

**Teignbridge District Council**  
**Audit**  
**2 September 2025**  
**Part i**

**2024/25 DRAFT FINAL ACCOUNTS & TREASURY MANAGEMENT**

**Purpose of Report**

To introduce Members to the draft final accounts for 2024/25. Update on the latest treasury management lending list and draft results for 2024/25.

**Recommendation(s)**

**The Audit Committee note:**

- (1) That the draft statement of accounts for 2024/25 have been published**
- (2) The current authorised lending list at appendix 1**
- (3) The draft treasury management results for 2024/25 at appendix 2**

**Financial Implications**

The financial implications are contained throughout the report. The main implication is that the accounts have been closed and general reserves are higher than the original budgeted level anticipated at 31 March 2025 – being £2.5 million rather than £2.4 million. See section 3.

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**Legal Implications**

See section 7 – the Accounts and Audit Regulations 2015 set out the requirements for the production and publication and audit of the annual statement of accounts.

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**Risk Assessment**

Major risks are summarised in section 6. 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.

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## **Environmental/ Climate Change Implications**

The revenue budget supports the funding of a Climate Change Officer and associated budget – see section 9.

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## **Report Author**

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## **Executive Member**

Councillor John Parrott – Executive Member for Corporate Resources

## **Appendices/Background Papers**

Appendix 1 – Treasury management lending list  
Appendix 2 – Draft Treasury management results 2024/25

### **1. PURPOSE**

- To introduce Members to the draft statement of accounts for 2024/25
- To report the latest treasury management lending list as shown in Appendix 1
- To report on the draft financial results of the treasury management function for the year ended 31 March 2025 as shown in Appendix 2

### **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** The audit of the statement of accounts for 2023/24 was not fully completed so we received an audit opinion on those accounts to reflect that position and to reflect the disagreement in relation to a transaction in the accounts from 2021/22 in relation to SANGS. We have been working with Grant Thornton to establish a resolution to the difference of opinion and have found some guidance from CIPFA which we believe facilitates the changes we have now made in the 2024/25 accounts. These proposed changes have been communicated to Grant Thornton and they have advised that they will commence their audit of the 2024/25 accounts in the Autumn.
- 2.3** The availability of the accounts and records for inspection by interested persons has been advertised on the website [www.teignbridge.gov.uk/statementofaccounts](http://www.teignbridge.gov.uk/statementofaccounts) see Draft Statement of Accounts 2024/25. This also advises that the external auditor will be accessible to receive in writing any objections to the accounts from 7 July 2025 to 15 August 2025.
- 2.4** An updated treasury management statement and authorised lending list was approved at the 2025 February budget meeting. This was based on the latest edition of the treasury management code published by the Chartered Institute of Public Finance & Accountancy (CIPFA). The statement is detailed in section 4 below and is shown for information at Appendix 1.

### **3 DRAFT STATEMENT OF ACCOUNTS 2024/25**

- 3.1** The draft statement of accounts has been certified by Martin Flitcroft as the responsible finance officer and is available on the website. [www.teignbridge.gov.uk/statementofaccounts](http://www.teignbridge.gov.uk/statementofaccounts) see public inspection notice Audit of Accounts 31 March 2025 in the downloads section. The final version will be brought to the next appropriate meeting of Audit Committee Members with further explanation for consideration and recommendation to Council once we know that the audit has been completed.
- 3.2** A brief explanation and overview of the figures is given in the narrative statement on pages 8 to 21. Capital expenditure and details of property, plant and equipment are given in the balance sheet on page 33 and relevant notes 14 to 16 and 23 from page 67. Reserves are shown on the balance sheet and analysed on page 33. The draft closing general reserves at 31 March 2025 of £2.500 million are an improvement on the original budget of £100,000 but in line with the February 2025 probable budget proposals to increase general reserves to £2.5 million.
- 3.3** An analysis of the variations to **original budget** is contained within the narrative statement. These have arisen mainly because of the increase in income from leisure memberships and other leisure income, however others have reduced e.g. planning application fees. Interest received on

investment income was significantly higher due to the increased interest rates. Savings were made in expenditure in many areas including staffing, water, gas, electricity, rates and fuel. Some costs have risen including bed and breakfast costs, audit fees, insurance and other miscellaneous costs. Further Government grants were received to assist with new burdens.

The summary of net expenditure to the original budget set for 2024/25 is detailed below and reconciled to the detail in the narrative statement on page 13 of the draft 2024/25 statement of accounts. Whilst the net expenditure is shown at a higher figure than the original budget this is due to previous carry forward funds being used to finance these spends rather than a budget pressure itself and further expenditures e.g. election expenses funded by grant.

The analysis of the (under) / overspends and income variations are analysed below.

Rates payable (£0.220) million  
Staffing costs (£0.803) million  
Audit fees £0.207 million  
Fuel / travel costs (£0.255) million  
Leisure membership income (£0.480) million  
Interest received (£0.716) million  
Contractors / Strata costs £0.528 million  
Planning application income £0.140 million  
Bed & breakfast costs £0.343 million  
Miscellaneous cost £0.228 million  
Purchase/maintenance of equipment £0.082 million  
Repairs and maintenance £0.190 million  
Electric/gas (£0.143) million  
Other fees £0.192 million  
Building cleaning £0.048 million  
External support/ consultants £0.420 million  
Legal fees £0.032 million  
Insurance £0.211 million  
Subscriptions (£0.094) million  
Fees and charges (£0.361) million  
Car park income (£0.232) million  
Building control income £0.200 million  
Recycling credits £0.033 million  
Revenue contributions to capital outlay £0.914 million  
Member/staff training/recruitment £0.114 million  
Furniture & fittings £0.064 million  
Printing/postage/stationery/advertising £0.249 million  
Local Plan £0.076 million  
Improvements £0.050 million  
Other election costs £0.189 million  
Bad debts £0.368 million

The total adverse (favourable) variance above totals £1.574 million adverse but as mentioned above mainly funded through programmed reserves.

The Modern 25 agenda contributed to new and continuing savings to balance the books to include reduction in grants paid, increases in income for concessions & other income, increased CIL income allocation to revenue, using grants received to fund substantive posts, new charges for pest control etc.

The **probable budget** approved in February 2025 assumed a £314,670 use of the earmarked funding reserve for 2024/25. The actual use of the funding reserve was £306,000 - a favourable difference of £8,670. Savings were made to ensure this reserve usage was minimised and the invest to save reserve could be topped up by £100,000 to £500,000 as recommended by the recent Peer review.

The **savings compared to probable budget** included salaries, gas, electricity, water, fuel, repairs & maintenance, equipment purchases & maintenance, use of contractors/consultants/external support and increased income from interest received and leisure membership fees. These savings were mainly offset by additional costs for audit fees, insurance, revenue contributions to capital, reduction in other income and sales.

#### **4. TREASURY MANAGEMENT AUTHORISED LENDING LIST (Appendix 1)**

- 4.1** The authorised treasury management lending list was approved at the 2025 February budget meeting. Officers continue to monitor all ratings to ensure they meet the Council's lending criteria.
- 4.2** The lending list has been updated for the latest ratings and is included at appendix 1. Close Brothers Ltd and Leeds Building Society have moved from Tier 2 to Tier 3.

#### **5. TREASURY MANAGEMENT RESULTS 2024/25 (Appendix 2)**

- The financial results of the treasury management function are reported to Council in accordance with the Chartered Institute of Public Finance and Accountancy 'Treasury Management Code 2021'. Teignbridge's lending has been carried out in accordance with its defined strategy and with adherence to its restricted list of approved investment institutions. There was no long term borrowing in 2024/25. Current forecasts do not anticipate long-term external borrowing during 2025/26 or 2026/27, however this is dependent on the rate of progress of capital schemes.
- The Council's treasury team continue to use internal borrowing in order to minimise interest costs. As at the end of 2024/25, the capital financing requirement (CFR) (underlying need to borrow) was £35.353 million. Following the implementation of IFRS16 from 1 April 2024 the CFR has been inflated by the leases we have for a number of transactions but principally in

relation to the refuse vehicles. By using existing balances to fund this internally during 2024/25 rather than borrowing externally, the Council saved around £195,950 over the year. This is based on the cost of borrowing 50% of CFR at the PWLB's 2024/25 average 10-year certainty rate and 50% at the 2024/25 average 25-year certainty rate (less potential interest earned at the average rate of 4.96%). Any borrowing which is undertaken will be in line with the Council's prudential indicators and treasury management strategy which were approved at the February 2025 Council budget meeting.

- The average funds available for investment increased in 2024/25 by £0.55 million to £40.26 million, from £39.71 million in 2023/24. This is mainly due to an increase in capital grants unapplied.
- Net interest earned has increased from £1,936,259 in 2023/24 to £1,995,833 in 2024/25. The average rate achieved was 4.88% in 2023/24 and 4.96% in 2024/25. The Bank of England's base rate decreased three times during the year, from 5.25% as at 1 April 2024 to 4.50% by March 2025.
- Following a cut to 4.25% in May 2025, the Bank of England Monetary Policy Committee (MPC) cut base rate to 4.00% at the August 2025 meeting. The bank reaffirmed that "a gradual and careful approach to the further withdrawal of monetary policy restraint remains appropriate". Future rate reductions will depend on the course which inflation takes. The Council's treasury management advisers forecast that bank rate will have reduced to 3.75% by the end of March 2026 and fallen further to 3.5% by the end of 2026-27.
- Following the withdrawal of LIBOR rates, the benchmark being used is now the compounded 12-month SONIA (Sterling Overnight Index Average), which represents the actual rates at which banks lend to one another. For 2024/25, this rate was 5.07%. In 2024/25 this was 5.02%. The slightly lower Teignbridge average is reflective of the need to keep a proportion of investments liquid in order to manage day to day cash-flow.
- Full details of draft treasury management results and prudential indicators are shown in Appendix 1.

## **6. RISKS**

The major risks to be aware of are around future funding and the adequacy of reserves going forward. General reserves are maintained at a value higher than originally budgeted and earmarked reserves have been increased to help deal with future forecast funding changes and potential reductions in income. Further clarity is required on the level of Government support. These risks may impact 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 could qualify the accounts.

## **7. MAIN IMPLICATIONS**

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

### **7.1 Legal**

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

Monitoring and reporting of the treasury management results is required by the CIPFA Treasury Management Code.

### **7.2 Resources**

The report notes that general reserves have been increased to a level higher than originally budgeted at 31 March 2025 and interest earned in 2024/25 from treasury management has increased from that obtained in 2023/24.

## **8. GROUPS CONSULTED**

The draft accounts have been advertised as available for inspection and are available on the website. We await the commencement of the audit work required by the external auditors.

## **9. ENVIRONMENTAL/CLIMATE CHANGE IMPACT**

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

## **10. DATE OF IMPLEMENTATION (CONFIRMATION OF DECISION SUBJECT TO CALL-IN)**

10.00 a.m. on 9 September 2025