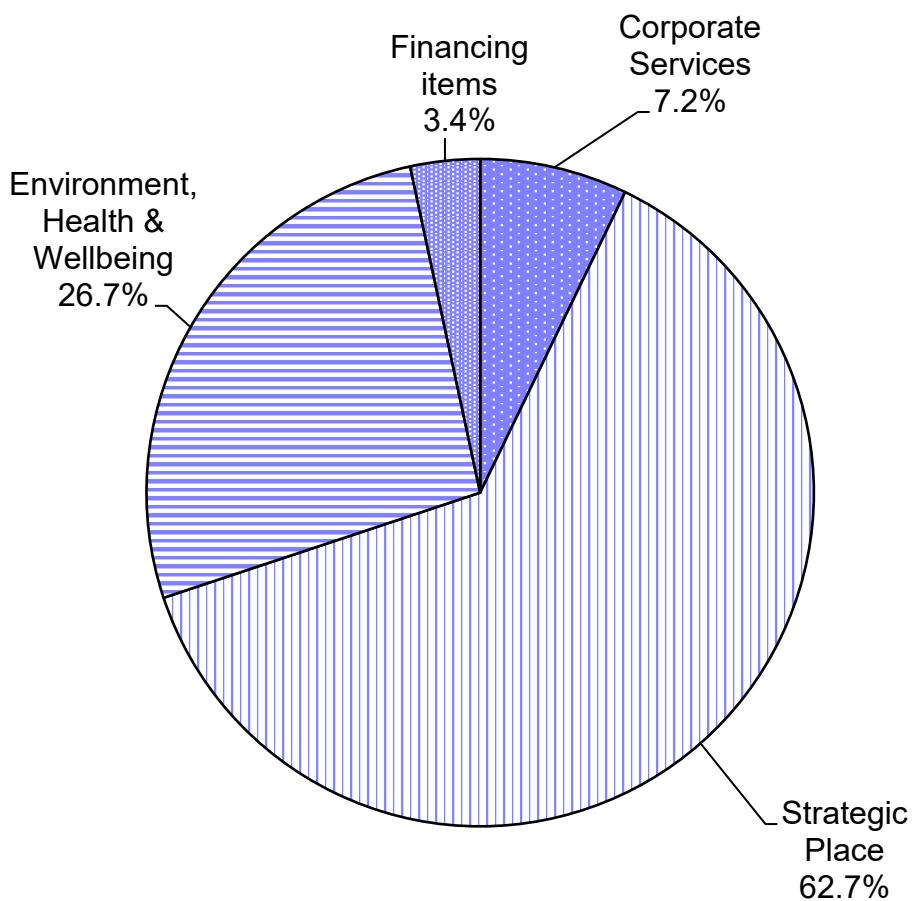
Benefits cover rent allowances and housing rent rebates and amount to 27.1%

Running expenses includes maintenance of buildings, operating vehicles and purchase of supplies and services and takes up 32.5% of the total expenditure.

Employees account for 31.8% of the total.

Capital financing charges are mainly the payments of interest on loans, depreciation and impairment/revaluation adjustments.

THE SERVICES PROVIDED



62.7% of the total expenditure is on Strategic Place which covers services such as building control, economy & assets, housing, parking & transport, revenue & benefits including rent allowances, spatial planning and development management.

Corporate Services includes all support services, for example, finance, human resources, internal audit, legal and procurement. The strategic leadership team together with democratic and electoral services are also included in this heading. Communications, and the business transformation team make up the balance of this segment.

Environment, Health & Wellbeing covers all aspects of environmental health plus green spaces, leisure, resorts, licensing, waste, recycling & cleaning and community safety.

Financing items includes past service pension deficit contributions, pension strain payments, bank charges and external audit fees.

FINANCIAL REQUIREMENTS AND RESOURCES

3. The authority maintains capital and revenue reserves. An appropriate level of balances is a necessary part of our financial management strategy to have funds available to meet known and potential financial commitments. Revenue reserves can be used to finance capital projects or revenue expenditure. Capital reserves can only be used to fund capital projects.

Our reserves are detailed on page 32 in the Movement in Reserves Statement. These are split into 'usable reserves' which can be applied to fund expenditure or reduce local taxation, and other reserves which are 'unusable'. Usable reserves include our general fund balance of earmarked and unearmarked reserves, capital receipts reserve, and capital grants unapplied, all in note 26 to the accounts. Unusable reserves are detailed in note 27 and include a number of reserves such as the revaluation reserve, pensions reserve and capital adjustment account.

Within the year our 'usable reserves' have increased from £55.063 million to £57.531 million. This is mainly due to the increase in capital grants unapplied in the year (see the Movement in Reserves Statement).

Our unusable reserve position has improved. The unusable reserves were £85.693 million at 31 March 2024 and £97.175 million at 31 March 2025. This is principally due to an increase in the revaluation reserves and a decrease in the pension reserve deficit due mainly to changes in financial assumptions shown in note 40. Revenue reserves are £24.047 million at 31 March 2025 and capital receipts and grants unapplied are £33.484 million.

REVENUE EXPENDITURE

4. During the year regular budget monitoring has been carried out and reported to members. Overall net expenditure in 2024/25 was £20.357 million compared to the original approved budget of £18.946 million – an adverse variance of £1.411 million. A significant element of the change is due to use of earmarked reserves for specific expenditures.

Some income streams have increased compared to the base budget – for example car parking income, leisure memberships and other leisure income, however others have reduced e.g. planning application fees. Interest received on investment income was higher due to the increased interest rates. The Council continues to explore savings where possible. As a result there were savings in staffing costs, water, gas, electric, rates and fuel. Some costs have risen including bed and breakfast costs, audit fees, insurance and other miscellaneous costs. Government grants were received to assist with new burdens helping with the overall variance of £1.574 million adverse.

5. Set out below is a comparison between actual & budgeted expenditure for the year:-

	Budget	Actual	Difference
	£'000	£'000	£'000
Net expenditure on services	18,946	20,357	1,411
Interest payable	0	0	0
NET EXPENDITURE	18,946	20,357	1,411
Income from Government Grants & Local Taxpayers	(18,946)	(18,783)	163
DEFICIT (SURPLUS) FOR THE YEAR	0	1,574	1,574

Actual net expenditure of £20.357 million can be reconciled to the Comprehensive Income and Expenditure Statement on page 31 being:-

	Restated £'000
(Surplus) on Provision of Services	(5,111)
Adjustments between accounting basis & funding basis under regulations (note 9 on pages 59 to 63)	6,685
Deficit for the year	1,574
Add: Income from Government Grants and Local Taxpayers (as listed below)	18,783
Net expenditure (as above)	20,357

Income from Government Grants and Local Taxpayers of £18.783 million can be reconciled to the Comprehensive Income and Expenditure Statement on page 31 as the sum of the Council tax income excluding deficit of £15.780 million, Business Rates income less expenditure, excluding surplus/deficit, plus new homes bonus, other sundry general grants of £8.527 million, less precepts paid to Parish Councils of £5.524 million. These are highlighted in notes 11, 13 and 35 to the financial statements. The General Fund balance at 31 March 2025 is £24.047 million being general reserves of £2.500 million and earmarked reserves of £21.547 million.

The accounts are heavily influenced by the shifting pattern of funding receipts moving away from central government grants towards greater reliance on self-generated income. Revenue support grant is low and possible revisions to funding for New Homes Bonus could reduce future core Government funding.

Expenditure on services is influenced by our Council Strategy and the major themes running through this document. The strategies and action plans are built up around major themes with business plans. These are integrated with the medium term financial strategy, Local Plan, Neighbourhood plans, partnership working and other service strategies to deliver the desired outcomes.

The Council Strategy will be monitored annually and further refreshed and reviewed if necessary to ensure we are on track and consider new ideas and developments.

We produce Council Strategy performance reports quarterly to monitor how we are doing.

We carry out annual service reviews to consider best practice, alternative working methods, and identify further savings where possible.

More detail can be found here: <https://www.teignbridge.gov.uk/councilstrategy>

6. Material charges in the accounts – In 2024/25 there were revaluation losses net of revaluation reversals relating to our land and building values charged to the Comprehensive Income & Expenditure Statement amounting to £1.3 million. Revenue expenditure funded from capital under statute was slightly lower in 2024/25 at £7.8 million (£8.0 million in 2023/24) mainly due to a £2.2 million contribution to the Dawlish link road improvements and £2.0 million towards the regional coastal monitoring programme. Of the £8.0 million, £7.9 million is charged to 'Strategic Place' within Cost of Services in 2023/24 and all of the £7.8 million in 2024/25. In 2023/24 the revaluation losses net of revaluation reversals had resulted in a net reversal of £2.1 million. £1.5 million was credited to 'Strategic Place' and £0.6 million to 'Environment, Health & Wellbeing' within Cost of Services.

EXPENDITURE AND FUNDING ANALYSIS

Section 5 above identifies the actual surplus made of £5.111 million when compared to the original budget set in February 2024. Further detail is given in note 7 to the Accounts in the Expenditure and Funding Analysis which links the deficit/(surplus) made under generally accepted accounting practices with how annual expenditure is used and funded from resources. As a result the surplus in the Comprehensive Income and Expenditure Statement (CIES) is adjusted for these differences to arrive at the actual deficit/(surplus) to be deducted from/added to the General Fund.

The amounts which are charged to the CIES for items such as depreciation, revaluation of assets, capital grants and pension charges are eliminated to identify that which is chargeable to the General Fund Balance. Just under half of the net expenditure chargeable to the General Fund relates to the segment 'Environment, Health and Wellbeing' for 2024/25 and just over half for 2023/24 within Cost of Services.

CAPITAL EXPENDITURE

7. The table below shows the performance on Capital Investment for 2024/25.

The Council spent £14.899 million on capital projects compared with the original budget of £53.314 million.

The decrease is mainly due to projects which have been delayed or re-assessed during the due diligence and feasibility phases. This is to ensure they will be fulfilling Council priorities for example leisure strategy items, carbon management, provisions for employment land and town centre development works, infrastructure and affordable housing schemes.

	Budget £'000	Actual £'000	Difference £'000
Capital Investment:			
General	44,467	11,554	32,913
Housing	8,847	3,345	5,502
CAPITAL EXPENDITURE	53,314	14,899	38,415

Financed by:

Capital Receipts	(3,445)	(244)	(3,201)
Revenue Contributions	(1,619)	(1,239)	(380)
Prudential Borrowing	(26,665)	(1,971)	(24,694)
Grants	(13,313)	(10,441)	(2,872)
Contributions	(8,272)	(1,004)	(7,268)
CAPITAL FINANCING	(53,314)	(14,899)	(38,415)

The analysis of Capital Investment in 2024/25 is:

Disrepair, energy and Disabled Facilities Grants	£ 2.035 million
Affordable Housing	£ 1.309 million
Environmental Schemes	£ 1.066 million
Flood Alleviation and Prevention	£ 2.057 million
Sports Halls and Recreation	£ 2.217 million
Planning & Development	£ 5.579 million
Industrial, Commercial and Infrastructure	£ 0.000 million
Open spaces (including SANGS)	£ 0.381 million
Car Parks	£ 0.087 million
Other schemes	£ 0.168 million
	£ 14.899 million

The main projects include £2.181 million towards decarbonisation schemes at Broadmeadow Sports Centre, Dawlish Leisure Centre and Newton Abbot Leisure Centre. There was also £1.166 million for community grants via the UK Shared Prosperity Fund and Rural Prosperity Fund, including green business grants, arts, towns and community safety. £1.309 million was invested in the purchase of affordable housing, including the local authority housing fund scheme. £2.035 million was spent on disrepair and disabled facilities grants. £1.979 million went to Regional Coastal Monitoring while Newton Abbot town centre regeneration accounted for £2.120 million. £1.066 million was invested in the waste collection and recycling service, including fleet decarbonisation. £0.381 million went towards open space improvements including changing places facilities and grants for cirl bunting habitat and the Stover Park scheme. A contribution of £2.246 million went to the Dawlish Link Road and bridge.

8. For 2025/26 the budgeted expenditure is as follows:

Sports Halls & Recreation	£ 2.687 million
Open Spaces	£ 2.035 million
Planning & Development	£ 5.250 million
Industrial, Commercial and Infrastructure	£ 5.880 million
Environmental Schemes	£ 6.225 million
Flood Alleviation & Prevention	£ 2.059 million
Disrepair, Disabled Facilities & Energy grants	£ 1.424 million
Affordable Housing	£ 2.701 million
Information Technology & Central Services	£ 0.598 million
Car parks	£ 0.585 million
	£ 29.444 million

Some of the specific schemes included in these totals are a provision of £2.471 million for the start of affordable housing construction at Sherborne House, Newton Abbot, plus £1.424 million for Disabled Facilities housing grants. £2.850 million is committed towards beginning the waste transfer station redevelopment, replacement sort-line equipment and simpler recycling statutory requirements. £1.767 million goes towards the completion of the Broadmeadow Sports Centre refurbishment and decarbonisation project, with £0.612 million towards further decarbonisation measures at Dawlish and Newton Abbot leisure centres. There is £1.337 million for the final phase of the Ridgetop Country Park. £4.958 million is the remaining, previously committed Future High Streets grant, budgeted to be spent on Newton Abbot Market Hall and Bradley Lane improvements. A further £1.000 million goes towards the A382 road improvements. £1.840 million is budgeted for Regional Coastal Monitoring, funded by Environment Agency grant. £0.698 million goes towards committed to habitat and wildlife protection. There is £0.598 million towards modernising IT systems. £4.800 million of Community Infrastructure Levy is provisionally set aside for contributions towards education and transport hubs which will be brought back to Full Council for approval in due course.

9. Capital funds:

The capital receipts, grants and contributions received including capital receipts in advance for 2024/25 can be analysed as follows:

	Capital resources brought forward	£ 32.949 million
Add:	Received in year	£ 14.110 million
Less:	Capital financing applied to expenditure	£ 11.182 million
	Loan/other	£ 0.014 million
	Capital resources carried forward	£ 35.891 million

BORROWING / FUNDING

10. There was no long term borrowing during the year.

PENSION LIABILITIES

11. International Accounting Standard 19 (IAS19) requires Local Authorities to recognise pension assets and liabilities within their accounts. The impact on the General Fund of the IAS 19 entries is neutral overall.

The actuary has now estimated a net deficit on the funded liabilities within the Pension Fund as at the 31 March 2025 of £17.347 million. The requirement to recognise the net pension liability in the balance sheet has reduced the reported net worth of the authority by 10.1% for 2024/25 and 11.5% for 2023/24 as shown on page 33.

The net deficit has decreased which is mainly due to a favourable movement on the actuarial financial assumptions. The deficit is derived by calculating the pension assets and liabilities at 31 March 2025. This is different to the valuation basis used to calculate the employers' contribution rate which is calculated using actuarial assumptions spread over a number of years. See also note 40 on pages 102 -109 for further information.

CASH FLOW

During the year the cash flow of the Authority decreased by £6.0 million. This was mainly due to an increase in short term investments at 31 March 2025.

There is no immediate necessity to borrow due to internal borrowing so no short term impact as a result of changes to inflation and higher interest rates.

BALANCE SHEET

During the year net assets at 31 March 2025 increased by £13.950 million. This was mainly due to an increase in capital grants unapplied, revaluation increases to property, plant and equipment and a decrease in the pension liability. Also see pages 32 and 33 for more information.

JOINT OPERATIONS

The accounts incorporate our share of the jointly owned company Strata Service Solutions Ltd. The ownership is shared with Exeter City Council and East Devon District Council with our share representing 27.372%. The figures consolidated on a joint operation basis are detailed in note 47. In 2024/25 our share of adjustments to the Comprehensive Income and Expenditure Statement amounted to (£0.176) million. The cumulative effect on our balance sheet is to reduce net assets by £1.945 million.

CHANGE IN ACCOUNTING POLICIES

12. The accounting policy related to Lease has changed in 2024/25 for the introduction of IFRS16.

KEY INFORMATION/ ECONOMIC CLIMATE

13. The Council provides a range of services within the District including housing, refuse collection and recycling, planning, economic development, tourism and leisure.

Our vision is: '*Making Teignbridge a healthy and desirable place where people want to live, work and visit*'

Further information on our environment and strategy can be found here:

<https://www.teignbridge.gov.uk/councilstrategy> (not subject to audit)

The economic climate continues to have an impact on the Council although there were no significant changes. The major issues have been the cost of living crisis and high inflation and interest rates (although inflation ~~11.5~~ now fallen back). In year collection of business

rates and council tax has altered from last year increasing from 99.32% to 99.50% for rates and decreasing from 97.69% to 97.54% for council tax. There was a further decrease in housing benefit costs. Income from many sources including car parking, planning, rents etc had reduced significantly due to Covid 19 but many income streams have recovered significantly and have been relatively stable with some encouraging growth in some areas.

It is still unclear what the long term direction of the economy will be on businesses and the finances of the Council moving forward as economic pressures continue to provide financial challenges.

The cost of living crisis has had a significant impact on residents and geo-political events such as Ukraine. The Council has supported residents through Government backed schemes with cost of living support as appropriate and funding for accommodating refugees within the District including the purchase of appropriate housing accommodation.

ECONOMY, EFFICIENCY AND EFFECTIVENESS IN ITS USE OF RESOURCES

14. The Authority reports on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year in a number of ways;

Spending against budget has been monitored monthly for the Strategic Leadership Team and Strategic Management Team and quarterly reports are submitted to the Executive Committee.

There are also a number of reports submitted to the Audit Scrutiny Committee including:-

- Internal Audit's Plan, Annual Report and audit findings.
- Annual Governance Statement.
- External Auditors Annual Report.
- Review of risk management.
- Treasury management including mid-year review.

The Annual Governance Statement can be found on pages 125 to 135. This describes the governance framework in place with reference to the guiding principles recommended by the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government. The Framework comprises the systems, processes, culture and values which direct and control our daily business, and includes the methods we use to engage, lead and account to the community. It enables us to monitor how we are doing and to consider whether our plans help us to deliver appropriate services that are value for money in the short, medium and long term. The Annual Governance Statement comments on the effectiveness of our governance arrangements which is informed by various assurance sources including the work of internal and external audit.

Key performance indicators are monitored with reports being taken quarterly to Overview and Scrutiny Committee.

The reports monitor performance against the Council Strategy programmes (T10) which are the 'super projects' that will have a high impact on and bring major benefits to the Council's key objectives. Each project has seven or more actions with

performance indicator(s) and/or project(s) to monitor their progress against targets and milestones.

Every quarter an update on the progress of each project is compiled by the relevant managers and presented to Overview & Scrutiny Committee.

The latest update covers the financial year quarter 4 period from 1st January to 31st March 2025 and includes all PIs and reviews of the projects that have started.

At the end of 2024/25 for the Council Strategy:

- 9 of the T10 programmes are reported on Track. 1 are on Caution status.
- A total of 79 performance indicators are reported
- 42 projects are reported

Within the report are details of key performance achievements including:

- The number of dwellings which were improved through intervention by the Council was on target at 400.
- Affordable homes delivery was well ahead of target with 185 homes delivered against a target of 126.
- The number of empty properties impacting on New Homes Bonus was 352, against a target of 290.
- Homelessness preventions were behind target on helping clients remain in existing homes (36, target 90)
- Household recycling rate is at 53.36%, against a target of 56%
- 100% of beaches in Teignbridge were rated as excellent or good water quality (target 100%)
- 96% of major planning applications were processed within 13 weeks, against a target of 60%.

Other key performance indicator results for the year are shown in the table below:

'Teignbridge Ten' programme heading and performance description	Target 2024/25	Actual 2024/25
Clean scene		
Street cleaning & litter responsibilities. £'s per household	£34.18	£27.40
Household waste collected: £'s per household	£97.45	£82.41
% Beaches rated as excellent or good water quality	100%	100%
Great places to live and work		
Number of conservation areas with appraisal and management plan adopted within the last 5 years	6	0
Going to town		
% of businesses with the top food hygiene rating of 5	90%	89%
Investing in prosperity		
Processing of major planning applications within 13 weeks	60%	96%
Processing of minor planning applications within 8 weeks	65%	92%
Out and about and active		
Number of young people under 18 participating in activities we organise	103,830	111,945
Number of people 30-60 participating in activities we organise	102,975	116,912

'Teignbridge Ten' programme heading and performance description	Target 2024/25	Actual 2024/25
Number of older people over 60 participating in events we organise	123,555	138,628
A roof over our heads		
Number of households whose housing conditions have been improved through intervention by the Council	400	400
Net additional homes provided	717	459
Affordable homes delivered in urban areas as defined by the Local Plan	128	185
Homelessness prevented by client remaining in existing home	90	36
Homelessness prevented by assisting with alternative accommodation	225	225
What else will we do		
£ Income generated	£38,880,050	£48,065,646
£ External funding received	£1,732,220	£5,204,228
£ Cost per head of population on all services	£143.62	£139.79

Reports on performance are reported to Overview & Scrutiny Committee and can be found here:

[Committee meetings and agendas - Teignbridge District Council](#)

Internal reviews of all services are conducted every year under the Modern 25 process. This process identifies future efficiencies and savings that will be made to service provision and feeds into the budget.

FORWARD FINANCIAL PLANNING REVIEW

15. The Authority has a Medium Term Financial Plan which covers 3 years and is updated on an annual basis as part of the budget process. It includes planned future developments in service delivery including the capital programme. There are a number of issues that are impacting on the Authority, its finances and service delivery. These include:

Cuts to Central Government grant funding – Revenue Support Grant significantly lower than historic funding, potential reductions in New Homes Bonus and review of business rates

We continue to have lower levels of funding from new homes bonus, brought about initially by the changes in the 2017/18 Local Government Finance Settlement. The introduction of a baseline and reduced time period for legacy payments has required us to identify savings and additional income to meet the shortfall. The more recent settlements have exacerbated this by eliminating any legacy payments from the New Homes Bonus allocation earned for 2021/22 and thereafter.

We only have a funding agreement from Government for one year in 2025/26. In addition there is the potential for New Homes Bonus to be scrapped and possibly replaced with an alternative form of housing funding. There is currently a consultation process to identify preferred options for funding changes for future years for business rates which creates significant uncertainties for future financial planning. (See also 18 below).

The capital programme is fully funded in the medium term and by having no long term borrowing at present has the ability to enter the lending market for agreed schemes and if provisions for projects and schemes are approved with an appropriate business case.

UNCERTAINTIES, PROVISIONS, BREXIT & MATERIAL EVENTS AFTER THE REPORTING DATE

16. Please see note 6 to the financial statements for events after the reporting period. Contingent liabilities are itemised in note 41 and relate to any claims that may arise from the transfer of the Authority's housing stock in 2004. See also note 25 to the financial statements for provisions in the accounts. The provision we hold is for non-domestic rates appeals. There have been no major write offs in the year.
17. Withdrawal from the European Union (Brexit) – the opportunities and challenges arising from Brexit are still unclear for the Council and its public services. Withdrawal has probably had some implications for public services however these have been masked by subsequent historic events such as the Covid 19 pandemic and subsequent economic condition changes.
18. General – The budget for 2025/26 will need to be monitored carefully in conjunction with any further funding support from Government/use of reserves and projections/efficiency plans within the Medium Term Financial Plan (MTFP) /cash flow and recovery plans. Property, Plant & Equipment values are increasing and the pension liability has decreased. More detail on this is available in note 4 to the financial statements. Financial pressures in the medium term financial plan are being addressed as part of the Modern 25 agenda.

We will continue to focus on our working methods, organisational structure and the annual review of business plans and service reviews through the Modern 25 process which will pull together savings and suggested savings to meet the likely budget gaps predicted in future years. We currently have a significant funding earmarked reserve which amounts to £11.698 million so there is no requirement to consider a s114 notice at present but the significant budget gaps identified in the MTFP will need to be addressed.

The MTFP is regularly updated and business cases revisited to reflect changes in estimates/inflation/interest rates etc and future predictions are built into plans to mitigate adverse changes.

FURTHER INFORMATION

19. Further information about the accounts is available from Financial Services, Forde House, Newton Abbot. This is part of the Council's policy of providing full information about the Council's affairs. Also, interested members of the public have a statutory right to inspect the accounts before the audit. The availability of the accounts for inspection is advertised on our website. The accounts have been audited and the Auditors' opinion and conclusion is on pages 26 to 30. The accounts are available on request in large print, Braille, different colour, e-mail attachment, MP3 file or disc. If English is not your first language we can also arrange for it to be produced in another language.

Gordon Bryant – Chief Finance Officer

Part 2

Financial Statements

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THE 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 Chief Finance Officer;
- ◆ manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ◆ approve the Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:-

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that were reasonable and prudent;
- ◆ complied with the local authority Code.

The Chief Finance Officer has also:

- ◆ kept proper accounting records which were up to date;
- ◆ taken reasonable steps for the prevention and detection of fraud and other irregularities

The Chief Finance Officer has signed below to certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

.....

GORDON BRYANT – CHIEF FINANCE OFFICER

I confirm that these accounts were approved by the Audit Scrutiny Committee on 9 February 2026

.....

COUNCILLOR SALLY MORGAN, CHAIR OF AUDIT COMMITTEE

9 February 2026

AUDIT OPINION AND CONCLUSION

Independent auditor's report to the Members of Teignbridge District Council Report on the Audit of the Financial Statements

Disclaimer of opinion

We were engaged to audit the financial statements of Teignbridge District Council (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

On 25 February 2025, we issued a disclaimer of opinion on the Authority's financial statements for the year ended 31 March 2024. We were not able to obtain sufficient appropriate audit evidence by 28 February 2025, the previous backstop date, that the financial statements were free from material misstatement. We were therefore unable to obtain sufficient appropriate audit evidence over the corresponding figures or whether there was any consequential effect on the Authority Comprehensive Income and Expenditure Statement for the year ended 31 March 2025 for the same reason.

As a result of the limitations imposed by the backstop date, we have been unable to obtain sufficient appropriate audit evidence over the Authority's opening balances reported in the financial statements for the year ended 31 March 2025. Consequently, we have been unable to satisfy ourselves over the in-year movements in the net pension liability and property, plant and equipment. This has also resulted in uncertainty over the closing balance of property, plant and equipment of £129.636million as at 31 March 2025. Similarly, we have not been able to obtain assurance over the Authority's closing reserves balance of £154.706million as at 31 March 2025, also due to the uncertainty over their opening amount. We have also been unable to obtain sufficient appropriate audit evidence in respect of Creditors, Grants Received in Advance, the Movements in Reserves Statement, and the capital expenditure and capital financing disclosures.

We were also unable to obtain sufficient appropriate audit evidence in relation to the valuation of the Authority's land and buildings, linked to the matters which led us to issue a disclaimer of opinion on the Authority's financial statements for the year ended 31 March 2024:

The valuation of the Authority's land and buildings at 31 March 2021 was £98.015million and was undertaken by a professionally qualified valuer who subsequently left the Authority's employment before the audit commenced. Insufficient documentation was retained by the Authority to appropriately evidence the significant assumptions and judgements made by the valuer in their certified valuation. Limitations arising from the backstop date have prevented us from undertaking procedures in the current year necessary to obtain sufficient assurance over the accuracy of the valuation, which as at 31 March 2025 is £112.431million. We were therefore unable to confirm the accuracy of the valuation calculations or obtain sufficient appropriate audit evidence to conclude whether the basis of the valuation was reasonable.

In addition, the Authority's car parks had been valued at 31 March 2021 based on the average car parking income for the prior three accounting periods. However, this valuation did not include consideration of the impact of Covid-19 on the car parks' likely future income trends, given the fact that actual income levels for 2020-21 had significantly declined due to the national lockdowns in force. Limitations arising from the backstop date have prevented us from undertaking procedures in the current year necessary to obtain sufficient assurance over the accuracy of the valuation of £43.8million as at 31 March 2025. As a result, we were unable to obtain sufficient assurance that the carrying amounts of car parks reported in the financial statements were not materially overstated.

We have concluded that the possible effect of these matters on the financial statements could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2025 by the backstop date.

Other information we are required to report on by exception under the Code of Audit Practice
Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Chief Finance Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters except that on 4 February 2025 and as reiterated on 27 November 2025, we made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in relation to the behaviour of some members. We recommended that the Authority should:

- commission a suitably qualified expert to investigate the underlying causes of member behaviours which contravene the standards set out in the Authority's constitution under the members' code of conduct and the member/officer protocol; and which have impacted the Authority's reputation and working culture. The Authority should then develop an action plan to enable members and officers to address those issues.
- adopt a consistent zero-tolerance approach to any swearing; lack of respect for other people attending meetings; or other abusive behaviour towards other members or officers in meetings. This should be done by making full use of the procedural rules set out in the Authority's constitution by: immediately adjourning the meeting; moving a motion that the member concerned be not heard; or moving a motion that the member concerned should leave the meeting.
- consider amendments to its constitution to extend those procedural rules to all meetings of committees and amend the Member Code of Conduct to include an obligation for all members to reinforce standards of behaviour and to support the Chair of the Council and chairs of committees in their use of procedural rules to ensure proper conduct. Group Leaders should model good behaviour and discipline members of their groups whose behaviour breaches the Code of Conduct and the member/officer protocol.
- continue to provide information and support to ensure that members and officers who are subjected to aggressive and abusive behaviour from individual members can, if they wish, submit a written complaint to the Monitoring Officer immediately, so that it can be dealt with under the Authority's Standards procedures.
- ensure that Group Leaders take responsibility for their members working collaboratively with officers and for their members improving behaviours and relationships.
- review membership of the Standards Committee, with only members who have an excellent behavioural track record being eligible to join it. Meetings should then resume. A Governance Committee should be introduced to reinforce the work of the Standards Committee. As with the Standards Committee, members on the Governance Committee must have an unblemished behavioural track record.

Responsibilities of the Authority and the Chief Finance Officer

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, 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 Chief Finance Officer. The Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except that:

On 4 February 2025 and as reiterated on 27 November 2025, we made a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in relation to the Authority's governance arrangements, which is set out within the 'Matters on which we are required to report by exception section' of this report.

In addition, on 4 February 2025 we identified three significant weaknesses in the Authority's arrangements for the year ended 31 March 2024, in which we made key recommendations. Although there is some evidence of progress being made, the recommendations are retained, and two of the significant weaknesses in arrangements remain in place for the year ended 31 March 2025. These are in relation to:

- We identified a significant weakness in the Authority's governance arrangements. Members did not always understand their responsibilities and the council business they can have access to by law. We recommended that members should be clear what they can and cannot have access to and that, where appropriate, meetings should be used to discuss any sensitive issues.

We identified a significant weakness in the Authority's arrangements for governance, financial sustainability and improving economy, efficiency and effectiveness. This was in relation to the Authority's decision making. There were no specific issues arising from reversal of decisions that affected financial sustainability or improving economy, efficiency and effectiveness in 2024/25. Therefore, the significant weakness is retained solely for the Authority's governance arrangements for 2024/25. The following recommendation is retained. We recommended that the Authority strengthen its decision-making arrangements by implementing the following: A decision flowchart should be completed and used. If necessary, longer timescales for evaluation of the impact of decisions should be introduced; and

Once decisions are made, they should be treated with trust and respect by members and officers, and they should be acted on in a spirit of mutual co-operation.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in the Authority's use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Teignbridge District Council for the ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Beth Bowers, Engagement Lead

for and on behalf of Grant Thornton UK LLP, Local Auditor
2 Glass Wharf, Temple Quay, Bristol BS2 0EL

Bristol

30 January 2026

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This 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. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

2023/24 Restated			2024/25		
Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000	£'000	£'000	£'000
5,332	(749)	4,583	Corporate Services	5,427	(357)
44,841	(44,132)	709	Strategic Place	47,584	(43,544)
18,108	(8,153)	9,955	Environment, Health & Wellbeing	20,277	(8,593)
1,687	(185)	1,502	Financing items	2,556	(431)
69,968	(53,219)	16,749	Cost of Services	75,844	(52,925)
5,951	(210)	5,741	Other Operating Expenditure (Note 11)	5,899	(21)
1,163	(1,977)	(814)	Financing and Investment (Income) and Expenditure (Note 12)	1,392	(2,050)
12,981	(46,167)	(33,186)	Taxation and Non-Specific Grant (Income) and Expenditure (Note 13)	13,805	(47,055)
		(11,510)	(Surplus) or Deficit on Provision of Services		(5,111)
		(14,238)	(Surplus) or Deficit on revaluation of Property, Plant & Equipment assets		(9,528)
		(7,293)	Re-measurements of the net defined benefit liability****		689
		(21,531)	Other Comprehensive (Income) and Expenditure		(8,839)
		(33,041)	Total Comprehensive (Income) and Expenditure		(13,950)

**** see notes 4 and 5 (c) for explanation on the remeasurement of the net defined benefit liability

See note 38 for implications for the implementation of IFRS16 which will have altered charges from net cost of services in 2023/24 to financing and investment expenditure and statutory provision for the financing of capital investment in the MIRS statement in 2024/25 and notes 9 and 12.

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in 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 reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

	Unearmarked Reserves £'000	Earmarked Reserves £'000	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
Balance at 31 March 2023								
Restated	2,317	21,912	24,229	4,527	19,358	48,114	59,601	107,715
<u>Movements in reserves during 2023/24 - Restated</u>								
Total Comprehensive Income and Expenditure	11,510	0	11,510	0	0	11,510	21,531	33,041
Adjustments between accounting basis & funding basis under regulations (Note 9)	(10,118)	0	(10,118)	(16)	5,573	(4,561)	4,561	0
Increase/(Decrease) in 2023/24 before transfer to earmarked reserves	1,392	0	1,392	(16)	5,573	6,949	26,092	33,041
Transfer to/from Earmarked Reserves	(1,275)	1,275	0	0	0	0	0	0
Increase/(decrease) in 2023/24	117	1,275	1,392	(16)	5,573	6,949	26,092	33,041
Balance at 31 March 2024 carried forward								
	2,434	23,187	25,621	4,511	24,931	55,063	85,693	140,756
<u>Movement in reserves during 2024/25</u>								
Total Comprehensive Income and expenditure	5,111	0	5,111	0	0	5,111	8,839	13,950
Adjustments between accounting basis & funding basis under regulations (Note 9)	(6,685)	0	(6,685)	(145)	4,187	(2,643)	2,643	0
Increase/(Decrease) in 2024/25 before transfer to earmarked reserves	(1,574)	0	(1,574)	(145)	4,187	2,468	11,482	13,950
Transfer to/from Earmarked Reserves	1,640	(1,640)	0	0	0	0	0	0
Increase/(decrease) in 2024/25	66	(1,640)	(1,574)	(145)	4,187	2,468	11,482	13,950
Balance at 31 March 2025 carried forward								
	2,500	21,547	24,047	4,366	29,118	57,531	97,175	154,706

BALANCE SHEET

The 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 (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example 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' These financial statements replace the unaudited financial statements confirmed by Gordon Bryant on 9 February 2026.

	1 April 2023 Restated	31 March 2024 Restated		31 March Notes	2025
	£'000	£'000		£'000	
106,934	126,629	Property, Plant & Equipment	14	129,636	
0	0	Right of use assets	14a	19,661	
100	92	Investment Property	15	91	
361	358	Intangible Assets	16	357	
0	0	Assets Held for Sale	23	0	
0	0	Long Term Investments	17	0	
3420	5,108	Long Term Debtors	18	2,729	
110,815	132,187	Long Term Assets		152,474	
4,000	2,000	Short Term Investments	19	6,500	
0	0	Assets Held for Sale	23	0	
188	177	Inventories		179	
18,234	21,060	Short Term Debtors	20	26,394	
26,693	30,802	Cash and Cash Equivalents	22	24,796	
49,115	54,039	Current Assets		57,869	
0	0	Bank Overdraft	22	0	
(10,092)	(13,221)	Short Term Creditors	24	(16,435)	
(508)	(554)	Provisions	25	(455)	
(2,922)	(971)	Grants Receipts in Advance-Revenue	35	(1,062)	
(3,629)	(3,507)	Grants Receipts in Advance-Capital	35	(2,407)	
(17,151)	(18,253)	Current Liabilities		(20,359)	
0	0	Provisions	25	0	
(29,601)	(22,894)	Other Long Term Liabilities	43	(29,570)	
(5,411)	(4,323)	Grants Receipts in Advance – Revenue	35	(5,708)	
(52)	0	Grants Receipts in Advance - Capital	35	0	
(35,064)	(27,217)	Long Term Liabilities		(35,278)	
(107,715)	140,756	Net Assets		154,706	
48,114	55,063	Usable Reserves	26	57,531	
59,601	85,693	Unusable Reserves	27	97,175	
(107,715)	140,756	Total Reserves		154,706	

CASH FLOW STATEMENT

The 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 service 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.

	2023/24 Restated	2024/25
	£'000	£'000
(11,510)	Net (surplus) or deficit on the provision of services	(5,111)
4,549	Adjustments to net surplus or deficit on the provision of services for non cash movements (Note 28(a))	(5,647)
9,898	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 28(b))	7,699
<hr/>		<hr/>
2,937	Net cash flows from Operating Activities	(3,059)
(6,068)	Investing Activities (Note 29)	9,546
(978)	Financing Activities (Note 30)	(481)
<hr/>		<hr/>
(4,109)	Net (increase) or decrease in cash and cash equivalents	6,006
<hr/>		<hr/>
26,693	Cash and cash equivalents at the beginning of the reporting period	30,802
<hr/>		<hr/>
30,802	Cash and cash equivalents at the end of the reporting period (Note 22)	24,796
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NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

a. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 (SI 2003 No 3146, as amended) supported by International Financial Reporting Standards (IFRS).

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. The Statement of Accounts has been prepared using the going concern basis.

b. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- The council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods and services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue 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 debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Revenue from council tax and business rates is measured at the full amount receivable (net of any impairment losses) and is accounted for on an accruals basis.

c. 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 no more than 95 days 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.

d. Material Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

e. 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 accounting estimates are accounted for prospectively, i.e. 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 about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting 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 opening balances and comparative amounts for the prior period.

f. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts 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 Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. 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, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance – Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

g. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and

paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate reporting segment (or Financing Items where they relate to pension enhancements) in the Comprehensive Income and Expenditure Statement to terminate at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with 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 Pensions Scheme, administered by Devon County Council.

This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

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

- The liabilities of the Devon County Council 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 projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the annualised yield on the Merrill Lynch AA rated corporate bond curve used by the actuary Barnet Waddington and with consideration of the duration of the liabilities of the Employer (Teignbridge District Council).
- The assets of the Devon County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price

- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.
- The change in the net pensions liability is analysed into the following components:
- Service cost comprising:
 - 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 – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Financing Items
 - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
 - contributions paid to the Devon County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Changes in effect of asset ceiling – 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 had been assessed as greater than the net pension's liability established under Accounting Code requirements.

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 that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being

required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

h. Events after the Reporting Period

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 where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

i. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value.

Financial Liabilities

As the Authority's financial liabilities are basic lending arrangements and mainly of a short term nature they are subsequently measured at amortised cost. For the Authority's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument (which for the Council's loans is the amount payable for the year per the loan agreement).

Financial Assets

As the Authority's financial assets are basic lending arrangements and are not held to make speculative gains through increases in their value, they are subsequently measured at amortised cost: the outstanding principal repayable (plus accrued interest). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument, (which for the Authority's assets is the amount

receivable for the year per the deposit agreement).

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model (see Note 42 below). In particular 'other debtors' is using the provision matrices option which takes into consideration historical data and grouping of debtor ages.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Instruments Entered Into Before 1 April 2006

The Authority entered into a financial guarantee that is not required to be accounted for as a financial instrument. This guarantee is reflected in the Statement of Accounts to the extent that a provision might be required or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

j. 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 Authority when there is reasonable assurance that:

- the Authority 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. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as a current or long term liability – 'grants receipts in advance'. If these are not obviously capital in nature then they are treated as revenue grants. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) 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. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

k. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will

flow from the intangible asset to the Authority.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £20,000) the Capital Receipts Reserve.

I. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

m. Investment Property

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

Investment properties are measured initially 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. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated and gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £20,000) the Capital Receipts Reserve.

n. Leases

In 2024/25, the Council has changed its accounting policies to align with those in *IFRS 16 Leases*. In previous years, property, plant and equipment was only brought onto the Balance Sheet as an asset where the council had entered into Finance Leases and the risks and rewards incidental to ownership had been substantially transferred. For other leases (operating leases), no assets were recognised and rents were charged as expenses when they became payable.

From 1st April 2024, an asset representing the right to use the item over the lease term will be recognised for all leases (except for those that are low value or those lease term is less than a year). Liabilities are also recognised in the Balance Sheet for the obligations that the Council has to pay rents for the rights acquired, discounted to their present value.

Where a lease covers both land and buildings, the land and buildings elements 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 upon the use of specific assets.

The Authority as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Authority are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue 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.

Low value leases and those where the lease term is less than a year will continue to have their costs recognised in the relevant service net cost of service line in the Comprehensive Income and Expenditure Statement.

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line 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 in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute 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 in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

o. Overheads/ Support Services/Central Costs

Total absorption costing is not fully applied under the principles within SeRCOp. Service segments do not have support services recharged to each front line service. Support services are reported separately in their own right within the 'Corporate Services' segment. This segment also includes the costs of the Corporate Leadership Team and the cost of democracy.

However, the central office costs are allocated to all services within the service segments on the basis of floor area.

Certain corporate costs such as discretionary benefits awarded to employees retiring early, past deficit pension contributions and general corporate costs such as bank charges and external audit fees are allocated to the 'Financing items' segment.

p. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure over £20,000 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the cost of acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

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. Where material changes in an assets value are identified, all assets within that class (e.g. car parks, public conveniences) will be re-valued in that year. As a minimum all assets will be valued every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are 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 that 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 line(s) 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.

Componentisation

All assets will be split into their land and buildings elements. Any asset in excess of £400,000 in value will be considered for componentisation. The component must have a minimum value of £200,000 or be at least 15% of the overall value of the asset (whichever is the higher) and the differential in the asset life must be more than 50% of that of the total asset. All three rules above must be met to consider componentisation and will be applied when an asset is revalued or a component is replaced. Where enhancement is integral to the whole asset e.g. roof on a building, then unless there is significant evidence to the contrary, the asset life of the enhancement will have the same remaining life as the existing asset and will not be separately identified as a component.

De-componentisation – Where, subject to materiality, a component is replaced or enhanced the carrying value of the old component shall be derecognised. Our internal valuer will provide a valuation for de-recognition.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are 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 that 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 line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the

relevant service line(s) 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 on 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 certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (5 to 60 years)
- vehicles, plant, furniture and equipment – 5 to 30 years
- infrastructure – straight-line allocation over the useful life as estimated by the valuer. Most have useful lives in excess of 60 years and therefore the majority are not depreciated

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, 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. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted

off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £20,000 are categorised as capital receipts and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

q. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line 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 at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Authority settles the obligation.

Provisions are held for refunds of business rates as a result of appeals. An impairment allowance is held for bad debts.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority. 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.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Authority.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

r. Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

s. 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 in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

t. Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

u. Heritage Assets

Heritage assets are valued at insurance valuation which is based on market values. The assets will be revisited at least once every five years for revaluation. Apart from this the recognition and measurement (including the treatment of revaluation gains and losses, impairment and disposal) is in accordance with the Authority's accounting policies on property, plant and equipment. There are currently no material heritage assets which require disclosure.

v. Council Tax, Non-Domestic Rates & Business Rates Retention

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. 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 proportionately 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. Therefore, the difference between the income included in 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.

Business Rates Retention

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area, with effect from 1 April 2013. The General Fund is adjusted as above.

Appeals – Provision is made for likely refunds of business rates as a result of appeals, against the rateable value of business properties. The appeals provision is based on the total value of outstanding appeals at the year end as advised by the Valuation Office Agency and on advice from them about the likely success rate of appeals.

w. 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 the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities held jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly

Teignbridge District Council, East Devon District Council and Exeter City Council each share control of Strata Service Solutions Ltd, which was incorporated on 15 May 2014 under the Companies Act 2006 for the provision of a shared Information Communications Technology service. The single entity financial statements for each authority reflect their respective shares of Strata Service Solutions Limited. However, the accompanying notes to the Council's financial statements only include information relating to Strata Service Solutions Limited where this would make a material difference to the usefulness of those notes (see also note 47).

x. Community Infrastructure Levy

The Authority has elected to ~~charge~~ a Community Infrastructure Levy (CIL). The

levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Authority charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, leisure facilities, open spaces and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above (see 1 j). CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) introduces changes in accounting policies that will have to be adopted fully by the authority in the 2025/26 financial statements i.e., from 1 April 2025.

The authority is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new / amended standard that has been issued, but is not yet required to be adopted by the Authority.

From 1 April 2025, the Accounting Code will change the arrangements for the valuation of Property, Plant and Equipment. For 2024/25, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices.

No adjustments to carrying amounts will be required at 1 April 2025. As indices for 2025/26 will not be available until after 31 March 2026, it is not possible to project what the impact of indexation will be. We currently value 'in year' property, plant & equipment at 31 March which includes an annual review of the highest value assets.

There are no other changes in accounting requirements for 2025/26 that are anticipated to have a material impact on the Council's financial performance or financial position.

3. 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:

- There is a high degree of uncertainty about future funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Authority transferred its housing stock in 2004. Warranties were given to safeguard the housing company on staffing, environmental and other issues. The environmental liabilities are covered by an insurance policy but the other liabilities would have to be funded from the Authority's reserves. The uncertainties have

been reviewed with the Legal Department and it has been considered that this item is a contingent liability (see note 41).

- There is a high degree of uncertainty around the potential number and value of business rates appeals. The provision for any successful appeal is based upon advice from the Valuation Office Agency.
- Strata Service Solutions Ltd is a registered company which has been established to assist the three authorities; Teignbridge District Council, Exeter City Council and East Devon 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:
 - i) 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.
 - ii) 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.
 - iii) The Company's revenue derives from the financial allocations set and controlled by each of the Councils.
 - iv) Strata continues to 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.

4. 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 Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.052 million

	repairs and maintenance, bringing into doubt the useful lives assigned to assets.	for every year that useful lives had to be reduced.
Pensions Liability	<p>Estimation 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 Authority with expert advice about the assumptions to be applied.</p> <p>The value of pension assets is estimated based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until sometime later, may give a different value of pension assets, but this difference is not considered to be material.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.678 million. The assumptions interact in complex ways. During 2024/25, the Authority's actuaries advised that the net pensions liability had decreased by £18.945 million attributable to updating of the assumptions. An adverse adjustment to age mortality assumptions of one year would increase the present value of the total obligation by £4.607 million.</p>
Arrears	<p>At 31 March 2025, the Authority had a balance of sundry debtors of £3.641 million. A review of significant balances suggested that an impairment of doubtful debts of 37% (£1.329 million) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £1.329 million to set aside as an allowance.</p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Arrears – It is not clear what the ongoing economic position will mean for collectability of debts and ability to pay. Increased inflation, cost of living and recessionary fears may exist for some time to come and the bad debt provisions has been increased to reflect potential further bad debts arising in relation to those debts at the balance sheet date.

Pension liability – whilst the pension assets are based upon month 12 valuations there may be changes in assumptions going forward about the expected return on pension fund assets. Again, this is not something that can be determined with any significant accuracy at this point.

5. Material Items of Income and Expense and Prior Period Adjustments

5 (a) Prior period adjustments:

In previous years accounts the transfer by way of a long lease of the improvement and maintenance of Suitable Alternative Natural Green Spaces had been capitalised on the

balance sheet as a long term debtor with the associated funding grant having been applied as a capital grant.

Following further findings on how the expenditure and grant can be applied by CIPFA through capital accounting guidance, the transaction and associated funding is to be treated as revenue. The original transaction took place in 2021/22. The key changes for the comparative year 2023/24 are therefore to eliminate the long term debtor, impact of amortisation on the CIES and MIRS and alteration to unusable reserves via a reduction to the Capital Adjustments Account.

The key changes are listed below including the original and restated balance sheet entries.

Effect on the Comprehensive Income & Expenditure Statement	2023/24	2023/24	Correction
	Published £'000	Restated £'000	£'000
Environment, Health & Wellbeing – Net Expenditure	10,102	9,955	(147)
Cost of Services	16,896	16,749	(147)
(Surplus) or Deficit on Provision of Services	(11,363)	(11,510)	(147)
Total Comprehensive (Income) and Expenditure	(32,894)	(33,041)	(147)

Effect on the Movement in Reserves Statement	2023/24	2023/24	Correction
	Published £'000	Restated £'000	£'000
Total Comprehensive Income and Expenditure	11,363	11,510	147
Adjustment between accounting basis and funding basis under regulations (Note 9)	(9,971)	(10,118)	(147)
Balance at 31 March 2023 carried forward	110,374	107,715	(2,659)
Net increase / (decrease) in 2023/24	32,894	33,041	147
Balance at 31 March 2024 carried forward	143,268	140,756	(2,512)

Effect on the Balance Sheet	2022/23	2022/23	2023/24	2023/24	Correction
	Published £'000	Restated £'000	Published £'000	Restated £'000	£'000
Long term debtors	6,079	3,420	7,620	5,108	(2,512)
Long term assets	113,474	110,815	134,699	132,187	(2,512)
Net Assets	110,374	107,715	143,268	140,756	(2,512)
Total Reserves	110,374	107,715	143,268	140,756	(2,512)

Effect on the Cash Flow Statement	2023/24	2023/24	Correction
	Published £'000	Restated £'000	£'000
Net (surplus) or deficit on the provision of services	(11,363)	(11,510)	(147)
Adjustments to net surplus or deficit on the provision of services for non-cash movements	4,402	4,549	147

5 (b) Material items in the Comprehensive Income & Expenditure Account :

In 2023/24 the revaluation losses were £2.4 million and reversals in relation to property, plant & equipment amounting to £4.5 million thus a net reversal of £2.1 million. £1.5 million was charged to 'Strategic Place' and £0.6 million to 'Environment, Health & Wellbeing' within Cost of Services. The major revaluation adjustments relate to revaluation increase of £1.5 million for the Market Walk shopping centre and revaluation losses of £0.5 million on housing properties and £0.5 million for the retail market.

In 2024/25 the revaluation losses net of reversals were £1.3 million. £0.9 million was charged to 'Strategic Place' and £0.4 million to Environment, Health & Wellbeing' within Cost of Services. The major revaluation adjustments relate to revaluation losses to land

and buildings at Bradley Lane totalling £0.75 million and revaluation increases of £0.45 million to car parks.

Revenue expenditure funded from capital under statute was slightly lower in 2024/25 at just over £7.8 million (just over £8.0 million in 2023/24) – mainly due to a £2.2 million contribution to the Dawlish link road improvement (£0.6 million lower than in 2023/24) and £2.0 million towards the regional coastal monitoring programme (an increase of £0.3 million compared to 2023/24). Of the total £8.0 million, £7.9 million is charged to ‘Strategic Place’ within Cost of Services in 2023/24 and all of the £7.8 million in 2024/25.

5 (c) Other material items within the financial statements:

In 2023/24 the pension liability has reduced by £8.080 million – see note 40 below – the main contributor is the change in actuarial assumptions and return on plan assets.

In 2024/25 the pension liability has reduced by a further £1.182 million mainly due to changes in actuarial assumptions.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 9 February 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There is one non adjusting event which took place after 31 March 2025 which require disclosure.

In May 2025 an arrangement for community infrastructure levy agreed in 2024/25 amounting to £2.106 million (including a parish creditor of £0.526 million) which had been correctly recorded as due in 2024/25 under the arrangement as a debtor and capital grant unapplied (and credited to the CIES) has been resubmitted as an approved phased development resulting in the sums receivable being staggered over a longer period than the original arrangement – each phase being treated as a separate chargeable development – payments will become due as and when each phase commences.

7. 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 local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council’s directorates/ services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24 - Restated

Net Expenditure	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure
Expenditure		
Chargeable to the General		

2024/25

Net Expenditure	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure
Expenditure		
Chargeable to the General		

2023/24 - Restated			2024/25		
Fund	Statement				Statement
Balance	£000	£000	£000	£000	£000
4,695	112	4,583	Corporate Services	5,266	196
871	162	709	Strategic Place	1,737	(2,303)
10,010	55	9,955	Environment, Health & Wellbeing	9,282	(2,402)
2,606	1,104	1,502	Financing Items	4,098	1,973
18,182	1,433	16,749	Net Cost of Services	20,383	(2,536)
(19,574)	8,685	(28,259)	Other Income and Expenditure	(18,809)	9,221
(1,392)	10,118	(11,510)	(Surplus)/Deficit	1,574	6,685
(24,229)			Opening General Fund Balance	(25,621)	
(1,392)			Less/Plus (Surplus) / Deficit on General Fund in year	1,574	
(25,621)			Closing General Fund Balance at 31 March	(24,047)	

7 a. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	2024/25	
			Other Differences (Note 3)	Total Adjustments
			£000	£000
Corporate Services		36	(231)	(196)
Strategic Place		3,148	(848)	3
Environment, Health & Wellbeing		3,642	(1,249)	9
Financing Items		(1,579)	(394)	0
Net Cost of Services		5,247	(2,722)	11
Other income and expenditure from the Expenditure and Funding Analysis		(9,610)	851	(462)
				(9,221)

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(4,363)	(1,871)	(451)	(6,685)

Adjustments between Funding and Accounting Basis

2023/24 - Restated

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	Total Adjustments
	£000	£000	£000	£000
Corporate Services	34	(154)	8	(112)
Strategic Place	397	(574)	15	(162)
Environment, Health & Wellbeing	825	(898)	18	(55)
Financing Items	(719)	(385)	0	(1,104)
Net Cost of Services	537	(2,011)	41	(1,433)
Other income and expenditure from the Expenditure and Funding Analysis	(9,989)	1,225	79	(8,685)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(9,452)	(786)	120	(10,118)

Adjustments for Capital Purposes

- 1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:-
 - **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with

capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits 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 Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Other differences

3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For services** the other differences column recognises adjustments to the General Fund for amounts by which officer remuneration charged on an accruals basis is different from remuneration chargeable in accordance with statutory requirements the timing differences for premiums and discounts. It also includes the amount by which finance costs charged differ to those chargeable in accordance with statutory requirements.
- The charge under **Taxation and non-specific grant income and expenditure** 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 year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

7 b. Segmental Income

Income received on a segmental basis is analysed below:

Revenue from external customers:

Services	2023/24		2024/25	
	Income from Services £000	Income from Services £000	Income from Services £000	Income from Services £000
Corporate Services	(300)		(192)	
Strategic Place	(12,016)		(13,176)	
Environment, Health & Wellbeing	(8,012)		(8,483)	
Financing Items	(185)		(431)	
Total income analysed on a segmental basis	(20,513)		(22,282)	

The largest source of income for Strategic Place is car parking income at £5.394 million (2023/24 £4.710 million). Income from housing schemes including homelessness and rent allowance recoveries amounts to £1.973 million (2023/24 £1.413 million). Other major sources include planning fees and building control.

The major sources of income for Environment, Health & Wellbeing is from leisure related activities of which the income from leisure centres including memberships is £2.731 million (2023/24 £2.372 million) and recycling sales and credits at £3.581 million (2023/24 £3.385 million).

8. Expenditure and Income Analysed by Nature

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

Expenditure / Income	2023/24 Restated £000	2024/25 £000
Expenditure		
Employee benefits expenses	23,059	24,562
Other services expenses*	47,372	46,088
Depreciation, amortisation, impairment	722	6,037
Interest payments	0	616
Precepts and levies	4,826	5,524
(Gain) or loss on the disposal of assets	842	273
Total expenditure	76,821	83,100
Income		
Fees, charges and other service income	(20,513)	(22,282)
Interest and investment income	(1,977)	(2,051)
Income from council tax, non-domestic rates (net)	(13,469)	(14,269)
Government grants and contributions**	(52,372)	(49,609)
Total income	(88,331)	(88,211)
(Surplus) or Deficit on the Provision of Services	(11,510)	(5,111)

*Includes £19.638 million rent allowances paid (£20.330 million in 2023/24) and charged to Strategic Place.

** Includes rent allowance subsidy of £19.654 million (£20.399 million in 2023/24) and charged to Strategic Place.

Rent allowances recovered are within fees, charges and other service income and also charged to Strategic Place (£0.068 million in 2024/25 and £0.030 million in 2023/24).

9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are 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 of the authority 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 (or the deficit of resources that the Council is required to recover) at the end of the financial year.

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.

Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) 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.

The detail of the adjustments made for 2024/25 and 2023/24 are as follows:

2024/25

Usable reserves				
General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	
£'000	£'000	£'000	£'000	

Adjustments primarily involving the Capital Adjustment Account:

Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:

Charges for depreciation and impairment of non current assets	4,622	0	0	(4,622)
Revaluation (gains) losses on Property, Plant and Equipment	2,141	0	0	(2,141)
Revaluation reversals on Property, Plant and Equipment	(840)	0	0	840
 Movements in the market value of Investment Properties	 1	 0	 0	 (1)
Operating / finance lease income adjustment	(1)	0	0	1
 Amortisation of intangible assets	 113	 0	 0	 (113)
Capital grants and contributions applied	(8,159)	0	0	8,159
Revenue expenditure funded from capital under statute (REFCUS)	7,826	0	0	(7,826)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	294	0	0	(294)
Income in relation to donated assets	0	0	0	0
Gain arising from donated assets	0	0	0	0
Amortisation of long term debtors	0	0	0	0
Disposal costs relating to future capital disposal	0	0	0	0
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(1,579)	0	0	1,579
Financing of loan	0	0	0	0
 Capital expenditure charged against the General Fund balance	 (1,415)	 0	 0	 1,415
 Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(7,300)	0	7,300	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(3,113)	3,113
 Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(0)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(241)	0	241
 Right to buy/shared ownership receipts	 (0)	 0	 0	 0

Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	0	0	0
Loan repayment	(10)	39	0	(29)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	0	0	0	0
Renovation grants repaid	(57)	57	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0
Adjustments primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement/funding of loan	0	0	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash-mortgages	0	0	0	0
Adjustments primarily involving the Financial Instruments Adjustment Account:				
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 40)	3,774	0	0	(3,774)
Employer's pensions contributions and direct payments to pensioners payable in the year	(5,645)	0	0	5,645
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	(463)	0	0	463
Adjustment primarily involving the Accumulated Absences Account				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	13	0	0	(13)
Total Adjustments	(6,685)	(145)	4,187	2,643

2023/24 - Restated

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non current assets	2,759	0	0	(2,759)
Revaluation (gains) losses on Property, Plant and Equipment	2,369	0	0	(2,369)
Revaluation reversals on Property, Plant and Equipment	(4,516)	0	0	4,516
 Movements in the market value of Investment Properties	 8	 0	 0	 (8)
Operating / finance lease income adjustment	(2)	0	0	2
 Amortisation of intangible assets	 110	 0	 0	 (110)
Capital grants and contributions applied	(10,820)	0	0	10,820
Revenue expenditure funded from capital under statute (REFCUS)	8,040	0	0	(8,040)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	647	0	0	(647)
Income in relation to donated assets	0	0	0	0
Gain arising from donated assets	0	0	0	0
Amortisation of long term debtors	0	0	0	0
Disposal costs relating to future capital disposal	0	0	0	0
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(313)	0	0	313
Financing of loan	0	0	0	0
 Capital expenditure charged against the General Fund balance	 (611)	 0	 0	 611
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(6,853)	0	6,853	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(1,280)	1,280

Adjustments primarily involving the Capital Receipts Reserve:

Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(22)	22	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(322)	0	322
Right to buy/shared ownership receipts	(161)	161	0	0
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	0	0	0
Loan repayment	(17)	50	0	(33)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	0	0	0	0
Renovation grants repaid	(73)	73	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0

Adjustments primarily involving the Deferred Capital Receipts Reserve:

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement/funding of loan	0	0	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash-mortgages	0	0	0	0

Adjustments primarily involving the Financial Instruments Adjustment Account:

Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0	0	0
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Adjustments primarily involving the Pensions Reserve:

Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 40)	4,177	0	0	(4,177)
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,964)	0	0	4,964

Adjustments primarily involving the Collection Fund Adjustment Account:

Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	81	0	0	(81)
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Adjustment primarily involving the Accumulated Absences Account

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	43	0	0	(43)
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Total Adjustments	(10,118)	(16)	5,573	4,561
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10. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25.

	Balance at 31 March 2023	Transfers Out 2023/24	Transfers In 2023/24	Balance at 31 March 2024	Transfers Out 2024/25	Transfers In 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
Building control partnership reserve	374	(192)	0	182	(31)	0	151
Open spaces reserve	472	(8)	63	527	(11)	0	516
Collection fund reserve	1,200	(59)	118	1,259	(482)	4	781
Insurance reserve	85	0	0	85	0	0	85
Revenue contribution to capital reserve	1,108	(327)	443	1,224	(180)	0	1,044
Business rates / funding reserve	12,004	0	0	12,004	(306)	0	11,698
Sundry revenue grants reserve	3,900	(505)	1,148	4,543	(1,085)	461	3,919
Carry forward reserve	2,578	(533)	1,127	3,172	(768)	766	3,170
Strata usable reserves	191	0	0	191	(8)	0	183
Total	21,912	(1,624)	2,899	23,187	(2,871)	1,231	21,547

The sundry revenue grants reserve covers grants received which have no repayment conditions attached to them and have not been spent in total or in part by the end of the financial year. The carry forward reserve represents major items of planned expenditure not carried out in the year but set aside for expenditure in the following year. The Collection Fund reserve covers deficit funding issues for future years from accounting arrangements and grant funding received to assist with those deficits as identified in note 13 and falls outside the scope of the reserves earmarked for service requirements. The Strata reserve represents our share of the usable funds held from the Strata joint operations. The Funding reserve has been built up to cover anticipated revenue funding deficits over the medium term financial plan.

11. Other Operating Expenditure

2023/24		2024/25	
	£'000		£'000
4,826	Parish council precepts	5,524	
(161)	Shared ownership/Right to Buy receipts	0	
73	Pension administration expenses	81	
1,003	(Gains)/losses on the disposal of non current assets **	273	
0	(Gain) on share of donated assets - Strata	0	
5,741	Total	5,878	

**Includes £0.9 million written off aborted projects in 2023/24.

12. Financing and Investment Income and Expenditure

2023/24		2024/25	
	£'000		£'000
4	Interest/tax payable and similar charges	620	
1,159	Net interest on the net defined benefit liability	765	
(1,970)	Interest receivable and similar income	(2,035)	
(7)	Income and expenditure in relation to investment properties and changes in their fair value (see note 15)	(8)	
0	Bank investment loss	0	
(814)	Total	(658)	

13. Taxation and Non Specific Grant Income and Expenditure

2023/24		2024/25	
	£'000		£'000
(14,626)	Council tax income (incl surplus/deficit)	(15,761)	
(11,872)	Business rates (including surplus/deficit)	(12,377)	
	Non ring fenced government grants:		
(245)	Revenue support grant	(261)	
0	General Covid grants	0	
(405)	New Homes Bonus	(650)	
(1,258)	Lower tier/services/ funding guarantee	(1,298)	
0	Sales/fees and charges compensation	0	
	163		

0	CARF grant	0
(10,243)	Capital grants and contributions**	(8,480)
(2,289)	Retail relief grant	(2,029)
(8)	Transparency Code grant	(8)
(2,236)	Small business rate relief/threshold changes grant	(2,209)
(2,526)	Other business rates grants	(3,498)
(71)	Other general grants	(66)
11,795	Business rates tariff payment	12,543
2	Pooling costs	2
(388)	Pooling gain	(418)
0	Council tax support/ TIG grants	0
1,184	Business rates levy	1,260
<hr/>		<hr/>
(33,186)	Total	(33,250)

** includes various grants towards capital expenditure.

In 2023/24 £6.541 million relates to the Community Infrastructure Levy (CIL). In 2024/25 £4.628 million relates to CIL.

14. Property, Plant and Equipment

Movements on Balances

Movements in 2024/25:

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2024	118,631	6,188	4,355	4,125	289	1,014	134,602
Additions	2,844	407	0	0	711	2,875	6,837
Donations	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,084	0	0	0	0	0	7,084
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(885)	0	0	0	(713)	0	(1,598)
Derecognition - Disposals	(303)	(179)	0	(3)	0	0	(485)
Strata reclassify/additions/disposals	0	83	0	0	0	0	83
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements/reclassifications in Cost or Valuation	(13,802)	0	0	0	(85)	3,687	(10,200)
At 31 March 2025	113,569	6,499	4,355	4,122	202	7,576	136,323

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment							
At 1 April 2024	2,814	3,701	770	615	73	0	7,973
Depreciation charge	1,789	433	81	74	0	0	2,377
Depreciation written out to the Revaluation Reserve	(2,740)	0	0	0	(73)	0	(2,813)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(327)	0	0	0	0	0	(327)
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition – Disposals	(12)	(179)	0	0	0	0	(191)
Strata – reclassify/charge/disposals	0	54	0	0	0	0	54
Other movements in Depreciation and Impairment	(386)	0	0	0	0	0	(386)
At 31 March 2025	1,138	4,009	851	689	0	0	6,687
Net Book Value							
At 31 March 2025	112,431	2,490	3,504	3,433	202	7,576	129,636
At 31 March 2024	115,817	2,487	3,585	3,510	216	1,014	126,629

Comparative Movements in 2023/24:

	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Surplus Assets £'000	Assets Under Construction £'000	Total Property, Plant and Equipment £'000
Cost or Valuation							
At 1 April 2023	98,633	5,727	4,355	4,001	289	1,364	114,369
Additions	5,809	596	0	124	0	578	7,107
Donations	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,296	0	0	0	0	0	12,296
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	2,030	0	0	0	0	0	2,030
Derecognition - Disposals	(137)	(149)	0	0	0	(928)	(1,214)
Strata reclassify/additions/disposals	0	14	0	0	0	0	14
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements/reclassifications in Cost or Valuation	0	0	0	0	0	0	0
At 31 March 2024	118,631	6,188	4,355	4,125	289	1,014	134,602

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment							
At 1 April 2023	2,859	3,305	684	529	58	0	7,435
Depreciation charge	2,069	439	86	86	15	0	2,695
Depreciation written out to the Revaluation Reserve	(1,942)	0	0	0	0	0	(1,942)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(117)	0	0	0	0	0	(117)
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition – Disposals	(55)	(107)	0	0	0	0	(162)
Strata – reclassify/charge/disposals	0	64	0	0	0	0	64
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0
At 31 March 2024	2,814	3,701	770	615	73	0	7,973

Revaluations - The freehold and leasehold properties which comprise the Authority's property portfolio are valued by a qualified internal valuer, Will Madden (FRICS) in accordance with the Valuation Standards Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. Inspections are carried out annually to achieve full revaluation every 5 years. Approximately 20% of assets are revalued each year as at 31 March (previously 31 December in 2023/24). Where material changes in an assets value are identified all assets within that class (e.g. car parks, public conveniences) will be revalued within that year. Plant and machinery are included in the buildings valuation where appropriate unless the value is material and valued as a component within the Authority's componentisation policy. Other vehicles, plant and equipment are identified separately.

Other land and buildings are valued at current value. Surplus assets, investment properties, and assets held for sale are valued at fair value. Infrastructure, community assets, assets in the course of construction and vehicle, plant and equipment are valued at historical cost. Donated assets are measured initially at fair value. Assets acquired other than by purchase are deemed to be at fair value. Depreciation has been charged on a straight line basis to assets excluding land which have a useful life of 60 years or less. The assets incurring depreciation have useful lives of between 5 and 60 years.

The following statement shows the progress of the Authority's rolling programme for the revaluation of property, plant and equipment, including assets valued following completion of significant projects. Valuations of land and buildings are carried out by Will Madden (FRICS) (an internal valuer) in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The basis for valuation is set out in the Statement of Accounting Policies. The Authority is not aware of any material changes in asset values that have not been updated.

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Infrastructure Assets	Community Assets
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	6,499	0	4,355	4,122
Valued at current value in year:					
2024/25	95,971	0	200	0	0
2023/24	98,342	0	200	0	0
2022/23	78,156	0	200	0	0
2021/22	76,540	0	502	0	0
2020/21	82,082	0	0	0	0
Total cost or valuation *	431,091	6,499	1,102	4,355	4,122

* The five year totals for those assets at current value include some assets that have been valued twice over this period or subsequently sold or moved to an alternative asset category.

Property, plant and equipment above includes the following elements for property leased out as operating leases:

Cost or valuation	£'000
At 1 April 2024	33,124
Upward revaluations	848
Additions	598
Revaluation losses	(428)
At 31 March 2025	34,142

Accumulated Depreciation	
At 1 April 2024	986
Depreciation charge	685
Derecognition – disposals	(1,148)
At 31 March 2025	523

Net Book Value	
At 31 March 2025	33,619

Capital commitments - There are contracts for future capital expenditure to carry out coastal monitoring work, decarbonisation and refurbishment of Broadmeadow leisure centre and Market hall refurbishments of £6.2 million at 31 March 2025 (£1.5 million at 31 March 2024 for coastal monitoring).

14a. Right of Use Assets

Following the implementation of IFRS16 with effect from 1 April 2024 - the Council has recognised assets falling within this definition together with any corresponding lease liability and transferred assets from other asset categories accordingly – see also note 38 and 43 and change in accounting policies for more information.

Cost or Valuation	£'000
At 1 April 2024	0
Transferred on implementation from other land and buildings	10,200
Assets newly recognised on transition	1,587
Additions	10,782
Expenditure	69
Revaluation increases (decreases) recognised in the Revaluation Reserve	(950)
Revaluation increases (decreases) recognised in the Surplus / Deficit on the Provision of Services	(30)
Derecognition - Disposals	0
Other movements / reclassifications	0
At 31 March 2025	<u>21,658</u>
Accumulated Depreciation and Impairment	
At 1 April 2024	0
Transferred on implementation from other land and buildings	386
Depreciation charge	2,191
Depreciation written out to the Revaluation Reserve	(580)
Depreciation written out to the Surplus / Deficit on the Provision of Services	0
Derecognition - Disposals	0
Other movements / reclassifications	0
At 31 March 2025	<u>1,997</u>

Net Book Value	£'000
At 31 March 2025	19,661
At 31 March 2024	0

One right of use asset has been revalued – see note 14 for revaluation date/valuer.

15. Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2023/24	2024/25
	£'000	£'000
15	Rental income from investment property	9
(0)	Direct operating expenses arising from investment property	(0)
15	Net gain/(loss)	9

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

The following table summarises the movement in the fair value of investment properties over the year:

	2023/24	2024/25
	£'000	£'000
100	Balance at start of the year	92
	Additions:	
0	Purchases	0
0	Construction	0
0	Subsequent expenditure	0
(0)	Disposals	(0)
(8)	Net gains/(losses) from fair value adjustments	(1)

Transfers:			
(0)	To/from Inventories	(0)	
0	To/from Property, Plant and Equipment	0	
0	Other changes	0	
92	Balance at end of the year	91	

16. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets are purchased licenses. There is no internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis over 5 years. All amortisation charged to revenue is allocated to the various headings within 'cost of services'. Software specifically for an individual service is charged directly to that service whereas corporate software is spread across the various services. The purchased intangible assets are grouped into the heading 'other assets' below. There are no contractual commitments for future capital expenditure at 31 March 2025.

The movement on Intangible Asset balances during the year is as follows:

	2023/24		2024/25	
	Other Assets £'000	Total £'000	Other Assets £'000	Total £'000
Balance at start of year:				
• Gross carrying amounts	1,154	1,154	1,258	1,258
• Accumulated amortisation	(793)	(793)	(900)	(900)
Net carrying amount at start of year	361	361	358	358
Additions				
• Purchases	0	0	0	0
Retirements and disposals (net)	(0)	(0)	(0)	(0)
Strata reclassify/movements/additions	107	107	112	112
Amortisation for the period	(110)	(110)	(113)	(113)
Net carrying amount at end of year	358	358	357	357
Comprising				
• Gross carrying amounts	1,258	1,258	1,366	1,366
• Accumulated amortisation	(900)	(900)	(1,009)	(1,009)
	358	358	357	357

17. Long term Investments

The Council purchased 3,333 Founder shares in South West Mutual Ltd at £15 each. The shares were subsequently converted into 15 new £1 shares changing the shareholding to 49,995.

These represent a long term investment in a regional bank which has yet to obtain a banking licence and commence trade. Due to these factors it is considered at this stage that there is currently no value to the investment and it has remained impaired to zero at the balance sheet date as detailed below:

	£000's
Opening balance at 1 April 2024	0
Purchase	0
Impairment	<u>0</u>
Closing balance 31 March 2025	<u>0</u>

18. Long term debtors

This balance covers the long term element of the Collection Fund balance from sharing local authorities and central government re. non domestic rates, mortgages / loans, sundry trade debtors and finance leases.

	31 March 2024 Restated £'000	31 March 2025 £'000
Collection Fund balance – non domestic rates	603	350
Sundry trade debtors/Community Infrastructure Levy	4,231	2,075
Mortgages / loans	256	286
Finance leases	<u>18</u>	<u>18</u>
	<u>5,108</u>	<u>2,729</u>

19. Short term investments

These relate to sums invested with banks / building societies or other local authorities repayable within one year but for an investment period greater than 95 days.

20. Short Term Debtors

	31 March 2024 £'000	31 March 2025 £'000
6,925	Trade debtors*	8,540
91	Other debtors	108
12,230	Prepayments and accrued income	15,787
710	Council tax / Non domestic rates	722
1,104	Strata debtors	1,237
21,060	Total	26,394

*Includes Collection Fund debtors of £0.797 million at 31 March 2025 and £1.267 million at 31 March 2024.

21. Debtors for Local Taxation

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	31 March 2024 £'000	31 March 2025 £'000
368	Less than one year	348
235	One to three years	253
107	Over three years	121
710	Total	722

The analysis above only shows those balances where assessment has indicated that, by exception, no impairment is required and is analysed based upon the reporting information available.

22. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	31 March 2024	31 March 2025
	£'000	£'000
224 Cash held by the Authority	158	
1,803 Bank current/instant call accounts	1,917	
28,500 Short term deposits with banks/building societies/money market funds	22,500	
275 Strata	221	
30,802 Total Cash and Cash Equivalents	24,796	

This item can be reconciled to the balance sheet as being the net total of cash and cash equivalents within 'current assets' and the bank overdraft within 'current liabilities'.

23. Assets Held for Sale

	Current		Non-Current	
	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	0	0	0	0
Assets newly classified as held for sale:				
• Property, Plant and Equipment	0	0	0	0
• Intangible Assets	0	0	0	0
Revaluation losses	0	0	0	0
Revaluation gains	0	0	0	0
Impairment losses	0	0	0	0
Assets declassified as held for sale:				
• Property, Plant and Equipment	0	0	0	0
• Intangible Assets	0	0	0	0
• Other assets / liabilities in disposal groups	0	0	0	0
Assets sold	0	0	0	0
Transfers from non current to current	0	0	0	0
Balance outstanding at year-end	0	0	0	0

24. Short Term Creditors

	31 March 2024 £'000	31 March 2025 £'000
(6,427) Trade creditors		(9,332)
(373) Other creditors		(553)
(5,609) Accrued expenditure and income in advance		(5,537)
(271) Council tax / Non domestic rates		(373)
(541) Strata creditors		(640)
(13,221) Total		(16,435)

25. Provisions

A provision is a liability of uncertain timing or amount. The Council has the following provision:

	Short Term		
	Non Domestic Rates Appeals	Total	
	£'000	£'000	
Balance at 1 April 2024	(554)	(554)	
Additional provisions made in 2023/24	(0)	(0)	
Amounts used in 2023/24	0	0	
Unused amounts reversed in 2023/24	99	99	
Balance at 31 March 2025	(455)	(455)	

Short term – Non domestic rates appeals:

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area with effect from 1 April 2013. Provision has therefore been made for likely refunds as a result of appeals against the rateable value of business properties.

26. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 32. See also note 9 for further breakdown and note 10 for movement on earmarked reserves. The Council has the following usable reserves:

Un-earmarked Reserves - Resources available to meet future running costs and provides a financial cushion should anything unexpected happen which would require unplanned expenditure.

Earmarked Reserves - The Council has a carry forward reserve for monies reserved for specific projects and unspent at the end of the financial year and a sundry revenue grants reserve which covers grants received which have no repayment conditions attached to them and have not been spent in total or in part by the end of the financial year.

The total of un-earmarked and earmarked reserves represent the Total General Fund balance.

Capital Receipts Reserve - Proceeds from the sale of non current assets are held in this reserve to be made available for future capital investment.

Capital Grants Unapplied - These represent grants and contributions received in advance of matching to new capital investment.

27. Unusable Reserves

The Council has the following unusable reserves and balances:

	31 March 2024 Restated £'000	31 March 2025 £'000
59,236	Revaluation Reserve	67,669
45,767	Capital Adjustment Account	47,184
0	Financial Instruments Adjustment Account	0
(18,529)	Pensions Reserve	(17,347)
74	Deferred Capital Receipts Reserve	74
(513)	Collection Fund Adjustment Account	(50)
(342)	Accumulated Absences Account	(355)
85,693	Total Unusable Reserves	97,175

A detailed breakdown of the movement in these reserves and their purpose is as follows:

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority arising from increases

in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2023/24	2024/25
	£'000	£'000
45,939	Balance at 1 April	59,236
18,605	Upward revaluation of assets	11,639
(4,367)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(2,111)
14,238	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	9,528
(941)	Difference between fair value depreciation and historical cost depreciation	(905)
(0)	Accumulated gains on assets sold or scrapped	(190)
(941)	Amount written off to the Capital Adjustment Account	(1,095)
59,236	Balance at 31 March	67,669

Capital Adjustment Account

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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs 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 subsequent costs.

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 that the Revaluation Reserve was created to hold such gains.

Notes 7/9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2023/24 Restated	2024/25
	£'000
40,928	45,767
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(2,759) • Charges for depreciation and impairment of non current assets	(4,622)
2 • Operating lease income adjustment	1
(2,369) • Revaluation losses on Property, Plant and Equipment	(2,141)
4,516 • Revaluation reversals on Property, Plant & Equipment	840
(110) • Amortisation of intangible assets	(113)
(8,040) • Revenue expenditure funded from capital under statute	(7,826)
(647) • Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(294)
(9,407)	(14,155)
941 Adjusting amounts written out of the Revaluation Reserve	1,095
Net written out amount of the cost of non current assets consumed in the year	
(8,466)	(13,060)
Capital financing applied in the year:	
322 • Use of the Capital Receipts Reserve to finance new capital expenditure/repay loan	241
0 • Use of the Capital Receipts Reserve to meet previous year disposal costs	0
10,517 • Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement	8,159

	that have been applied to capital financing	
1,583	• Application of grants to capital financing from the Capital Grants Unapplied Account	3,113
0	• Transfer to the Capital Receipts Reserve upon receipt of cash	0
313	• Statutory provision for the financing of capital investment charged against the General Fund balance	1,579
0	• Disposal costs relating to future capital disposal	0
0	• Financing of loan	0
611	• Capital expenditure charged against the General Fund balance	1,415
13,346		14,507
(8)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(1)
0	Bank investment written off	0
(33)	Loan repayment adjustment	(29)
0	Donated asset	0
45,767	Balance at 31 March	47,184

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to adjust financial assets and financial liabilities to 'fair value' – principally for 'soft loans' issued and planning agreements received (see Note 1 re accounting policies). Adjustments are debited / credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement.

2023/24 £'000	2024/25 £'000
0 Balance at 1 April	0
0 Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0
0 Balance at 31 March	0

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 debit 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.

2023/24 £'000	2024/25 £'000
(26,609) Balance at 1 April	(18,529)
7,293 Re-measurements of the net defined benefit liability/(asset)	(689)
(4,177) Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(3,774)
4,964 Employer's pensions contributions and direct payments to pensioners payable in the year	5,645
(18,529) Balance at 31 March	(17,347)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts 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 eventually takes place, amounts are transferred to the Capital Receipts Reserve.

	2023/24	2024/25
	£'000	£'000
74 Balance at 1 April		74
0 Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement/funding of loan from capital receipts		0
0 Transfer to the Capital Receipts Reserve upon receipt of cash		0
74 Balance at 31 March		74

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	2023/24	2024/25
	£'000	£'000
(432) Balance at 1 April		(513)
(81) Amount by which council tax and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements		463
(513) Balance at 31 March		(50)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	2023/24	2024/25
	£'000	£'000
(299) Balance at 1 April		(342)
299 Settlement or cancellation of accrual made at the end of the preceding year		342
(342) Amounts accrued at the end of the current year		(355)

(43)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(13)
(342)	Balance at 31 March	(355)

28. Cash Flow Statement – Operating Activities

(a) The surplus or deficit on the provision of services has been adjusted for the following non cash movements:

	2023/24	2024/25
Restated		
	£'000	£'000
(2,759)	Depreciation	(4,622)
2,147	Impairment, downward valuations & revaluation reversals	(1,301)
(110)	Amortisation	(113)
50	(Increase)/ decrease in impairment for bad debts	(323)
1,127	(Increase)/decrease in creditors	(4,152)
4,087	Increase/(decrease) in debtors	2,834
(11)	Increase/(decrease) in inventories	2
787	Movement in pension liability	1,871
(647)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(294)
(122)	Other non-cash items charged to the net surplus or deficit on the provision of services	451
	4,549	(5,647)

(b) The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2023/24	2024/25
	£'000	£'000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	0
22	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	0
10,820	Capital grants and contributions applied	8,159

(8,040)	Revenue expenditure funded from capital under statute	(7,826)
7,096	Any other items for which the cash effects are investing or financing cash flows	7,366
9,898		7,699

(c) The cash flows for operating activities include the following items:

	2023/24	2024/25
	£'000	£'000
(1,774)	Interest received	(2,036)
0	Interest paid	0

29. Cash Flow Statement – Investing Activities

	2023/24	2024/25
	£'000	£'000
7,149	Purchase of property, plant and equipment, investment property and intangible assets	10,668
8,000	Purchase of short term and long term investments	25,500
180	Investment in Strata Service Solutions Ltd	169
6,932	Other payments for investing activities	10,288
(22)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
(10,000)	Proceeds from short term and long term investments	(21,000)
(18,307)	Other receipts from investing activities*	(16,079)
(6,068)	Net cash flows from investing activities	9,546

*Includes s.106 monies, capital grants and right to buy receipts.

30. Cash Flow Statement – Financing Activities

	2023/24	2024/25
	£'000	£'000
0	Cash receipts of short- and long-term borrowing	0
(978)	Other receipts from financing activities**	(481)
0	Cash payments for the reduction of the outstanding liabilities relating to finance leases	0

0	Repayments of short and long term borrowing	0
0	Other payments for financing activities**	0
(978) Net cash flows from financing activities		(481)

**Net non-domestic rates/council tax after payments to major preceptors/sharing authorities/Central Government and after settlement of the estimated deficit/surplus on the Collection Fund. See note 38 for leasing repayments and interest.

Reconciliation of Liabilities arising from Financing Activities

Balance at 1 April 2024	Financing cash flows		Non-cash changes		Balance at 31 March 2025
	Proceeds £'000	Repayment £'000	Acquisition £'000	Other non- cash changes £'000	
Long-term borrowings	0	0	0	0	0
Short-term borrowings	0	0	0	0	0
Lease liabilities	0	0	0	0	0
Total liabilities from financing activities	0	0	0	0	0

31. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value.

Financial Liabilities

As the Authority's financial liabilities are basic lending arrangements and mainly of a short term nature they are subsequently measured at amortised cost. Within the category table below, 'creditors – financial liabilities carried at contract amounts' mainly includes trade creditor invoices due and accrued trade expenditure for revenue and capital work.

Financial Assets

As the Authority's financial assets are basic lending arrangements and are not held to make

speculative gains through increases in their value, they are subsequently measured at amortised cost: the outstanding principal repayable (plus accrued interest). Within the category table below, long term debtors – assets carried at amortised cost include car loans and miscellaneous mortgage balances.

Financial assets carried at contract amounts include sundry trade debtors and accrued income, the short term element of car loans etc.

Categories of Financial Instruments

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

	Long-Term		Current	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	Restated £'000	£'000	£'000	£'000
Investments				
Assets carried at amortised cost:	0	0	2,000	6,500
Total investments	0	0	2,000	6,500
Debtors				
Assets carried at amortised cost	274	304	5,571	6,053
Total included in debtors	274	304	5,571	6,053
Non financial assets	4,834	2,425	15,489	20,341
Total	5,108	2,729	21,060	26,394
Cash and cash equivalents	0	0	30,802	24,796
Total cash & cash equivalents	0	0	30,802	24,796
Borrowings				
Financial liabilities at amortised cost – bank overdraft	0	0	0	0
Total included in borrowings	0	0	0	0
Creditors				
Financial liabilities at amortised cost	0	(9,379)	(7,358)	(9,001)
Total creditors	0	(9,379)	(7,358)	(9,001)
Non financial liabilities	(22,894)	(20,191)	(5,863)	(7,434)
Total	(22,894)	(29,570)	(13,221)	(16,435)

Investments also include the investment in South West Mutual as detailed in note 17 which is an equity instrument under IFRS9 and carried at zero value (level 3) due to the financial

position of the company and ability to trade dependent upon obtaining a banking licence which appears remote.

Income, Expense, Gains and Losses

2024 / 2025

	Financial Liabilities measured at amortised cost	Financial Assets: measured at amortised cost	Total
	£'000	£'000	£'000
Interest expense	616	0	616
Losses on derecognition	0	0	0
Impairment losses	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	616	0	616
Interest income	0	(2,035)	(2,035)
Interest income accrued on impaired financial assets	0	0	0
Gains on derecognition	0	0	0
Total income in Surplus or Deficit on the Provision of Services	0	(2,035)	(2,035)
Gains on revaluation	0	0	0
Losses on revaluation	0	0	0
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	0	0	0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0
Net (gain) / loss for the year	616	(2,035)	(1,419)

2023 / 2024

	Financial Liabilities measured at amortised cost	Financial Assets: measured at amortised cost	Total
	£'000	£'000	£'000
Interest expense	0	0	0
Losses on derecognition	0	0	0
Impairment losses	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	0	0	0

Interest income	0	(1,970)	(1,970)
Interest income accrued on impaired financial assets	0	0	0
Gains on derecognition	0	0	0
Total income in Surplus or Deficit on the Provision of Services	0	(1,970)	(1,970)
Gains on revaluation	0	0	0
Losses on revaluation	0	0	0
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	0	0	0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0
Net (gain) / loss for the year	0	(1,970)	(1,970)

There is no substantial difference between the carrying amount of financial assets and liabilities and their fair value at 31 March 2025, mainly due to their short term nature. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

32. Members' Allowances

The scheme in operation is based upon the Local Authorities (Members' allowances) (England) Regulations 2003. The total allowances paid in 2024/25 (including travel and subsistence) amounts to £452,618 (2023/24 £432,179). Further details on members' allowances can be obtained from the payroll section within the HR department.

33. Officers' Remuneration / Exit Packages & Termination Benefits

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 (including senior officers listed below) were:

Remuneration Band	Number of employees	Remuneration Band		Number of employees	
		2023/24	2024/25	2023/24	2024/25
£50,000 - £54,999	14	11	£95,000 - £99,999	0	0
£55,000 - £59,999	2	3	£100,000 - £104,999	1	0
£60,000 - £64,999	6	7	£105,000 - £109,999	0	1
£65,000 - £69,999	3	4	£110,000 - £114,999	0	0
£70,000 - £74,999	0	2	£115,000 - £119,999	0	0
£75,000 - £79,999	1	1	£120,000 - £124,999	0	0
£80,000 - £84,999	0	0	£125,000 - £129,999	1	0
£85,000 - £89,999	2	2	£130,000 - £134,999	0	1
£90,000 - £94,999	0	0	£135,000 - £140,999	0	0

Senior Officers reporting directly to the Managing Director and statutory posts whose salary is between £50,000 and £150,000 per year for the year 2024/25 are as follows:

	Salary (Inc. fees & allowances)	Compensation for loss of employment	Benefits in Kind (e.g. car allowance)	Total Remuneration Excl. Employers pension contributions	Pension Contributions	Total Remuneration Inc. Employers pension contributions
	£	£	£	£	£	£
Managing Director - Phil Shears	130,244	0	0	130,244	25,339	155,583
Director of Corporate Services & Section 151 Officer	108,305	0	0	108,305	20,641	128,946
Director of Customer Experience and Transformation	89,667	0	0	89,667	17,575	107,242
Director of Place	89,667	0	0	89,667	17,575	107,242
Head of Legal Services & Monitoring Officer	79,244	0	0	79,244	15,532	94,776
Head of HR and OD	69,167	0	0	69,167	13,557	82,724

Senior Officers reporting directly to the Managing Director and statutory posts whose salary is between £50,000 and £150,000 per year for the year 2023/24:

	Salary (Inc. fees & allowances)	Compensation for loss of employment	Benefits in Kind (e.g. car allowance)	Total Remuneration Excl. Employers pension contributions	Pension Contributions	Total Remuneration Inc. Employers pension contributions
	£	£	£	£	£	£
Managing Director – Phil Shears	127,090	0	0	127,090	24,721	151,811
Director of Corporate Services & Section 151 Officer	104,257	0	0	104,257	20,266	124,523

Director of Customer Experience and Transformation	87,480	0	0	87,480	17,146	104,626
Director of Place and Commercial Services	87,480	0	0	87,480	17,146	104,626
Head of Legal Services & Monitoring Officer	76,143	0	0	76,143	14,924	91,067
Head of HR and OD	66,721	0	0	66,721	13,077	79,798

(a)	(b)	(c)	(d)	(e)				
Exit package cost band (including special payments)	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band [(b) + (c)]	Total cost of exit packages in each band				
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£0 - £20,000	1	1	0	0	1	1	9	1
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
£150,001 - £200,000	0	0	0	0	0	0	0	0
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	0	0	0	0	0	0
Total cost								
Included in bandings	1	1	0	0	1	1	9	1

Add: Amounts provided for in Comprehensive Income & Expenditure Statement not included in bandings	0	0
Total cost included in Comprehensive Income & Expenditure Statement	9	1

Termination Benefits:

The Authority terminated the contract of a one employee in 2024/25, incurring liabilities of £1k (£9k in 2023/24). The payment was for redundancy. Terminations are part of the Authority's rationalisation of its service costs and were charged to the Authority's Comprehensive Income and Expenditure Statement. These figures are included in the table above re. exit packages including those who retired early and any relevant pension strain payments. The comprehensive Income and Expenditure Statement has also been charged with those costs highlighted in note 40 relating to the pension scheme.

34. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts:

	2023/24 £'000	2024/25 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year*	152	160
Fees payable in respect of certification of grant claims during the year**	16	23
Total	168	183

*Any additional fees in excess of the scale fees would be subject to approval by the PSAA. The approved additional fees for 2023/24 are £140,000 for work covering VFM/accounts and an investigation into an objection raised.

**This fee is a non-audit fee provided by Grant Thornton for 2023/24 and KPMG for 2024/25.

35. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25:

	2023/24 £'000	2024/25 £'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	(245)	(261)
Council tax support trans/new burdens	0	0
Small business rate relief/threshold changes grant	(2,236)	(2,209)
Community Infrastructure Levy*	(6,711)	(4,628)
Transparency code grant	(8)	(8)
Sports England - leisure	0	(169)
Returned New Homes Bonus top slice	0	0
Refugee housing grant	(2,369)	(645)
Sales/fees and charges compensation grant	0	0
Homes England	(11)	(24)
Decarb/energy grants	0	(348)
Dept for Levelling Up, Housing and Communities – Future High St Fund	0	0
Miscellaneous SANGS	(56)	0
New Homes Bonus	(405)	(650)
Retail relief grant	(2,289)	(2,029)
Other business rates/TIG grants	(2,526)	(3,498)
Other contributions	(2,425)	(4,030)
Total	(19,281)	(18,499)

*See note 6 re a post balance sheet non adjusting event change in arrangements for CIL receipts in 2024/25.

	2023/24 £'000	2024/25 £'000
Credited to Services		
REFCUS grants:		
Renovation/Disabled/energy grants	(2,376)	(2,025)
Shoreline/Coastal Monitoring	(1,719)	(2,054)
Play/recreation	(76)	(9)
Dawlish link road / Other	(3,263)	(2,892)
Rent Allowance subsidy	(19,950)	(19,210)
Housing Benefit administration subsidy	(285)	(282)
Rent rebate subsidy	(534)	(674)
Household support fund/UKSPF	0	(1,226)
Homelessness / rough sleeper grants/ housing	(1,525)	(1,351)

COMF grant	0	0
Elections	(323)	(149)
RPA/Habitat Regulations/open space	(26)	(31)
Business grants	(184)	0
Council tax / hardship fund / household support grants	(1,194)	(847)
Ukrainian refugee support	(387)	0
Other grants/contributions	(1,249)	(360)
Total	(33,091)	(31,110)

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

Current liabilities

Grants Receipts in Advance (Revenue Grants)	31 March 2024	31 March 2025
	£'000	£'000
Miscellaneous crime/disorder/community regeneration grants	(24)	(2)
Business rates compensation	0	0
Estuary contributions	(43)	(48)
Watercourse improvement contributions	(162)	(7)
Air quality / environmental health	0	0
Heritage trail	0	0
Community facilities/open space contributions	(570)	(658)
Homelessness	0	0
Business grants	(32)	(7)
Hardship grant/ housing	(81)	(32)
Miscellaneous	(59)	(308)
Total	(971)	(1,062)

Grants Receipts in Advance (Capital Grants)	31 March 2024	31 March 2025
	£'000	£'000
Environment Agency/Natural England – Flood Prevention and Alleviation	(1,717)	(1,001)
DFG (Better Care Fund)	(260)	(217)
DEFRA – Air Quality	(49)	(49)
Public Open Spaces and recreation	(9)	(9)
Dept for Energy/DCC – Central Heating Fund	(3)	(3)
Shared prosperity/ Rural England prosperity	(205)	(101)
Green Homes	0	0
Housing/infrastructure	(273)	(203)
Self build	(585)	(585)
Changing places	(185)	(4)

Other	(221)	(235)
Total	(3,507)	(2,407)
Long term liabilities		
Grants Receipts in Advance (Revenue Grants)	31 March 2024 £'000	31 March 2025 £'000
Dawlish Town Centre – community facilities	0	0
Parks, play & recreation facilities contribution	(1,862)	(2,707)
Langdon - Dawlish	(199)	(199)
Newton Abbot / Kingsteignton/Dawlish etc – air quality	(159)	(137)
Drainage - Kingsteignton	0	0
Miscellaneous open space, community facilities & wildlife contributions	(1,225)	(1,470)
Sundry drainage & flood defence contributions	0	(16)
Dawlish - drainage	0	0
Health contributions	(47)	0
Chudleigh – open space, indoor sports & play provision	0	0
Teignmouth town centre – pedestrianisation & public art	0	0
Other miscellaneous grants/contributions	(250)	(508)
Affordable housing	(581)	(671)
Total	(4,323)	(5,708)

Grants Receipts in Advance (Capital Grants)	31 March 2024 £'000	31 March 2025 £'000
Open Space and Recreation	0	0
Total	0	0

36. Related Parties

The Authority is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority.

Central Government:

Central government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grant receipts credited to the Comprehensive Income and Expenditure Statement and those outstanding at 31 March 2025 are shown in Note 35.

Members:

Members of the Authority have direct control over the Authority's financial and operating policies. The total of Members' allowances paid in 2024/25 is shown in Note 32.

Grants and payments for services rendered totalling £52,130 were paid to the Citizens Advice Bureau (CAB) in 2024/25. Councillors of Teignbridge District Council are invited to oversee the business plan of the organisation, but they are not involved in controlling the decision making of the CAB or issues which involve the interests of the District Council.

During the financial year the Council paid grants to organisations totalling £0 (£0 - 2023/24) in which 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.

Details of all items are recorded in the Register of Members Interest, open to public inspection at the Council offices during opening hours.

Other:

Dextco Limited was incorporated on 1 December 2016. It was established to fund and implement low carbon energy projects across Devon 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. Teignbridge District Council is one of five equal shareholders comprising: Devon County Council, Royal Devon & Exeter NHS Foundation Trust, University of Exeter and Exeter City 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.

There were no grant payments in 2023/24 or 2024/25, and the company is currently not trading.

37. Capital Expenditure and Capital Financing

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 calculated by consolidating capital-related items in the Balance Sheet is shown below. The change to the CFR is analysed in the second part of this note and is for Teignbridge District Council only.

	2023/24 Restated £'000	2024/25 £'000
Capital investment :		
Property, Plant and Equipment	126,494	129,472
Right of Use Assets	0	19,661
Strata ICT Capital Investment	2,835	3,004
Intangible Assets	0	0
Investment Property	92	91
Long term assets held for sale	0	0
Long term debtors relating to capital transactions	82	53
 Revaluation Reserve	 (59,236)	 (67,669)
Capital Adjustment Account	(47,675)	(49,259)

Closing Capital Financing Requirement	22,592	35,353
Explanation of movements in year:		
Increase (decrease) in underlying need to borrowing (unsupported by government financial assistance)	1,885	14,340
Repayments of long-term debtors/other	0	0
Minimum Revenue Provision	(313)	(1,579)
Assets acquired under finance leases	0	0
Increase/(decrease) in Capital Financing Requirement	1,572	12,761

The major reason for the increase in the CFR is to recognise 'Right of Use' assets under adoption of IFRS16 with effect from 1 April 2024 and the respective leasing liability. See note 14a for further information and note 43 for details of the liability due.

38. Leases

The Council adopted IFRS16 from 1 April 2024, to recognise all right of use assets. Under this reporting standard some leases where the Council acts as lessee will be brought onto the balance sheet. Lessor accounting is effectively unchanged. Right of Use (RoU) assets and lease liabilities will have been calculated as if IFRS16 had always applied but recognised in 2024-25, and not by adjusting prior year figures.

The transitional provisions of the Code require the following amounts to be brought onto the Balance Sheet by adjusting the opening balances at 1 April 2024; Lease Liabilities, representing the discounted value of lease payments and right-of-use (ROU) assets.

The adjustments to opening balances were as follows:

Right-of-use Other Land & Buildings - £9,814,000 transferred from Property, plant and equipment (other land & buildings) plus £1,587,000 recognised on transition – total £11,401,000.

Other land& buildings – reduced by £9,814,000 (net) as shown above

Right-of-use Lease Liabilities: long term £1,261,000 plus short term £326,000 – total £1,587,000.

In calculating the liabilities, the incremental borrowing rate used for discounting the future rent payments was 4.98%. The liabilities recognised at 1 April 2024, on transition, differ from the previous operating lease commitments primarily due to the effects of discounting. In making these transitional adjustments, the Council has applied the following practical expedient in the Code: leases due to expire during 2024/25 have been treated as short-term leases, irrespective of their overall term.

The Council had the use of one leisure centre under a finance lease in 2024/25. The implementation of IFRS16 meant that this asset value carried as Property, Plant and Equipment (Land & Buildings – other) in the Balance Sheet at £9.124 million at 31 March 2024 was reclassified as a 'Right of Use' asset at 1 April 2024 and reclassified at a net book value of £9.814 million (see note 14a and explanation above).

Authority as Lessee

Finance Leases

The impact of IFRS 16 to the council's balance sheet position is shown in note 14a. These relate to homes operated under Private Sector Leases (PSLs), car parks and waste vehicles. Additionally, there was a Leisure Centre that was previously held on the balance sheet because the rights to use the asset were acquired under a finance lease, which is now categorised as a 'Right of Use 'asset with the other lease assets.

The implementation of IFRS 16 also involves certain transactions being recognised in other primary financial statements. These are shown below.

2024/25 £000's	
Comprehensive Income and Expenditure Statement	
Interest expense on lease liabilities	616
Expenses relating to short-term leases and low-value items	136
Cash Flow Statement	
Total cash outflow for leases	1,943

As the definition of on-balance sheet leases has broadened, a maturity analysis of lease liabilities has also changed.

31 March 2025 £000's	
Less than one year	1,685
One to five years	7,084
More than five years	2,295
Total undiscounted liabilities	11,064

Operating Leases

Vehicles, Plant & Equipment – Lease not captured within IFRS16 (short term and immaterial sums) are charged to the net cost of services within the Comprehensive Income & Expenditure Account and cover refuse vehicles, sweepers, other vehicles and miscellaneous equipment under terms of an operating lease.

Land & buildings – the Authority leases properties from private sector landlords as part of its housing function on short leases together with other miscellaneous land and property which have been accounted for as operating leases.

The future minimum lease payments due under non-cancellable operating leases in future years are:

31 March 2024 £'000	31 March 2025 £'000
869 Not later than one year	184
197	

1,286	Later than one year and not later than five years	9
122	Later than five years	0
2,277		193

The expenditure charged to the various segments within Net Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to all operating leases was:

2023/24	2024/25
£'000	£'000
1,538 Minimum lease payments	463
0 Contingent rents	0
0 (Sublease payments receivable)	0
1,538	463

The reduction compared to 2023/24 is due to IFRS16 and leases captured within these calculations now being charged as interest within note 12 (financing and investment income & expenditure) and as minimum revenue provision (capital repayments) within the MIRS. The changes for 2024/25 are to move £1.807 million of leasing payments from net cost of services to 'interest paid' within note 12 of £0.616 million and £1.191 million in the MIRS for repayment of capital.

Authority as Lessor

Finance Leases

The Authority has leased out three properties in Teignmouth (museum, golf clubhouse, yacht club) on finance leases with remaining terms of between 66 and 83 years. These leases generate no / peppercorn rental streams on an annual basis and no residual value is anticipated for the buildings when the leases come to an end.

The Authority has an additional property in Newton Abbot rented out as a football headquarters. The Authority has a gross investment in this lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

31 March 2024	31 March 2025
£'000	£'000
Finance lease debtor (net present value of minimum lease payments):	
0	0
18	18
	198

61	Unearned finance income	58
0	Unguaranteed residual value of property	0
79	Gross investment in the lease	76

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£'000	£'000	£'000	£'000
Not later than one year	1	1	0	0
Later than one year and not later than five years	5	5	0	0
Later than five years	73	70	18	18
	79	76	18	18

No provision has been made for lease payments not being made, the Authority has therefore not set aside an allowance for uncollectible amounts at 31 March 2025 (£0 at 31 March 2024).

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 (variable lease payments). In 2024/25 £3k of variable lease were receivable by the Authority (2023/24 £3k).

Operating Leases

The Authority leases out property and equipment under operating leases for various activities including the following purposes:

- for the provision of community services, such as sports facilities, tourism services and community centres
- for economic development purposes to provide suitable affordable accommodation for local businesses

The future minimum lease payments receivable under non-cancellable leases in future years are:

31 March 2024	31 March 2025
£'000	£'000
1,803 Not later than one year	2,069
851 One to two years	1,154
756 Two to three years	1,030

659	Three to four years	804
566	Four to five years	671
9,005	Later than five years	8,777
13,640		14,505

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into (variable lease payments), such as adjustments following rent reviews. In 2024/25 variable lease payments of £69k were receivable by the Authority (2023/24 £78k).

The movement in value for these assets is identified in note 14.

39. Impairment Losses

Impairment losses and impairment reversals charged to the 'Surplus/Deficit on the Provision of Services' and to 'Other Comprehensive Income and Expenditure' are disclosed in Note 14 reconciling the movement over the year in Property, Plant and Equipment.

In 2023/24 and 2024/25 there were no impairment losses or impairment reversals.

40. Defined Benefit Pension Scheme

Participation in Pension Scheme:

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme administered by Devon County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme (i.e. large-scale withdrawal 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 the amounts required by statute as described in the accounting policies note.

In accordance with International Accounting Standard No. 19 – Employee Benefits (IAS 19) the Authority is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. The information supplied is from a report by Barnett Waddingham.

Transactions Relating to Post-employment Benefits:

We recognise the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash

payable in the year, so the real cost of post employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

Pensions Assets and Liabilities and charges to the Comprehensive Income & Expenditure Statement (CIES):

The movement in the pension scheme asset and liabilities is detailed below together with their treatment in the CIES.

	Scheme Assets £'000	Pensions Obligations £'000	Effect of the Asset Ceiling £'000	Net Pensions Liability £'000	Notes on Accounting Treatment
2024/25:					
Opening balance at 1 April 2024	126,622	(140,897)	(4,254)	(18,529)	
Current service cost		(3,960)		(3,960)	Absorbed into the total cost of services in the CIES
Past service cost and gains/losses on settlements		(15)		(15)	Charged to Financing items in the CIES
Interest income and expenses	6,201	(6,757)	(209)	(765)	Charged as a net item to Financing and Investment Income and Expenditure in the CIES
Administration expenses	(81)			(81)	Charged to Other Operating Expenditure
Remeasurements:					
• Return on plan assets	(1,572)			(1,572)	Credited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Actuarial gains and losses arising from changes in demographic assumptions		374		374	Credited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Actuarial gains and losses arising from changes in financial assumptions		18,257		18,257	Credited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Other actuarial gains and losses	0	314		314	Debited as Remeasurements of the Net Defined Liability to Other Comprehensive Income and Expenditure in the CIES
• Changes in the effect of the asset ceiling	0		(18,062)	(18,062)	

Contributions:	5,645	5,645	Transactions in the Cash Flow Statement. Debited to the General Fund Balance in the Movement in Reserves Statement (MIRS) as part of the adjustments between Accounting and Funding basis.
• Council employer's contributions			
• Employee contributions	1,047	1,047	Absorbed into the total cost of services in the CIES – netted off Current Service Cost
Retirement grants and pensions	(7,200)	7,200	0 Transactions in the Cash Flow Statement. Debited to the General Fund Balance in the MIRS as part of the Adjustments between Accounting and Funding basis
Closing Balance at 31 March 2025	130,662	(125,484)	(22,525)
			(17,347)

	Scheme Assets £'000	Pensions Obligations £'000	Net Pensions Liability £'000	Notes on Accounting Treatment
2023/24:				
Opening balance at 1 April 2023	113,615	(140,224)	(26,609)	
Current service cost		(3,946)	(3,946)	Absorbed into the total cost of services in the CIES
Past service cost and gains/losses on settlements		0	0	Charged to Financing items in the CIES
Interest income and expenses	5,451	(6,610)	(1,159)	Charged as a net item to Financing and Investment Income and Expenditure in the CIES
Administration expenses		(73)	(73)	Charged to Other Operating Expenditure
Remeasurements:				
• Return on plan assets	7,744		7,744	Credited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Actuarial gains and losses arising from changes in demographic assumptions		1,992	1,992	Debited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive

Income and Expenditure in
the CIES

• Actuarial gains and losses arising from changes in financial assumptions	2,224	2,224	Credited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Other actuarial gains and losses	0	(413)	(413) Credited as Remeasurements of the Net Defined Liability to Other Comprehensive Income and Expenditure in the CIES
• Changes in the effect of the asset ceiling		(4,254)	(4,254) Credited as Remeasurements of the Net Defined Liability to Other Comprehensive Income and Expenditure in the CIES
Contributions:	4,964	4,964	Transactions in the Cash Flow Statement. Debited to the General Fund Balance in the Movement in Reserves Statement (MIRS) as part of the adjustments between Accounting and Funding basis.
• Council employer's contributions			
• Employee contributions	1,001	1,001	Absorbed into the total cost of services in the CIES – netted off Current Service Cost
Retirement grants and pensions	(6,080)	6,080	0 Transactions in the Cash Flow Statement. Debited to the General Fund Balance in the MIRS as part of the Adjustments between Accounting and Funding basis
Closing Balance at 31 March 2024	126,622	(140,897)	(4,254)
			(18,529)

Expected Return on Assets

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost is replaced with a single net interest cost, which effectively set the expected return equal to the IAS19 discount rate.

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits. The total net liability of £17.347 million has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a reduced net assets position of £154.706 million at 31 March 2025. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method - an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. This has been assessed by Barnett Waddingham an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2022.

The expected return and the interest cost has been replaced with a single net interest cost which effectively sets the expected return equal to the discount rate. The principal assumptions used by the actuary have been:

	31 March 2024	31 March 2025
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.5	21.4
Women	22.7	22.7
Longevity at 65 for future pensioners: (assumed retiring in 20 years)		
Men	22.8	22.7
Women	24.1	24.1
Take-up of option to convert annual pension into retirement lump sum	50%	50%

It is also assumed members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age. It is assumed that members opted in to the 50% of contributions for 50% of the benefits at the previous valuation date will continue.

Financial Assumptions

	31 March 2024	31 March 2025
	% p.a.	% p.a.
Salary increases	3.90%	3.90%
Pension increases	2.90%	2.90%
Discount rate	4.90%	5.80%

Demographic / Statistical assumptions

These assumptions by the actuary are set with reference to market conditions at 31 March 2025. An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similarly to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set adopting a Single Equivalent Inflation rate (SEIR) approach. The SEIR adopted

is such that the single rate of inflation results in the same liability value when discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the Bank of England implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the Bank of England implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI there is a further assumption about CPI which is that it will be 1.0% p.a. below the market implied increases in RPI up to 2030 and will be in line with market implied inflation from the Bank of England inflation curve.

Salaries are assumed to increase at 1% p.a. above CPI. This is consistent with the approach at the previous accounting date.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assumed that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit method. Demographic assumptions are consistent with those used for the most recent Fund valuation carried out as at 31 March 2022.

A judgement in the Court of Appeal about cases involving judges' and firefighters' pensions (the McCloud judgement) has provided regulations that came into force on 1 October 2023. The cases concerned possible age discrimination in the arrangements for protecting certain scheme members from the impact of introducing new pension arrangements. As the Local Government Pension Scheme was restructured in 2014, with protections for those members who were active in the Scheme in 2012 and over the age of 55, the judgement may affect the value of the liabilities in respect of accrued benefits. An allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the latest actuarial valuation.

Virgin Media judgement - In June 2023, the High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by actuarial confirmation certificates issued under section 37 of the Pension Schemes Act 1993. The Court of Appeal rejected an appeal of this decision in July 2024. The LGPS is affected by this ruling. The Government Actuary's Department has so far been unable to locate evidence that section 37 certificates are in place for all amendments. Work is ongoing to discover whether the evidence exists. Until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits under IAS 19 or if it can be reliably estimated.

There remains uncertainty as the case may be subject to a further appeal or the Department for Work and Pensions could legislate to amend section 37 to allow retrospective actuarial confirmation. Developments are being monitored. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the value of retirement benefits in the financial statements.

In 2024/25 the pension liability has reduced by £1.182 million – the main contributor is the change in financial assumptions. The IAS19 discount rate is determined based on bond yields at 31 March 2025. Asset returns have been lower than the discount rate assumed at the previous accounting date.

Demographic assumptions have been updated. The assumed life expectancies for members have reduced slightly since last year and again will lead to a reduction in the pension liability.

Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year) (increase is a shorter lifespan)	(4,607)	4,420
Rate of increase in salaries (increase or decrease by 0.1%)	(173)	170
Rate of increase in pensions (increase or decrease by 0.1%) and deferred revaluation	(1,593)	1,556
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	1,678	(1,718)

The figures in brackets assume an increase in the obligation.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary for Teignbridge District Council to achieve a funding level of 100% over the period to 2037. Funding levels are monitored on an annual basis. The next triennial valuation will be set as at 31 March 2025.

The authority is anticipated to pay £4.413 million expected contributions to the scheme in 2025/26.

The scheme assets consist of the following categories, by proportion of the total assets held:

	31 March 2024 £'000	31 March 2024 %	31 March 2025 £'000	31 March 2025 %
Equities**	69,481	55	68,883	53
Gilts	0	0	0	0
Other Bonds	28,774	23	30,920	24
Property	9,725	8	10,863	8
Cash	2,850	2	3,375	3
Target Return Portfolio	2,991	2	3,075	2
Infrastructure	12,827	10	13,541	10
Other	(26)	0	5	0
Total	126,622	100	130,662	100

**At 31 March 2025 equities include £65.983 million of overseas equities.

Of the total fund asset at 31 March 2025, the following table identifies the split of those assets with a quoted market price and those that do not:

		31 March 2025	
		% Quoted	% Unquoted
Fixed interest government securities	UK	0	0
	Overseas	0	0
Corporate bonds	UK	7	0
	Overseas	0	0
Equities	UK	0	0
	Overseas	51	0
Property	All	0	8
Others	Absolute return portfolio	2	0
	Private Equity	0	2
	Infrastructure	0	10
	Private debt	0	4
	Multi sector credit	13	0
	Cash/Temporary investments	0	3
Net current assets	Debtors	0	0
	Creditors	0	0
Total		73	27

41. Contingent Liabilities

The transfer of the Authority's housing stock on 4 February 2004 resulted in a gross capital receipt of £13.1 million. Warranties for 25 years were given to Teign Housing on staffing, environmental and other issues (for example in relation to the existence of contaminated land, subsidence etc.). The purpose of these warranties is to safeguard the housing company if any of the main assumptions on which the transfer price was calculated turn out to be different in reality. The environmental liabilities are covered by an insurance policy but any other liabilities that do arise will be funded from the Authority's general reserves. Owing to the uncertainties surrounding any potential claim, it is not practicable to make an estimate of the total value of liabilities (if any).

Virgin Media judgement - In June 2023, the High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by actuarial confirmation certificates issued under section 37 of the Pension Schemes Act 1993. The Court of Appeal rejected an appeal of this decision in July 2024. The LGPS is affected by this ruling. The Government Actuary's Department has so far been unable to locate evidence that section 37 certificates are in place for all amendments. Work is ongoing to discover whether the evidence exists. Until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits under IAS 19 or if it can be reliably estimated.

There remains uncertainty as the case may be subject to a further appeal or the Department for Work and Pensions could legislate to amend section 37 to allow retrospective actuarial confirmation. Developments are being monitored. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the value of retirement benefits in the financial statements.

42. Nature and Extent of Risks Arising from Financial Instruments

The Authority'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 authority as a result of changes in such measures as interest rates and stock market movements.

The Authority'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 a central treasury team, under policies approved by the Authority in the annual treasury management strategy statement. There are treasury management practices that have been adopted in accordance with the policy statement to ensure risk is managed and covers areas, such as interest rate risk, credit risk, and the investment of surplus cash.

a) Credit risk

The following summary identifies the arrangements in place for managing credit risk in relation to financial assets and for estimating the impairment loss allowances that would reflect the Council's exposure to this risk:

<u>Asset type</u>	<u>Credit risk management practices</u>	<u>Estimation of impairment loss allowance</u>
Government bonds, deposits, loans to other local authorities	Investments guaranteed by statute – no credit risk	No allowance required
Deposits with banks & building societies (& financial institutions)	Deposits are restricted by the Council's treasury management strategy to institutions with minimum acceptable credit ratings. All deposits held at 31 March 2025 therefore have low credit risk. Deposits are not made with banks and financial institutions unless they are rated independently. We invest in the top banks and building societies. We require the institution's lowest credit rating to be, at a minimum in the middle adequate range according to the Audit Commission report 'Risk and Return'. The Authority has a policy of not lending more than £3 million of its surplus	12 month expected credit losses have been assessed based upon risk factors which consider the credit rating and financial standing of the institution. The highest credit ratings for the deposits that the Authority has made mean that any allowance for expected credit losses would be insignificant.

<u>Asset type</u>	<u>Credit risk management practices</u>	<u>Estimation of impairment loss allowance</u>
	balances to one institution with the exception of the Government (via Treasury Bills, other local authorities and the Debt Management office which is unlimited).	
Other loans to businesses and voluntary organisations	Loans are subject to internal credit rating by reference to audited accounts etc. A significant increase in credit risk since initial recognition arises when a loan's categorisation changes adversely. Loans are credit impaired where financial difficulties are identified or where the borrower breaches contracted terms of the loan. Balances are not written off until there is no realistic prospect of recovery.	Expected credit losses are calculated using historical data for defaults and risks specific to the borrower identified in the internal assessment process. No allowance required
Other debtors	Debtors are not subject to internal credit ratings and have been grouped for the purposes of calculating expected credit losses based upon time overdue. An element of balances are written off when they are more than 12 months past due plus specific provision for those greater than 12 months. Balances are written off but enforcement activity continues until there is no realistic prospect of recovery.	Expected credit losses are calculated using provision matrices based upon historical data and grouping of debtor ages and some specific debtors based upon financial data e.g. accounts etc. Between 1 April 2024 and 31 March 2025 the loss allowance decreased from £1.007 million to £1.328 million as a result of a change in the volume of debtors and to provide for potential write offs and economic conditions. 'Other debtors' include trade debtors and housing benefit overpayments etc.

Changes in Expected Credit Losses

The following movements in the impairment loss allowances for financial assets took place in 2024/25.

	Allowance at 1 April 2024	Increase / (decrease) in provision	Allowance at 31 March 2025
	£'000	£'000	£'000
Deposits with banks and building societies			
12-month credit losses	0	0	0
Other loans to businesses and voluntary organisations			
12-month credit losses	0	0	0
Lifetime credit losses	0	0	0
Credit-impaired assets	0	0	0
Other debtors			
Grouped assets	1,007	321	1,328
Total loss allowances	1,007	321	1,328

The total amount of undiscounted expected credit losses at recognition on financial assets initially recognised during 2024/25 was £0.

Exposure to Credit Risk

		Gross Carrying Amount
		£'000
Other debtors		
Grouped assets	Not subject to credit rating *	6,053
Total amount exposed to credit risk		6,053

*Other sundry debtors have an impairment provision based upon historical experience, age of debt, economic conditions and arrangements for repayment.

As detailed above, all deposits are low risk (see table above). Loans to businesses and other organisations are not material. Credit risk is not measured for individual debtors.

Loss allowances for council tax are £0.244 million at 31 March 2025 and £0.173 million for non domestic rates. These are calculated based upon historic default patterns and economic conditions prevailing at the time.

During 2024/25 the Council wrote off financial assets with a contractual amount outstanding of £0.017 million (£0.076 million in 2023/24) that are still subject to enforcement activity.

b) Liquidity risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and 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 will be bound to borrow at a time of unfavourable interest rates. There are no risks at present as we have no long term borrowing but any future plans will incorporate a sensible maturity structure for such loans.

The maturity analysis of financial liabilities is as follows:

	31 March 2024 £'000	31 March 2025 £'000
Less than one year	(7,358)	(9,001)
Between one and two years	0	(1,746)
Between two and five years	0	(5,339)
More than five years	0	(2,294)
	<hr/>	<hr/>
	(7,358)	(18,380)

All trade and other payables are due to be paid in less than one year.

c) Market risk

i) Interest rate risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise (at present we have no borrowings at variable rates)
- borrowings at fixed rates – the fair value of the liabilities/ borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise (at present we have no investments at variable rates)
- 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 Surplus or Deficit on the Provision of Services or

Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 10% (no more than 10% for 2025/26) of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable investments	(72)
Impact on Surplus or Deficit on the Provision of Services	(72)
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure)	0

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

ii) Price risk

The Authority does not invest in equity shares and consequently is not exposed to losses arising from movements in the prices of shares.

iii) Foreign exchange risk

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

43. Other Long Term Liabilities

These relate to the pension liability, the long term element of the Collection Fund balance for council tax and income received in advance relating to two operating leases.

The breakdown is as follows:-

31 March 2024 £'000	31 March 2025 £'000
(229) Operating leases - income in advance	(228)
(3,301) Collection Fund balance – council tax/NNDR	(2,289)
(835) CIL creditors	(327)
0 Right of use lease liability	(9,379)
(18,529) Pension Liability	(17,347)
(22,894)	(29,570)

44. Trust Funds

The Authority is also sole trustee for Hamlyn Playing Fields, Buckfastleigh and King George V Playing Field, Shaldon. Income and expenditure for these is not material. The assets are not included in the balance sheet of the Authority.

45. Heritage Assets

There are a small number of heritage assets held by the authority, principally covering miscellaneous works of art and civic regalia. They are valued periodically for insurance purposes and the insurance value is used as the valuation for accounting purposes. The items held are all valued at less than the £20,000 capitalisation limit and are not recorded on the balance sheet – a register is held and updated by the insurance officer.

46. Agency Services

- (a) The Authority collects land charge search fees on behalf of Devon County Council. These fees are reimbursed to the County Council on a periodic basis. The amount collected was £27,364 for 2024/25 (£29,944 in 2023/24).
- (b) The Authority acts as agent for Devon County Council, Devon and Cornwall Police Authority and Devon & Somerset Fire & Rescue Authority in the collection of council tax and for Central Government, Devon County Council and Devon & Somerset Fire & Rescue Authority for the collection of Non Domestic Business Rates. Details can be found in the Collection Fund on pages 117 and 118.
- (c) The Authority carries out payroll services for various organisations for which it received total fee income of £4,660 in 2024/25 (£6,497 in 2023/24).
- (d) The Authority acted as agent for Central Government to administer grants. In 2024/25 the agency work was Ukrainian refugee support - £0.234 million being paid out. In 2023/24 the agency work totalled £0.558 million of which £0.333 million related to the Ukrainian refugee support scheme and £0.167 million in relation to energy support. £0.058 million related to other schemes.

47. Joint Operations

Teignbridge District Council, Exeter City Council and East Devon District Council each have interests in a joint operation called State Service Solutions Ltd, a registered company

(company number 09041662) whose registered office is Civic Centre, Paris Street, Exeter, Devon, EX1 1JN. The Company commenced trading on 1 November 2014.

The business of the Company is the operation and provision of a shared information communications technology service to each of the Councils including;

- A source of expertise regarding information technology
- A resilient and reliable ICT infrastructure
- A service desk that maintains and supports devices, operating systems and core applications
- Information security and information management services
- Developing and implementing business systems to meet Council business objectives
- A Street Name and Numbering function

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 are:

Adjustment to Comprehensive Income & Expenditure Statement (CIES)

	2023/24 £'000's	2024/25 £'000's
Fees	(2,414)	(2,552)
Cost of Sales	1,050	1,121
Admin Expenses	1,551	1,613
Transfer of pension scheme liability	0	0
Cost of Services`	187	182
(Gain) / loss on disposal of assets	0	0
Net interest on the net defined benefit liability	11	(1)
Interest receivable	(23)	(19)
(Surplus) or Deficit on Provision of Services	175	162
Remeasurement of the net defined benefit liability	(123)	14
Total CIES	52	176

Adjustments to Balance Sheet (cumulative for 2023/24 column)

Property, Plant & Equipment	135	29
Intangible assets	358	(1)
Investment in Strata removed upon consolidation and replaced with proportional share of assets and liabilities	(2,835)	(169)
Total Long Term Assets	(2,342)	(141)
Inventories	8	0

	2023/24	2024/25
Short Term Debtors	1,104	133
Cash & Cash Equivalents	275	(54)
Total Current Assets	<u>1,387</u>	<u>79</u>
Short Term Creditors	(541)	(99)
Grants Receipts in Advance – Capital	(221)	(14)
Total Current Liabilities	<u>(762)</u>	<u>(113)</u>
Pension Scheme Liability	(52)	(1)
Total Long Term Liabilities	<u>(52)</u>	<u>(1)</u>
Net Assets	(1,769)	(176)
Financed by:		
Usable reserves	191	(8)
Unusable reserves	(1,960)	(168)
Total Reserves	<u>(1,769)</u>	<u>(176)</u>

SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate account. 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 business rates.

	2023/24 Business Rates	2023/24 Council Tax	2024/25 Business Rates	2024/25 Council Tax
INCOME	£'000	£'000	£'000	£'000
Income from Council Tax		(116,237)		(123,798)
Business Rates Receivable	(26,564)		(29,806)	
(Plus): Transitional Protection/S13A Relief	(3,455)	(267)	(1,348)	(4)
	(30,019)	(116,504)	(31,154)	(123,802)
EXPENDITURE				
Precepts, Demands & Shares:				
Central Government	16,079		15,784	
Devon County Council	2,894	82,058	2,841	87,395
Devon & Cornwall Police Authority		13,134		13,983
Devon & Somerset Fire & Rescue Authority	322	4,860	316	5,078
Teignbridge District Council (net including Towns / Parishes)	12,863	14,403	12,627	15,529
Rates write offs and change in impairment allowance	(75)		93	
Council Tax written off and change in impairment allowance		322		(21)
Rates increase/(reduction) in provision for appeals	116		(248)	
Transitional Protection	245		355	
Renewable Energy disregard	78		94	
Business Rates – Cost of collection	198		199	
	32,720	114,777	32,061	121,964
Movements on the Collection Fund :				
DEFICIT / (SURPLUS) FOR THE YEAR	2,701	(1,727)	907	(1,838)
DEFICIT / (SURPLUS) BROUGHT FORWARD	416	(4,056)	1,005	(3,783)
ACCUMULATED DEFICIT / (SURPLUS)	3,117	(5,783)	1,912	(5,621)
(see note 4 to the Collection Fund)				

NOTES TO THE COLLECTION FUND

1. The accounting arrangements for the Collection Fund are as follows:

- Under business rates retention as a billing authority we act as an agent, collecting business rates on behalf of the major preceptors and central government. Teignbridge received 40% of the estimated income as a payment of £12.627 million (2023/24 £12.863 million) from the rates collection fund. The authority had to pay a tariff to government of £10.388 million (2023/24 £10.078 million) and a levy of £1.260 million (2023/24 £1.184 million). However, as we are part of the Devon pool some of this was returned to us as a pooling gain of £0.418 million (2023/24 £0.388 million).
- The surplus or deficit on collection funds at the end of the year is required to be distributed to or made good by contributions from the Authority and major preceptors/ shares in a subsequent financial year. A £3.0 million surplus (2023/24 £2.0 million surplus) has been declared by Teignbridge as the council tax estimate in 2024/25. A £1.329 million (2023/24 £2.112 million) deficit was anticipated for non-domestic rates for 2024/25 however an actual deficit balance has arisen of £1.912 million (2023/24 £3.117 million).

2. Business Rates

The total business rateable value as at 31 March 2025 was £95.739 million (31 March 2024 £95.417 million) with a multiplier of 54.6 pence (51.2 pence 2023/24) in the pound and 49.9 pence (49.9 pence 2023/24) in the pound for properties where the rateable value is less than £51,000 (£51,000 2023/24).

3. Council Tax

Council Tax (CT) income derives from charges raised according to the value of residential properties which have been classified into 8 valuation bands. The income required to be taken from the collection fund is divided by the CT Base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts) to get individual charges. The relevant amount for 2024/25 was 52,032 (2023/24 51,292) adjusted for a collection rate of 97.9% (2023/24 97.9%) to give Teignbridge's Tax Base of 50,939 (2023/24 50,215) Band D equivalents. The average Band D charge for the Teignbridge CT, excluding Parishes, was £196.41 (2023/24 £190.71).

4. Collection Fund Balance

The deficit / (surplus) balance on the fund is split between the preceptors as follows:

	2023/24		2024/25	
	Business Rates £'000	Council Tax £'000	Business Rates £'000	Council Tax £'000
Central Government	1,559		956	
Devon County Council	281	(4,144)	172	(4,027)
Devon & Cornwall Police Authority		(663)		(645)
Devon & Somerset Fire and Rescue Authority	31	(243)	19	(234)
In short / long term debtors / short term creditors / long term liabilities	1,871	(5,050)	1,147	(4,906)
Balance of Fund to Teignbridge District Council (in Collection Fund Adjustment Account)	1,246	(733)	765	(715)
	3,117	(5,783)	1,912	(5,621)

GLOSSARY OF FINANCIAL TERMS

ACCRUALS	A sum included in the account to cover income or expenditure attributable to an accounting period for goods received or works done, but for which payment has not been received/made by the end date of the period for which the accounts have been prepared.
ACTUARIAL GAINS & LOSSES	These are changes in actuarial deficits or surpluses that arise because either actual experience or events have not been exactly the same as the assumptions adopted at the previous valuation (experience gains and losses) or the actuarial assumptions have changed.
BALANCES	The surplus or deficit on any account at the end of the year. Amounts in excess of that required for day to day working may be used to reduce the demand on the Collection Fund or Rents.
CAPITAL EXPENDITURE	Expenditure on the acquisition of property, plant equipment or intangible assets or expenditure which adds to and not merely maintains the value of such an asset.
CAPITAL FINANCING COSTS	Annual charges related to borrowing including interest, minimum revenue provision and repayments of principal on debt outstanding.
CAPITAL RECEIPTS	Income received from sale of assets which is available to finance other capital expenditure or to repay debt on assets financed from loan.
CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)	The governing body responsible for issuing the statement of recommended practice to prepare the accounts.
COLLECTION FUND	A separate fund which must be maintained by a district for the proper administration of Council Tax and Non Domestic Rates.
CURRENT SERVICE COST	Amount chargeable to Services based on the Actuary's assessment of pension liabilities arising and chargeable to the financial year.
CURTAILMENTS	This is the amount the Actuary estimates as the cost to the authority of events that reduce future contributions to the scheme, such as granting early retirement.
DEBT	Amounts borrowed to finance Capital Expenditure which are still to be repaid.

DEFINED BENEFIT SCHEME	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
DEMAND	The charging authorities own Demand is, in effect, its precept on the fund.
FEES & CHARGES	In addition to the income from charge payers and the Governments, Local Authorities charge for services, including Planning Consents, Hire of Sporting Facilities, Car Parking etc.
FIFO	A method of valuing inventory (First In First Out) where stocks issued are assumed to be issued from the oldest available stocks.
FINANCIAL INSTRUMENTS	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
GOVERNMENT GRANTS	Payments by Central Government towards the cost of Local Authority services, including both Revenue and Capital.
IMPAIRMENT ALLOWANCE	A sum provided against income due to prudently allow for non collectable accounts.
INTEREST COST	For the pension fund this represents the discount rate at the start of the accounting period applied to the liabilities during the year based on the assumptions at the start of the accounting period.
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) & THE CODE OF PRACTICE (CODE)	Formal financial reporting standards adopted by the accounting profession and to be applied when dealing with specific topics within its accounting Code. The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.
LOCAL AUTHORITY (SCOTLAND) ACCOUNTS ADVISORY COMMITTEE (LASAAC)	Formed a joint committee with CIPFA to produce the Code of Practice on Local Authority Accounting in the United Kingdom (referred to as the 'Code').
LOCAL DEVELOPMENT FRAMEWORK (LDF)	A plan which includes documents that establish the local policy towards the use of land and the vision for involving communities in the plan making process.

MINIMUM REVENUE PROVISION (MRP)	A 'prudent' annual provision from revenue in respect of capital expenditure financed by borrowing or credit arrangements.
PAST SERVICE COST	These will typically be additional benefits awarded on early retirement. This includes added years or augmentation and unreduced pension benefits awarded before eligible retirement age in the pension scheme.
PRECEPT	The levy made by precepting authorities including the County Council and Parish Councils, on the District Council requiring it to collect the required income from council taxpayers on their behalf.
PROJECTED UNIT METHOD	An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to: <ol style="list-style-type: none">the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, andthe accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.
PUBLIC WORKS LOAN BOARD (PWLB)	A Government Agency which provides longer term loans to Local Authorities at interest rates slightly higher than those at which the Government itself can borrow.
RATEABLE VALUE	A value placed on all properties subject to Rating. The value is based on a national rent that property could be expected to yield after deducting the cost of repairs.
REVENUE EXPENDITURE	Recurring items of day to day expenditure consisting principally of Salaries and Wages, Debt Charges and general running expenses etc.
SANGS	Suitable Alternative Natural Green Space. Accessible alternative green provision to migrate where development is close to a protected site.
SETTLEMENTS	A settlement will generally occur where there is a bulk transfer out of the Pension Fund or from the employer's share of the Fund to a new contractor's share of the Fund as a result of an outsourcing. It reflects the difference between the IAS 19 liability transferred and the assets transferred to settle the liability.

SHORT TERM LOAN	Borrowing from outside the authority that may be recalled within the year.
STRAIN ON FUND CONTRIBUTIONS	Additional employers pension contributions as a result of an employee's early retirement.
SUNDRY CREDITORS	Amounts owed by the Council at 31 March.
SUNDRY DEBTORS	Amounts owed to the Council at 31 March.
TEMPORARY BORROWING	Borrowing for revenue purposes for a period of less than one year.
VESTED RIGHTS	<p>In relation to a defined benefit scheme, these are:</p> <ul style="list-style-type: none">a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;b) for deferred pensioners, their preserved benefits;c) for pensioners, pensions to which they are entitled. <p>Vested rights include where appropriate the related benefits for spouses or other dependants.</p>
VIREMENT	The authorised transfer of an under spending in one budget head to another head.

Part 3

Supplementary Information

Annual Governance Statement 2024-2025

Introduction

Teignbridge District Council must ensure its business is conducted in line with the law and proper standards, and use public money economically, efficiently and effectively. It is the Council's duty to put in place arrangements for the governance of its affairs, and effective delivery of services.

To achieve good governance, we have systems for managing and overseeing what we do. These arrangements are intended to ensure that we deliver intended outcomes while acting in the public interest at all times.

We have measured ourselves against the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework for Delivering Good Governance in Local Government. The following statement explains how Teignbridge District Council has complied with the principles and also meets the requirements of the Accounts and Audit Regulations (England) 2015 in relation to the publication of an Annual Governance Statement.

The Guiding Principles



The governance framework

The governance framework comprises the systems, processes, culture and values which direct and control our daily business, and includes the methods we use to engage, lead and account

to the community. It enables us to monitor how we are doing and to consider whether our plans have helped us deliver appropriate services that are value for money.

The 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 risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable but not absolute protection. The management of risk is an ongoing process designed to identify, prioritise and manage risks to the achievement of the Council's aims and objectives, and maximise opportunities.

The governance framework has been in place at Teignbridge District Council for the year ended 31 March 2025 and up to the date we approved the statement of accounts.

The Governance Framework and how we comply:

Principle 1: Behaving with integrity, demonstrating strong commitment to ethical values, and being lawful

- The Council's Constitution, Councillor and Officer Codes of Conduct, and Vision and Values statement set out required standards of members and officers.
- An updated Member and Officer protocol, which clarifies roles and responsibilities, was approved by Council in July 2024.
- The Constitution is reviewed on an ongoing basis to ensure it is fit for purpose. Fundamental changes have been made to Part 4 covering meeting and procedure rules, which were as a result of work undertaken by a cross-party working group led by the Centre for Governance and Scrutiny (CfGS).
- The CfGS have also been assisting the Council with exploring ways to better support good governance.
- A Procedures Committee oversees operation of the Constitution including review of proposed amendments. However, a review of this is planned in 2025 together with the Audit Scrutiny and Standards Committees, all of which have governance oversight roles.
- Registers of Interests are maintained to avoid conflicts, prejudice or bias.
- The designated statutory Head of Paid Service, Financial Officer and the Monitoring Officer are responsible for ensuring business is conducted lawfully.
- Internal and external audit scrutinise Council activities and report on the extent to which laws, policies and procedures are complied with. Audit Scrutiny and Standards Committees, and the Monitoring Officer also oversee this.
- Anti-Fraud and Corruption and Whistleblowing policies are in place.
- Council services are led by trained and professionally qualified staff.
- Comments and complaints processes are in place and are publicised, including how to complain to the Ombudsman.
- Our commitment to equality and inclusion is incorporated in the work we do, and we publish our adherence to the Equality Act duties annually.

Principle 2: Ensuring openness and comprehensive stakeholder engagement

- We encourage all members of the community to contribute to and participate in the work of the Council. Our Consultation Toolkit sets out the principles of stakeholder engagement.
- Our Modern 25 transformation programme involved focus groups to help us understand and improve customers' experiences when redesigning services.

- Members of the public have access to Council meetings, minutes and agendas, and most meetings are available to the public through Webcasting, which provides transparency in decision making.
- Key decisions are published on-line and are subject to a “call in” process which enables non-Executive members to raise any concerns they may have.
- Our weekly Residents’ Newsletter, websites and social media channels are used to communicate Council activity and other matters of interest.
- Plain English principles are used in publications and digital content meets the required Government Digital Services accessibility standards.
- We have an annual workforce (people) survey for our employees, the results of which are shared with the Senior Leadership Team, our recognised trade unions, and the workforce. We also use this to benchmark ourselves with other public sector organisations.
- We have developed a Digital Strategy to guide the way services will be delivered with a digital first approach.
- A Statement of Community Involvement sets out participation and engagement processes for planning policy. We engage and consult our communities on-line and in person, and the Council is a frontrunner in trialling artificial intelligence and modern methods of engagement in order to gather public views on proposals.
- Our Local Development Scheme is kept up to date and on our website, setting out clear timescales for the various stages of the Local Plan, from inception to adoption. The Local Plan was submitted to the Secretary of State and is being examined by independent inspectors who conducted public hearings in 2024. We are now working towards adoption in 2025.

Principle 3: Defining outcomes in terms of sustainable economic, social and environmental benefits

- Our Council Strategy was formally adopted at Full Council in January 2025 following a series of community and stakeholder engagement events. Through this work, we have established an evidence base identifying community priorities and a framework setting out how we will engage with communities to deliver objectives covering five themes: Community, Economy, Environment, Homes, and Infrastructure. Through this overarching strategy, we will work to consider the environment in everything that we do and encourage others to do the same.
- The Council has declared a Climate Emergency and is a signatory and active member of the Devon Climate Emergency group; through this group and our endorsement of the Devon Carbon Plan, we have committed to a common goal of achieving net-zero emissions across Devon as soon as possible and by 2050 at the very latest.
- We have already made significant progress contributing to actions within the Devon Carbon Plan; this includes the establishment of new climate change policies within our emerging Local Plan promoting sustainable development, delivering active travel infrastructure under our Local Walking and Cycling Infrastructure Plan, and working through our Housing and Economy teams to support homes and businesses in benefiting from low carbon technology.
- Work is underway to transpose the Devon Carbon Plan into a specific plan for Teignbridge to form our District Carbon Action Plan. This plan will form part of the Environment theme of the Council Strategy and establish what actions we can influence as a local authority, and what the council can do to support communities in pursuit of our net-zero objective whilst reflecting local need.

- Through our in-house Carbon Action Plan, we have progressed a series of high-impact projects working to reduce our own carbon footprint and show leadership as we pursue efforts to achieve our net-zero objective. This includes a pipeline of policies and targets within our Part 1 Carbon Action Plan, including heat decarbonisation projects covering four of our top five most carbon-intensive buildings and the electrification of our vehicle fleet.
- Our Local Plan team have undertaken significant work to prepare our 2020 – 2040 Local Plan. This contains a dedicated chapter for Climate Change and details policies supporting sustainable development, site allocations for renewable energy, policies supporting battery energy storage, and policies setting standards for electric vehicle charging infrastructure, amongst further sustainability policies for specific site allocations.
- The Local Plan also amalgamates objectives relating to the national Garden Community programme. It sets out policies to deliver the Newton Abbot and Kingsteignton Garden Communities Project, which features climate change adaptation and mitigation as principal levers for change, as well as wider social, economic and environmental objectives relating to the Garden Community, such as green infrastructure delivery and our Local Walking and Cycling Infrastructure Plan (LCWIP).
- Budgets, the financial plan, and the capital programme direct financial resources to priorities.
- A Task and Finish Group set up by the Overview and Scrutiny Committee has been undertaking a review of the Medium Term Financial Plan with a view to identifying savings.
- We have reviewed our Procurement Strategy in conjunction with other Devon Districts which defines our commitment to support local economies. The updated Strategy is due to be approved September 2025. Sustainable Procurement policy sets out our approach to purchasing sustainably and with social value.
- Teignbridge's Economic Development Plan and associated Jobs Plan aids local businesses and the local economy.
- We have been awarded £424,964 under the UK Shared Prosperity fund for 2025/26 along with £195,000 Rural England Prosperity Fund (2025/26) and are running projects that have been approved at full Council.
- Our successful Future High Street Fund award is anticipated to bring benefits to Newton Abbot in 2025/26 from enhancements to Queen Street and the Market area. Queen Street works are now complete with the refurbished Market Hall / Square due for completion in Spring 2026.
- A number of small grants and funding schemes are provided, which benefit local communities.
- We are working jointly with our neighbouring authorities Exeter City Council, Mid Devon and East Devon District Councils, and Devon County Council, to achieve joined-up decision making on cross border planning and infrastructure matters. A non-statutory Joint Strategy (called "Our Shared Coordinates") has been adopted which sets out the shared challenges, future vision and shared objectives for the sub-region.

Principle 4: Determining the interventions necessary to achieve intended outcomes

- Performance measures track progress with delivery of our Strategy. These will be refreshed in October 2025 following finalisation of an action plan for recently updated Strategy.
- A Medium Term Financial Plan outlines how we intend to raise and manage the resources needed to deliver our services and priorities over the medium term. This is constantly under review to address the ongoing financial challenges we face. A member led Task and Finish Group also helps this.
- Executive Key decisions are publicised in advance so they can be scrutinised in line with decision making and Overview and Scrutiny arrangements.
- Overview and Scrutiny review groups are appointed to look at Council policy, services, and particular issues of local concern.
- Our Modern 25 transformation programme has been developed to modernise the way we work, looking at processes, structure and outcomes for customers. Working with consultants, Ignite, we have undertaken strategic alignment review and developed a new target operating model which is in the process of implementation.
- A digital transformation programme, digital strategy, and our annual business planning exercises, also drive service improvement and performance.
- A Partnership Toolkit aids collaborative working and strong partnership governance.

Principle 5: Developing capacity including the capability of leadership and the individuals within it

- We have a clear People and Culture Strategy which has three key themes:
 - Recruiting, Retaining and Rewarding
 - Developing Potential
 - Healthy, Well and Engaged
- Managers have clear recruitment guidance via a corporate SharePoint hub and timely HR advice.
- New employees now have both a local and corporate induction programme.
- Mandatory training on key areas such as Data Protection, Cyber Security, Safeguarding, sexual harassment and working safely are covered.
- Training and development needs are identified pre-induction, during probation, in regular 1:1s, through surveys and annual personal development meetings.
- Managers and Heads of Service are supported by experienced Human Resources, Organisational Development, and change professionals.
- Ongoing member development needs are co-ordinated by the Democratic Services Team Leader with oversight from the Procedures Committee. Our Member Development Strategy and training programme are being refreshed.
- There are significant wellbeing policies and support including an Employee Assistance Programme, a new Occupational Health service provider and a wellbeing workgroup.
- We have been awarded Disability Confident Employer status, Mindful Employer status, and Investors in People accreditation.

Principle 6: Managing risks and performance through robust internal control and strong public financial management

- Our Risk Management Strategy outlines our approach to managing risk and risk management reports are reviewed by the Strategic Leadership Team (via its newly formed Corporate Governance Group) and the Audit Scrutiny Committee.
- The Risk Management Strategy requires risks to be managed at all levels including service, strategic, and project levels, and risk must be identified and considered in all decision making. Risks have been kept under review to ensure appropriate

mitigations are in place. A strategic risk workshop for Heads of Service is planned for September 2025.

- Performance against the Council Strategy is monitored through annual business plans with performance monitoring reports to the SLT and Overview and Scrutiny Committees.
- Service managers use automated performance reporting through the Power BI reporting tool, which produces a suite of dashboards linked to a data warehouse. This is supplemented by reporting from service specific systems.
- Data from consultants Ignite, CIPFA, and LGA inform is used to benchmark cost and productivity across services.
- A programme of service reviews help ensure value for money in services is scrutinised, for efficient service delivery.
- Our Head of Corporate Services is the designated officer responsible for the proper administration of the Council's financial affairs and advises the Council on financial matters.
- Managers are responsible for ensuring internal control systems are in place, and a programme of internal auditing reviews the effectiveness of these.
- Internal financial control is based on a framework of Financial Instructions, Contract Procedure Rules, system and administrative procedures, and a scheme of delegation and accountability.
- A Medium Term Financial Plan is in place and updated regularly with Revenue and Capital budget planning based on corporate priorities undertaken by Managers, and approved by full Council.
- Revenue and Capital budget monitoring reports are produced and scrutinised on a regular basis.

Principle 7: Being transparent, with good practices in reporting and audit, to deliver effective accountability

- Agendas, reports, and minutes of Council meetings are published, along with a forward plan of Key Decisions, and meetings are accessible with live stream and recordings on our website where appropriate.
- An internal audit function undertakes an annual programme of audits and reports to both the SLT and Audit Scrutiny Committee who also receive and consider the external auditors' findings.
- The Audit Scrutiny Committee are appointing an independent member in Summer 2025 to strengthen independence.
- The 2023-2024 draft financial accounts were published in June 2024 and external audit of the 2023-2024 accounts commenced in October 2024. The final external audit report which included statutory and key recommendations was considered by the Audit Scrutiny Committee and Council February 2025. The current year's accounts publication and audit are in progress.
- Key data is published including Council spending and senior officer pay.
- Freedom of Information, Data Subject Access, and other information requests are dealt with fully and promptly with above average performance in processing times.

How do we know our arrangements are working?

At least annually, we review the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance systems; the Audit Manager's annual report; and by comments made by

external auditors, and other review agencies and inspectorates. Further assurance is provided by:

- Assurance statements completed by the Council's management team, which cover their areas of control, acknowledge accountability for risk management and internal control, and certify their satisfaction with the arrangements in place throughout the year.
- Key officers' views on the standards of governance within the Council – specifically the Section 151 Officer (responsible for the Council's financial affairs), the Monitoring Officer, and the Audit Manager. The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. The Monitoring Officer also reviews the operation of the Constitution, to ensure it is up to date, and reflects best practice and legal requirements.
- The Standards Committee is available to support the Monitoring Officer on standards of conduct and probity issues. The Standards Committee is currently reviewing Code of Conduct and Member Complaints Procedures with the Monitoring Officer.
- The Overview and Scrutiny process has monitored the Council's policies and performance on an ongoing basis. Executive Members have also kept issues under review during meetings with managers.
- ⊖ The Audit Scrutiny Committee received risk monitoring reports during the year highlighting risks and their mitigations.
- Counter fraud arrangements have been kept under review through a Fraud Risk Assessment and fraud controls are evaluated during internal audit work.
- The Council's external auditor reviews the Council's financial statements and arrangements for value for money. Plans are in place the external auditor's statutory and key recommendations from their Annual Report for the year ended 31 March 2024.
- As a significant group relationship, our IT provider Strata Service Solutions Limited is audited by the Devon Audit Partnership, as the provider of its internal audit services in 2024-2025. Strata's performance has also been monitored by the Council's IT Requirements Board, and by the Joint Executive and Scrutiny Committees.
- Strata has maintained compliance with the Government PSN (Public Services Network) Code of Connection, which is a mandatory set of security standards Councils must meet in order to connect to this secure network, which also provides wider assurance as the PSN controls cover the complete Council network. The Council, through Strata have also received a very positive assessment under the Cyber Assessment Framework for local government.
- Assurance has also been given in respect of cyber risk in deployment of the following: National Cyber Security Centre's (NCSC) 10 Steps to Cyber Security, the Open Web Application Security Project (OWASP) website principles use of NCSC WebCheck, MailCheck, Protective Domain Name System security, and the Early Warning Vulnerability Service.
- The 2024 elections were held in line with the performance standards set by the Electoral Commission.

- We have reviewed our delivery on equality and inclusion against the Equality Framework for Local Government and are working through an action plan to implement areas of improvement identified through the self-assessment.
- The Local Government Ombudsman assessed and closed 6 complaints and investigated 3 in 2024-2025. Of the three investigated, one was upheld. No recommendations were made.
- CIPFA guidance on the role of the Chief Financial Officer in public service organisations was used to benchmark the Council's arrangements, showing how these standards are met.
- Financial Management was assessed against CIPFA's Financial Management Code with positive findings, which helps ensure financial resilience.
- Based on the assurance work undertaken by internal audit, the Audit Manager has provided an opinion on the control environment which concluded that this was adequate and effective. It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute.
- Information Governance – the Council self-reported just one data breach to the Information Commissioner's Office and notified the affected data subjects. Although it was low risk and below the threshold for notifying, in the interests of transparency it was decided to inform people affected. Average processing time for Freedom of Information and Environmental Information Regulation requests is above average compared to other similar organisations.
- Corporate governance arrangements Council-wide have been assessed against the requirements of the governance framework outlined in the CIPFA / SOLACE Framework for Delivering Good Governance in Local Government.
- Reviews previously commissioned to examine specific areas include:
 - Centre for Governance and Scrutiny review: to help us improve our governance framework following concerns over member – officer relations. This informed a programme of work involving the Monitoring Officer and a cross-party working group. A further programme of work is planned 2025-2026 to progress this.
 - a review of the Council's Operating Model by consultants Ignite
 - an independent review of our Development Management service commissioned from the Planning Advisory Service
 - [Local Government Association – Corporate Peer Challenge](#): a team of expert peers comprising senior local government councillors and officers, reviewed how the council operates and made suggestions for improvement which are being addressed in an action plan developed with members and partners.
- Following a management restructure in 2024 we now have 12 Heads of Service in post who are working through local business plans as part of our Modern 25 transformation programme. Business Plans look at succession and removal of single points of expertise risk.
- A new Corporate Governance Group formed in April 2025 has received reports on audit, risk and governance issues.

Conclusion

Our governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Set out below, are the most significant challenges and actions we need to focus on during 2025-2026.

The Council will monitor the implementation and operation of the improvement actions as part of its annual review, to ensure governance is strengthened in the areas identified.

Issue	Planned Action
<u>Financial Sustainability</u>	<p>The risk of future financial sustainability remains due to high inflation having an impact on business cases, relatively high interest rates, and low growth. Ongoing uncertainty around future levels of government funding also cause concern.</p> <p>It is recognised that there is a significant deficit in our Medium Term Financial Plan. Consultants "Ignite" were appointed to assist us in developing a new operating model for the Council. This has now become the Council's Modern 25 Programme which aims to deliver a proportion of the required savings.</p> <p>We have also updated our Strategic Asset Management Plan, following officer and members workshops, which will provide direction and clarity in the way we manage our land and buildings.</p>
<u>Member and Officer roles and relationships</u>	<p>Good working relationships are crucial to good governance. The Council continued to experience challenges in this area during 2024/2025 resulting in <u>Statutory Recommendations</u> from external audit.</p> <p>The Centre for Governance and Scrutiny (CfGS) were previously commissioned to review officer/member roles and responsibilities, including consideration of values, behaviours, and ethical issues, and the constitutional provisions supporting these.</p> <p>Work is ongoing to implement the recommendations from all independent reviews, particularly in respect of the Statutory Recommendations. Key actions remaining to be addressed in 2025-26 include:</p> <ul style="list-style-type: none"> - Commissioning a suitably qualified expert to investigate the underlying causes of member behaviours. - Completing the Constitution Review. Workshops have

Issue	Planned Action
<p>The Peer Review completed in January 2024 had also made recommendations around enhancing communication and collaboration, strengthening trust and moral, and implementing methods for effective decision making. An action plan was subsequently agreed and submitted to full Council.</p>	<p>previously been held on various topics and feedback from these will be used to inform a revised Constitution combined with the Statutory Recommendations. This will include review of the terms of reference of the Audit Scrutiny Committee, in accordance with CIPFA guidance.</p>
<p>A new Member and Officer protocol was developed and agreed in July 2024, however the Constitution review remains a work in progress.</p>	<ul style="list-style-type: none"> - Continuing the enhanced member training programme. - The Council's Corporate Governance Group and the Audit Scrutiny Committee will continue to monitor the governance improvement action plans.
<h3><u>Planning Performance</u></h3>	
<p>Our Planning service was under threat of being placed in special measures by the Department for Homes, Communities and Local Government (DHLUC) in December 2023 due to poor performance processing non major planning applications. Our compliance rate was 68.53% against a government target of 70%.</p>	<p>Following improvements in the Development Management service and confirmation in October 2024 that the service was no longer under the threat of designation, we have continued to work through our submitted action plan to ensure sustainable changes continue to be embedded and we have continued to reduce our dependency on temporary resources with successful recruitment into planning officer positions and a new team manager in addition to a new Head of Service.</p>
	<p>We continue to streamline our processes. Performance reports are produced in real time and used to drive performance. Training has been increased, including a town and parish forum, and in summer we will be hosting our first developer forum to help build our relationships with developers in order to improve our housing delivery.</p>
	<p>Our next focus is on the pre-application part of the process to drive better quality developments through early, constructive dialogue. This will reduce pressures in the application</p>

Issue	Planned Action
	<p>process and provide greater confidence in the Council.</p> <p>Government changed the performance indicator from a two year rolling figure to a one year figure. We currently stand a 96% on time or within extension of time (EOT) for non-major applications against a target of 70%. We also continue to reduce our reliance on EOT agreements quarter on quarter with more being determined within the statutory 8 week target.</p>
<p><u>Cyber Security and Resilience , and use of Artificial Intelligence (AI)</u></p> <p>External cyber attack is an ever present threat and although we have mitigations in place to protect our infrastructure and systems, there is a continuing need to ensure we are in a state of preparedness.</p> <p>We are carefully exploring the use of certain AI technologies due to the potential benefits these may provide, whilst being mindful of the risks and challenges of doing so responsibly. All staff involved in AI trials have signed up to our AI policy setting out guidelines and their obligations to comply.</p>	<p>The Corporate Business Continuity Plan has been adopted by the Strategic Leadership Team (SLT).</p> <p>Service level plans have been produced by the 12 Heads of Service and have been reviewed by SLT.</p> <p>Heads of Service are currently enhancing cyber security content and a cyber security exercise is scheduled to test the adequacy of the corporate and service level plans. This will also include a test of the draft Strata disaster recovery and cyber incident response plans.</p>

Signed on behalf of Teignbridge District Council:

Managing Director

Leader of the Council

OTHER INFORMATION AND CONTACTS

1. Environmental Footprint/Climate Change

Teignbridge District Council declared a Climate Emergency in April 2019 and has pledged to do what is within its powers to become a net zero district. Working toward this aim, we have implemented our two-part Carbon Action Plan, which includes our In-House Carbon Action Plan and our District Carbon Action Plan.

Our In-house Carbon Action Plan, adopted by Full Council in July 2022, sets out a series of actions aimed at becoming a net zero authority. Under this plan, we have progressed four heat decarbonisation projects covering our most energy-intensive buildings, a first phase of fleet electrification, and a further energy efficiency project across our leisure sites. The heat decarbonisation projects include completed installations at Broadmeadow Sports Centre, Forde House, the Teignmouth Lido, and Newton Abbot Leisure Centre, where gas boilers have been replaced with air source heat pumps and supporting measures. These projects have contributed to a 90% reduction in natural gas demand across the buildings included in our Scope 1 carbon footprint, the equivalent of heating around 200 homes annually.

Our first phase of fleet electrification has delivered fuel savings equivalent to driving a hatchback around the world 17 times, while also providing the electrical infrastructure needed to electrify our entire fleet of vans and waste collection vehicles in the coming years. We have also completed a first phase of energy efficiency works at Dawlish Leisure Centre, including a new PV system and a highly efficient pool room ventilation system. Further work packages are planned at Newton Abbot Leisure Centre throughout the remainder of 2026 to continue our carbon descent toward net zero emissions.

Building on the momentum established through our In-house Carbon Action Plan, we have recently implemented our District Carbon Action Plan, which sets out the role we will play in embedding, enabling, and enacting measures to cut carbon emissions across the district. This includes actions we will deliver directly, as well as those realised through our influence on external partners. The actions in the plan reflect the Devon Carbon Plan, ideas and inspiration from staff across the organisation, insights from our residents' Making Changes Study focus groups, and one-to-one workshops with businesses and town and parish councils.

The plan will be delivered through the Environment Theme of our One Teignbridge Council Strategy, formally implemented in 2025, which features a priority action to achieve net-zero emissions by 2050 at the latest and within the shortest possible timescales.

Our emerging Local Plan (2020–2040), inspected in Autumn 2024, features a whole new chapter on climate change with policies covering home energy efficiency standards, renewable energy allocations, battery energy storage, electric vehicle charging infrastructure, and place-based approaches to sustainable transport. The emerging Local Plan incorporates the Newton Abbot Garden Communities Project and the priorities of our Local Cycling and Walking Infrastructure Plan, both of which reflect our ambition to create sustainable communities.

www.teignbridge.gov.uk/carbonfootprint

2. Building Regulations Control Account –Year Ended 31 March 2025

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the building control function. Building

Regulations Control Services operate as a separate trading unit and the Summary Accounts for the year are detailed in the Devon Building Control Partnership Accounts, which can be found at the following website:

[Browse meetings - Devon Building Control Partnership Committee - Teignbridge District Council](#)

3. Comments / Contacts

If you have any specific queries or comments in the context or format of these accounts please contact Gordon Bryant by email gordon.bryant@teignbridge.gov.uk

These Accounts can be found on our website at www.teignbridge.gov.uk . If you need a copy of these Accounts in another language or format please email info@teignbridge.gov.uk or call 01626 361101

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Please Ask For: Gordon Bryant

Tel: 01626 361101

Email: gordon.bryant@teignbridge.gov.uk

Grant Thornton UK LLP
2, Glass Wharf
Temple Quay
Bristol
BS2 0EL

Dear Grant Thornton UK LLP

9 February 2026

**Teignbridge District Council
Financial Statements for the year ended 31 March 2025**

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

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

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include land and buildings valuations, defined benefit pensions liabilities, accruals, fair value of financial instruments, allowance for bad debts, and depreciation. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the 31/03/2025. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. The prior period adjustments disclosed in note 5 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.

xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

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

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

xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.

xvi. Equal Pay - we have considered the impact of equal pay claims on our financial statements. We have no knowledge of any material events or circumstances that would require additional disclosures or adjustments to be made to our financial statements related to equal pay.

Information Provided

xvii. We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters, except for the information outlined in paragraph xxvi below;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.

xviii. We have communicated to you all deficiencies in internal control of which management is aware.

xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xx. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:

- a. management;
- b. employees who have significant roles in internal control; or

- c. others where the fraud could have a material effect on the financial statements.
- xxii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxiv. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
- xxvi. On 30 September 2024 Parliament approved the Accounts and Audit (Amendment) Regulations 2024. These regulations set a publication date for financial statements in respect of 2024-25 of 27 February 2026. The new National Audit Office Code of Audit Practice, which was published on 14 November 2024, also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'backstop date'. It has not been possible to provide you with all the information required for you to complete your audit for the year ending 31 March 2025 by the backstop date in relation to property, plant and equipment, creditors, grants received in advance, the Movements in Reserves Statement and capital expenditure and capital financing disclosure.

Annual Governance Statement

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

Narrative Report

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

Approval

The approval of this letter of representation was minuted by the Authority's Audit Committee at its meeting on 9th February 2026.

Yours faithfully

Gordon Bryant
Chief Finance Officer
9 February 2026

Councillor Sally Morgan

Chair of Audit

9 February 2026

Signed on behalf of the Council

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