

**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.

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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.

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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.

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Environmental/ Climate Change Implications

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

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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.