Exeter
City Council

STATEMENT OF ACCOUNTS

2025-2026

Contents

Narrative Report

1. Background

Local authorities in England are required by the Accounts and Audit Regulations 2015 to publish a narrative statement with the Statement of Accounts.

As a part of the requirement to provide a narrative statement, regulation 8(2) of the Accounts and Audit Regulations 2015 stipulates that a local authority must provide information on its "financial performance and economy, efficiency and effectiveness in its use of resources over the financial year".

This Narrative Report provides information about Exeter, including the key issues affecting the Council and its accounts. It also provides a summary of the financial position at 31 March 2026 and is structured as follows:

- An introduction to Exeter
- Key information about Exeter City Council
- The Corporate Plan
- Financial Performance 2025/26
- Non-Financial Performance 2025/26
- Future Financial Plans
- Statement from Strategic Director of Corporate Resources & s151 Officer

2. Introduction to Exeter

Exeter's history goes back to Roman times with two thirds of the Roman Wall still visible. Exeter Cathedral is prominent in the centre of this bustling city. This and other historic buildings help to make Exeter a popular tourist attraction.

Exeter is the capital city of the county of Devon.

Below are some key facts about Exeter:

Population: Exeter has an estimated population of around 138,000 (ONS mid-year estimate) and is at the heart of a travel to work area of approximately 280,000–300,000 residents, reflecting its role as a key employment centre for the wider sub-region.

Employment: The city's wider economic area includes much of East Devon, Teignbridge and Mid Devon. Exeter benefits from a high employment rate and a highly skilled workforce, with qualification levels above the national average.

Geography: Exeter is one of two principal urban centres within the largely rural county of Devon, alongside Plymouth.

Business: 5,055 registered for business rates.

Average City Centre footfall: The city centre attracts around 2 million visits per month, depending on seasonal variation.

Connectivity: Exeter benefits from strong transport links, including an international airport, two direct rail routes to London (Paddington and Waterloo), access to the M5 motorway, three park and ride sites, and an extensive network of cycle routes.

Exeter specialisms: Exeter is home to a nationally significant cluster of meteorology and climate science organisations. The Royal Devon and Exeter Hospital hosts specialist services including diabetes and breast cancer care, and the University of Exeter has an international reputation for research excellence.

Education: The University of Exeter is among a very few universities to be both a member of the Russell Group and have a Gold award from the Teaching Excellence Framework (TEF), for its international reputation for excellence in both teaching and research. The University of Exeter is ranked 155th in the latest (2026) QS World University Rankings.

Exeter College is a thriving and growing tertiary college. An Ofsted Inspection in 2022 resulted in the college retaining the accolade of Outstanding. The College also scored the top assessment of 'strong' for its approach to meeting the skills needs of the area. This makes Exeter College the first college in the country to achieve the highest judgement in both elements of Ofsted's new enhanced inspections.

Culture: Royal Albert Memorial Museum (RAMM) holds Arts Council England Designated collections of national and international significance. The city also has a beautiful Cathedral, range of theatres and a popular quayside.

Retail: Exeter has many well-known national stores including John Lewis, Next, Zara and Apple. There are also award-winning restaurants and independent stores. A large Ikea store is located on the outskirts of the city.

Sport: Exeter Chiefs compete in Premiership Rugby, the top tier of English rugby union. Founded in 1871, the club plays at Sandy Park. In 2020, the Chiefs won the European Champions Cup and have also secured multiple domestic cup titles.

Exeter City Football Club, founded in 1901, competes in the English Football League.

Exeter and Cranbrook has been selected by Sport England as part of its Local Delivery Pilot programme, supporting innovative approaches to increasing physical activity and tackling inactivity across communities.

3. Key Information about Exeter City Council

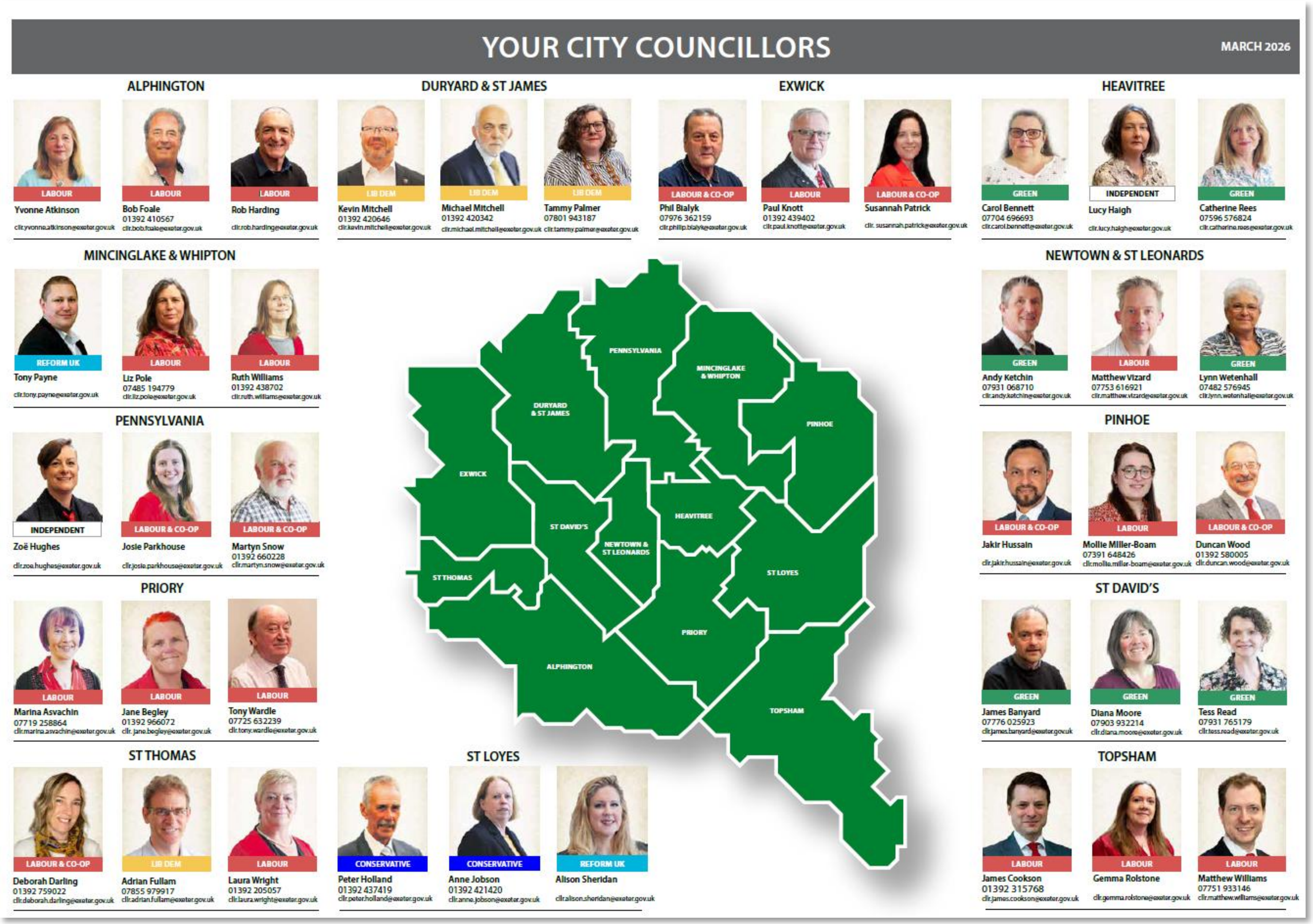
The City Council provides a range of services within the city including housing, refuse collections and recycling, planning, economic development, tourism, leisure and arts facilities. The Council also provides housing and council tax benefits as well as collecting the council tax on behalf of the county council, police and fire services. Its policies are directed by the Political Leadership and implemented by the Strategic Management Board and Officers of the Council.

Political Structure

There are 39 councillors on Exeter City Council, representing the 13 wards of the City. The political make-up of the Council at the end of the 2025/26 financial year was:

Party	Councillors
Labour seats	22
Green Party	7
Liberal Democrat	4
Conservative	2
Independent	2
Reform UK	2

Each elected Councillor is appointed for a four year term, with a third of the 39 seats contested each year (one seat per ward). There were no scheduled local elections for 2025 but there were 2 by-elections held with each seat being for a period of one year.



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PINHOE
EXWICK
ST DAVID'S
HEAVITREE
NEWTOWN & ST LEONARDS
ST THOMAS
ST LOYES
PRIORY
ALPHINGTON
TOPSHAM

Exeter City Council's Senior Management Structure for the 2025/26 Financial Year:

Council Employees

The Council employed 794 people in full time and part time contracts in March 2026, compared to 797 people in March 2025.

In the context of managing scarce public resources, remuneration at all levels within the Council needs to be adequate to secure and retain high-quality employees dedicated to the service of the public, but at the same time providing value for money to the residents of Exeter. The Council works within a pay and reward framework which seeks to ensure that its pay and reward processes and procedures facilitate the retention and recruitment of employees with the right skills and capabilities to meet the needs of the Council now and in the future. The framework also takes account of regional and national variations, local market factors, is open and transparent and complies with equal pay legislation.

The pay policy for 2025/26 reflected the following:

- The Council adapted the National Local Government Pay Scale to include locally agreed spinal column points. With effect from 1 January 2014, the Council adopted the Real Living Wage as its minimum spinal column point, and the Living Wage of £12.60 per hour from 1 April 2025 equates to Grade A of the Council's pay scale. The Living Wage is determined nationally in or around November each year. The Council applies any uplift to the Living Wage from 1 April in the year following the increase.

- The nationally negotiated pay award for employees on Spinal Column Points 3 - 52 inclusive (Grades B – P)

- Salary increases for Chief Officers are made in line with increases agreed by the Joint National Council's for Chief Officers and Chief Executives.

The Council has 12 staff who are union representatives, all are voluntary.

4. The Council's Corporate Plan 2025-2028

The three-year Corporate Plan 2025-2028 was approved by members on 22 July 2025. The plan outlines 4 key priorities of Local Economy, Homes, People and Sustainable Environment, underpinned by A Well-Run Council. Under each priority is a series of intended outcomes and areas of focus.

The Council has developed a series of measures to monitor progress in delivery of the Corporate Plan and progress is considered quarterly by the Strategic Management Board and every six months by the Executive. The first monitoring report has highlighted the following.

Key highlights

Overall, the Council's performance is strong with over 85% of the measures identified in the Corporate Pan either in line or improving against targets. There are a number of standout results, with several measures significantly exceeding target.

Local Economy

- Street trading and markets growth was particularly strong alongside consistently high service standards in food hygiene compliance and street cleansing, graffiti and litter reduction.
- Work continues to support city centre vitality through a positive approach to regeneration, enabling flexible uses and facilitating schemes that contribute to increased footfall, cultural activity and reduced vacancy rates.
- A public consultation is underway for the City Centre Strategy and the Culture Strategy, with the final Strategy's being recommended for adoption at September Executive and October Council 2026.

People

- Exeter Leisure memberships increased, while perceptions of Exeter as a safe place to live also exceeded target.
- The creation of a City Centre Community Safety Team was approved by Council in January 2026. The new team will be provided with powers to address anti-social behaviour across Exeter.
- Four new priorities for Safer Exeter, the Community Safety Partnership, were agreed by Safer Exeter March 2026 for the next 3 years. An action plan has been developed to deliver the 4 priority themes.
- The Wonford Community Hub and King George V schemes to improve community sport and playing field facilities have been agreed. These schemes are now proceeding to delivery.
- The Newtown Active Travel Scheme is under construction, with a new walking and cycleway through the Triangle Car Park being delivered.

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Homes

- Delivered some of the strongest headline results, with new homes completed up (480 built in 2024/25), social rent share outperforming the region at 53.1%, and social housing units also up year on year by 23.0%.
- A Housing Needs and Homelessness restructure was completed this year which saw the formation of an ‘Early Intervention and Prevention Team’ and a dedicated casework service that will support all potential approaches from customers including those rough sleeping.
- The first phase of the Vaughan Road development has been completed offering 35 additional 1 and 2 bedroom council units.

Sustainable Environment

- Excellent progress on carbon reduction with a 15.4% reduction in the City Council carbon footprint, supported by strong gains in renewable energy generation.
- Awarded Silver Status for delivering Carbon Literacy Training across the council.
- The council’s costed Carbon Reduction Plan was approved by Executive April 2026, the first of its kind across Local Authorities in England, a pioneering project developed by the Centre for Energy and Environment at the University of Exeter. Delivery is through existing Service Plans, as well as successful external grant funding.
- The council is leading Exeter’s Nature Towns and Cities accreditation application with support from partners including Devon Wildlife Trust, the University of Exeter and the Met Office. Successful accreditation will result in Exeter being designated a ‘Nature City’ with potential to unlock significant funding. The project is currently in the engagement phase with more than 1,000 people taking part in the recent 'Wild Exeter' survey.

A Well-Run Council

- Performs strongest in financial management and service efficiency, including 99.1% of invoices paid within 30 days, a reduction in sundry debt arrears, and significant growth in online self-service transactions, all of which demonstrate strong operational delivery.
- Progress is also being made in advancing the Council’s equality, diversity and inclusion (EDI) agenda, with delivery of the EDI plan, development of inclusive policies and training, and improved use of workforce data to monitor outcomes and inform future action.
- Progress is being made to implement the Consultation and Engagement Strategy, establishing clearer standards, strengthening coordination across services, and promoting more inclusive, evidence-based engagement with residents and stakeholders.
- The Government completed its Fair Funding Review, reforming the allocation of grant funding to English local authorities from 2026/27 based on updated assessments of relative need, area costs, and resources. This resulted in the first multi-year Settlement in a decade, covering the period from 2026/27 to 2028/29. As a result of this, the anticipated reductions of £3.5m for 2026/27 were no longer required. This enabled a balanced budget to be set.

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There are some areas which are performing at below the expected level. These are summarised below:

- Comparing 2026 Q1 with Q1 2025 / 2024 / 2023 business creation and closures, there is a slight reduction in business births (-10). We will continue to engage with InExeter and Devon Chamber in how we support businesses and individuals to set up and grow a business across Exeter.
- The number of residents reporting Exeter as a welcoming and inclusive city is below target 63% vs 72%. This reflects a perception-based measure influenced by a range of factors, including wider economic conditions, community cohesion and the city experience.
- Inactivity amongst people in our priority neighbourhoods has increased by 2.8% vs a target reduction of -2.00%. This is a national trend with a number of factors contributing including complex lives, cost of living and structural inequalities.
- There has been an approximate drop of £900 in Ward Grant spend (2.5%) for 2025/26. 2026/27 data is not yet available. Further work will be undertaken to publicise ward grants through councillors and community builders.
- Improving access for disabled facilities and warm homes grants is currently -19.39% against a targeted improvement of 5% year on year.
- Recovery of overpaid Housing Benefit down -5.7% vs 2.0% increase. Permanent staff resources for the recovery of overpaid Housing Benefits has enabled a housekeeping exercise of historic debts to be performed and driven up write-offs during 25/26 compared to 24/25.
- Internal health and safety training/compliance for workforce is low at 66.4% vs 90.0% target.

5. Financial Performance 2025/26

Once requests for supplementary budgets are taken into account, the financial position is broadly in line with expectations in the medium-term financial plan.

The revenue outturn position against the revised approved budget, was as follows:

	Revised Annual Budget £'000	Year End Outturn £'000	Variance to Budget £'000
Chief Executive	1,611	1,139	(472)
Operations	13,614	13,395	(219)
Corporate Resources	(5,291)	(3,470)	1,821
People and Communities	8,483	6,101	(2,382)
Place	9,279	8,799	(480)
less Notional capital charges	(6,217)	(6,217)	-
Service Committee Net Expenditure	**21,479**	**19,747**	**(1,732)**
Net Interest	1,475	1,627	152
Revenue Contribution to Capital	89	92	3
Minimum Revenue Provision	2,702	2,672	(30)
General Fund Expenditure	**25,745**	**24,138**	**(1,607)**
Transfer To/(From) Working Balance	(908)	(756)	152
Transfer To/(From) Earmarked Reserves	(2,937)	(2,883)	54
General Fund Net Expenditure	**21,900**	**20,499**	**(1,401)**
Met By:			
Formula Grant	(5,931)	(5,895)	36
CIL Income	(798)	(777)	21
Business Rates Growth / Pooling Gain	(5,382)	(3,927)	1,455
Extended Producer Responsibility	(1,410)	(1,521)	(111)
New Homes Bonus	(872)	(872)	-
Council Tax	(7,507)	(7,507)	-
	(21,900)	**(20,499)**	**1,401**
Working Balance	**March 2025**	**March 2026**	
	5,305	**4,550**	

2025/26 Capital Outturn

The Council spent £14.521m on its Capital Programme in 2025/26 compared to the revised forecast spend of £35.167m. This comprised £5.499m on the General Fund and £9.022m on HRA capital expenditure.

The variance between the outturn forecast and actual outturn for the year was £20.646m which will require the re-profiling of planned expenditure in future years and therefore does not present any financial issues for the Council.

The capital expenditure, by Responsible Officer, and financing of this expenditure is set out below:

	2025/26 Forecast Outturn £'000	2025/26 Outturn £'000	Variance £'000
Capital Expenditure:			
Chief Executive	-	-	-
Operations	25,935	11,920	(14,015)
Corporate Resources	5,084	406	(4,678)
People & Communities	2,355	1,754	(601)
Place	1,793	441	(1,352)
Total Expenditure	**35,167**	**14,521**	**(20,646)**
Resources:			
Major Repairs Reserve	5,100	4,163	(937)
Capital Receipts	3,605	3,377	(228)
Grants and Contributions	6,158	2,402	(3,756)
Community Infrastructure Levy (CIL)	456	226	(230)
Revenue Contributions	1,139	1,092	(47)
Prudential Borrowing	18,709	3,261	(15,448)
Total Financing	**35,167**	**14,521**	**(20,646)**

Key achievements in 2025/26 Capital Programme:

- **RAMM Roof replacement** Royal Albert Memorial Museum is a grade II listed property located on Queen Street in the centre of Exeter. The works comprised of general reroofing works to the original front Victorian portion of the building along with redecoration works and the installation of steel access walkways to facilitate safe maintenance access. The final MEND grant claim was completed during 2025/26.

- **Road Sweepers** The Council has upgraded its fleet with three new Hako road sweepers during the year

- **City Wall** In May 2025, works commenced to repair the collapsed section of the City Wall at Northgate, close to the Iron Bridge. The adopted solution involved constructing a substantial mass of concrete blocks to act as a buried anchor, into which the reconstructed wall is securely tied. The adjoining sections of the existing wall were also connected into this anchoring mass to ensure overall structural stability. Wherever possible, original stone was carefully salvaged and reused, supplemented with locally sourced materials, including purple volcanic trap and Heavitree breccia—both characteristic of Exeter's historic built fabric.

Housing Revenue Account

The Housing Revenue Account (HRA) is a ring-fenced landlord's account for the running of the Council's housing stock.

During 2025/26 the HRA reported an operating surplus of £2,792,627 and this was transferred to the HRA working balance.

The Council's current policy is such that the minimum level of the HRA working balance will remain at no less than £3.525m, as a contingency against financial risks. As at 31 March 2026, the working balance was £7,698,015. Further revenue contributions are planned over the remainder of the MTFP towards financing the capital schemes to bring the working balance closer to £3.525m.

The lifting of the 'debt cap' in October 2018 meant that local authorities are now able to borrow for housebuilding in accordance with the Prudential Code. During 2025/26, work continued on the HRA house-building programme, and continued progress towards the Council Objective of 500 new council homes being built by 2030.

Key achievements

During 2025/26 the Council completed and let 35 passivhaus flats at Cherry and Damson Houses. These are made up of 1 and 2 bedroom flats designated to over 60s and there is a communal room for residents to enjoy.

Also during the year the final phase of the Laings refurbishment project commenced which will provide seven family homes in addition to the 12 completed and let in the earlier phase of the scheme.

Planned works completed during the year have included 92 retrofitted properties with works covering roofs, windows and doors, loft and cavity wall insulation, ventilation, and solar PV installation.

Communal flooring has been replaced in five blocks, and internal and external decorations were completed in four streets.

The Council's Housing and Development Advisory Board, which comprises of Councillors and local professionals, continues to monitor housing assets and tenancy services operational delivery and comment on the strategic direction of the service.

HRA Benchmarking

Each year the HRA participates in a benchmarking exercise to assess performance and satisfaction in comparison with similar organisations within a peer group. The results of the most recent exercise were:

2025/26 - Data from 2024/25	Value	Quartile	Performance
Overheads cost per property	£511.92	2nd	Within top 50% of peer group
Total cost per property of Housing Management	£357.19	2nd	Within top 50% of peer group
Total cost per property of Responsive Repairs & Void Works	£984	2nd	Within top 50% of peer group
Average number of calendar days taken to complete repairs	18.3	3rd	Below average in the peer group
Staff turnover in the year %	13.72%	4th	Below average in the peer group
Overall satisfaction with the service	75.60%	1st	Within top 25% of peer group

Pension Fund

The Council has net pension liabilities of £14.261m in the Balance Sheet. This reflects the value of pension liabilities which the Council is required to pay in the future as they fall due, an asset ceiling adjustment and the value of assets invested in the pension fund. A full actuarial valuation was undertaken as at 31 March 2022 to review the contribution levels of the Council for the period 1 April 2023 to 31 March 2026 which was set at 19.6% of pensionable pay for future service plus a monetary amount in respect of the pension deficit of £3.480m.

Borrowing

The Capital Financing Requirement is £221.879m of which £73.242m relates to the HRA. Actual borrowing is £161.668m, which comprises the principal outstanding on long-term loans from the PWLB. The loans include; £72.244m in respect of the HRA, £41.733m for the Guildhall Shopping Centre, £22.933m for the new leisure centre and £24.758m for capital acquisitions. The rest of the requirement is managed via internal borrowing.

6. Non-Financial Achievements 2025/26

Although 2025/26 has continued to be challenging for Exeter City Council and the Local Government sector as a whole, below are some of the positive outcomes during the last financial year:

- Exeter City Council's Smart Grid & Storage Project in Water Lane triumphed in the Sustainable Impact category of the 2025 Exeter Impact Awards hosted by Exeter Chamber.
- Exeter City Council is proud to operate a number of outstanding cultural and heritage venues and is delighted that four of them are currently recognised as Tripadvisor Travellers' Choice Award winners, placing them among the top 10% of destinations worldwide. The four favourites are: Royal Albert Memorial Museum & Art Gallery (RAMM), Exeter's Underground Passages, Exeter Red Coat Guided Tours and Exeter Corn Exchange.

- Exeter City Council's Royal Albert Memorial Museum & Art Gallery (RAMM) has gained the National Autistic Society's Autism Friendly Award, which supports businesses to be more inclusive for autistic people through providing accessible customer services, information and environments.

- More than 80 per cent of residents are satisfied with where they live in Exeter, according to the Residents' Survey 2025.

- Exeter City Council's Smart Grid & Storage Project in Water Lane is one of the finalists in the 2026 APSE Energy Awards in collaboration with DESNZ.

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Significant Projects and Matters

Local Government Reorganisation

In December 2024, the Government published the English Devolution White Paper: Power and Partnerships – Foundation for Growth.

This set out a long-term plan for simpler council structures and the end of two-tier local government in areas like Devon.

In response to this, Exeter City Council and Plymouth City Council has submitted a single, shared proposal to Government for local government reorganisation (LGR) in Devon.

Our proposal is ambitious and evidence-driven, shaped by extensive engagement with partners and communities across Devon.

It is a plan for a simpler, stronger, and more coherent system of local government - one that works for cities, towns, coastal communities, and rural areas alike.

In addition, four further bids have been submitted, two by the other District Councils, one by Devon County Council and one by Torbay Council. The Government is expected to announce its preferred option in July 2026, following the consultation that took place in February this year.

The Councils across Devon are working together to prepare for the transition to the new Council(s) with Chief Executives meeting regularly and theme leads identified for each key area.

The City Council have identified dedicated resources to support this and have been working hard to organise the data that will be essential to the process, regardless of the Government's decision.

Senate Court

Council has approved a plan to vacate the Civic Centre and move its main operations to Senate Court.

The ambitious plan utilises a modern, fit for purpose office block, already in the ownership of the City Council and enables the Council to deliver on its ambitions to redevelop the Civic Centre site as part of the Liveable Exeter programme adopted by the Council in 2018.

The £3 million scheme will enable the delivery of a new regeneration site in the City Centre and therefore is being funded by surplus funds generated from the ownership of the Guildhall Shopping Centre. These funds can only be used to support regeneration and housing projects, under the agreement with the Government and cannot be used to support day to day services.

The project is therefore not costing the Council Taxpayer and instead is saving the costs of enhancing the Civic Centre (estimated at £5 million) and undertaking essential works at Senate Court (estimated to cost between £1 million & £2 million). This decision will save the taxpayer up to £640,000 a year, whilst providing better working and visiting arrangements for staff, Councillors, visitors and members of the public.

Pride in Place Funding

During 2025/26, the Council was successful in securing an allocation of up to £20 million under the Government's *Pride in Place* programme. The funding is profiled over a ten-year period and is subject to national guidance and delivery requirements. The programme places emphasis on **local decision-making and community engagement**, with funding released subject to the establishment of appropriate governance arrangements and the development of an agreed long-term investment plan.

The Pride in Place programme introduces a long-term, community-led approach to investment, with the Council acting as accountable body. Delivery of the programme will require the establishment of appropriate governance structures, effective engagement with local communities, and the development of a robust long-term investment plan.

Governance Arrangements
A Neighbourhood Board is required to be established to oversee the programme locally. The Board will be community-led and will include representation from residents, local businesses, community organisations, the Council and the constituency Member of Parliament. An independent Chair will be appointed to lead the Board.

The Council will act as the accountable body, responsible for ensuring appropriate governance, financial management and assurance arrangements are in place.

Community Engagement
The Neighbourhood Board is required to undertake meaningful engagement with local communities and stakeholders to identify local priorities. Funding decisions must demonstrate that they reflect community needs and have appropriate local support.

Investment Plan
The Council, working with the Neighbourhood Board and stakeholders, is required to develop a ten-year investment plan. This plan will set out the strategic priorities for the use of the funding and the outcomes to be achieved over the life of the programme.

Delivery and Use of Funding
Funding is intended to support locally determined regeneration and community improvement activities, which may include investment in high streets, public spaces and community infrastructure. Final project selection will be informed by the agreed investment plan.

Programme Mobilisation
Initial capacity funding has been made available to support the establishment of governance arrangements and the development of the investment plan. Neighbourhood Boards are expected to be fully established within the Government's stated timeframe.

Materials Recycling Facility (MRF)

During 2025/26, the Council progressed proposals in relation to the future of its Materials Recycling Facility (MRF) at the Exton Road depot, which forms a key part of the Council's in-house waste and recycling service.

The existing facility is approaching the end of its operational life and requires replacement or significant upgrade to maintain service performance and reliability. In addition, forthcoming national waste reforms, including *Simpler Recycling* and Extended Producer Responsibility, are expected to change the volume and composition of recyclable materials, requiring more modern and flexible infrastructure.

The MRF replacement is a key component of the Council's long-term waste strategy, ensuring that infrastructure remains fit for purpose and capable of responding to future legislative and operational changes.

Project Development
During the year, the Council has continued to develop its approach to MRF replacement, including:

- Undertaking an options appraisal to assess future delivery models, including replacement of the existing facility and the potential use of third-party infrastructure
- Progressing the outline business case, including consideration of capital costs, affordability and alignment with the Medium Term Financial Plan
- Considering procurement and delivery options, including partnership opportunities where appropriate

Governance and Risk
The project is being managed through the Council's established governance arrangements. Key risks include the scale of capital investment required, uncertainty associated with national policy changes, and delivery risks linked to procurement and construction.

Outcomes
The replacement of the MRF will support the Council in maintaining a resilient and efficient recycling service, improve the quality of recyclable materials collected, and ensure compliance with emerging national requirements.

Mary Arches

The Council has sold a city centre multi storey site to a developer. Eutopia Homes is transforming the former 1.2-acre Mary Arches Street multi-storey car park site in central Exeter into a 300-unit "co-living" development. The project received planning permission and is slated to replace the obsolete 1970s concrete car park with flexible urban housing and shared community.

The site forms another part of the Council's Liveable Exeter plan to increase the amount of living space being built in the City Centre itself. The sale will produce a significant capital receipt for the City Council and significantly enhance the surrounding area. The redevelopment will result in the loss of 267 parking spaces.

Artists impression

Narrative Report

Harlequins

The Council has been successful in attracting £1.176 million Brownfield Land Release Funding to support the demolition of the former Harlequins Shopping Centre in the City Centre.

Curlew is transforming the outdated Harlequins Shopping Centre in central Exeter into a modern, mixed-use co-living development. The 1980s complex is being demolished to make way for hundreds of studio apartments alongside communal spaces. The redevelopment will result in the loss of a 91 space car park, operated by the City Council.

Artists impression

Narrative Report

Live and Move programme

The Exeter City Council Live and Move programme is funded by Sport England and aims to support residents to lead active and healthy lifestyles

The programme continues to support Wellbeing Exeter to play a vital role in supporting individuals and communities across the city, with increases in referrals to Community Connectors and Builders in 2025-26. Exeter City Council continues to work closely with CoLab, Exeter Community Initiatives and Exeter City Community Trust to improve health and wellbeing through building stronger, more active communities.

A successful ‘This Girl Can’ themed campaign (City Sisters) attracted 500 residents in a wide range of physical activity opportunities across the city. This work is now being developed so that it becomes more sustainable and grows the number of opportunities to be active for women and girls across the city.

Significant progress has also been made in Wonford, with a £6million funding redevelopment programme approved for a new Wonford Community Wellbeing Hub. Alongside this, community programmes are being embedded through close collaboration with the trustees of the new Wonford Community and Learning Centre, helping to create a stronger and more connected local neighbourhood.

In Newtown, construction works are in progress following extensive community consultation across recent years. The project has been a strong example of co-production, bringing together residents and partners across the city to shape safer and more accessible routes for walking, wheeling and cycling. The work supports wider ambitions to create healthier, greener communities and improve everyday opportunities for active travel.

The Green Circle continues to promote accessible outdoor activity and encourage more residents to explore local green spaces and walking routes across Exeter. Recent successes include a programme of work funded by Great Western Railway, promoting links between Exeter city centre railway stations with the Green Circle which culminated in new branding, maps and signage to help residents to access nearby green space. This work was awarded Highly Commended in the recent Exeter Sustainability Awards. Together with wider wellbeing and physical activity programmes, these initiatives are helping to build healthier lifestyles and stronger community connections throughout the city.

Work also continues across Exeter to improve access to local sports and physical activity opportunities, including updates to the Playing Pitch Strategy. The team has worked in partnership with Exeter City Community Trust to secure funding for a £4million upgrade to the facilities at King George V playing fields, including a new 3G artificial grass pitch and refurbished changing rooms.

Further evaluation, learning, case studies and updates on community wellbeing and physical activity projects across Exeter and Cranbrook can be found on liveandmove.co.uk.

Exeter Plan (Local Plan)

The Exeter Plan is the Council's statutory Local Plan and provides the long-term planning framework to guide the future development of the city. It sets out the spatial strategy, policies and site allocations to meet Exeter's housing, employment, infrastructure and environmental needs over the plan period.

The Exeter Plan supports the delivery of sustainable growth, with a strong focus on brownfield regeneration, high-quality design, climate change mitigation and adaptation, and the creation of healthy, inclusive and well-connected neighbourhoods. It also places strong emphasis on protecting and enhancing Exeter's historic environment, ensuring that growth responds positively to the city's heritage and character.

The Plan has been developed through extensive collaboration with multiple partners, including statutory bodies, infrastructure providers and stakeholders. Following public consultation and submission to the Secretary of State, the Exeter Plan is currently undergoing independent examination by Planning Inspectors, which considers whether the Plan is legally compliant and sound, having regard to national planning policy, the evidence base and representations received.

Subject to the outcome of the examination, the Council's ambition is to adopt the Exeter Plan in 2027. Once adopted, it will provide an up-to-date policy framework to support decision-making on development proposals and to help secure sustainable growth, infrastructure delivery and investment in the city.

Narrative Report

Future Financial Plans

Revenue

The Council's General Fund Medium Term Financial Plan (MTFP) indicates that a balanced budget can be achieved without the need for any further savings, with savings proposals totalling £2.081 million already identified.

The Council's proposed revenue budget for 2026/27 includes a net transfer of £0.261 million to earmarked reserves.

However, there remain a number of uncertainties and factors that could affect the Council's future financial position. These include potential costs arising from Local Government Reorganisation, the annual pay award, and additional borrowing and revenue costs associated with any new capital programme commitments.

The Council's current policy is that the minimum level of the General Fund Balance will remain above £3.100 million with a slight reduction to £3.010 million from 2026/27. As the Council is reliant on less secure forms of income such as car park and commercial rent income it is prudent to hold reserves at this level to offset sudden losses of income or unexpected expenditure.

Risk assessment

The Council provides more Services than you would normally expect a District Council to provide. It also has some significant funding streams from fees and charges and historic commercial property leases that are fundamental to producing a balanced budget. These are reliant on a vibrant economy delivering the income required.

There are a range of risk factors that must be taken into account and the Section 151 Officer has taken a risk based approach to assessing the level of reserves required. The framework for assessing the risks surrounding the budget needs to consider the following:

- Inflationary pressures;
- Planned savings measures;
- Reliance on income from fees & charges;
- Business Rates volatility;
- Insurance excesses;
- Risk of litigation (including Planning appeals);
- Volume variations on demand led services (e.g. Homelessness);
- Interest Rate variations.

Area of Risk	Explanation	Amount £
Inflationary pressures	As set out above, the budget is based on a set of assumptions. In particular, the impact of the pay award is not known when budgets are set. As Local Government tries to stay ahead of the National Living Wage, pay awards have outstripped estimates over recent years. A 1% increase would add £330,000 to costs. Similarly, a 1% variation in inflation on premises, supplies, services & transport £270,000 to costs.	600,000
Planned savings	There is a risk that for a number of reasons some proposed savings will not be achieved or will be achieved later than planned. This is particularly true in respect of additional income targets. The Council has a good track record of delivering planned savings. A 10% reduction would add £160,000 to costs.	160,000
Income from fees & charges	The Council is reliant on significant income from fees & charges and rental income to balance the budget. A 5% reduction would add £1.6 million to the budget.	1,600,000
Business Rates volatility	The risk element in relation to business rates is minimised for 2026/27 due to the Government's guarantee to ensure that 100% of income is protected.	0
Insurance excesses	The Council does not budget for insurance excesses. The property insurance excess is £100,000 each claim and therefore 2 claims in a year would potentially cost £200,000.	200,000
Risk of litigation	Planning appeals are expensive. It can cost the Council around £100,000 to defend an appeal.	100,000
Volume variations	Volume variations can impact on the Council's budget in services which are demand led. A cushion is therefore held to protect the financial position.	150,000
Interest Rates	A 0.5% variation in interest rates would cost the Council £200,000.	200,000
		3,010,000

It is therefore proposed to reduce minimum reserves to £3.010 million. The latest estimated position of the General Fund Balance is that it will be £3.267 million as at 31 March 2027, equivalent to 13.6% of Exeter's net revenue budget. The Council's revised medium-term financial plan indicates that the General Fund Balance will be £3.350 million by the end of 2028/29, if the proposed reductions are delivered.

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

	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000
Resources					
Revenue Support Grant	1,799	1,113	7,759	7,023	6,238
Business Rates Income	8,858	9,929	5,452	5,576	5,689
SFA	0	0	0	0	0
Recovery Grant	0	271	271	271	271
Funding Floor	0	0	277	659	1,217
CIL income	774	798	862	793	793
New Homes Bonus	486	872	0	0	0
Extended Producer Responsibility Fund (EPR)	0	1,410	1,557	1,557	1,557
Council Tax	7,170	7,507	7,771	8,006	8,338
Likely resources	**19,087**	**21,900**	**23,949**	**23,885**	**24,103**
Expenditure					
Service net expenditure	18,059	22,089	21,100	19,690	19,867
Net Interest	1,277	1,648	1,300	1,300	1,300
Repayment of debt	1,805	2,680	3,084	3,035	3,115
RCCO	115	406	0	0	0
	21,256	26,823	25,484	24,025	24,282
Other funding					
Contribution to/ (from) earmarked reserves	(1,592)	(2,543)	(261)	32	31
Contribution to/ (from) balances - Other	(577)	(2,380)	342	293	(210)
	(2,169)	(4,923)	81	325	(179)
Further reductions required		**0**	**0**	**0**	**0**
Potential reductions identified		**0**	**(1,616)**	**(465)**	**0**
Total Net Budget	**19,087**	**21,900**	**23,949**	**23,885**	**24,103**
Balanced Budget	**0**	**0**	**0**	**0**	**0**

Opening General Fund Balance	5,882	5,305	2,925	3,267	3,560
Closing General Fund Balance	5,305	2,925	3,267	3,560	3,350
Balance as a percentage of budget	27.8%	13.4%	13.6%	14.9%	13.9%

Please note, the MTFP has been extracted from the 2026/27 published Budget Book and therefore projected General Fund Balances differ to balances reported, as at 31/3/2026.

Narrative Report

HRA Medium Term Revenue Plan (2025/26 – 2029/30)

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000
Resources					
Rents	21,654	21,654	22,693	23,374	24,075
Service Charges	1,657	1,657	1,828	1,851	1,875
Other	1,220	1,220	1,207	1,235	1,264
Inflation on income	-	1,198	732	754	776
Likely resources	**24,530**	**25,728**	**26,460**	**27,214**	**27,990**
Expenditure					
HRA expenditure base budget	18,546	18,594	18,872	18,863	19,305
Inflation on expenditure	-	182	148	150	154
Repairs & Maintenance Programme	-	58	(197)	251	149
Depreciation	3,725	3,894	4,053	4,151	4,390
Revenue Contribution to Capital Outlay	1,000	1,000	2,000	2,000	2,000
Net interest	1,471	1,904	1,954	1,954	1,955
	24,742	25,632	26,830	27,369	27,953
Other Funding					
Contribution to / (from) HRA Working Balance	(212)	96	(370)	(156)	37
Total Net budget	-	-	-	-	-

Opening HRA Working Balance	4,905	4,693	4,789	4,419	4,263
Closing HRA Working Balance	4,693	4,789	4,419	4,263	4,300

Please note, the HRA MTFP has been extracted from the 2026/27 published Budget Book and therefore projected HRA Balances differ to balances reported, as at 31/3/2026.

Capital Programme (2026/27 – 2029/30)

GENERAL FUND - CAPITAL PROGRAMME 2026/27 AND FUTURE YEARS				
SCHEMES LISTED WITHIN COUNCIL PURPOSES	**2026/27 £'000**	**2027/28 £'000**	**2028/29 £'000**	**2029/30 £'000**
Chief Executive	995	6,683	-	-
Operations	24,872	10,794	150	150
Corporate Resources	7,714	8,867	-	-
People & Communities	2,799	1,014	1,014	1,014
Place	4,331	1,554	100	100
TOTAL GENERAL FUND CAPITAL PROGRAMME	**40,711**	**28,912**	**1,264**	**1,264**
FINANCING:				
Capital Receipts	-	-	-	-
Disabled Facility Grant	893	800	800	800
Community Infrastructure Levy	9,278	1,223	-	-
Revenue Contributions to Capital Outlay	3,264	-	-	-
Other Grants & Contributions	3,033	4,820	-	-
Prudential Borrowing	24,243	22,069	464	464
TOTAL GENERAL FUND CAPITAL FINANCING	**40,711**	**28,912**	**1,264**	**1,264**

HOUSING REVENUE ACCOUNT - CAPITAL PROGRAMME 2026/27 AND FUTURE YEARS				
	2026/27 £'000	**2027/28 £'000**	**2028/29 £'000**	**2029/30 £'000**
Operations	20,680	8,222	5,994	5,874
TOTAL HRA CAPITAL PROGRAMME	**20,680**	**8,222**	**5,994**	**5,874**
FINANCING:				
Major Repairs Reserve	5,964	6,222	3,994	3,874
Capital Receipts	4,710	-	-	-
Commuted Sums	397	-	-	-
Other Grants and Contributions	861	-	-	-
Revenue Contributions to Capital	1,000	2,000	2,000	2,000
Prudential Borrowing	7,748	-	-	-
TOTAL HRA CAPITAL FINANCING	**20,680**	**8,222**	**5,994**	**5,874**

Narrative Report

The Capital Programme on the previous page reflects the plans approved in the 2026/27 Budget Book along with budgets slipped from 2025/26 and the associated financing. The Council continues to have an ambitious capital programme, which includes:

Working in partnership with Sport England, the Council is seeking to enter into an Exchequer Funding Agreement (EFA) to secure a £2million grant award from the Sport England`s Place Capital Investment programme, to form part of the overall funding package of £6m to deliver the redevelopment and refurbishment of Wonford Community and Leisure Centre into a new integrated Wonford Community Wellbeing Hub.

Wonford Community Wellbeing Hub design - View from Car Park onto new build section, existing community centre and integrated reception

Approval was granted in 2025/26 to purchase a new MRF facility, Envirohub building, located in Marsh Barton Road Exeter, in close proximity to the existing MRF depot, and transfer the Environment and Waste Service to the new facility.

New Materials Reclamation Facility (MRF)

ECC successfully secured a grant of £3.6 million from the Department for Energy Security and Net Zero for the Riverside leisure centre, as part of the governments Public Sector Decarbonisation Scheme Phase 4. The City Council will contribute £0.9m to the project.

The project will involve insulating the roof, replacing air handling units, installing a heat pump system and a heat recovery system. These measures will displace an estimated 2,512,882 kilowatt-hours (kWh) of fossil fuels, saving 458.75 tonnes of carbon dioxide equivalent (CO_2e) per year. The project will also deliver significant reductions in energy bills for the leisure centre, with an estimated £21,038 saving per year.

Riverside Leisure Centre

Narrative Report

Message from Dave Hodgson, Strategic Director of Corporate Resources & s151 Officer

The 2025/26 financial plans were delivered largely in line with budget. Owing to timings, a number of the reductions required in year were not achieved until later in the year and some of the planned reductions proved unviable. Whilst this meant that the expected savings were not made in year, the majority will now be delivered in full from 2026-27. Where proposals were unviable the budget has been added back in for 2026-27.

At year-end, the business rates appeal provision in respect of the 2017 rating list was removed as the Valuation Office had completed all check, challenge and appeals in respect of the list. This allows around £14 million to be distributed to the relevant recipients of Business Rates funds. Owing to the Collection Fund, much of this windfall will be received in 2027-28.

In overall terms, the Council's working balance remains in a healthy position projecting to remain above the minimum level until the end of 2027-28, when it is expected that the Council will cease operations and be replaced by a new Unitary Council. Based on current projections, the Council is in a position to set a balanced budget in 2027-28, without having to identify budget reductions and will keep General Fund reserves above the minimum level required.

The multi-year settlement provided by the Government has given the Council certainty and will form the basis for determining the funding envelope for the new Unitary Council(s) in Devon.

The Council is preparing to support the transition to a new Authority and has identified financial resources to support the transition. The Council applied for flexible use of capital receipts to support the budget for transitional costs as well as setting aside revenue budget.

The Council's IT Company, Strata Service Solutions Ltd, set up in partnership with East Devon and Teignbridge District Councils has completed its eleventh full year in operation and has delivered a financial performance in line with the agreed business plan.
Exeter City Living Ltd, the Council's development company has been scaled back to manage a number of properties that are rented on the open market.

As the Council enters the final two years before the start of Unitary Local Government in Devon, it does so in a strong financial position, which will support the transition to a new Council. The Council remains one of the few in the Country to have a full set of fully audited accounts and owing to the professionalism and hard work of the finance team and other key staff in the Council, the accounts have been prepared on time in readiness for the 2025-26 audit.

Dave Hodgson CPFA
Strategic Director of Corporate Resources & s151 Officer

Councillor D Moore
Chair – Audit

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 Strategic Director of Corporate Resources & s151 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 Code except where stated in the Accounting Policies
- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities
- Assessed the Authority's ability to continue as a going concern disclosing, as applicable, matters relating to going concern
- Used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

Certification of Accounts

I certify that the Statement of Accounts gives a true and fair view of the financial position of Exeter City Council at the reporting date and of its income and expenditure for the year ended 31 March 2026.

Dave Hodgson CPFA
Strategic Director of Corporate Resources & s151 Officer, 30 June 2026

Explanation of the Core Financial Statements

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

Core Financial Statements

Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. This statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the Capital Receipts Reserve that may only be used to finance capital expenditure or repay debt). The second category of reserves is those that are not able to be used to provide services. This category of reserves includes reserves that hold unrealised gains and losses, e.g. the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future services delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

Core Financial Statements

Comprehensive Income and Expenditure Statement

2024-25 Gross Expenditure £'000	2024-25 Gross Income £'000	2024-25 Net Expenditure £'000		2025-26 Gross Expenditure £'000	2025-26 Gross Income £'000	2025-26 Net Expenditure £'000	Notes
2,126	(337)	1,789	Chief Executive	2,252	(1,178)	1,074	
14,037	(6,697)	7,340	People & Communities	12,706	(7,061)	5,645	
16,828	(5,528)	11,300	Operations	17,957	(4,914)	13,043	
43,955	(42,469)	1,486	Corporate Resources	36,793	(37,043)	(250)	
19,998	(12,406)	7,592	Place	20,958	(12,271)	8,687	
28,854	(25,016)	3,838	Housing Revenue Account	34,111	(26,129)	7,982	
605	(365)	240	Strata Service Solutions Ltd	568	(384)	184	38
126,403	**(92,818)**	**33,585**	**Cost of Services**	**125,345**	**(88,980)**	**36,365**	
		(283)	Other operating expenditure			1,954	12
		(18,315)	Financing and investment income and expenditure			437	13
		(22,631)	Taxation and non-specific grant income			(29,299)	14
		(7,644)	**(Surplus) or Deficit on Provision of Services**			**9,457**	
			Other Comprehensive Income and Expenditure				
		(9,290)	(Surplus) or deficit on revaluation of property, plant and equipment			(6,326)	27
		650	Remeasurement of the net defined benefit liability/(asset)			681	27
		(8,640)	**Total Other Comprehensive Income and Expenditure**			**(5,645)**	
		(16,284)	**Total Comprehensive Income and Expenditure**			**3,812**	

Movement in Reserves Statement

	General Fund Working Balance (£'000)	Earmarked Reserves (£'000)	**Sub total General Fund Total**	Housing Revenue Account (£'000)	Capital Receipts Reserve (£'000)	Major Repairs Reserve (£'000)	Capital Grants Unapplied (£'000)	**Total Usable Reserves (£'000)**	Unusable Reserves (£'000)	**Total Authority Reserves (£'000)**
Balance at 31 March 2024 carried forward	**(5,883)**	**(13,827)**	**(19,710)**	**(5,992)**	**(7,747)**	**(12,614)**	**(21,208)**	**(67,271)**	**(371,289)**	**(438,560)**
Movement in Reserves during 2024-2025										
Total Comprehensive Income & Expenditure	(7,004)	-	(7,004)	(640)	-	-	-	(7,644)	(8,640)	**(16,284)**
Adjustments between accounting basis and funding basis under statutory provisions (Note 10)	8,624	-	8,624	1,387	2,525	7,439	945	20,920	(20,920)	**-**
Transfers to / (from) Earmarked Reserves	(1,041)	1,041	-	-	-	-	-	-	-	**-**
(Increase) / Decrease in 2024-2025	**579**	**1,041**	**1,620**	**747**	**2,525**	**7,439**	**945**	**13,276**	**(29,560)**	**(16,284)**
Balance at 31 March 2025 carried forward	**(5,304)**	**(12,786)**	**(18,090)**	**(5,245)**	**(5,222)**	**(5,175)**	**(20,263)**	**(53,995)**	**(400,849)**	**(454,844)**

Movement in Reserves Statement

	General Fund Working Balance (£'000)	Earmarked Reserves (£'000)	**Sub total General Fund Total**	Housing Revenue Account (£'000)	Capital Receipts Reserve (£'000)	Major Repairs Reserve (£'000)	Capital Grants Unapplied (£'000)	**Total Usable Reserves (£'000)**	Unusable Reserves (£'000)	**Total Authority Reserves (£'000)**
Balance at 31 March 2025 carried forward	**(5,304)**	**(12,786)**	**(18,090)**	**(5,245)**	**(5,222)**	**(5,175)**	**(20,263)**	**(53,995)**	**(400,849)**	**(454,844)**
Movement in Reserves during 2025-2026										
Total Comprehensive Income & Expenditure	(151)	-	(151)	9,608	-	-	-	9,457	(5,645)	**3,812**
Adjustments between accounting basis and funding basis under statutory provisions (Note 10)	3,795	-	3,795	(12,423)	(4,304)	390	(1,216)	(13,758)	13,758	**-**
Transfers to / (from) Earmarked Reserves	(2,888)	2,888	-	-	-	-	-	-	-	**-**
(Increase) / Decrease in 2025-2026	**756**	**2,888**	**3,644**	**(2,815)**	**(4,304)**	**390**	**(1,216)**	**(4,301)**	**8,113**	**3,812**
Balance at 31 March 2026 carried forward	**(4,548)**	**(9,898)**	**(14,446)**	**(8,060)**	**(9,526)**	**(4,785)**	**(21,479)**	**(58,296)**	**(392,736)**	**(451,032)**

Core Financial Statements

Balance Sheet

2024-25 £'000		2025-26 £'000	Note
515,909	Property, Plant and Equipment	508,999	15
86,761	Investment Property	79,357	16
23,341	Heritage Assets	23,930	17
469	Intangible Assets	602	
6,785	Long Term Investments	6,783	19
9,107	Long Term Debtors	9,015	19
642,372	**Total Long-Term Assets**	**628,686**	
176	Inventories	354	
20,641	Short-Term Debtors	20,452	19, 20 & 21
6,356	Assets Held for Sale	5,391	22
19,307	Cash & Cash Equivalents	22,611	19 & 23
46,480	**Total Current Assets**	**48,808**	
(11,590)	Short-Term Borrowing	(11,611)	19
(29,679)	Short-Term Creditors	(30,948)	19 & 24
(7,472)	Provisions	(1,766)	25
(48,741)	**Total Current Liabilities**	**(44,325)**	
(162,026)	Long term borrowing	(160,430)	19
(3,976)	Capital Grants Receipts in Advance	(4,793)	19 & 36
(3,309)	Long-Term Creditors	(2,652)	19
(15,956)	Pension Scheme Liability	(14,262)	42
(185,267)	**Total Long-Term Liabilities**	**(182,137)**	
454,844	**Net Assets**	**451,032**	
	Financed by:		
53,995	Usable Reserves	58,296	26
400,849	Unusable Reserves	392,736	27
454,844	**Total Reserves**	**451,032**	

These financial statements are unaudited and maybe subject to change. Responsible Financial Officer, Dave Hodgson, on 30 June 2026.

Dave Hodgson, CPFA, Strategic Director of Corporate Resources & s151 Officer

Core Financial Statements

Cash Flow Statement

2024-25 £'000		2025-26 £'000	Notes
(7,644)	Net (surplus) or deficit on the provision of services	9,457	
(2,090)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	(35,886)	
4,459	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	7,606	
(5,275)	**Net cashflows from Operating Activities**	**(18,823)**	28
19,634	Investing Activities	7,070	29
(10,976)	Financing Activities	8,449	30
3,383	**Net (Increase) or decrease in cash and cash equivalents**	**(3,304)**	
22,690	**Cash and cash equivalents at the beginning of the reporting period**	**19,307**	
19,307	**Cash and cash equivalents at the end of the reporting period**	**22,611**	

Index of Notes to the Accounts

1. Accounting Policies

General Principles

The Statement of Accounts summarises the authority's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 2025/26, supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals of income and expenditure

Income and expenditure is accounted for in the year activity takes place, not simply when cash payments are made or received. In particular;

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when or as the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date received and consumption, they are carried forward as inventories on the Balance Sheet.

Capitalisation of borrowing costs; the authority has a policy of capitalising borrowing costs. No borrowing costs have been capitalised by the Council up to 2025/26.

Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made.

VAT payable is included as an expense only to the extent that it is irrecoverable from HMRC. VAT receivable is excluded from income.

Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Creditors and Debtors

Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Capital receipts

Capital receipts are sums received by the authority from the sale of assets. A proportion of capital receipts relating to certain housing disposals are payable to the government. However, the receipts may be retained providing the local authority has signed an agreement to re-invest the receipts in the provision of replacement homes within 5 years. Exeter City Council entered into the latest retention agreement in April 2025.

Capital receipts are held in the Capital Receipts Reserve and can then only be used for new capital investment or to repay debt.

Amounts received from the disposal of an asset in excess of £10,000 are categorised as capital receipts. Below this level, the receipts are accounted for as income in the income & expenditure account.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the authority's cash management.

Contingent assets and liabilities

Contingent assets and liabilities arise where an event has taken place, but the potential asset or possible obligation will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. They are not recognised in the Balance Sheet, but are disclosed by way of a note to the accounts.

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Council tax and non-domestic rates (NDR)

Exeter City Council is a billing authority and acts as an agent, collecting council tax and NDR on behalf of the major preceptors (including government for NDR) and, as principal, collecting council tax and NDR for itself. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR.

Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionally the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority's General Fund. The difference between the income included within the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

Pool of Authorities for Non Domestic Rates

The Local Government Finance Act 2012 permits the Secretary of State to designate two or more relevant authorities as a pool of authorities. Exeter City Council is party to such a pool and recognises its share of the income and expenditure (and debtors and creditors) in accordance with the agreed arrangements for distribution of the pool together with accounting requirements.

Employee benefits

Benefits payable during employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end, including wages and salaries, paid annual leave and paid sick leave for current employees. They are recognised as an expense in the year in which the employees render service to the authority. An accrual is made for the cost of annual leave and flexible hours earned but not taken before the year-end that employees can carry forward into the next financial year. The accrual is charged to the relevant service but reversed out through the Movement in Reserves Statement so that the entitlements are charged to revenue in the financial year in which the absence occurs.

Termination benefits

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment or for the officer to take voluntary redundancy before the normal retirement date. They are charged to the Comprehensive Income and Expenditure Statement when the authority is committed to the termination of employment.

Where the termination benefits involve the enhancement of pensions, statutory provisions require the General Fund to be charged with the amount payable by the authority to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, the notional debits and credits for pension enhancement termination benefits are replaced with the debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-employment benefits

Employees of the authority are members of the Local Government Pension Scheme, which is administered by Devon County Council. The Local Government Pension Scheme (LGPS) provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the authority.

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

- The liabilities of the pension fund attributable to the authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of future earnings for current employees.

- Liabilities are discounted to their value at current prices using a discount rate that is based on market yields at the reporting date of a 'high quality corporate bond'.

- The assets of the pension fund attributable to the authority are included in the Balance Sheet at their fair value:

    - quoted securities – current bid price
    - unquoted securities – professional estimate
    - unitised securities - current bid price
    - property – market value

The change in the net pension liability is analysed into the following components:

Service cost

- **Current service cost** – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- **Past service cost** – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – charged to the Comprehensive Income and Expenditure Statement.

- **Net interest on the defined benefit liability (asset)** – the change during the year in the net defined benefit liability (asset) that arises from the passage of time charged to the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability (asset) at the beginning of the year, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

  In all cases, the net defined benefit asset will be measured at the lower of the surplus in the defined benefit plan and the asset ceiling.

  Effect of the Asset Ceiling – this results in an increase in the pensions liabilities recognised by the Council to reflect the current commitment to pay employer's contributions to recover a deficit in the Pension Fund that has been assessed as greater than the net pensions liability established under Accounting Code requirements.

Re-measurements

- **The return on plan assets** – excluding amounts included in net interest on the defined benefit liability (asset).
- **Actuarial gains and losses** – changes in the net pension liability that arises because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
- **Contributions paid to the pension fund** - cash paid as employer's contributions to the pension fund in settlement of liabilities.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means the notional debits and credits for retirement benefits are removed and replaced with the debits for cash paid (or due to be paid at year end). These movements are appropriated to the Pension Reserve.

A negative balance on the Pension Reserve reflects the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as earned by employees.

Discretionary Benefits

The authority has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities are accrued in the year of the decision to make the award and accounted for using the same policies applied to the Local Government Pension Scheme.

Events after the Balance Sheet date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but disclosure is made in the notes of the nature of the events and an estimate of the financial impact, if material.

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

Financial instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. For all the Council's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The authority holds financial assets measured at:

- Amortised cost
- Fair value through profit and loss (FVPL)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual cash flows are not solely payment of principal and interest.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable is based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year.

However, the authority has made a number of loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited at a higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact on the General Fund Balance is the interest receivable for the financial year and is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on de-recognition of a financial asset are credited or debited to the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised in the Surplus or Deficit on the Provision of Services.

However, for financial assets deemed to be pooled investment funds, e.g. CCLA Property Fund, statutory regulations are in place until 31 March 2029 that permit fair value gains and losses to be reversed out of the General Fund balance to the Financial Instruments Adjustment Account.

Fair value measurements of financial assets
Fair value of an asset is the price that would be received in an orderly transaction between market participants at the measurement date, based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow

Accounting standards provide a fair value hierarchy that categorises into three levels the inputs to fair value measurements:

Hierarchy	Inputs
Level 1 inputs	Quoted prices in active markets for identical assets
Level 2 inputs	Inputs that are observable for the asset, either directly or indirectly
Level 3 inputs	Unobservable inputs

Any gains and losses that arise on de-recognition of an asset are credited or debited to the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model
The authority recognises expected credit losses on most its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority. Loans with other local authorities and Government investments are excluded, as they are guaranteed to be repaid by statute.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Where risk has increased significantly since recognition of an instrument, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on a 12 month expected loss basis.

A collective assessment is carried out for sundry debtor balances in order to determine expected credit losses, as credit risk information is not available on an individual instrument basis. Provision matrices, based on historical experience but updated for future conditions are used.

Changes in loss allowances are debited or credited to the Comprehensive Income and Expenditure Statement. However, any changes relating to capital loans are reversed out to the Capital Adjustment Account.

Government grants and contributions
Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments and the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

Monies advanced as grants and contributions for which conditions have not been satisfied are held as creditors on the Balance Sheet. When the conditions have been satisfied, the grant or contribution is either credited to the relevant service line or to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account when they have been applied to finance capital expenditure.

Business Improvement District (BID)
A BID scheme applies for Exeter city centre which is administered by InExeter Ltd. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as the agent for the scheme and since it is collecting the BID levy income on behalf of InExeter Ltd most BID transactions are not recognised in the Comprehensive Income and Expenditure Statement, except the reimbursement of collection costs and any BID levies payable in respect of the Council's own premises, e.g. the Guildhall.

Community Infrastructure Levy (CIL)
The Council has elected to charge a CIL. The levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy is used to fund infrastructure projects to support the development of the area.

CIL is recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement as a contribution without outstanding conditions. CIL charges are largely used to fund capital but may also be used for revenue expenditure.

Heritage assets
The Council has a number of heritage assets. Heritage assets are recognised and measured in accordance with the policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets, as detailed below:

Property / Infrastructure / Statues – the Council owns a range of assets around the City which are of historic value. The Council does not believe that reliable cost or valuation information can be obtained for these items because of the diverse nature of the assets and lack of comparable market values. Consequently, the authority does not recognise these assets on the balance sheet.

Museum Exhibits / Art / Civic Regalia – A non-electronic register of the assets is held by the Museum and Guildhall and from this an insurance valuation has been produced. The Council will use the insurance valuation, as at 31 March 2026, as a measurement of the valuation of the assets. The assets are deemed to have indeterminate lives and a high residual value; hence the Council does not consider it appropriate to charge depreciation. Impairments and disposals are treated as per the policy on property, plant and equipment.

Interest in companies and other entities
The authority has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, which means the authority is the parent of a group for the purposes of the Code. In accordance with the Code, group accounts do not need to be prepared where an authority's interest is not considered to be material. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses, with cost used as a proxy for fair value.

Inventories
Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

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

Measurement
Investment properties are initially measured at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date.

Valuations
As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Unless market or other factors suggest a different use by market participants would maximise value, it is assumed that current use is the best and highest use.

Gains and losses on revaluation are posted to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains or loss on disposal. However, revaluation and disposal gains and losses are reversed out in the Movement in Reserves Statement and posted to either the Capital Adjustment Account or Capital Receipts Reserve.

Valuation Technique
Three valuation techniques can be applied:

- Market approach – use of prices and other information generated by market transactions
- Cost approach – assessment of the amount required to replace the service capacity of an asset
- Income approach – conversion of future amounts (cash flows) to a single current amount

Accounting standards provide a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value at year-end:

Hierarchy	Inputs
Level 1 inputs	Quoted prices in active markets for identical assets
Level 2 inputs	Other inputs observable for the asset (e.g. comparable properties, adjusted for relative square metres of floor space)
Level 3 inputs	Unobservable inputs (e.g. projected cash flows)

Income from Investment Properties
Rental income is credited to the Financing and Investment Income line and results in a gain to the General Fund balance.

Joint operations
Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to that arrangement.

Joint operations are recognised in the single entity statements by bringing in the authority’s share of the assets, liabilities, revenue and expenses of the arrangement.

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

Leases

The Authority as Lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement
Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement
The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption
As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure
Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straightline depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges 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.

The Authority as Lessor

Finance Leases
Where the authority grants a finance lease over a property or an item of plant and equipment, the asset is written out of the Balance Sheet as a disposal. The carrying amount of the asset is written off to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line also as part of the gain or loss on disposal, matched by a long-term debtor in the Balance Sheet.

Lease rentals receivable are apportioned between:

- A charge for the acquisition of the interest in the asset – applied to write down the lease debtor
- Finance income - credited to the Financing and Investment Income line in the Comprehensive Income and Expenditure Statement

The gain on disposal is not allowed to increase the General Fund balance and is required to be treated as a capital receipt.

Where a premium has been received, this is posted out of the General Fund balance to the Capital Receipts Reserve via the Movement in Reserves Statement. Where the amount due is to be settled by rentals in future financial years, the amount is credited to the Deferred Capital Receipts Reserve and released to the Capital Receipts Reserve when the payments are made, with the actual payment used to write down the long-term debtor.

The written-off value of disposals is not a charge against council tax and is appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases
Where the authority grants an operating lease, the asset remains on the Balance Sheet and rental income is credited to Other Operating Expenditure in the Comprehensive Income and Expenditure

Statement on a straight line basis regardless of the pattern of payments (e.g. a premium paid at the commencement of the lease). Initial costs are charged to the carrying amount of the asset and charged as an expense on the same basis as rental income.

Overheads and support services

The cost of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance with the following exceptions:

- The Housing Revenue Account is debited with a fair share of support services and overheads in accordance with the Local Government and Housing Act 1989.
- Support services are charged to services that are required to achieve full cost recovery including; building control, land charges, vehicle licensing, licensing of houses in multiple occupation and investment properties.

Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in estimates are accounted for in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information in respect of the authority's financial position or performance. Where a change is made, it is applied retrospectively by adjusting the opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending the opening balances and comparative amounts for the prior period.

Property, plant and equipment

Assets that have physical substance and are held for the delivery of services, for rental to others or for administration purposes that are expected to be used during more than one financial year are classified as property, plant and equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis in the accounts. Expenditure that maintains but does not enhance an asset, such as repairs and maintenance is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost. Only those costs that are directly attributable to bringing the asset into working condition for its intended use are included in its measurement. A de minimis level of £10,000 has been agreed for capital expenditure. Any costs below this are charged to revenue. The costs of assets acquired other than by purchase is deemed to be its fair value or in the case of an exchange, the carrying amount of the asset given up by the authority.

Donated Assets

Assets are measured initially at fair value and the difference to the consideration paid is credited to Taxation and Non Specific Grant Income in the Comprehensive Income and Expenditure Statement, unless there are conditions. Until the conditions are satisfied, the gain is held in a Donated Assets Account. When gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out in the Movement in Reserves Statement to the Capital Adjustment Account.

Balance Sheet Valuation

Assets are carried in the Balance Sheet using the following measurements bases:

Class	Basis of Measurement
Community assets and assets under construction	Historical cost
Council dwellings	Current value based on existing use value – social housing (EUV-SH)
Non-property assets with short useful lives and/or low values and infrastructure	Depreciated historical cost
Surplus assets	Current value is fair value, estimated at highest and best use from a market participants perspective
All other assets	Current value of the asset in its existing use (EUV). Where there is no market-based evidence of fair value because of an assets specialist nature, depreciated replacement cost (DRC) is used

Revaluations

Up to 31 March 2025, the Accounting Code required that assets included in the Balance Sheet at current value were re-valued sufficiently regularly to ensure that their carrying amount was not materially different from their current value at the year end, but as a minimum every five years. From 1 April 2025 Assets included in the Balance Sheet at current value are re-valued every five years and adjusted by the application of an appropriate index in the years that an asset is not subject to valuation. Increases in valuations and indexation adjustments are matched by credits to the Revaluation Reserve to recognised unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to services.

A decrease in value is accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against the balance (up to the amount of the accumulated gains).

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Impairment reviews are undertaken each year to assess whether there is evidence of a reduction in an asset's value. Where impairment is identified as part of this review or as a result of a valuation exercise, this is accounted for as a decrease in value, as set out above.

Where an impairment loss is subsequently reversed, it is credited to the relevant service in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and community assets) and assets that are not yet available for use (i.e. assets under construction).

The following policies are used for depreciation:

- Newly acquired assets are depreciated from 1 April following their purchase.
- Full year depreciation is charged in the year an asset is disposed.
- A reducing balance method of depreciation is used for vehicles and assumes the following life expectancies and residual values:

Acquisition value	Life expectancy	Residual value
£10,000 – £14,999	6 years	12%
£15,000 - £19,999	7 years	11%
£20,000 - £49,000	6 years	12%
Over £50,000	7 years	4%

- A straight-line method of depreciation is used for the assets below and assumes the following life expectancies:

Asset	Life expectancy	Residual value
Plant & equipment	5 to 10 years	Nil
Infrastructure	20 to 45 years	Nil
Operational properties	Up to 60 years (unless otherwise specified)	As specified by the Valuers

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Components

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has a Componentisation Policy and components are determined in accordance with the policy. For example, key components of council dwellings are depreciated on a straight line basis and assume the following life expectancies:

Component	Life expectancy
Kitchens	20 years
Bathrooms	30 years
Windows	30 years
Roofs	60 years

Disposals

When an asset is disposed of or decommissioned, the carrying value of the asset is written off in the Comprehensive Income and Expenditure Statement along with any proceeds from the disposal as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve relating to the disposed assets are transferred to the Capital Adjustment Account.

The gain or loss is the amount by which the proceeds are more (gain) or less (loss) than the carrying amount of the fixed asset. Statutory regulations require that the gain or loss on the disposal of assets is reversed out in the Movement in Reserves Statement.

Non-current Assets Held for Sale

When it becomes probable that the carrying value will be recovered principally through a sale transaction, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Fair value is the price that would be received in an orderly transaction between market participants at the measurement date, which should be measured at highest and best use. Fair value for social housing being disposed of under right-to-buy (RTB) legislation is the discounted RTB value.

Losses in fair value are charged to the Comprehensive Income and Expenditure Statement. Gains are recognised only up to the amount of any previous losses. Depreciation is not charged on assets held for sale.

If an asset no longer meets the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of the previous carrying amount adjusted for depreciation or revaluations that would have been recognised during that time and their recoverable amount at the date of the decision not to sell.

Assets to be abandoned or scrapped are not reclassified as assets held for sale.

Provisions

Provisions are made where an event has taken place on or before the Balance Sheet date that gives the authority a present obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation. These are charged to the service in the Comprehensive Income and Expenditure Statement in the year that the authority becomes aware of the obligation and are measured at the best estimate of the amount required to settle the obligation. When payments are eventually made they are charged to the provision carried in the Balance Sheet.

Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service and the reserve is transferred back into the General Fund Balance so that there is no net charge against council tax. Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

Revenue charges for non-current assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- Amortisation of intangible assets attributable to the service

The Council is not required to raise council tax to fund these charges; however it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance. Depreciation, amortisation, revaluation and impairment losses are therefore replaced by the contribution in the General Fund balance (referred to as MRP; Minimum Revenue Provision) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference.

Since the introduction of self-financing for the Housing Revenue Account (HRA) a new statutory framework has been established to allow depreciation to be a real charge. The HRA is required to set aside an amount equal to depreciation into the Major Repairs Reserve.

Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service account in the Comprehensive Income and Expenditure Statement. Where it is funded by capital resources or borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account is made so that there is no impact on the level of Council Tax.

2. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by the authority in comparison with those resources consumed or earned by the authority in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's Senior Management Board. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024-2025	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive	1,795	(6)	**1,789**
People & Communities	7,098	242	**7,340**
Operations	9,586	1,714	**11,300**
Corporate Resources	(5,744)	7,230	**1,486**
Place	5,324	2,268	**7,592**
Housing Revenue Account	747	3,091	**3,838**
Strata Service Solutions Ltd	-	240	**240**
Net Cost of Services	**18,806**	**14,779**	33,585
Other income and expenditure	(16,439)	(24,790)	**(41,229)**
(Surplus) or Deficit on Provision of Services	**2,367**	**(10,011)**	**(7,644)**

Opening General Fund and HRA Balance at 1 April 2024	**(25,702)**
Add surplus on General Fund and HRA Balance in Year	**2,367**
Closing General Fund and HRA Balance at 31 March 2025	**(23,335)**

Analysed between General Fund and HRA Balances	General Fund	HRA	Total
Opening Balance at 1 April 2024	(19,710)	(5,992)	**(25,702)**
(Surplus) or Deficit in Year	1,620	747	**2,367**
Closing General Fund and HRA Balance at 31 March 2025	**(18,090)**	**(5,245)**	**(23,335)**

Notes to the Financial Statements

Expenditure and Funding Analysis

2025-2026	Net Expenditure Chargeable to the General Fund and HRA Balances £'000	Adjustments between Funding and Accounting Basis (Note 7) £'000	Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
Chief Executive	1,139	(65)	**1,074**
People & Communities	5,911	(266)	**5,645**
Operations	11,312	1,731	**13,043**
Corporate Resources	(4,540)	4,290	**(250)**
Place	5,925	2,762	**8,687**
Housing Revenue Account	(2,815)	10,797	**7,982**
Strata Service Solutions Ltd	0	184	**184**
Net Cost of Services	**16,932**	**19,433**	**36,365**
Other income and expenditure	(16,103)	(10,805)	**(26,908)**
(Surplus) or Deficit on Provision of Services	**829**	**8,628**	**9,457**

Opening General Fund and HRA Balance at 1 April 2025	**(23,335)**
Add surplus on General Fund and HRA Balance in Year	**829**
Closing General Fund and HRA Balance at 31 March 2026	**(22,506)**

Analysed between General Fund and HRA Balances	General Fund	HRA	Total
Opening Balance at 1 April 2025	(18,090)	(5,245)	**(23,335)**
(Surplus) or Deficit in Year	3,644	(2,815)	**829**
Closing General Fund and HRA Balance at 31 March 2026	**(14,446)**	**(8,060)**	**(22,506)**

3. Accounting Standards that have been issued but not yet adopted

Local authorities are required to report the impact of accounting changes that will be required by a new standard that has been issued but not yet adopted. The standards introduced by the 2026/27 Code and effective from 1 April 2026.

There are no changes in accounting requirements for 2026/27 that are anticipated to have a material impact on the Council's financial performance or financial position

4. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Future Funding

There is a high degree of uncertainty about future levels of 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.

Asset classification

Assets classified as held for sale might be particularly impacted by the higher interest rates, as the potential to discourage buyers increases uncertainty around judgements as to whether a sale is deemed 'highly probable'. Judgement has therefore been required to consider whether inflation or the cost of borrowing is likely to impact on the expectation for a sale. Where there is sufficient evidence that the authority remains committed to its plan to sell the asset it has remained classified as held for sale.

Group Accounts

The Council is the sole shareholder of Exeter City Group Ltd and Exeter Business Centre Ltd, it has an associate interest in Exeter Canal and Quay Trust Ltd and South West Audit Partnership Ltd, a 16% shareholding in the Exeter Science Park Ltd, a 16.66% shareholding in the Monkerton Heat Company Limited and a 20%

shareholding in Dextco Limited. Whilst the authority is a parent of a group for the purposes of the Code, it has been determined that the relevant modifications to the financial statements would not make a material difference to the usefulness of the Statement of Accounts for readers, so group accounts are no longer prepared.

Application of Asset Ceiling

In calculating the net pensions liability, the Council has made a judgement that the statutory framework for setting employer's contributions under the Local Government Pension Scheme constitutes a minimum funding requirement. The Council's commitment to pay employer's contributions to recover a deficit in the Pension Fund has been assessed as greater than the net pensions liability established under Accounting Code requirements by £25.862m. An asset ceiling therefore applies.

The asset ceiling has modified what would otherwise be a net pension asset of £11.601m to a net pension liability of £14.261m. The practical effect of this is to move the basis of measurement for the net pensions liability closer to the assumptions made in the triennial valuation of the Scheme under which the employer's contributions were set by the Scheme's actuaries. It does not indicate that the Council is committed to making future payments into the scheme that it will be unable to recover.

Joint Operation

Strata Service Solutions Ltd is a registered company which has been established to assist the three authorities; Exeter City Council, East Devon District Council and Teignbridge District Council, in the provision and operation of shared ICT services. It is deemed to be a joint operation due to the inherent rights to the assets and obligations for liabilities each authority has relating to the joint arrangement, based upon the following facts and circumstances:

- The three authorities have joint control of the entity. Each authority has one nominated Director and each Director has one vote. The Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the company with decisions made collectively and unanimously.

- The Company is required by the Councils to carry out the tasks as set out in the Business Plans and Service Plans and is limited to the business and objectives as set by the Councils

- The Company's revenue derives from the financial allocations set and controlled by each of the Councils

- There are no plans for Strata to do anything other than provide services to the three authorities. The Company has been established as an in-house mutual trading local authority controlled company to assist them in the provision of services.

Joint operations are not consolidated into group accounts; instead each authority has recognised in its financial statement its share of assets, liabilities, revenue and expenses pertaining to Strata Service Solutions Ltd. Please refer to Note 38 for more details.

5. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Strategic Director of Corporate Resources & s151 Officer, D Hodgson CPFA, 30 June 2026. Events taking place after this date are not reflected in the 2025/26 financial statements or notes. Where events took place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no non-adjusting events after the Balance Sheet date.

6. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Council's Balance Sheet, for which there is a significant risk of material adjustment are as follows:

Item	Uncertainties	Effect if actual result differs from Assumptions
Pensions liability	Estimates of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Those assumptions are detailed in Note 42 to the accounts. The actuaries have allowed for an asset ceiling, where the requirement to make contributions towards a funding deficit is considered as an additional minimum liability or where the employer has an accounting surplus, it should only be recovered to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds. The carrying value of this long-term liability at the end of the reporting period was £14.261m, which includes £25.862m effect of the asset ceiling. For 2025/26, the actuarial report was requested using the results of the latest Triennial 2025 Actuarial Valuation of the Devon Pension Fund. The actuary's standard approach uses 12 months actual cash-flow data and asset values at 31 March 2025.	The impact of a change in the actuarial assumptions will be to increase or decrease the net pension liability shown in the Balance Sheet. For example, a 1% increase in the discount rate would result in a decrease of £2.440m in the pension liability and £0.119m in the Projected Service Cost. However the assumptions interact in a complex way. During the year the actuaries have reduced the liability by £3.528m as a result of assumptions being updated. These changes do not have an impact on the Council's General Fund position as the Council is not required to fund such non-cash charges from council tax.

Item	Uncertainties	Effect if actual result differs from Assumptions
Valuation of Property, Plant and Equipment	Assets included in the Balance Sheet at current value are re-valued every five years and adjusted by the application of an appropriate index in the years that an asset is not subject to valuation. A full valuation of all investment properties is undertaken every year. The Council's in-house Royal Institution of Chartered Surveyors (RICS) Registered Valuer applies professional judgement in respect of the current value of assets including assumptions on property condition where no inspection data is available, that properties meet minimum EPC rating requirements, that there has been no recent flooding, properties are not contaminated and are free of radon gas and RAAC. Valuations are undertaken in accordance with RICS guidance. The in-house valuer maintains knowledge of property conditions through their ongoing involvement with Corporate Property management services. External RICS registered valuers were instructed to carry out valuation of 100% of the operational portfolio and 100% of the non-operational portfolio for 2025/26. External property inspections were undertaken by the valuers.	In 2025/26 £476.955m of PPE was subject to a revaluation and a variation of 1% in the value of these assets would result in a change in the carrying amount of £4.8m in the Balance Sheet.
Expected Credit Losses	At 31 March 2026, the authority had a balance of £20.607 m for short-term debtors (excluding NDR deficit amounts). A review of significant balances suggested that a loss allowance for doubtful debts totalling £4.097 m was appropriate. The loss allowance was based upon historically observed rates of recovery adjusted for future expectations of recovery for each type of debtor. However, the Council cannot be certain that this impairment allowance is sufficient to offset any losses through non-payment debts. This is due to the uncertainty around which organisations and individuals may become economically unviable due to higher interest rates. Rising costs of living may impact on debtor's ability to pay, with energy and fuel prices remaining at elevated levels.	If collection rates were to deteriorate, a doubling of the amount of impairment of doubtful debts would require an additional £4.097m to be set aside as an allowance.

Item	Uncertainties	Effect if actual result differs from Assumptions
Investment Properties	Investment properties are required to be measured at fair value, reflecting market conditions at the end of the reporting period (i.e. 31 March 2026). Where the Authority uses unobservable inputs to measure the fair value of its investment properties (Level 3 of the fair value hierarchy), there is a level of subjectivity involved, including assumptions regarding rent growth and yield. The portfolio has been valued using the income approach. Expected cash flows from the properties have been discounted utilising market derived rates. Those rates have been used to establish the present value of the net income. The valuers will have used evidence from analysis of relevant recent market transactions and external market reports/reviews. This will have required a number of assumptions such as the duration and timing of cash flows, current market rental value, rent growth, occupancy levels, void periods, covenant strength, risk and maintenance costs (where appropriate) etc. Valuations have been carried out by Bruton Knowles, a firm of external registered valuers with experience in asset valuations for local authorities. Valuations are undertaken in accordance with Royal Institute of Chartered Surveyors (RICS) guidance.	Significant changes in any of the observable inputs would result in a significantly lower or higher fair value measurement for the investment properties. As at 31 March 2026, investment properties were valued at £79.355m based on Level 3 of the fair value hierarchy and a variation of 1% in the value of these assets would result in a change in the carrying amount of £0.794m in the Balance Sheet.
Business rates	The Council receives income from business rates which forms part of its funding of its revenue budget. Due to the uncertain impact of higher energy and fuel prices on businesses and potential rateable value appeals it is possible that current assumptions may not be fully accurate. The NDR arrears balance of £2.719m at the Balance Sheet date is deemed to be at risk of material adjustment within the next year due to current economic circumstance which may result in some businesses struggling to pay. A review of arrears suggested that an impairment of doubtful debts of 61% (£1.665m) was appropriate. However, in the current economic climate it is not certain that such an allowance will be sufficient.	Whilst economic uncertainty means any estimate of the impact would be highly uncertain, the impact would feed through into the collection fund balance which would then be taken account of in future years' budgets. If collection rates were to deteriorate further, a doubling of the amount of the impairment of doubtful debts would require an additional £1.665m to be set aside as an allowance.

7. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2024-25	Adjustments for Capital Purposes (Note 7.1) £'000	Net change for the Pensions Adjustments (Note 7.2) £'000	Other Differences (Note 7.3) £'000	Total Adjustments £'000
Chief Executive	-	(20)	14	(6)
People & Communities	311	(88)	19	242
Operations	1,763	(184)	135	1,714
Corporate Resources	1,997	(1,465)	6,698	7,230
Place	2,492	(174)	(50)	2,268
Housing Revenue Account	4,330	(206)	(1,033)	3,091
Strata Service Solutions Ltd	-	-	240	240
Net Cost of Services	**10,893**	**(2,137)**	**6,023**	**14,779**
Other income and expenditure from the Expenditure and Funding Analysis	**(5,775)**	**482**	**(19,497)**	**(24,790)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**5,118**	**(1,655)**	**(13,474)**	**(10,011)**

Adjustments between Funding and Accounting Basis 2025-26	Adjustments for Capital Purposes (Note 7.1) £'000	Net change for the Pensions Adjustments (Note 7.2) £'000	Other Differences (Note 7.3) £'000	Total Adjustments £'000
Chief Executive	-	(66)	1	(65)
People & Communities	(42)	(181)	(43)	(266)
Operations	2,108	(426)	49	1,731
Corporate Resources	1,683	(1,608)	4,215	4,290
Place	3,139	(383)	6	2,762
Housing Revenue Account	12,672	(322)	(1,553)	10,797
Strata Service Solutions Ltd	-	-	184	184
Net Cost of Services	**19,560**	**(2,986)**	**2,859**	**19,433**
Other income and expenditure from the Expenditure and Funding Analysis	**(3,663)**	**703**	**(7,845)**	**(10,805)**
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**15,897**	**(2,283)**	**(4,986)**	**8,628**

Note 7.1: Adjustments for Capital Purposes

Adjustments for capital purposes reflect:

- **For services** this column adds in depreciation and impairment and adjusts for revenue expenditure funded from capital under statute and removes the revenue contribution to capital made by the Housing Revenue Account.

- **Other income and expenditure from the Expenditure and Funding Analysis** adjusts for statutory charges for capital financing i.e. Minimum Revenue Provision, Voluntary Revenue Provision and other capital contributions are deducted. It also adjusts for capital disposals with a transfer of the income on the disposal and the amounts written-off. The pooling payment in respect of properties sold under the right-to-buy scheme, capital grants and the gain on donated assets are also recognised.

Note 7.2: Net Change for the Pensions Adjustments

Net changes for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

- **For other income and expenditure from the Expenditure and Funding Analysis** – the net interest on the defined benefit liability is charged to the CIES.

Note 7.3: Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute and other non-statutory adjustments:

- **For services** reflects the Council’s proportional shares of Strata Service Solutions cost of services, the removal of investment property net income as this is reported below the net cost of services and the removal of interest costs as they are also reported below the net cost of services.

- **For other income and expenditure from the Expenditure and Funding Analysis** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the financial year and the income recognized under generally accepted accounting practices. This is a timing difference. The adjustments also reflect interest costs and investment property net income, which are reported as financing and investment income and expenditure in the Comprehensive Income and Expenditure Statement.

8. Segmental Reporting

The net expenditure figures in the Expenditure and Funding Analysis for the Council's services include the following particular amounts of income and expenditure.

	Chief Executive £'000	People & Communities £'000	Operations £'000	Corporate Resources £'000	Place £'000	Housing Revenue Account £'000
2024-25						
Expenditure						
Benefit payment	-	-	-	29,788	-	-
Revenue Contribution to Capital	-	-	-	-	-	2,500
Net interest expense	-	-	-	-	-	1,045
Depreciation & impairment	-	311	1,798	1,997	2,493	10,572
Income						
Benefit subsidy	-	-	-	(28,047)	-	-
Car park income	-	-	-	(9,360)	-	-
Leisure membership	-	-	-	-	(3,788)	-
Revenues from other external sources	-	(2,720)	(4,925)	(2,607)	(6,169)	(24,978)
Revenues from transactions with other operating segments of the authority	(125)	(734)	(1,363)	(1,050)	(120)	(181)
2025-26						
Expenditure						
Benefit payment	-	-	-	24,577	-	-
Revenue Contribution to Capital	-	-	-	-	-	1,000
Net interest expense	-	-	-	-	-	1,556
Depreciation & impairment	-	5	2,108	1,683	3,140	17,445
Income						
Benefit subsidy	-	-	-	(22,995)	-	-
Car park income	-	-	-	(10,084)	-	-
Leisure membership	-	-	-	-	(3,924)	-
Revenues from other external sources	-	(2,560)	(4,757)	(2,524)	(6,445)	(26,062)
Revenues from transactions with other operating segments of the authority	(144)	(723)	(1,427)	(1,129)	(111)	(187)

9. Expenditure and Income Analysed by Nature

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

	2024-25 £'000	2025-26 £'000
Expenditure:		
Employee benefits expenses	36,714	36,676
Other service expenses	72,298	64,040
Depreciation, amortisation, impairment	17,389	24,629
Interest payments	5,203	5,298
Levies payable	5	6
Net interest on the net defined benefit liability	372	575
Pension Fund administration expenses	110	128
Impairment losses	(165)	40
Total expenditure	**131,926**	**131,392**
Income:		
Fees, charges and other service income	(32,446)	(33,352)
Revenue from contracts with service recipients	(22,486)	(23,388)
Interest and investment income	(23,640)	(5,477)
Income from council tax, non-domestic rates	(15,816)	(21,139)
Government grants and contributions	(40,120)	(36,201)
Cost of Living Support grants	(997)	(557)
Capital grants and contributions	(3,582)	(3,641)
Movements in Financial Instruments held at Fair Value through Profit and Loss	(85)	-
(Gain)/losses on the acquisition and disposal of assets	(398)	1,820
Total income	**(139,570)**	**(121,935)**
(Surplus) or Deficit on Provision of Services	**(7,644)**	**9,457**

9A. Revenue from Contracts with Service Recipients

	2024-25 £'000	2025-26 £'000
Amounts included in the Comprehensive Income and Expenditure Statement for contracts with service recipients:		
Revenue from contracts with service recipients	22,546	23,331
Impairment of receivables or contract assets	(60)	57
Total included in Comprehensive Income and Expenditure Statement	**22,486**	**23,388**
Amounts included in the Balance Sheet for contracts with service recipients:		
Receivables, which are included within debtors (Note 20)	235	252
Total included in net assets	**235**	**252**

The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient. For HRA rental income, the performance obligations are satisfied over time and recognises revenue over time, as the service recipient (tenant) simultaneously receives and consumes the benefits provided by the authority's performance through their residency at the property. The rents charged in accordance with the tenancy agreement are accounted for on an accruals basis, i.e. when due and not necessarily when paid.

10. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments made to the total Comprehensive Income and Expenditure Statement (CIES) recognised by the authority in accordance with proper accounting practice to arrive at the resources specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against:

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment. The balance is not available to be applied to fund HRA services.

Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council’s landlord function.

Major Repairs Reserve

The authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

	Usable Reserves									
	2024-25					2025-26				
	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	General Fund Balance £'000	Housing Revenue Account £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Comprehensive Income and Expenditure Statement										
Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:										
~ Pension costs (transferred to or from the Pensions Reserve)	1,513	148	-	-	-	2,131	242	-	-	-
~ Financial instruments (transferred to the Financial Instruments Adjustment Account)	101	-	-	-	-	-	-	-	-	-
~ Council Tax and NDR (transfers to or from the Collection Fund)	(599)	-	-	-	-	5,158	-	-	-	-
~ Holiday pay (transferred to the Accumulated Absences Reserve)	64	(13)	-	-	-	(19)	(3)	-	-	-
~ Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	5,023	(8,044)	80	-	598	(7,125)	(24,480)	250	-	(1,567)
Total Adjustments to the Comprehensive Income and Expenditure Statement	6,102	(7,909)	80	-	598	145	(24,241)	250	-	(1,567)
Adjustments between Revenue and Capital Resources										
~ Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	602	3,085	(3,687)	-	-	886	7,107	(7,993)	-	-
~ Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	-	(31)	31	-	-	-	(62)	62	-	-
~ Posting of HRA resources from revenue to the Major Repairs Reserve	-	3,742	-	(3,742)	-	-	3,773	-	(3,773)	-
~ Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,505	-	-	-	-	2,672	-	-	-	-
~ Voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account)	(700)	-	-	-	-	-	-	-	-	-
~ Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	115	2,500	-	-	-	92	1,000	-	-	-
Total Adjustments between Revenue and Capital Resources	2,522	9,296	(3,656)	(3,742)	-	3,650	11,818	(7,931)	(3,773)	-
Capital Financing Adjustments										
~ Use of the Capital Receipts Reserve to finance capital expenditure	-	-	6,149	-	-	-	-	3,377	-	-
~ Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	11,181	-	-	-	-	4,163	-
~ Application of capital grants to finance capital expenditure	-	-	-	-	347	-	-	-	-	351
~ Cash payments in relation to deferred capital receipts	-	-	(48)	-	-	-	-	-	-	-
Total Capital Financing Adjustments	-	-	6,101	11,181	347	-	-	3,377	4,163	351
Total Adjustments	**8,624**	**1,387**	**2,525**	**7,439**	**945**	**3,795**	**(12,423)**	**(4,304)**	**390**	**(1,216)**

11. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide funding for future expenditure plans and the amounts posted back from earmarked reserves to meet expenditure in the year. There are no HRA earmarked reserves.

	Balance 31 March 2024	Transfers in	Transfers out	Balance 31 March 2025	Transfers in	Transfers out	Balance 31 March 2026
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Building Control Reserve	**(19)**	-	(91)	**(110)**	40	-	**(70)**
Covid Response Funds	**114**	-	(81)	**33**	-	(23)	**10**
Economic Development	**3,067**	724	(830)	**2,961**	1,479	(1,895)	**2,545**
Environment	**630**	249	(221)	**658**	211	(207)	**662**
Housing GF Reserves	**1,198**	305	(305)	**1,198**	457	(257)	**1,398**
Land Charges Reserve	**319**	-	(21)	**298**	-	(25)	**273**
Leisure Reserves	**1,381**	664	(871)	**1,174**	57	(168)	**1,063**
Museum Reserves	**288**	127	-	**415**	21	(62)	**374**
New Homes Bonus	**134**	-	(74)	**60**	-	-	**60**
NDR Deficit	**1,660**	561	-	**2,221**	-	(2,221)	**-**
Planning Reserves	**1,081**	597	(381)	**1,297**	120	(322)	**1,095**
Redundancy Reserve	**628**	-	(628)	**-**	-	-	**-**
Transformation	**1,347**	-	(1,302)	**45**	113	(33)	**125**
Other Earmarked Reserves	**1,741**	1,089	(542)	**2,288**	208	(376)	**2,120**
Strata Usable Reserves	**258**	-	(10)	**248**	-	(5)	**243**
Total	**13,827**	**4,316**	**(5,357)**	**12,786**	**2,706**	**(5,594)**	**9,898**

12. Other Operating Expenditure

	2024-25 £'000	2025-26 £'000
Pension Fund Administration Expenses	110	128
Levies - Strata Service Solutions	5	6
(Gain) / losses on the disposal of non-current assets	(398)	1,820
	(283)	**1,954**

13. Financing and Investment Income and Expenditure

	2024-25 £'000	2025-26 £'000
Interest payable and similar charges	5,203	5,298
Net interest on the net defined benefit liability	381	578
Net interest on the net defined benefit liability - Strata Service Solutions Ltd	(9)	(3)
Interest receivable	(2,821)	(2,171)
Income and expenditure in relation to investment properties and changes in their fair value	(20,874)	(3,357)
Other investment income and expenditure	80	80
Movements in Financial Instruments held at Fair Value through Profit and Loss	(85)	-
Impairment losses	(165)	40
Interest receivable - Strata Service Solutions Ltd	(25)	(28)
	(18,315)	**437**

14. Taxation and Non-specific Grant Income

	2024-25 £'000	2025-26 £'000
Council tax income	(7,132)	(7,455)
Non-domestic rates	(8,684)	(13,684)
Non-ringfenced government grants	(3,233)	(4,519)
Capital grants and contributions	(3,582)	(3,641)
	(22,631)	**(29,299)**

15. Property, Plant and Equipment

Amendments to Section 4.1 of the Code, provide a temporary relief for the reporting periods commencing 1 April 2021 through to 31 March 2029 so that local authorities are not required to report gross book value and accumulated depreciation for infrastructure assets. The Council has elected to apply this temporary relief, because historical reporting practices and resultant information deficits mean that gross cost and accumulated depreciation may not be measured accurately and may not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	Council Dwellings and Garages £'000s	Other Land and Buildings £'000s	Vehicles, Plant & Equipment £'000s	Community Assets £'000s	Surplus Assets £'000s	Assets under Construction £'000s	Total Property, Plant and Equipment £'000s
Cost or valuation							
As at 1 April 2024	300,470	169,872	30,099	5,394	2,957	13,716	**522,508**
Additions	16,032	1,888	2,609	359	-	6,402	**27,290**
Revaluations - Revaluation Reserve	(8,468)	10,793	-	-	-	-	**2,325**
Revaluations - CIES	-	1,945	-	-	-	-	**1,945**
Impairments - CIES	(7,234)	(1,776)	-	-	(1,635)	-	**(10,645)**
Derecognition - disposals	(1,334)	(99)	(2,131)	-	-	(715)	**(4,279)**
Reclassifications - held for sale	(4,465)	(485)	-	-	-	-	**(4,950)**
Reclassifications - surplus	-	(4,532)	-	-	5,019	(487)	**-**
Reclassifications - AUC	5,784	-	-	-	-	(5,784)	**-**
Reclassifications - Investment property	-	(2,319)	-	-	265	-	**(2,054)**
Other movements - Strata Service Solutions Ltd	-	-	109	-	-	-	**109**
Gross Book Value At 31 March 2025	**300,785**	**175,287**	**30,686**	**5,753**	**6,606**	**13,132**	**532,249**
Depreciation and impairments							
At 1 April 2024	-	-	(19,606)	-	-	-	**(19,606)**
Depreciation Charge	(3,734)	(2,737)	(2,299)	-	-	-	**(8,770)**
Depreciation written out to Revaluation Reserve	3,313	2,679	-	-	-	-	**5,992**
Impairment - CIES	404	58	-	-	-	-	**462**
Derecognition - disposals	17	-	1,897	-	-	-	**1,914**
Accumulative Depreciation At 31 March 2025	**-**	**-**	**(20,008)**	**-**	**-**	**-**	**(20,008)**
Balance Sheet amount at 31 March 2025	**300,785**	**175,287**	**10,678**	**5,753**	**6,606**	**13,132**	**512,241**

	Council Dwellings and Garages £'000s	Other Land and Buildings £'000s	Vehicles, Plant & Equipment £'000s	Community Assets £'000s	Surplus Assets £'000s	Assets under Construction £'000s	Total Property, Plant and Equipment £'000s
Cost or valuation							
As at 1 April 2025	300,785	175,287	30,686	5,753	6,606	13,132	**532,249**
Additions	6,405	1,007	1,139	144	-	3,184	**11,879**
Donations	922	-	-	-	-	-	**922**
Revaluations - Revaluation Reserve	1,135	(3,494)	-	-	1,138	-	**(1,221)**
Revaluations - CIES	-	216	-	-	-	-	**216**
Impairments - CIES	(11,914)	(1,009)	-	-	-	(2,010)	**(14,933)**
Derecognition - disposals	(1,875)	(1,692)	(4,013)	(498)	-	(19)	**(8,097)**
Reclassifications - held for sale	(1,424)	-	-	-	(2,988)	-	**(4,412)**
Reclassifications - surplus	-	(1,511)	-	-	1,511	-	**-**
Reclassifications - AUC	10,912	-	-	(204)	-	(10,708)	**-**
Reclassifications - Investment property	-	3,205	-	-	3,456	-	**6,661**
Reclassifications - Infrastructure	-	-	34	-	-	-	**34**
Other movements - Strata Service Solutions Ltd	-	-	149	-	-	-	**149**
Gross Book Value At 31 March 2026	**304,946**	**172,009**	**27,995**	**5,195**	**9,723**	**3,579**	**523,447**
Depreciation and impairments							
At 1 April 2025	-	-	(20,008)	-	-	-	**(20,008)**
Depreciation Charge	(3,765)	(3,574)	(2,548)	-	-	-	**(9,887)**
Depreciation written out to Revaluation Reserve	3,468	3,499	-	-	-	-	**6,967**
Impairment - CIES	251	75	-	-	-	-	**326**
Derecognition - disposals	46	-	3,805	-	-	-	**3,851**
Other movements	-	-	13	-	-	-	**13**
Accumulative Depreciation At 31 March 2026	**-**	**-**	**(18,738)**	**-**	**-**	**-**	**(18,738)**
Balance Sheet amount at 31 March 2026	**304,946**	**172,009**	**9,257**	**5,195**	**9,723**	**3,579**	**504,709**

Infrastructure Assets	**2024-25 £'000**	**2025-26 £'000**
1 April Net Book Value (modified historical cost)	2,589	3,668
Additions	1,309	993
Derecognition	(2)	(139)
Reclassifications	-	(34)
Depreciation	(228)	(198)
Balance at 31 March	**3,668**	**4,290**

Property, Plant and Equipment	**2024-25 £'000**	**2025-26 £'000**
Infrastructure Assets	3,668	4,290
Other PPE Assets	512,241	504,709
Balance at 31 March	**515,909**	**508,999**

Revaluations

The frequency of revaluations and significant assumptions applied in estimating fair value are set out in the statement of accounting policies. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The valuations, as at 31 March 2026 were carried out by the Council's in-house valuers; registered with the Royal Institution of Chartered Surveyors, and externally appointed valuers.

	Council Dwellings and Garages £'000s	Other Land and Buildings £'000s	Vehicles, Plant & Equipment £'000s	Community Assets £'000s	Surplus Assets £'000s	Assets under Construction £'000s	Total Property, Plant and Equipment £'000s
Carried at historical cost	-	-	27,995	5,195	9,723	3,579	**46,492**
Valued at current value as at:							
31 March 2022	-	-	-	-	-	-	**-**
31 March 2023	-	-	-	-	-	-	**-**
31 March 2024	-	-	-	-	-	-	**-**
31 March 2025	-	-	-	-	-	-	**-**
31 March 2026	304,946	172,009	-	-	-	-	**476,955**

Capital Commitments

At 31 March 2026, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2025/26 and future years budgeted to cost £7.091m. Similar commitments at 31 March 2025 were £4.780m. The major commitments are:

- £5.040m Planned enhancements to housing stock (including boiler replacements, re-roofing, window replacements, retrofit)
- £0.933m Planned enhancements to general fund assets
- £0.436m Riverside Decarbonisation project
- £0.367m New Material Reclamation Facility (MRF)
- £0.189m Vaughan Road retentions
- £0.075m Hamlin Road retentions
- £0.051m Other

16. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment income and expenditure line in the CIES:

	2024-25 £'000	2025-26 £'000
Rental income from investment property	11,786	9,911
Direct operating expenditure arising from investment property	(4,941)	(5,781)
Net gain	**6,845**	**4,130**

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

With regards to the Guildhall Shopping Centre, the Ministry of Housing, Communities and Local Government permitted the Council to borrow in respect of acquiring this investment property on the basis that any net gain is set aside specifically for the purposes of economic regeneration. During 2025/26, the shopping centre generated a net deficit of £0.354m, which has been set aside in an earmarked reserve for economic regeneration future spend. The reserve stands at £2.545m as at 31 March 2026.

Fair Value Hierarchy

Details of the authority's investment properties and information about fair value hierarchy as at 31 March 2026 and comparatives as at 31 March 2025 are as follows:

Class of Asset	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2026 £'000
Industrial	-	5,078	**5,078**
Retail	-	57,896	**57,896**
Leisure	-	4,544	**4,544**
Office	-	5,670	**5,670**
Other Commercial	-	6,169	**6,169**
Total	**-**	**79,357**	**79,357**

Class of Asset	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Fair value as at 31 March 2025 £'000
Industrial	-	4,768	**4,768**
Retail	-	63,731	**63,731**
Leisure	-	4,672	**4,672**
Office	-	9,376	**9,376**
Other Commercial	47	4,167	**4,214**
Total	**47**	**86,714**	**86,761**

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

	2024-25 £'000	2025-26 £'000
Balance at 1 April	71,516	86,761
Additions :		
Purchases	-	-
Construction	-	-
Subsequent expenditure	52	91
Disposals	(385)	-
Net gains /(losses) from fair value adjustments	14,028	(834)
Transfers:	-	-
To/from Property, Plant & Equipment	2,319	(3,205)
To Surplus assets	(265)	(3,456)
To Held for sale	(504)	-
Balance at 31 March	**86,761**	**79,357**

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

Level 3 fair value measurements	Industrial £'000	Retail £'000	Leisure £'000	Office £'000	Other Commercial £'000	Total Level 3 Fair Value £'000
Balance at 1 April 2025	4,768	63,731	4,672	9,376	4,167	**86,714**
Gains/(losses) recognised in the CIES resulting from changes in the fair value	310	(5,837)	(128)	(897)	5,718	**(834)**
Additions	-	2	-	89	-	**91**
Transfers in and out of level 3	-	-	-	-	47	**47**
Disposals	-	-	-	-	-	**-**
Classification transfers	-	-	-	(2,898)	(3,763)	**(6,661)**
Level 3 balance at 31 March 2026	**5,078**	**57,896**	**4,544**	**5,670**	**6,169**	**79,357**

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs

Property type	Lease type	Rent type	Fair value as at 31 March 2026 £'000	Valuation technique used to measure fair value	Unobservable inputs	Range / Equivalent Yield	Sensitivity
Industrial	Ground	Nominal	4,836	Income approach	Yield	5-6%	Significant changes in yield will result in a significant difference to the fair value
	Ground	Geared	242	Income approach	Yield	5-6%	Significant changes in yield will result in a significantly lower or higher fair value
Retail	Commercial	Market	46,113	Income approach	Rent & Yield	11-12%	Significant changes in rental levels or yield will result in a significantly lower or higher fair value
	Ground	Nominal	572	Income approach	Yield	6%	Significant changes in yield will result in a significant difference to the fair value
	Ground	Geared	-	Income approach	Yield	11-13.50%	Significant changes in yield will result in a significantly lower or higher fair value
	Ground	Turnover	6,069	Income approach	Yield	5-6%	This is in relation to our interest in Princesshay Shopping Centre, this was let on a ground lease and the Council receive a proportion of the rental income.
	Ground	Market	5,142	Income approach	Yield	11-13%	These are assets where we have let them on a ground (long) lease but there are market rent reviews. These assets are sometimes linked to RPI or market rent.
Leisure	Commercial	Turnover	-	Income approach	Yield	11-12%	Significant changes in yield will result in a significantly lower or higher fair value
	Commercial	Market	618	Income approach	Yield	11-12%	Significant changes in rental levels or yield will result in a significantly lower or higher fair value
	Ground	Turnover	3,198	Income approach	Yield	5%	This is in relation to our interests where we have granted a ground lease and the Council receives a proportion of the rental income. For instance, this is in relation to hotels or nightclubs.
	Ground	Nominal	154	Income approach	Yield	11-12%	These assets are let on a long lease with no rent reviews, therefore the rent remains at a nominal level as the Council received a premium (lump sum) at the grating of the lease.
	Ground	Market	574	Income approach	Yield	11-12%	These are assets where we have let them on a ground (long) lease but there are market rent reviews. These assets are sometimes linked to RPI or market rent.
Office	Commercial	Market	5,670	Comparable Evidence	Capital Value rate per sq ft	£45-£85	The office properties have been valued on a rate per sq ft based on comparable sales in the market of similar office size.
Other commercial	Commercial	Market	3,372	Income approach	Yield	8.5-12%	Significant changes in yield will result in a significantly lower or higher fair value
	Commercial	Nominal	414	Income approach	Yield	11-12%	These assets are let on a long lease with no rent reviews, therefore the rent remains at a nominal level as the Council received a premium (lump sum) at the grating of the lease. EG Telecom masts
	Ground	Turnover	2,383	Income approach	Yield	6%	Significant changes in yield will result in a significantly lower or higher fair value

17. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Authority

	Museum Exhibits £'000	Civic Regalia and Paintings at the Guildhall £'000	Total £'000
Cost or Valuation			
1 April 2024	20,000	2,743	**22,743**
Additions	-	-	**-**
Disposals	-	-	**-**
Revaluations	324	274	**598**
Impairment Losses/(reversals) recognised in the Revaluation Reserve	-	-	**-**
Impairment Losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	-	**-**
31 March 2025	**20,324**	**3,017**	**23,341**
Cost or Valuation			
1 April 2025	20,324	3,017	**23,341**
Additions	-	-	**-**
Disposals	-	-	**-**
Revaluations	438	151	**589**
Impairment Losses/(reversals) recognised in the Revaluation Reserve	-	-	**-**
Impairment Losses/(reversals) recognised in the Surplus or Deficit on the Provision of Services	-	-	**-**
31 March 2026	**20,762**	**3,168**	**23,930**

18. Further Information on the Collections

Guildhall

The Guildhall is home to a number of fine art portraits painted between the 17th and 19th Century. They include a portrait of Princess Henrietta Anne, daughter of King Charles I, who was born in Exeter, and a number of other prominent local people. There are a number of portraits by Thomas Hudson including one of George II as Prince of Wales.

Royal Albert Memorial Museum

RAMM cares for a wonderful and diverse collection consisting of approximately one and a half million individual objects and specimens from all over the globe. They are divided into the following curatorial departments: antiquities, ethnography, natural history, decorative and fine arts. The collections contain items of local, national and international importance, and many are of outstanding historical or cultural significance.

Other Heritage Assets

The Council owns a range of assets around the City which are of historic value including; the Roman Wall, Underground Passages, Catacombs and various statues. These have not been valued and do not form part of the figure held in the Balance Sheet, as explained in Note 1 Accounting Policies.

19. Financial Instruments

Classification of Financial Instruments

The following judgements were made in respect of classifying financial instruments:

- A long-term investment in the CCLA Property Fund is designated at fair value through profit and loss as the contractual terms of the asset do not give rise on specified dates to cash flows that are solely payments of principal and interest
- Money market funds are designated at fair value through profit and loss as the contractual terms of the asset do not give rise on specified dates to cash flows that are solely payments of principal and interest
- Equity shareholdings in other related parties are carried at amortised cost. The Code permits group interests to be accounted for at cost. This is on the basis that the group accounts provide information about the value and performance of these investments
- All other financial liabilities and assets are carried at amortised cost on the basis that the Council holds the financial assets until it collects contractual cash-flows or has a liability to transfer economic benefits under a contractual obligation

Categories of Financial Instruments

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

Financial Assets

	Long-term				Current			
	Investments		Debtors		Investments		Debtors	
Financial Assets	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000
Fair value through profit or loss	4,560	4,558	-	-	19,077	21,067	-	-
Amortised cost	2,225	2,225	9,107	9,015	230	1,544	5,561	4,966
Total Financial Assets	**6,785**	**6,783**	**9,107**	**9,015**	**19,307**	**22,611**	**5,561**	**4,966**
Non-financial assets	-	-	-	-	-	-	15,080	15,486
Total	**6,785**	**6,783**	**9,107**	**9,015**	**19,307**	**22,611**	**20,641**	**20,452**

Financial Liabilities

	Long-term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
Financial Liabilities	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000	31 March 2025 £'000	31 March 2026 £'000
Fair value through profit or loss	-	-	-	-	-	-	-	-
Amortised cost	162,026	160,430	2,984	2,346	11,590	11,611	14,281	16,517
Total Financial Liabilities	**162,026**	**160,430**	**2,984**	**2,346**	**11,590**	**11,611**	**14,281**	**16,517**
Non-financial liabilities	-	-	4,301	5,099	-	-	15,398	14,431
Total	**162,026**	**160,430**	**7,285**	**7,445**	**11,590**	**11,611**	**29,679**	**30,948**

Material Soft Loans Made by the Authority

Soft loans are those advanced at below market rates in support of the Council's service priorities. A soft loan of £1m was advanced by the Council towards funding the building of the Science Park centre, in two loan advances of £500,000 with interest charged at 2.55% and 2.62% respectively. The loans were due to be repaid in January 2025, however, Council resolved to convert the debt to equity in May 2024.

	2024-25 £'000	**2025-26 £'000**
Balance at start of year	**1,219**	**-**
New loans granted in the year	-	-
Fair value adjustment on initial recognition	-	-
Other changes	(1,219)	-
Accrued interest	-	-
Nominal value at 31 March	**-**	**-**

Valuation Assumptions

The interest rate at which the fair value of this soft loan was arrived at by taking the authority's prevailing cost of borrowing and adding an allowance for the risk that the loan might not be repaid by Exeter Science Park Ltd.

Reclassification of Financial Instruments

During the year the Council has not reclassified any financial instruments or transferred any financial instruments that would require a change in the recognition of that instrument.

Income, Expense, Gains and Losses

The gains and losses in the Comprehensive Income and Expenditure Account in relation to Financial Instruments for Investments and Borrowing are made up as follows:

	2024-25 Surplus or Deficit on the Provision of Services £'000	2025-26 Surplus or Deficit on the Provision of Services £'000
Net gains/losses on:		
Financial assets measured at fair value through profit and loss	(85)	-
Total net gains/losses	**(85)**	**-**
Interest receivable:		
Financial assets measured at fair value through profit and loss	(1,463)	(1,431)
Financial assets measured at amortised cost	(1,383)	(768)
Total interest receivable	**(2,846)**	**(2,199)**
Interest payable	**5,203**	**5,298**

Changes in the valuation technique

There has been no change in the valuation technique used during the year for financial instruments.

Fair Value of Financial Assets

Some of the authority’s financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

	Fair Value Level	Valuation technique used to measure fair value	Balance Sheet 31 March 2025 £'000	Fair Value 31 March 2025 £'000	Balance Sheet 31 March 2026 £'000	Fair Value 31 March 2026 £'000
Financial Assets Held at Fair Value						
Financial instruments classified as fair value through profit and loss:						
Money market funds	1	Unadjusted quoted prices in active markets for identical shares	19,077	19,077	21,067	21,067
Local Authorities' Property Fund	1	Unadjusted quoted prices in active markets for identical shares	4,560	4,560	4,558	4,558
Total			**23,637**	**23,637**	**25,625**	**25,625**

Fair Values of Financial Assets that Are Not Measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the authority are carried at amortised cost, as follows:

- The carrying amount of short term creditors and debtors (trade payables and receivables) are considered a reasonable approximation of fair value
- The fair value of finance leases (receivable) have been calculated by discounting the contractual cash-flows at the appropriate PWLB annuity loan rate
- The fair value of long term creditors and capital grants received in advance is assumed to approximate to the carrying value as it is considered unlikely, owning to historical experience, that they will require repayment
- All investments in subsidiaries, associates and joint ventures are measured as financial instruments, however, on the basis that group accounts are prepared which provides information about the value and performance of these investments it is not necessary to supplement with financial instrument valuations

Fair values are shown in the table below, split by their level in the fair value hierarchy:

	Fair Value Level	Balance Sheet 31 March 2025 £'000	Fair Value 31 March 2025 £'000	Balance Sheet 31 March 2026 £'000	Fair Value 31 March 2026 £'000
Financial Assets Held at Amortised Cost					
Unquoted equity investment	3	2,225	2,225	2,225	2,225
Loans made for service purposes	2	172	172	159	159
Lease receivables	3	8,935	8,935	8,856	8,856
Cash (including bank accounts)	2	230	230	1,544	1,544
Short term debtors	3	20,641	20,641	20,452	20,452
Total Financial Assets		**32,203**	**32,203**	**33,236**	**33,236**
Financial Liabilities Held at Amortised Cost					
Long term borrowing	2	162,026	98,722	160,430	94,511
Short term borrowing	2	11,590	11,590	11,611	11,611
Finance lease liabilities	3	2,984	2,984	2,346	2,346
Long term creditors	3	324	324	306	306
Capital grants receipts in advance	3	3,976	3,976	4,793	4,793
Short term creditors	3	29,679	29,679	30,948	30,948
Total Financial Liabilities		**210,579**	**147,275**	**210,434**	**144,515**

Fair Value Disclosure of PWLB Loans

The Council’s borrowings are all with the PWLB. The fair value of PWLB loans measures the economic effect of terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, this is referred to as the new loan rate. One approach is to measure the interest that the authority will pay on its PWLB commitments for fixed rate loans and compare these to the terms of these loans with the new loan rates available from PWLB, on the Balance Sheet date. Under this approach, the difference between the carrying amount and fair value measures the variation in interest costs that the authority will pay over the remaining terms of the loans, against what would be paid if the loans were at prevailing rates. If a value is calculated on this basis, the carrying amount of £172.041m (£160.430 long term and £11.611m short term borrowing) would be valued at £106.122m. Alternatively, if the authority were to seek to move to the notional new loan rate by repaying the loans to the PWLB, the exit price, including a penalty charge, would be based on the PWLB Premature Repayment Rates at the Balance Sheet date and this fair value would be £106.834m.

20. Debtors

Long-term Debtors 2024-25 £'000	Long-term Debtors 2025-26 £'000		Short-term Debtors 2024-25 £'000	Short-term Debtors 2025-26 £'000
-	-	Trade Debtors	4,507	3,586
-	-	Less impairment allowance	(1,271)	(1,302)
-	-	**Trade Debtors**	**3,236**	**2,284**
-	-	Overpaid Housing Benefits	1,501	1,349
-	-	Less impairment allowance	(1,184)	(1,106)
-	-	**Overpaid Housing Benefits**	**317**	**243**
-	-	Rents - General and HRA	765	874
-	-	Less impairment allowance	(504)	(591)
-	-	**Rents - General and HRA**	**261**	**283**
-	-	Collection Fund amounts	6,005	4,639
-	-	Covid-19 funding	16	-
-	-	VAT	1,666	909
-	-	Housing Benefit Subsidy	1,473	1,718
-	-	Other receivable amounts	4,944	5,786
-	-	Prepayments	382	1,445
-	-	Debtors of Strata Service Solutions Ltd	1,734	2,143
8,935	8,856	Finance lease debtors	80	80
127	113	Exeter Council for Voluntary Service	-	-
45	46	Other loans	13	13
9,107	**9,015**	**Total Debtors**	**20,127**	**19,543**

21. Debtors for Local Taxation

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

	2024-25 £'000	2025-26 £'000
Less than 1 year	451	897
Less impairment allowance	(249)	(355)
Less than 1 year	**202**	**542**
Over 1 to 5 years	776	954
Less impairment allowance	(507)	(641)
Over 1 to 5 years	**269**	**313**
Over 5 to 10 years	98	128
Less impairment allowance	(66)	(88)
Over 5 to 10 years	**32**	**40**
Over 10 to 15 years	11	22
Less impairment allowance	(7)	(12)
Over 10 to 15 years	**4**	**10**
Over 15 years	8	6
Less impairment allowance	(1)	(2)
Over 15 years	**7**	**4**
Total Debtors for Local Taxation	**514**	**909**

22. Assets Held for Sale

	2024-25 £'000	2025-26 £'000
Balance at 1 April	**1,039**	**6,356**
Assets newly classified:		
Property, plant and equipment	5,142	4,849
Other assets / liabilities	504	-
Revaluation losses	-	(60)
Revaluation gains	374	51
Impairment losses	(5)	-
Assets declassified:		
Property, plant and equipment	(192)	(437)
Assets sold	(506)	(5,368)
Balance at 31 March	**6,356**	**5,391**

23. Cash and Cash Equivalents

	2024-25 £'000	2025-26 £'000
Cash held by the Council	368	137
Bank current accounts	(428)	968
Money Market Funds	19,077	21,067
Short-term investments	-	-
Short-term call accounts	-	-
Strata - Cash at bank and in hand	290	439
Total cash and cash equivalents	**19,307**	**22,611**

24. Short Term Creditors

	2024-25 £'000	2025-26 £'000
Trade Payables	1,855	1,199
Collection Fund amounts	15,398	14,431
Income in Advance	3,097	2,729
Other Payables	8,661	11,304
Creditors of Strata Service Solutions Ltd	668	1,285
Total Short Term Creditors	**29,679**	**30,948**

The lease liability recognised under IFRS 16 is included within Other payables

25. Provisions

	Business Rates Appeal Provision £'000	Loan Loss Allowances £'000	Total Provisions £'000
Balance as at 1 April 2025	**7,468**	**4**	**7,472**
Additional provisions	395	-	395
Provision utilised in year	(213)	-	(213)
Unused amounts reversed in year	(5,887)	(1)	(5,888)
Balance as at 31 March 2026	**1,763**	**3**	**1,766**

26. Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and Note 10.

Usable Reserve	2024-25 £'000	2025-26 £'000
General Fund Balance	5,304	4,549
Housing Revenue Account	5,245	8,059
Capital Receipts Reserve	5,222	9,526
Major Repairs Reserve	5,175	4,785
Earmarked Reserves	12,786	9,898
Capital Grants Unapplied	20,263	21,479
Balance at 31 March	**53,995**	**58,296**

27. Unusable Reserves

Unusable Reserve	2024-25 £'000	2025-26 £'000
Revaluation Reserve	167,512	167,748
Capital Adjustment Account	243,454	228,356
Financial Instrument Adjustment Account	(500)	(500)
Deferred Capital Receipts Reserve	9,015	8,935
Pensions Reserve	(15,956)	(14,262)
Collection Fund Adjustment Account	(2,002)	3,156
Accumulated Absences Account	(674)	(697)
Total Unusable Reserves	**400,849**	**392,736**

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.

2024-25 £'000	Revaluation Reserve	£'000	2025-26 £'000
160,795	Balance at 1 April		167,512
35,901	Upward revaluation of assets	19,084	
(26,611)	Downward revaluation of assets and impairment losses not charged to CIES	(12,758)	
9,290	Surplus / (deficit) on revaluation		6,326
(2,074)	Difference between fair value depreciation and historical cost depreciation	(2,438)	
(499)	Accumulated gains on assets sold	(3,652)	
(2,573)	Amount written off to CAA		(6,090)
167,512	**Balance at 31 March**		**167,748**

Capital Adjustment Account (CAA)

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority. The Account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2024-25 £'000	**Capital Adjustment Account**	**£'000**	**2025-26 £'000**
221,050	Balance at 1 April		243,454
(17,241)	Charges for depreciation and impairment of non-current assets	(24,472)	
(148)	Amortisation of intangible assets	(154)	
34	Revenue expenditure funded from capital under statute	48	
58	Capital loan loss allowance	-	
(2,679)	Amounts of non-current assets written-off on disposal or sale as part of the gain/loss on disposal	(5,851)	
(19,976)			(30,429)
2,075	Adjusting amounts to Revaluation reserve		2,438
203,149	Net amount written out of the cost of non-current assets in year		**215,463**
	Capital finance applied in year:		
6,149	Use of Capital Receipts Reserve	3,377	
11,181	Use of the Major Repairs Reserve	4,163	
4,345	Capital Grants and contributions applied - CIES	1,502	
2,505	Statutory provision for financing capital	2,672	
(700)	Voluntary provision for financing capital	-	
2,615	Capital Expenditure charged directly to the General Fund and HRA	1,092	
26,095			12,806
14,027	Movements in the market value of Investment Properties		(835)
183	Movement in the Donated Assets Account		922
243,454	**Balance at 31 March**		**228,356**

Financial Instruments Adjustment Account

This reserve absorbs the timing differences arising from the different arrangements for accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. Up until 31 March 2026, this account also holds the gains and losses that would otherwise hit the General Fund balance in respect of pooled investment funds.

2024-25 £'000	Financial Instruments Adjustment Account	2025-26 £'000
(601)	Balance at 1 April	(500)
85	Statutory reversal of movements in Financial Instruments held at Fair Value through Profit and Loss	-
-	Transfer to Capital Adjustment Account - soft loan write off	-
16	Amount by which finance costs charged to CIES differ from finance costs charged in year under statute	-
(500)	**Balance at 31 March**	**(500)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The asset ceiling is the amount that the net pensions asset needs to be reduced to, to recognise the limitation on the extent to which realisation of the net pensions' asset is realisable. The Accounting Code classifies the effect of the asset ceiling as a remeasurement, it is posted to Other Comprehensive Income and Expenditure.

2024-25 £'000	Pensions Reserve	2025-26 £'000
(16,969)	Balance at 1 April	(15,956)
23,016	Remeasurements of the net defined benefit liability/(asset)	(5,675)
(23,666)	Effect of asset ceiling - treated as Other Comprehensive Income and Expenditure	4,994
(5,572)	Reversal of items relating to retirement benefits in the CIES	(4,240)
7,235	Employers pension contributions and direct payments to pensioners	6,615
(15,956)	**Balance at 31 March**	**(14,262)**

Notes to the Financial Statements

Deferred Capital Receipts Reserve

This reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement takes place, amounts are transferred to the Capital Receipts Reserve.

2024-25 £'000	Deferred Capital Receipts Reserve	2025-26 £'000
9,143	Balance at 1 April	9,015
(80)	Transfer of Finance Lease Premium to CIES	(80)
(48)	Transfer to Capital Receipts Reserve upon receipt of cash	-
9,015	**Balance at 31 March**	**8,935**

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and NDR income in the CIES as it falls due from council tax payers and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2024-25 £'000	Collection Fund Adjustment Account	2025-26 £'000
(1,403)	Balance at 1 April	(2,002)
(599)	Amount by which council tax and NNDR income credited to CIES differs from that calculated for the year under statute	5,158
(2,002)	**Balance at 31 March**	**3,156**

Accumulated Absences Account

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

2024-25 £'000	Accumulated Absences Account	2025-26 £'000
(726)	Balance at 1 April	(674)
726	Settlement / cancellation of previous year's accrual	674
(674)	Amounts accrued at the end of year	(697)
52	Amount by which remuneration charged to CIES differs from remuneration charged for the year under statute	(23)
(674)	**Balance at 31 March**	**(697)**

28. Cash Flow Statement – Operating Activities

	2024-25 £'000	2025-26 £'000
Net (surplus) / deficit on provision of Services	(7,644)	9,457
Adjusted for non-cash movements:		
Depreciation	(8,999)	(10,085)
Impairment	(8,243)	(14,391)
Amortisation	(148)	(154)
Donated assets	183	922
Pension liability	1,664	2,375
Carrying amount of non-current assets sold	(3,257)	(9,751)
Movement in investment properties	14,027	(835)
Finance lease income	(80)	(80)
Other	260	(394)
Movement in inventories	(33)	178
Movement in debtors	3,271	(2,494)
Movement in creditors	(735)	(1,177)
Items classified as investing and financing activities:		
Proceeds from the sale of property, plant & equipment	3,607	7,743
Items classified elsewhere	852	(137)
Net cashflows from Operating Activities	**(5,275)**	**(18,823)**

29. Cash Flow Statement – Investing Activities

	2024-25 £'000	2025-26 £'000
Purchase of non-current assets	29,370	15,104
Other payments for investing activities	4,046	4,592
Proceeds from the sale of non-current assets	(3,607)	(7,743)
Proceeds of short and long-term investments	(5,000)	-
Other receipts for investing activities	(5,175)	(4,883)
Net cash flows from investing activities	**19,634**	**7,070**

30. Cash Flow Statement – Financing Activities

	2024-25 £'000	2025-26 £'000
Cash receipts of short and long-term borrowing	(10,000)	(10,000)
Other receipts for financing activities	(3,474)	5,807
Cash payments for the reduction of liabilities relating to finance leases	934	1,078
Repayments of short and long-term borrowing	1,564	11,564
Net cash flows from financing activities	**(10,976)**	**8,449**

31. Reconciliation of Liabilities arising from Financing Activities

The total of Financing cash flows of £8.449m reconciles to the movement in borrowings in the Balance Sheet, excluding £5.807m in respect of Collection Fund cash-flows and a £1.078m reduction in liabilities relating to finance leases. Apart from this, there have been no non-cash movements in borrowing amounts on the Balance Sheet.

32. Officers' Remuneration

The table below sets out the remuneration paid to or receivable by the authority's senior management:

2025-26	Salary, fees & allowances £	Expenses £	Compensation for Loss of Office £	Total Remuneration £	Employers Pension Contributions £	Total £
Chief Executive*	142,591	907	-	**143,498**	27,948	**171,446**
Strategic Director - Corporate Resources	102,290	405	-	**102,695**	20,049	**122,744**
Strategic Director - Place	102,290	460	-	**102,750**	20,049	**122,798**
Strategic Director - People and Communities	102,290	-	-	**102,290**	20,049	**122,339**
Strategic Director - Operations	103,811	-	-	**103,811**	20,049	**123,860**

*Additional £10,473 allowances and £347 employers pension contributions receivable in respect of Returning Officer duties

2024-25	Salary, fees & allowances £	Expenses £	Compensation for Loss of Office £	Total Remuneration £	Employers Pension Contributions £	Total £
Chief Executive*	144,963	395	-	**145,358**	28,413	**173,771**
Strategic Director - Corporate Resources	97,777	396	-	**98,173**	19,164	**117,337**
Strategic Director - Place	97,777	51	-	**97,828**	19,164	**116,992**
Strategic Director - People and Communities	92,990	-	-	**92,990**	18,226	**111,216**
Strategic Director - Operations (started 02/01/25)	77,604	22	-	**77,626**	15,210	**92,836**
Director (0.86 FTE, left 31/07/2024)	28,525	-	94,755	**123,280**	5,222	**128,501**
Director (left 30/06/2024)	23,533	-	48,182	**71,715**	4,612	**76,327**
Director (Corporate Services, left 31/05/2024)	23,210	-	114,976	**138,186**	243,885	**382,071**

*Additional £11,302 allowances and £1,524 employers pension contributions receivable in respect of Returning Officer duties

Notes to the Financial Statements

The authority’s other employees receiving more than £50,000 remuneration in the year (excluding employer’s normal pension contributions) were:

	Number of employees	
Remuneration band	**2024-25**	**2025-26**
£50,000 - £54,999	14	22
£55,000 - £59,999	8	10
£60,000 - £64,999	3	2
£65,000 - £69,999	2	1
£70,000 - £74,999	9	1
£75,000 - £79,999	-	12
£80,000 - £84,999	1	1
£85,000 - £89,999	1	-
£90,000 - £94,999	-	-
£95,000 - £99,999	1	-
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	1	-
£115,000 - £119,999	1	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-

33. Termination Benefits

The number of exit packages with total cost per band and total cost of compulsory redundancies and other departures are set out below. The total cost of £1,694,592 has been charged to the Comprehensive Income and Expenditure Statement in 2025/26.

Exit Package Cost Band	Number of employees 2024-25	Number of employees 2025-26	Total Cost of exit packages in each band £'000 2024-25	Total Cost of exit packages in each band £'000 2025-26
Compulsory Redundancies				
Less than £20,000	2	-	18	-
£20,001 - £39,999	-	-	-	-
£40,000 - £59,999	-	-	-	-
£60,000 - £79,999	-	-	-	-
£80,000 - £99,999	1	-	95	-
£100,000 - £149,999	2	2	243	239
£150,000 - £199,999	-	-	-	-
Other Departures Agreed				
Less than £20,000	1	2	6	8
£20,001 - £39,999	2	-	72	-
£40,000 - £59,999	1	-	48	-
£60,000 - £79,999	1	-	63	-
£80,000 - £99,999	-	-	-	-
£100,000 - £149,999	1	-	109	-
£150,000 - £199,999	1	-	176	-
£200,000 - £249,999	-	-	-	-
Greater than £250,000	3	-	865	-
Total	**15**	**4**	**1,695**	**247**

34. Audit Costs

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

	2024-25 £'000	2025-26 £'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	191	184
Fees payable to Grant Thornton; external audit services carried out by the appointed auditor in respect of prior year	9	2
Fees payable to Grant Thornton; certification of grant claims and returns	49	56
Total	**249**	**242**

35. Members Allowances

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

	2024-25 £'000	2025-26 £'000
Salaries	16	37
Allowances	417	442
Expenses	-	1
Total	**433**	**480**

36. Grants, Contributions and Donations

The Authority credited the following grants, contributions and donations to the comprehensive income and expenditure statement in 2025/26:

	2024-25 £'000	2025-26 £'000
Credited to Taxation and non-specific grant income		
Council taxpayers	(7,132)	(7,455)
Revenue Support Grant	(634)	(649)
Funding Guarantee & Services Grant	(1,339)	(290)
Employers NI Contirbution Grant	-	(138)
Recovery Grant	-	(271)
Extended Producer Responsibility	-	(1,522)
New Homes Bonus	(486)	(872)
NDR	(8,684)	(13,684)
Community Infrastructure Levy	(774)	(777)
Other Capital Grants & Contributions	(3,582)	(3,641)
Total	**(22,631)**	**(29,299)**
Credited to Services		
Benefit Subsidy	(28,047)	(22,995)
Arts Council	(623)	(731)
Cost of Living Support Grants	(997)	(557)
NDR Cost of Collection	(211)	(208)
Sport England	(444)	(1,322)
Homelessness and Rough Sleepers Support Grant	(3,027)	(3,484)
CT/HB Admin Grant	(327)	(336)
Other Grants and Contributions	(4,208)	(2,606)
Total	**(37,884)**	**(32,239)**

The authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that may require the monies or property to be returned to the giver in the event that the conditions are not fulfilled. The balances at the year-end are as follows:

Capital Grants receipts in advance	2024-25 £'000	2025-26 £'000
Affordable Housing - Land off Topsham Road	-	(124)
Car Club - Harrington Lane	(89)	(89)
Community Facility - Hill Barton	(208)	(208)
Community Facility - Newcourt	(376)	(376)
Habitats Mitigation	(304)	(651)
Land at Beacon Avenue	(6)	(6)
Leisure Contribution - Bishops Court	(309)	(216)
Leisure Contribution - Gladstone Rd	(62)	(62)
Leisure Contribution - Hill Barton	(70)	(70)
Leisure Contribution - Holland Park	(56)	(56)
Leisure Contribution - Homefield Rd	(13)	(13)
Leisure Contribution - Lynden Place	-	(9)
Leisure Contribution - Monkerton	(102)	(102)
Leisure Contribution - Newcourt	(558)	(516)
Leisure Contribution - Rydon Lawns	(12)	(12)
Leisure Contribution - Rydon Place	(190)	(190)
Leisure Contribution - St Loyes	(296)	(296)
Leisure Contribution - Tithebarn Green	(774)	(774)
Leisure Contribution - Yeoman Gardens	(8)	(8)
Leisure Contribution - Brookhayes	(40)	(34)
Local Energy Networks	(29)	(29)
Other Grants	(474)	(952)
Total	**(3,976)**	**(4,793)**

37. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council.

Central Government – has significant influence over the general operations of the Council, providing the statutory framework, the majority of the funding, and prescribes the terms of many of the transactions that the council has with other parties (e.g. housing benefits and council tax bills).

Council Members – have direct control over the council's financial and operating policies. The total of member allowances paid in 2025/26 is shown in Note 35. During the financial year, the Council paid grants to organisations totalling £7,661 (£7,100 2024/25) in which 17 members had an interest. In all instances, the grants were made with proper considerations of declarations of interest. The relevant members did not take part in any discussion relating to the grants. Payments totalling £252,064 (£307,038 2024/25) were also made to organisations in which 20 members had an interest in respect of goods and services.

Other public bodies – Exeter City Council is part of a designated pool for the retention of business rates, which allows local authorities to be treated as if they were a single entity for the purposes of calculating tariffs, top-ups, levies and safety net payments.

Entities Controlled or Significantly Influenced by the Authority

Exeter City Group Ltd and Exeter City Living Ltd

Exeter City Group Ltd (holding company) and Exeter City Living Ltd (housing development company) are subsidiary companies due to the Council's 100% shareholding. The purposes of Exeter City Living Ltd is limited to holding and managing six residential flats in the Guildhall Shopping Centre.

Exeter Business Centre Ltd (EBC)

EBC's main purpose is the letting of affordable business units to support small businesses. The Authority controls EBC through its ownership of 100% of the shares in the Company and it is deemed to be a subsidiary. EBC had a net asset of £1,187 as at 31 March 2026 (net liability of £11,651 as at 31 March 2025).

Exeter Canal and Quay Trust Ltd (ECQT)

ECQT has a charitable status and its main objectives are to preserve and develop the Exeter Canal and Quay area. ECQT is deemed to be an associate company, as the company is limited by guarantee and the Council has significant influence through its representation on the Trust Board. The Council leases a number of assets to ECQT on a long term basis at nil rent, with the exception of Double Locks Hotel whereby rent is 5% of turnover divided equally between ECQT and the Council (£40,162 in 2025/26). ECQT also contributed £124,242 towards Council costs mostly in respect of running the Custom House Visitor Centre during 2025/26 (£241,544 in 2024/25).

Exeter Science Park Ltd

The principal activity of the Company is to ensure the successful delivery of the Science Park by enabling the market for the Science Park to be developed through connections with the knowledge base at the University of Exeter, the Met Office and the Peninsula College of Medicine and Dentistry. The largest shareholder is Devon County Council (45%) along with the East Devon District Council (15%) and University of Exeter (24%).

The Authority has a 16% shareholding in the Company. It is deemed to be an associate due to the Council's ownership interest and significant influence. The Council has previously provided a loan of £1m towards funding the building of the Science Park centre, in two loan advances of £500,000 with interest charged at 2.55% and 2.62% respectively. On 28 May 2024, the Council agreed the conversion of the Council's £1.241m outstanding loan (principal and interest) to equity. The Council has also provided a guarantee to the University of Exeter for a lease granted to Exeter Science Park Ltd of up to £950,054.

South West Audit Partnership

The Council was admitted as a member of South West Audit Partnership (SWAP) from 1 April 2024. The Company was established as an in-house company controlled by contracting authorities to assist them in the provision of a shared internal audit, counter fraud, and governance related service. The Council paid £151,283 to SWAP during 2025/26 and its interest in the company is based upon its proportional share of annual contract sums, which equates to a 4% interest. It is deemed to be an associate but excluded from group accounts on the basis that the Council does not have significant influence.

Monkerton Heat Company Ltd

The company was set up to help facilitate the formation of a district heating network, as part of planning requirements relating to five major residential developments at Monkerton. Exeter City Council is a shareholder along with the five developers.

The purpose of the company is to hold a 999 year head lease for the pipelines and to grant an 80 year sub-lease to the energy supplier – both leases at nil consideration. As a result, the company is considered a dormant company as it is not carrying on any kind of business activity or receiving any form of income.

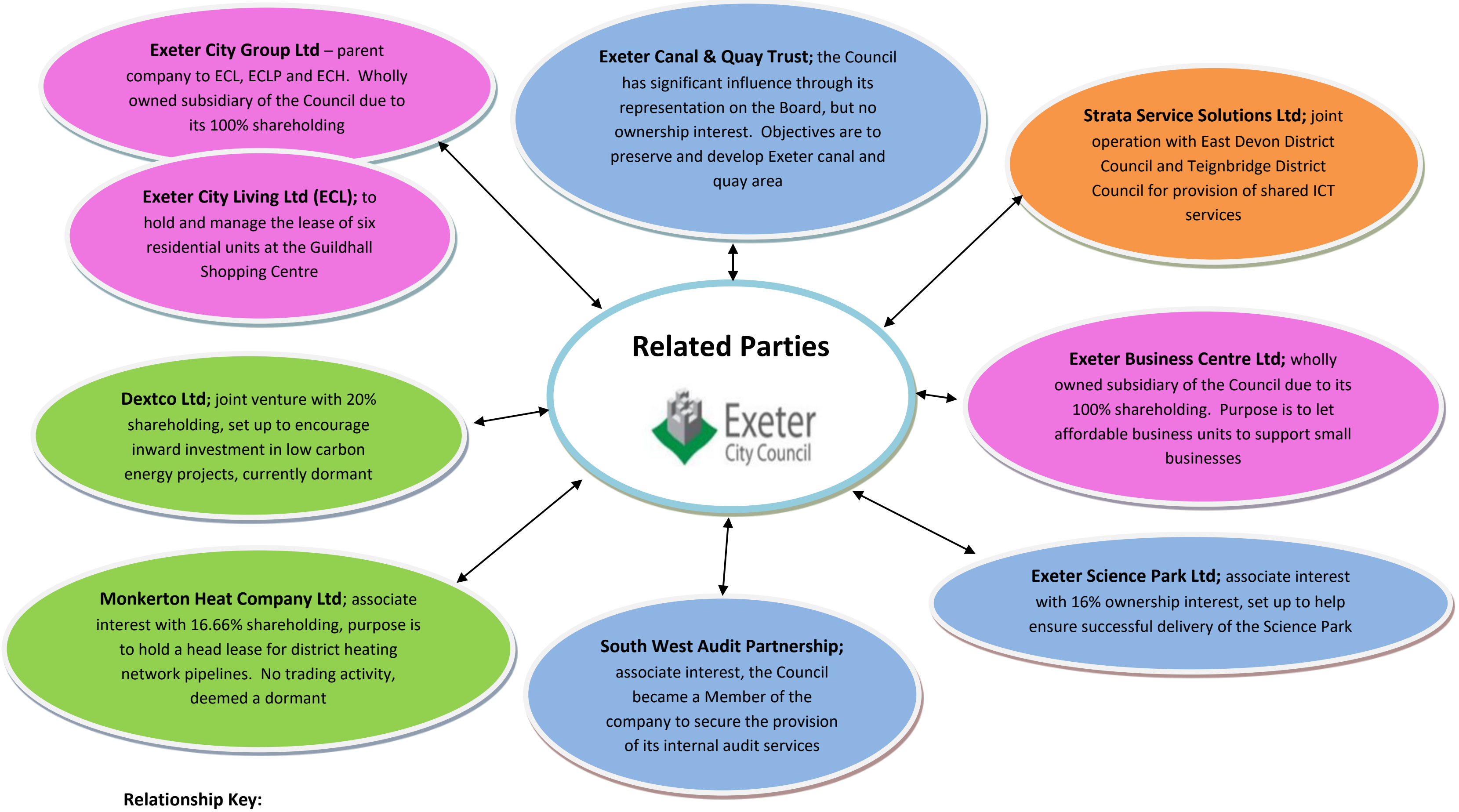
Dextco Ltd

Dextco Ltd was established to procure a delivery partner and funding to implement a district heating network in Exeter to deliver a reliable, low cost energy infrastructure which will encourage inward investment, thereby driving growth in the local economy and skilled jobs for the workforce. Exeter City Council is one of five equal shareholders comprising; Devon County Council, Royal Devon & Exeter NHS Foundation Trust, University of Exeter and Teignbridge District Council.

Dextco Limited is deemed to be a joint venture, as it is a separate legal entity with shareholders that have equal and collective control with decisions made unanimously. In 2021/22 a collective decision was made to place the company into abeyance with any further activities being temporarily suspended.

The next page contains a visual representation of the entities controlled or significantly influenced by the Authority, to further support the Related Party disclosure note.

Notes to the Financial Statements



Relationship Key:

Subsidiary	**Associate**	**Joint operation**	**Dormant**

Please refer to the Related Parties Note in the annual accounts in order to obtain more detailed information relating to transactions, shareholdings and levels of control/influence over the entity.

38. Interests in Joint Operations

Exeter City Council, Teignbridge District Council and East Devon District Council each have interests in a joint operation called Strata Service Solutions Ltd, a registered company (company number 09041662) whose registered office is Civic Centre, Paris Street, Exeter, Devon, EX1 1JN. The business of the Company is the operation and provision of a shared Information Communications Technology service to each of the Councils.

The proportions of ownership interests are; Exeter City Council (35.936%), Teignbridge District Council (27.372%) and East Devon District Council (36.692%). Each authority has equal voting rights, with decisions taken collectively and unanimously.

The figures that have been consolidated into the Council's single entity financial statements in respect of Strata Service Solutions Ltd are:

Adjustments to CIES	2024-25 £'000	2025-26 £'000
Fees	(3,349)	(3,545)
Cost of sales	1,472	1,282
Admin expenses	2,117	2,447
Transfer of pension scheme liability	-	-
Cost of Services	**240**	**184**
Loss/(Gain) on disposal of assets	-	-
Pension Fund Administration	3	4
Net interest on the net defined benefit liability	(9)	(3)
Levies	5	6
Interest receivable	(25)	(28)
(Surplus) or Deficit on Provision of Services	**214**	**163**
Remeasurement of the net defined benefit liability	18	21
Total CIES	**232**	**184**

Adjustments to Balance Sheet	2024-25 £'000	2025-26 £'000
Property, plant & equipment	38	68
Intangible assets	(1)	133
Investment in Strata removed upon consolidation and replaced with proportional share of assets and liabilities	(452)	(433)
Total Long Term Assets	**(415)**	**(232)**
Inventories	1	16
Short Term Debtors	182	409
Cash & cash equivalents	(71)	149
Total Current Assets	**112**	**574**
Short Term Creditors	92	(618)
Total Current Liabilities	**92**	**(618)**
Capital Grants Receipts in Advance	(19)	22
Pension Scheme Liability	(2)	70
Total Long Term Liabilities	**(21)**	**92**
Net assets	**(232)**	**(184)**
Financed by:		
Usable Reserves	(10)	(5)
Unusable Reserves	(222)	(179)
Total Reserves	**(232)**	**(184)**

39. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2024-25 £'000	2025-26 £'000
Opening Capital Financing Requirement	**218,838**	**222,531**
Adjustment to opening position	-	(652)
Capital Investment		
Intangible Assets	-	-
Property, Plant and Equipment	28,597	13,794
Investment Properties	52	91
Long Term Debtors	-	-
Long Term Investments	452	434
REFCUS	1,309	1,124
Initial recognition of assets arising from IFRS 16 restatement	609	-
Sources of Finance		
Capital Receipts	(6,149)	(3,377)
Government grants and other contributions	(5,655)	(2,626)
Sums set aside from revenue	(2,615)	(1,092)
Major Repairs Reserve	(11,181)	(4,163)
Minimum Revenue Provision	(2,505)	(2,672)
Voluntary Revenue Provision	700	-
Repayment of Long Term Debtors	262	-
Donated Assets	(183)	(922)
Other movements	-	(299)
Closing Capital Financing Requirement	**222,531**	**222,171**

Explanation of movements in year		
Increase in underlying need to borrow (unsupported by Government financial assistance)	3,267	292
Recognition of leases arising from IFRS 16 restatements	426	-
Increase/(decrease) in Capital Financing Requirement	**3,693**	**292**

40. Leases

Council as Lessee

This table shows the change in the carrying amount of right-of-use assets held under leases by the Council:

	Council Dwellings and Garages £'000s	Other Land and Buildings £'000s	Investmen Property £'000s	Vehicles, Plant & Equipment £'000s	Surplus Assets £'000s	Total
Balance as at 1 April 2025	375	8,898	5,967	3,489	-	18,729
Additions	7	3	89	640	-	739
Revaluations	3	(1,520)	(1,395)	-	-	(2,912)
Depreciation charge	-	-	-	(987)	-	(987)
Disposals	-	(1,631)	-	(144)	-	(1,775)
Transfers	-	(1,500)	(2,898)	-	4,398	-
Balance as at 31 March 2026	**385**	**4,250**	**1,763**	**2,998**	**4,398**	**13,794**

Lease transactions under leases

The following expenses and cash flows in relation to leases were incurred:

	2024/25 £'000	2025/26 £'000
Comprehensive Income and Expenditure Statement		
Interest expense on lease liability	224	293
Expense relating to short-term leases	735	708
Expense relating to leases of low-value items (excluding short-term leases)	13	20
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from subletting right-of-use assets	327	171
Gains or losses arising from sale and leaseback transactions	-	-
Cash Flow Statement		
Minimum lease payments	**1,252**	**1,252**

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

	31 March 2025 £'000	31 March 2026 £'000
Less than one year	1,434	1,326
One to five years	3,380	3,028
More than five years	666	435
Total undiscounted liabilities	**5,480**	**4,789**

Council as a Lessor

Finance Leases
The Authority has 57 leases, which would be classified as finance leases under IFRS. The asset valuation in the Balance Sheet is therefore based on the freehold interest in the asset.

The gross investment is made up of the following amounts:

	2024-25 £'000	2025-26 £'000
Finance Lease Debtor (net present value of minimum lease payments)		
Current	80	80
Non-current	8,935	8,856
Unearned finance income	9,015	8,936
Unguaranteed Residual Value	15,635	15,589
Gross Investment in Lease	**24,650**	**24,525**
Minimum lease payments are:		
Per annum	378	378

Rents due in respect of leases out (lessor) are collected by the Council's ASH Debtors system. As there is a possibility that worsening financial circumstances might result in lease payments not being made, the authority has set aside an allowance for uncollectable amounts using the simplified approach. Please refer to Note 20.

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Operating Leases
The Council leases out approximately 284 areas of land and premises, for the provision of community services and for economic development purposes; to provide suitable, affordable accommodation for local businesses. These are predominantly held as investment properties. Note 16 sets out the value of the investment properties in the accounts.

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

	2024-25 £'000	2025-26 £'000
Not later than one year	3,049	2,974
One to two years	2,904	2,349
Two to three years	2,330	2,067
Three to four years	2,096	1,888
Four to five years	1,909	1,783
More than five years	88,716	87,371
	101,004	**98,432**

41. Impairments and Downward Valuations

During 2025/26, the Council recognised impairment losses of £14.607m in relation to its property, plant and equipment. Impairment losses of £0.216m charged to the Surplus and Deficit on the Provision of Services in previous financial years were reversed.

The impairments mainly reflect a change in the building cost information impacting the valuations, the HRA impairments also include the application of the Existing Use Value - Social Housing (EUV-SH) valuation basis. HRA beacon properties are independently valued every 5 years to inform valuations of the whole housing stock, and this was last undertaken in 2023/24.

Assets impaired include £2.010m in respect of Rennes House land which was transferred to Assets under Construction and the value subsequently impaired down to £nil to reflect the value of the land whilst still encumbered with a derelict building that requires demolishing and £11.285m relating to thirty-eight new HRA properties.

The impairment reversals reflect an upward movement in market yield. The impairments are reflected in Note 15 which reconciles the movement over the year in the Property, Plant and Equipment balances.

42. Defined Benefit Pension Scheme

Participation in Pension Scheme

As part of the terms and conditions of employment, the authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until the employees retire, the authority has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

- Exeter City Council participates in the Local Government Pension Scheme, which is administered by Devon County Council in accordance with the Local Government Pension Scheme Regulations 2013. The Pension Fund Committee overseas the management of the Fund.
- The Local Government Pension Scheme is a defined benefit statutory scheme and currently provides benefits based on career average revalued earnings.
- The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the general fund and HRA the amounts required by statute.
- The Pension Reserve shows the City Council's current deficit in the Devon County Council Pension Fund. The figure has been derived from the latest triennial valuation of the LGPS pension fund at 31 March 2025, but re-measured at the reporting date.

Basis for Estimating Assets and Liabilities

The most recent triennial valuation was carried out as at 31 March 2025 and has been updated by Barnett Waddingham, independent actuaries to the Devon County Council Pension Fund as at 31 March 2026.

To assess the value of the liabilities at 31 March 2026, the actuaries have rolled forward the value of the Employer’s liabilities calculated for the funding valuations as at 31 March 2025, using financial assumptions that comply with IAS 19.

To calculate the asset share the actuaries have rolled forward the assets at 31 March 2025 allowing for investment returns, contributions paid into and estimated benefits paid from the Fund by the Council and its employees.

Asset Ceiling

The actuaries have applied an asset ceiling at 31 March 2026, to recognise an additional liability of £25,682 m in respect of the Council’s obligation to pay future deficit contributions. When an authority still has a net pension liability but has an employer’s secondary rate for the recovery of a deficit calculated as higher than that assumed in the IAS 19 calculations, the asset ceiling is applied to recognise these commitments.

Scheduled Contributions

The Council’s contribution rates certified in the 31 March 2025 valuation are:

Future Service Pay

2026/27 – 2028/29	16.6% of pensionable pay

Past Service Deficit

2026/27	£1.200 million
2027/28	£1.250 million
2028/29	£1.290 million

Local Government Pension Scheme Assets Comprised:

Asset Share	2024-25 £'000	2024-25 %	2025-26 £'000	2025-26 %
Equities	3,952	2	5,639	3
Overseas Equities	89,911	51	95,003	49
Infrastructure	18,452	10	19,783	10
Other Bonds	42,133	24	44,183	23
Property	14,803	8	14,314	7
Cash	4,598	3	4,720	2
Target Return Portfolio	4,190	2	-	-
Alternative Assets	6	-	(35)	-
Gilts	-	-	10,827	6
Total	**178,045**	**100**	**194,434**	**100**

Significant Assumptions used by the Actuary:

	2024-25	2025-26
Discount rate for scheme liabilities	5.8% pa	6.1% pa
Rate of increase in salaries	3.9% pa	3.9% pa
Rate of increase in pensions	2.9% pa	2.9% pa
Rate of inflation - RPI	3.2% pa	3.3% pa
Rate of inflation - CPI	2.9% pa	2.9% pa
Longevity at 65 - current pensioners		
Men	21.4	21.5
Women	22.7	24.2
Longevity at 65 - future pensioners		
Men	22.7	23.1
Women	24.1	25.9
Conversion of pension into lump sum		
Pre April 2008 permitted amount	50%	50%
Post April 2008 permitted amount	50%	50%

Transactions Relating to Post-employment Benefits

The cost of retirement benefits is recognised in the cost of services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge that is required to be made against council tax and the HRA is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out via the Movement in Reserves Statement.

The following transactions have been made in the comprehensive income and expenditure statement and the movement in reserves statement during the year:

	2024-25 £'000	2025-26 £'000
Cost of Services		
Current Service Cost	4,154	3,472
Loss / (Gain) on curtailment	957	65
(Gain) / Loss from Settlements	(21)	-
Other Operating Expenditure		
Administration expenses	110	128
Financing and Investment Income and Expenditure		
Net Interest on the net defined benefit liability	372	575
Total post-employment benefits charged to the CIES	**5,572**	**4,240**
Movement in Reserves Statement:		
Reversal of net charges	(5,572)	(4,240)
Actual Employers contributions payable to the scheme	7,236	6,367

Pension Assets and Liabilities Recognised in the Balance Sheet:

	2024-25 £'000	2025-26 £'000
Present value of defined benefit obligation	164,807	182,834
Fair Value of Scheme Assets	(178,045)	(194,434)
Effect of Asset Ceiling	29,194	25,862
Net liability arising from defined benefit obligation	**15,956**	**14,262**

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

	2024-25 £'000	2025-26 £'000
Opening fair value of assets	167,348	172,518
Opening fair value of Strata assets	5,198	5,527
Interest income	8,857	10,099
Re-measurement gains / losses	(2,553)	7,047
Administration expenses	(110)	(128)
Contributions by the employer	7,366	6,529
Contributions by participants	1,591	1,646
Net benefits paid out	(9,983)	(9,404)
Other actuarial gains / losses on assets	-	600
Settlement prices received / (paid)	331	-
Closing fair value of assets	**178,045**	**194,434**

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

	2024-25 £'000	2025-26 £'000
Opening present value of liabilities	179,345	160,507
Opening present value of Strata liabilities	4,912	4,300
Current service cost	4,154	3,472
Interest cost	8,959	9,011
Contributions by participants	1,591	1,646
Re-measurement (gains) and losses:		
Change in demographic assumptions	(488)	3,631
Change in financial assumptions	(24,529)	(7,159)
Experience loss (gain)	(421)	16,765
Benefits paid out	(9,728)	(9,159)
Past service cost, including curtailments	957	65
Liabilities assumed / (extinguished) on settlements	310	-
Unfunded pension payments	(255)	(245)
Closing present value of liabilities	**164,807**	**182,834**

Reconciliation of Asset Ceiling:

	2024-25 £'000	2025-26 £'000
Opening impact of credit ceiling	4,904	27,896
Opening impact of Strata credit ceiling	354	1,298
Actuarial losses / (gains)	23,666	(4,995)
Interest on impact of asset ceiling	270	1,663
Closing impact of asset ceiling	**29,194**	**25,862**

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions.

The sensitivity analysis below sets out the impact on the defined benefit obligations for each change while all other assumptions remain constant:

	Increase in assumption £'000	Decrease in assumption £'000
Longevity (increase or decrease by 1 year)	189,773	176,303
Rate of increase in salaries (increase or decrease by 1%)	182,974	182,694
Rate of increase in pensions (increase or decrease by 1%)	185,341	181,037
Rate for discounting scheme liabilities (increase or decrease by 1%)	180,393	185,330

43. Charitable and Trust Funds

The Council administers six charitable/trust funds related to Leisure and Museum services, principally from legacies left by individual Exeter inhabitants over a period of years.

The funds do not represent assets of the Council and are not included in the Balance Sheet. The funds are:

	Value of fund at 31 March 2025 £'000	Expenditure £'000	Income £'000	Value of fund at 31 March 2026 £'000
Reynolds Chard Bequest	**522**	(37)	29	**514**
Veitch Bequest	**25**	-	1	**26**
Dorothy Holman Trust	**30**	-	2	**32**
Bowling Green Marshes	**4**	-	-	**4**
Topsham Recreation Ground	**20**	-	1	**21**
King George Playing Field Trust	**59**	(20)	34	**73**
	660	**(57)**	**67**	**670**

44. Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of financial risks:

- credit risk – the possibility that other parties might fail to pay amounts due to the authority
- liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments
- market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock movements

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Council's finance team, under policies approved by full Council as set out in the Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the annual investment strategy. The Council's latest Treasury Management Strategy, incorporating the Annual Investment Strategy was approved on 24 February 2026, which is available on the Council's website (use search function for the 2026/27 Budget Book).

Credit Risk Management Practices

The authority's credit risk management practices are set out in the annual Investment Strategy, with particular regard to determining the credit criteria and monitoring arrangements for specified investments.

The table below sets out the credit risk management practices and estimation techniques for calculating impairment loss allowances.

Asset Type	Credit Risk Management Practice	Estimation of Impairment Loss Allowance
Loans to businesses and voluntary organisations	Loans are subject to internal credit risk assessment, based on audited accounts, match funding secured or management accounts. Loans are treated as credit impaired where the borrower defaults on the terms of the loan or there is evidence of significant financial difficulties. Balances are not written off until there is no realistic prospect of recovery.	12 month expected credit losses are calculated in respect of loans where the credit risk has not increased significantly, using a probability of default approach. Lifetime expected credit losses are calculated in respect of loans where the credit risk has increased significantly, i.e. when default has occurred, using probability weighted outcomes.
Short term investments: Loans to other local authorities	Investments guaranteed by statute - no credit risk. However, a monetary limit of £5m may be placed with each upper tier and lower tier local authority for up to 12 months	No allowance required
Investments with banks and building societies	Deposits are restricted by the Council's treasury strategy to institutions with high credit ratings (Fitch and Moodys ratings). Up to £4m may be placed with UK owned banks and buildings societies with F1+ and P-1 credit ratings for up to 12 months, up to £3m may be placed with foreign owned banks that deal in sterling holding short-term credit ratings no lower than F1+ and P-1 for up to 9 months and up to £3m may be placed with UK owned banks and building societies holding short-term credit ratings no lower than F1 and P-1 for up to 6 months. Consideration is given to recalling any existing investments when an institution has been downgraded	12 month expected credit losses are calculated applying risk factors provided by the Council's treasury management advisers, Link Asset Services.
Sundry debtors	Sundry debtors are not subject to internal credit rating and have been grouped for the purposes of calculating expected credit losses. The groupings used comprise: - Trade receivables - Recovery of overpaid housing benefits - Council Tax and NDR balances are not written off until all debt recovery actions have been taken and there is no realistic prospect of recovery	Trade receivables & recovery of overpaid housing benefits - Expected credit losses are calculated using provision matrices based on historical data in respect of aged debt, adjusted for future expectations of recovery. Council Tax and NDR - Expected credit losses are calculated using provision matrices based on the stages of debt recovery actions and historically observed rates of recovery adjusted for future expectations of recovery.

Impairment Loss Allowances

The changes in the loss allowance for each class of financial asset during the year are as follows:

	Allowance at 1 April 2025 £'000	Allowance for assets originated or acquired £'000	Allowance for assets de-recognised £'000	Assets switching measurement basis £'000	Changes in models/risk parameters £'000	Other movements £'000	**Allowance at 31 March 2026 £'000**
Deposits with bank and building societies							
12-month expected credit losses	**-**	-	-	-	-	-	**-**
Loans to business and voluntary organisations							
12-month expected credit losses	**4**	-	-	-	-	-	**4**
Lifetime expected credit losses	**-**	-	-	-	-	-	**-**
Other debtors							
Sundry debtors	**1,271**	-	-	-	-	31	**1,302**
Overpaid Housing Benefits	**1,184**	-	-	-	-	(78)	**1,106**
Housing rents	**504**	-	-	-	-	87	**591**
Council Tax and NDR	**830**	-	-	-	-	268	**1,098**
Total Loss Allowances	**3,793**	**-**	**-**	**-**	**-**	**308**	**4,101**

Notes to the Financial Statements

Credit Risk Exposure

The authority has the following exposure to credit risk at 31 March 2026:

	Credit risk rating £'000	**Gross carrying amount £'000**
Deposits with bank and building societies:		
12-month expected credit losses	Low	**-**
Loans to business and voluntary organisations:		
12-month expected credit losses	Low	**126**
Lifetime expected credit losses	High	**-**
Other debtors:		
Sundry debtors	Other *	**3,586**
Overpaid Housing Benefits	Other *	**1,349**
Housing rents	Other *	**874**
Council Tax and NDR	Other *	**2,007**
Total amount exposed to credit risk		**7,942**

*** Credit risk rating – Other**

These debtors are not subject to internal credit rating. The Code allows a simplified approach, which removes the need to consider changes in credit risk. Instead, expected credit losses are considered for debtors with common risk characteristics based upon historical experience but updated for future conditions.

Exposure to Credit Risk on Guarantees

The Council also has exposure to credit risk on a guarantee provided to the University of Exeter in respect of an 18 year lease granted to Exeter Science Park Ltd (in which the Council has a shareholding interest). The risk of the guarantee being called in considered low, as the lease payments are included in the company's Business Plan. The maximum value of the guarantee is £950,055 and the Council's exposure will reduce annually as lease payments are made by the company.

Liquidity Risk

The authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. As the Council has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority may need to replenish its borrowings at a time of unfavourable interest rates. All trade and other payables are due to be paid in less than one year, although some debt repayment plans are agreed over a longer period in order to support individuals and businesses experiencing financial difficulties, but these measures are not expected to present a significant risk to liquidity and instead encourage continuing payment behaviour.

The Council has several long-term loans with the PWLB and one interest free loan in respect of energy saving projects. The maturity analysis of financial liabilities is as follows:

	31 March 2025	31 March 2026
	£'000	£'000
Less than 1 year	11,567	11,592
1 - 2 years	1,592	1,621
2 - 5 years	4,952	5,042
5 - 10 years	8,870	9,031
+ 10 years	146,254	144,382
	173,235	**171,668**

Market risk

Interest rate risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowing and investments. Movements in interest rates have a complex impact on the Council. For example a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expenses charged to the Income and Expenditure will rise
- borrowings at fixed rates - the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited to the Income and Expenditure will rise
- investments at fixed rates - the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the CIES. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the CIES and affect the General Fund

Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure in the CIES.

The Council has a number of strategies for managing interest rate risk; however it has not borrowed using variable rate loans for many years.

If on the 31 March 2026 the interest rates are 1% higher than the actual interest rates the financial impact would be:

Borrowing:
As at 31 March 2026, the Council had a number of long-term loans with the PWLB amounting to £162m. A 1% increase in interest rates would increase the cost of borrowing by £1.62m a year. However, the Council is protected from interest rate rises in respect of these arrangements due to the fixed rates of borrowing.

Investments:
As at 31/03/26 the Council had no fixed term deposits and therefore not exposed to changes in interest rates.

Price Risk
The authority does not generally invest in equity shares but does have shareholdings to the value of £2.225m in a number of associates and joint ventures on the Balance Sheet, held at historic cost.

As the shareholdings have arisen in the acquisition of specific interests, the authority is not in a position to limit its exposure to price movements by diversifying its portfolio. However, the authority can monitor factors that might cause a fall in the value of specific shareholdings through having significant influence.

The Council has investments in pooled investment funds, which are classified as fair value through profit and loss, including £21.067m in money market funds and a £5m investment in the CCLA Local Authorities' Property Fund. At the end of each financial year the value of the local authority's investment is adjusted to equal the number of units held multiplied by the published bid price, with the gain or loss charged to the Surplus or Deficit on the Provision of Services. However, the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003, allows local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. The Government have put in place a statutory override for pooled investment funds to the 31 March 2029.

Foreign Exchange Risk
The authority has no financial assets or liabilities denominated in foreign currencies and thus no exposure to loss arising from movements in exchange rates.

45. Statutory Harbour Authority
Exeter City Council is the harbour authority for the Exe Estuary. An annual Statement of Account relating to harbour activities is required to be prepared, in accordance with the 1964 Harbours Act.

	2024-25 £'000	2025-26 £'000
Income		
Fees and Charges	(94)	(112)
Total Income	**(94)**	**(112)**
Expenditure		
Employees	150	174
Premises	95	51
Supplies and Services	72	112
Transport	40	47
Capital Charges	37	52
Total Expenditure	**394**	**436**
Net cost of Harbour Activities as included in the Comprehensive Income and Expenditure Statement	**300**	**324**

46. Contingent Liabilities
As at 31 March 2026 the authority had one contingent liability.

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, potentially including cases where such a confirmation cannot now be located.

On 18 September 2025, the government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted-out benefits complied with statutory requirements.
The Pensions Schemes Bill, as amended in the Public Bill Committee, clauses 100 to 103, states that it is applicable to public service schemes, so will apply to the LGPS. The bill has received Royal Assent on 29 April 2026.

On 23 January 2026, the Financial Reporting Council (FRC) published technical guidance for scheme actuaries to help them apply a retrospective-validation process under the Pension Schemes Bil. For the LGPS, the Scheme Actuary is the Government Actuary’s Department (GAD). We understand that GAD is still reviewing historic amendments to the LGPS in this context and the Scheme Advisory Board is liaising with GAD on whether the relevant certificates were available for past scheme changes.

It continues to be the case that until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits assessed under IAS 19, or what can be reliably estimated. 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.

Group Accounts

The Code sets out a requirement to prepare Group Accounts where the authority has interests in subsidiaries, associates and/or joint ventures, subject to consideration of materiality. As at 31 March 2026, the authority has the following interests (please also refer to Note 37, Related Parties, for more information):

Composition of the Group:

Entity	Purpose	Significant judgements	Relationship with the Exeter City Council	Accounting	Materiality
Exeter City Group Ltd and Exeter City Living Ltd	Purpose limited to managing and holding the lease of six residential units at the Guildhall Shopping Centre	100% shareholding	Subsidiary	Line-by-line consolidation of assets, liabilities, income and expenditure	**Not Material** The net assets of the Company were £117k as at 31/3/2026 and minimal loss for 25/26 of £101.
Exeter Canal and Quay Trust Ltd	Charitable status and its main objectives are to preserve and develop Exeter Canal and Quay area	The company is limited by guarantee and the Council has significant influence through its representation on the board	Associate	Equity method	**Not material** The Council has significant influence but no interest in the net assets of the charity and no rights to the profits
Exeter Business Centre Ltd	Main purpose is the letting of affordable business units to support small businesses	100% shareholding	Subsidiary	Line-by-line consolidation of assets, liabilities, income and expenditure	**Not material** Largest item for consolidation is turnover of £314k (25/26) and net assets of £1k (25/26) and £278k turnover (24/25) and net deficit of £12k (24/25)
Exeter Science Park Ltd	Principal activity is to ensure the successful delivery of the Science Park by enabling the market for the Science Park to be developed through connections with the knowledge base at the University of Exeter, the Met Office and the Peninsula College of Medicine and Dentistry	16% ownership interest and significant influence through its representation on the board	Associate	Equity accounting	**Not material** Accounts to 31 March 2025 show Council's equity share of profit at (£300k) and (£2.124m) net assets and forecast Balance Sheet to 31 March 2026 show Council's equity share of £2.394m net assets
Dextco Ltd	Established to fund and implement low carbon energy projects across Devon to deliver a reliable, low cost energy infrastructure which will encourage inward investment	20% shareholding with equal and collective control with five equal shareholders and unanimous decisions	Joint Venture	Equity method	**Not material** No financial activities. The company was placed into abeyance during 2021/22
Monkerton Heat Company Ltd	Set up to facilitate the formation of a district heating network, as part of planning requirements relating to five major residential developments at Monkerton	16.66% shareholding with significant influence due to representation on the board	Associate	Equity accounting	**Not material** The company is deemed to be a dormant company with no transactions to recognise
South West Audit Partnership Ltd	Main purpose is the provision of internal audit services to its members	4% ownership interest and influence as a consequence of its membership of the company	Associate	Equity accounting	**Not material** Accounts up to 31 March 2025 show Council's share of net assets of £45k

Group Accounts

Non Material Interests

As set out in the previous table, the authority has applied judgement in respect of materiality (both singly and in aggregate) and assessed that its interests in Exeter City Group, Exeter Canal and Quay Trust Ltd, Exeter Business Centre Ltd, Exeter Science Park Ltd, Dextco Ltd and Monkerton Heat Company Ltd are not material. Where non-material interests are excluded from the Group Accounts, the Council's interests are carried at cost in the single entity Balance Sheet.

HRA Income & Expenditure Statement

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents. Authorities charge rents to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase or decrease in the year, on the basis upon which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

2024-25 £'000	Income	£'000	2025-26 £'000
(22,515)	Dwelling rents	(23,419)	
(419)	Non dwelling rents	(468)	
(1,681)	Charges for services and facilities	(1,696)	
(24,615)	**Total Income**		**(25,583)**
	Expenditure		
9,782	Repairs and maintenance	8,063	
7,842	Supervision and management	7,697	
35	Rents, rates, taxes and other charges	106	
10,572	Depreciation and impairment of non-current assets	17,445	
25	Debt management costs	25	
28,256	**Total Expenditure**		**33,336**
3,641	**Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement**		**7,753**
197	HRA share of Corporate and Democratic Core		229
3,838	**Net Cost of HRA Services**		**7,982**

HRA Income & Expenditure Statement

2024-25 £'000		2025-26 £'000
3,838	**Net Cost of HRA Services**	**7,982**
	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:	
(1,231)	(Gain) or loss on sale of HRA non-current assets	171
2,132	Interest payable and similar charges	2,247
(1,085)	Interest and investment income	(691)
57	Net interest on the net defined benefit liability (asset) and administration expenses	80
(4,351)	Capital grants and contributions receivable	(181)
(640)	**(Surplus) or deficit for the year on HRA services**	**9,608**

Movement on the HRA Statement

2024-25 £'000		2025-26 £'000
(5,992)	Housing Revenue Account surplus brought forward	(5,245)
(640)	(Surplus) or deficit for the year on the HRA Income and Expenditure Account	9,608
1,387	Net additional amount required by statute to be debited or (credited) to the HRA balance for the year	(12,423)
747	**(Increase) or decrease in the HRA Balance**	**(2,815)**
(5,245)	**Housing Revenue Account surplus carried forward**	**(8,060)**

Notes to the HRA Statements

1. HRA Dwellings

	Flats	Houses and Bungalows	Total
At 31 March 2025	2,531	2,258	**4,789**
At 31 March 2026	2,493	2,236	**4,729**

2. Vacant Possession Value of Dwellings

At 1 April 2026 the vacant possession value of the dwellings was £856.129 million, this compares to the tenanted market value in the Balance Sheet of £299.645 million. The difference of £556.484 million represents the economic cost to the Government of providing council housing at less than open market rents.

3. Council Own Build Scheme

The Council's Own Build scheme involves the development of 21 homes at Sivell Place and Merlin Crescent. Whilst the developments remain within the overall umbrella of the Housing Revenue Account, the costs and incomes arising from the developments are accounted for separately as part of their build costs were financed from borrowing. The cost of servicing the borrowing will therefore be met from the rent income received from the completed dwellings.

4. Impairment Charges

Impairment charges of £13.673 million (£6.830 million 2024/25) were debited to the HRA Income and Expenditure Account in 2025/26 although they were reversed out in the Statement of Movement on the HRA Balance, to avoid having an impact on rent levels, in accordance with the Code of Practice.

5. HRA Capital Receipts

The following capital receipts were received during the year from disposals of land, houses and other property within the authority's HRA:

	2024-25 £'000	2025-26 £'000
Land	-	1,202
Dwellings	3,030	4,763
Repayment of discounts	24	80
	3,054	**6,045**
Less amount pooled	-	-
	3,054	**6,045**

6. Balance Sheet Valuation of Assets

	Dwellings	Garages	Vehicles, Plant & Equipment	Assets Under Construction	Surplus Assets	Assets Held for Sale	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2025	296,105	4,680	17	11,612	-	5,056	**317,470**
At 31 March 2026	299,645	5,300	9	2,810	-	2,066	**309,830**

Within the valuation of Council dwellings as at 31 March 2026 of £299.645 million, £181.757 million was attributable to the value of land (2024/25 £179.567 million) and £117.888 million to buildings (2024/25 £116.538 million).

7. HRA Capital Expenditure

HRA capital expenditure amounted to £9.022 million during 2025/26 (£22.402 million 2024/25), the expenditure and sources of finance were as follows:

	Sources of Finance					Total
	Major Repairs Reserve	Revenue Contributions	Borrowing	Grants & Other Contributions	Capital Receipts	Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
Land	-	-	-	-	-	**-**
Houses	4,163	1,000	-	482	3,377	**9,022**
Other	-	-	-	-	-	**-**
Total	**4,163**	**1,000**	**-**	**482**	**3,377**	**9,022**

8. Depreciation

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

	2024-25 £'000	2025-26 £'000
Operational assets		
Dwellings	3,680	3,702
Garages	54	63
Equipment	8	8
Total depreciation charged	**3,742**	**3,773**
Less depreciation written off - disposals	(17)	(46)
Less depreciation written off - revaluations	(3,313)	(3,468)
Less depreciation written off - impairments	(404)	(251)
Total depreciation	**8**	**8**

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of council tax and non-domestic rates.

2024-2025				**2025-2026**		
Council Tax £'000	**NDR £'000**	**Total £'000**		**Council Tax £'000**	**NDR £'000**	**Total £'000**
			Income			
90,572	-	90,572	Council tax	96,722	-	96,722
-	735	735	Transitional Protection - sums due to / (from) the Council	-	130	130
-	75,526	75,526	NDR	-	80,146	80,146
90,572	**76,261**	**166,833**		**96,722**	**80,276**	**176,998**
			Expenditure			
			Demands on the Fund by:			
10,908	-	10,908	Police and Crime Commissioner for Devon and Cornwall	11,643	-	11,643
3,962	726	4,688	Devon & Somerset Fire and Rescue Service	4,229	808	5,037
68,173	6,530	74,703	Devon County Council	72,770	7,274	80,044
7,042	29,019	36,061	Exeter City Council	7,403	32,329	39,732
-	36,274	36,274	Central Government	-	40,412	40,412
-	211	211	Costs of Collection Allowance	-	209	209
127	-	127	Exeter City Council Fund Transfer	104	-	104
			Bad and doubtful debts			
281	(6)	275	Write offs	222	(3)	219
590	180	770	Impairment for Uncollectable Debt	1,050	486	1,536
-	4,731	4,731	Provisions for Appeals	-	(14,265)	(14,265)
91,083	**77,665**	**168,748**		**97,421**	**67,250**	**164,671**
511	**1,404**	**1,915**	**(Surplus) / Deficit**	**699**	**(13,026)**	**(12,327)**
(2,877)	4,150	1,273	Fund balance b/f	(2,366)	5,554	3,188
(2,366)	**5,554**	**3,188**	**Fund Balance c/f**	**(1,667)**	**(7,472)**	**(9,139)**

Notes to the Collection Fund

1. Council Tax base

The council tax base, for tax setting purposes, is calculated by reference to the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, converted to an equivalent number of Band D dwellings. The figures for 2025/26 were:

Band	Dwellings	Less Discounts	Technical Changes	Conversion Factor	Band D equivalents
A Relief	20	9	-	5/9ths	6
A	9,757	3,482	197	6/9ths	4,315
B	14,578	3,043	124	7/9ths	9,068
C	13,436	1,823	118	8/9ths	10,427
D	8,720	818	78	9/9ths	7,980
E	4,222	288	33	11/9ths	4,849
F	2,139	142	23	13/9ths	2,918
G	988	53	17	15/9ths	1,586
H	33	3	3	18/9ths	67
Band D equivalent					**41,216**
Less Hardship Relief (Band D)					0
Total Band D equivalent					**41,216**
Collection rate					97.5%
Tax base					**40,186**

2. Income from Business Rates

Under the arrangements for uniform business rates, the Council collects non-domestic rates for its area, which are based on local rateable values (£193.591m at March 2026) multiplied by a uniform rate 55.5p (49.9p for those receiving small business relief) for 2025/26.

Exeter City Council

Annual Governance Statement 2025-26

Annual Governance Statement

Scope of Responsibility

Exeter City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of Delivering Good Governance in Local Government (CIPFA/Solace 2016). This statement explains how Exeter City Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, paragraph 4(3), which required all relevant bodies to prepare an Annual Governance Statement. The Annual Governance Statement also incorporates the CIPFA / Solace addendum to the Delivering Good Governance in Local Government framework.

The Code of Governance sets out the seven principles of good governance and the arrangements the Council has put in place to meet each of these principles:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the Council's capacity. Including the capability of its leadership and individuals within it.
6. Managing risk and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

A copy of the Council's code is available on our website.

Annual Governance Statement

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled together with activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its purposes and to consider whether those purposes have led to the delivery of appropriate, cost-effective services.

The Council's system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. There is an ongoing process designed to identify and prioritise risks to the achievement of Council policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at Exeter City Council for the year ended 31 March 2026 and up to the date of the approval of the annual statement of accounts.

The Governance Framework

The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focused upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Council's Corporate Plan 2022-26. The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

The local Code of Corporate Governance is reviewed annually through the Audit and Governance Committee and was last reviewed and recommended for approval by Council on 24 July 2025. Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Strategic Management Board (SMB) which comprises the Chief Executive and Strategic Directors including the Section 151Officer.

The Council has designed systems and processes to regulate, monitor and control its activities in order to achieve its vision and objectives. The Code of Corporate Governance sets out the controls in full.

Annual Governance Statement

The key elements of the Governance Framework

Role of Governance Arrangements

The Council operates Executive governance arrangements, which consist of Executive and Scrutiny function. All Executive members have been allocated a specific portfolio and are responsible for driving forward the Council's key strategic aims.

The Council has a constitution which sets out how the Authority operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people. This was approved in (insert date) and will be kept under review throughout the year.

Role of the Council

Council

- Comprises 39 elected Members (Councillors)
- Approves the Council's Corporate Strategy, Policy and Budgetary Framework
- Approves the Constitution
- Appoints to Committees, Sub-Committees and Outside Bodies

Role of Executive

Executive

The Executive is responsible for most of the day to day decisions of the Council which are not delegated to officers. It is made up of the Leader of the Councill and Portfolio Holders who have responsibilities for various service areas. It develops policies an strategies for approval by Council, exercises overall control of resources within the Council's policies and budget, and recommends the level of council tax to the Council. It also considers any matters specifically referred by a Scrutiny Committee

The Executive now regularly considers strategic risk registers, performance, complaints and other items which make up the governance framework. Scrutiny Committee are sighted on the Executive's work plan and may consider as appropriate. The Executive provides strategic leadership to the authority and is held to account by the Council's Scrutiny Committees.

Annual Governance Statement

Role of Scrutiny

Scrutiny Committee

- Not a decision-making body but seek to influence policies and decisions
- Have the ability to challenge / review decisions by calling them in
- Can investigate issues of public importance

The role that Scrutiny can play in holding an authority's decision-makers to account makes it fundamentally important to the successful functioning of local democracy. Effective scrutiny helps secure the efficient delivery of public services and drives improvements within the authority itself.

Role of Audit and Governance Committee

Audit & Governance

- To provide independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment
- Approves the Annual Governance Statement and the Statement of Accounts
- To promote high standards of member conduct

The Committee meets with the external and internal auditor to discuss findings in the Annual Audit Management Letter and Reports and the Committee is responsible for ensuring that the Council's system for internal control is sound by reviewing control mechanisms, and guidelines (both internal and external) as well as adherence to these, ensuring continued probity and good governance of the Council's operations.

Role of Management

The Authority has two layers of management and its management teams each play an important role in maintaining the governance framework.

Strategic Management Board (SMB)

- Implements policy and budgetary framework set by Council and provides advice to Committees of the Council on the development of future policy, procedure and budgetary issues
- Oversees the delivery of the Council's Corporate Strategy and implementation of Council Policy
- Oversees the Council's approach to risk management
- Oversees the implementation of audit recommendations to improve weaknesses in controls in a timely manner

Operational Management Board (OMB)

- Responsible for developing, maintaining and implementing the Council's governance risk and control framework
- Contribute to the effective corporate management and governance of the Council
- Responsible for ensuring audit recommendations to improve weaknesses in controls are actioned in a timely manner

The Strategic Management Board ("SMB") comprising the Chief Executive and Strategic Directors meet weekly and focus on strategic issues, projects and programs and the health of the organisation.

The Operational Management Board ("OMB") comprises all service managers and they meet monthly to consider operational service issues and ensure compliance with corporate matters, such as performance, risk registers, compliance.

The Extended Leadership Team ("ELT") comprising SMB and OMB meet regularly and focus on both the Council's strategic direction, leadership and organisational development.

All Strategic Directors meet with the Heads of Service in their respective Directorates to consider specific service matters regularly.

Role of Statutory Officers

Officer	Role
Head of Paid Service	• Overall Corporate management and operational responsibility for the Council, including overall management responsibility for all employees • The Head of Paid Service will determine how the Council's functions are discharged, the Councils structure, the number and grade of officers required to discharge those functions • The provision of professional advice to all parties in the decision making process and responsibility for a system of record keeping for all the council's decisions • Proper Officer for Access to Information
Section 151 Officer	• Accountable for developing and maintaining the Council's governance, risks and control framework • Ensuring lawfulness and financing prudence of decision making and the administration of financial affairs • Providing advice to all Councilors' on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues • Support and advise Councilors in their respective roles • Contributes to the effective corporate management and governance of the Council
Monitoring Officer (MO)	• Monitoring, reviewing and maintaining the Constitution • Ensuring lawfulness and fairness of decision making • Supporting the Audit & Governance Committee by conducting investigations and/or undertaking other action in respect of matters referred by the Committee • Advising whether decisions are in accordance with the Constitution • Providing advice to all Councilors on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues • Support and advise Councilors in their respective roles • Contribute to the effective corporate management and governance of the Council

The three statutory officers; the Head of Paid Service (the Chief Executive), the Monitoring Officer (Head of Service – Legal & Democratic) and Section 151 Officer (Strategic Director for Corporate Resources) fulfil the statutory duties associated with their roles as detailed above.

The Council's financial management arrangements conform to the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

The Council formally reviews its Financial Procedure Rules on a regular basis. On-going updates are implemented as part of the regular reviews of the Constitution.

Role of Southwest Audit Partnership

Internal Audit (South West Audit Partnership)

- Provides independent assurance and opinion on the adequacy and effectiveness of the Council's risk management and control framework
- Delivers an annual program of risk-based audit activity, including counter fraud and investigation activity and makes recommendations for the improvement in the management of risk and control

The Southwest Audit partnership is responsible for monitoring the quality and effectiveness of systems of internal control. The Council has delegated its Internal Audit function to Southwest Audit partnership. Internal Audit undertakes its work in accordance with the CIPFA Code of Practice for Internal Audit in the United Kingdom and the Public Sector Internal Audit Standards.

A risk model is used to formulate an annual audit work plan, progress against which is reviewed each quarter by Senior Leadership Team and the Audit & Governance Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director and Service Lead as well as the Section 151 Officer.

The reports include an independent opinion on the adequacy of the applicable internal controls, audit findings and recommendations for improvements with an agreed timescale for implementation.

Progress against recommendations is followed up by Internal Audit and reported to Audit and Governance Committee at each meeting throughout the year.

Annual Governance Statement

The Internal Audit Annual Report 2025/26 will be considered by the Audit and Governance Committee on 23 July 2026. Internal Audit's opinion overall, based on all Internal Audit work during the year is that Reasonable Assurance can be given over the adequacy and effectiveness of the Council's control environment for 2025/26.

Role of External Audit

The current external auditors are Grant Thornton. External Auditors audit the financial statements and provide an audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2025 and of the income and expenditure for the year then ended. An unqualified opinion was issued in February 2026.

External auditors also consider whether the Council has put in place proper arrangements to secure economy, efficiency, effectiveness on its use of resources.

This Annual Governance Statement for 2025/26 is the latest accountability statement for governance.

Role of Risk Management

A robust risk management framework is an integral part of operational service delivery and the decision-making process. The Council has a Performance and Risk Management Framework in place which provides visibility and assurance that there is a robust approach to managing performance and risk. An up to date and regularly reviewed Risk Management Policy and Strategy is maintained. This requires that both Directorate and Strategic Risk Registers are maintained with appropriate action plans to mitigate and manage identified risks. The strategic risk registers are reviewed and updated at the SMB Team as appropriate.

Responsibility for assessing the adequacy of the risk management process sits with the Audit and Governance Committee. Review of the risks and the implementation of mitigating controls included in the Corporate Risk Register (CRR) is undertaken by the Executive as owners of the CRR, this is done on a quarterly basis. The Council's Strategic Management Board (SMB) are responsible for constantly reviewing the risks being posed to the Council

Heads of Service monitor risks at operational level and feedback any issues to their Strategic Director. Any significant risks, at operational level, that could impact the Council corporately are escalated to the CRR. The administrative support for the CRR process is provided by the Executive Office Manager.

To ensure that risk is considered when decisions are made, all reports presented to Members must include a risk assessment of the actions or implications within the report. This assessment also covers legal and financial considerations. Risk assessments are also put in place as part of the Council's Project Management process.

The Strategic Risk Register is reported to the Executive to ensure those agreeing and implementing policy decisions, do so in knowledge of the context of the risks being faced by the Council.

Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- ✓ The work of the Strategic Management Board who have responsibility for the development and maintenance of the governance environment.
- ✓ The work of Executive who are responsible for considering overall financial and performance management and receive comprehensive reports throughout the year.
- ✓ The work of Customer Focus and Strategic Scrutiny Committees who monitor the overall financial performance of the Council.
- ✓ The work of the Audit & Governance Committee who monitor the standards of conduct of Members, effectiveness of risk management, the work of Internal Audit and the system of internal control.
- ✓ The Section 151 Officer who is responsible for delivering and overseeing the financial management of the Council.
- ✓ The Monitoring Officer who provides assurance that the Council has complied with its statutory and regulatory obligations.
- ✓ Annual reviews of the Council’s key financial and non-financial systems by Internal Audit against known and evolving risks which are reported on a quarterly basis to the Audit & Governance Committee.
- ✓ Annual reviews of the Council’s financial accounts and records by the External Auditors leading to their opinion as published in the year-end statements.
- ✓ Ongoing reviews of strategic and operational risks in each service area and the conduct of risk analysis and management in respect of major projects undertaken by the Council.
- ✓ Reviews and, where appropriate, updates of the Council’s Constitution including Financial Regulations and Standing Orders
- ✓ Comments made by other review agencies and inspectorates.

Financial Management Arrangements

The Council’s financial management arrangements conform with the governance requirements of the CIPFA “Statement on the Role of the Chief Financial Officer in Local Government” (2010) as set out in the “Application Note to Delivering Good Governance in Local Government: Framework” and with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations. The Section 151 Officer is a member of the Council’s Strategic Management Board.

Internal Audit
The Internal Audit Service is provided by South West Audit Partnership and is managed and delivered in accordance with the Public Sector Internal Audit Standards (PSIAS) which were introduced in April 2013. It is a requirement of the standards that an independent external review of Internal Audit's compliance with PSIAS is undertaken every five years. This external review was completed in December 2024 when the external assessor concluded that:

"It is our overall opinion that SWAP **generally conforms** to the Public Sector Internal Audit Standards (PSIAS), including the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*."

Internal Audit Annual Opinion 2025/26

Based on the assurance work undertaken by Internal Audit, the Audit Manager has provided an opinion on the adequacy of the control environment as part of the Annual Internal Audit Report.

On the balance of our 2025/26 audit work for Exeter City Council, I can offer a ***Reasonable Assurance*** *opinion in respect of the areas reviewed during the year.*

The opinion marks an improvement from 2024/25 when a limited assurance audit opinion was received and demonstrates continued improvement of the control environment throughout the year. Additionally, no high organisational risks were identified in the year.

External Audit
The Council's external auditor (Grant Thornton) has not yet issued a certificate of completion in respect of 2020/21, although all necessary audit work has been completed. With regards to 2021/22, 2022/23, 2023/24 and 2024/25 gain Grant Thornton has not yet issued a certificate of completion, but all work has been completed, and an audit opinion has been issued for each year. The City Council is one of the few Councils to receive a full, unqualified audit opinion for each year within the statutory deadline.

Corporate Complaints
During 2025-26, 144 corporate complaints were received compared to 40 in 2024-25. This increase is predominantly due to improvements in under-reporting and classification of complaints over this period. Of the 144 complaints received, 109 were dealt with at Stage 1, 35 were dealt with at stage 2 and 12 were escalated to the Local Government Ombudsman. There are no complaints waiting to be resolved. In addition there were 298 Housing complaints of which 234 were dealt with at Stage 1, 64 were dealt with at stage 2 and 7 were escalated to the Housing Ombudsman.

Corporate Performance Framework

The three-year Corporate Plan 2025-2028 was approved by members on 22 July 2025. The plan outlines 4 key priorities of Local Economy, Homes, People and Sustainable Environment, underpinned by A Well-Run Council. Under each priority is a series of intended outcomes and areas of focus.

The Council has developed a series of measure to monitor progress in delivery of the Corporate Plan and progress is considered quarterly by the Strategic Management Board and every six months by the Executive. The first monitoring report has highlighted that overall, the Council's performance is strong with over 85% of the measures identified in the Corporate Pan either in line or improving against targets. There are a number of standout results, with several measures significantly exceeding target and a number of areas which are performing at below the expected level. These are being closely monitored for evidence of improvement.

Looking forward – Governance Challenges

No issues have been highlighted by Internal Audit, and the Council can deliver a balanced budget up to its abolition in March 2028. However, there is one key issue that the Council recognises will have a significant impact.

Resource Deficits

The Council's medium term financial plan demonstrates that the Council is in a position to balance its budget in 2027-28 (final year of operation) without requiring unidentified reductions and without relying on reserves to plug a gap. This means that the Council will be in a position to close with balances remaining above the minimum level recommended by the section 151 Officer. There is therefore no resource deficit for the Council to address.

Annual Governance Statement

Local Government Reorganisation

In response to the Government's invitation, Exeter City Council and Plymouth City Council has submitted a single, shared proposal to Government for local government reorganisation (LGR) in Devon. However, there is no overall agreed proposal for Devon reorganisation and therefor all local authorities continue to work together in advance of the Government decision. Whichever decision is adopted by the Government will bring capacity challenges for the Council. Detailed plans are in place and a budget has been approved to ensure that staff capacity for business as usual can be maintained whilst work to support the transition to new Unitary Councils is undertaken.

Approval of the Annual Governance Statement

To the best of our knowledge, the governance arrangements, as outlined in this AGS have been operating effectively during the year. During the review of effectiveness, we have identified three key areas of concern and we propose over the coming year to take steps to address these concerns in order to enhance our governance arrangements and are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness. Progress against the action plan will be monitored quarterly by the Audit & Governance Committee.

Signed: ……………………………………………

Date: ………………………………….

Councillor Moore

Chair of Audit & Governance Committee

Signed: ……………………………………………………...

Date: ………………………………….

Dave Hodgson CPFA

Strategic Director Corporate Resources & Section 151 Officer

Signed: ……………………………………………………...

Councillor Bialyk

Leader of the Council

Signed: ……………………………………………………...

Bindu Arjoon

Chief Executive

Auditors Report

Auditors Report

Auditors Report

Auditors Report

Auditors Report

Auditors Report

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Auditors Report

Auditors Report

Glossary of Terms

Accounting Period
The period of time covered by the accounts, normally a period of twelve months, commencing on 1 April for local authority accounts.

Accrual Basis
The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made.

Amortisation
The spreading of the cost of an asset over a number of financial years to fairly represent the period over which the Council benefits from the asset.

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

Annual Governance Statement
A statement published with the Statement of Accounts prepared in accordance with the CIPFA/SOLACE publication Delivering Good Governance in Local Government: Framework. It assesses the effectiveness of the arrangements the Council has put in place to govern decision-making and accountability.

Appointed Auditors
For audits of Council accounts from 1 April 2018, Public Sector Audit Appointments Limited (PSAA) is responsible for appointing an auditor, as Exeter City Council opted into its national appointment arrangements. Grant Thornton (UK) LLP is the Council's appointed Auditor.

Asset Ceiling
An asset ceiling is the present value of any economic benefits available in the form of refunds from the defined benefit pension scheme or reductions in future contributions to the plan.

Associate
An entity that the Council does not control but over which it has significant influence.

Glossary of Terms

Balances
Working balances are reserves needed to finance expenditure in advance of income from debtors, precepts and grants. Any excess may be applied at the discretion of the authority, to reduce future demands on the Collection Fund or to meet unexpected costs during the year. Balances on holding accounts and provisions are available to meet expenditure in future years without having adverse effect on revenue expenditure.

Beacon Property
A property that is similar to others held by the Council, so that its valuation can be used to estimate a valuation for those other properties.

Budget
A statement of the income and expenditure policy plan of the Council over a specified period. The most common is the annual Revenue Budget expressed in financial terms and including other physical data, e.g. staff resources.

Capital Expenditure
This is expenditure on the acquisition of a fixed asset, or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing
The raising of money to meet the cost of capital expenditure. Capital expenditure may be financed by borrowing, leasing, and contributions from revenue accounts, the proceeds from the sale of capital assets, capital grants and contributions from developers or others.

Capital Grants
Grants specifically towards capital expenditure on a specific service or project.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the leading professional accountancy body for public services. CIPFA publishes the annual Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The Code constitutes proper accounting practice.

Collection Fund
This is a statutory fund kept separate from the main accounts of the Council. The Collection fund shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities (Devon County Council, Police and Crime Commissioner for Devon and Cornwall and Devon & Somerset Fire and Rescue Service) and the government of council tax and non-domestic rates.

Glossary of Terms

Community Assets
These are non-current assets that the Council intends to hold in perpetuity which have no determinable finite useful life and may have restrictions on their disposal.

Contingent Liability or Assets
These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately and for which provision has not been made in the Council's accounts.

Council Tax Requirement
This is the estimated revenue expenditure on General Fund services that will be financed from the Council Tax after deducting income from fees and charges, General Fund Balances, specific grants and any funding from reserves.

Creditors
Amounts owed by the authority for work done, goods received or services rendered, but for which payment was not made at the balance sheet date.

Current Service Cost
This is an increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Current Assets
Assets that can be expected to be consumed or realised during the next accounting period.

Current Liabilities
Amounts that will become due or could be called upon during the next accounting period.

Curtailment
The cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors
Amounts due to the Council that have not been received at the balance sheet date.

Deferred Liabilities
This represents the liability for principal repayments on finance leases.

Glossary of Terms

Depreciation
This is the measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment.

Earmarked Reserves
The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

Economic Life
The period over which an asset is expected to be economically usable, whether by the Council or subsequent users.

Employee Costs
These include salaries, wages and employer's national insurance and superannuation costs payable by the Council, together with training expenses and charges relating to the index-linking of pensions of former employees.

External Audit
The independent examination of the activities and accounts of local authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

Fair Value
The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value through other comprehensive income financial assets
Investments for which gains and losses in fair value are recognised on the Balance Sheet but do not impact on the Council's income as they arise but only when the investment matures or is sold. Defined as financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling investments, and which have the form of a basic lending arrangement.

Final Accounts
Accounts prepared for an accounting period, showing the net surplus (profit) or deficit (loss) on individual services and a balance sheet is prepared for them. They are produced as a record of stewardship and are available to interested parties. Local authorities are required to publish each year a Statement of Accounts, as specified in the Accounts and Audit Regulations 2015.

Glossary of Terms

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Instruments
A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

Financial Year
The local authority financial year commences 1 April and finishes 31 March the following year.

Financial Regulations
These are a written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Fixed interest
A loan or investment where the interest rate is set as a specified amount for the duration of the arrangement.

General Fund
The fund into which the Council pays all its revenue income and from which it incurs all its revenue expenditure, unless specifically mandated by law not to.

Government Grants
Payments by central government towards local authority expenditure. They must be specific e.g. Housing Benefits, or general e.g. Revenue Support Grant.

Housing Benefit
This is an allowance to persons receiving little or no income to meet, in whole or part, their rent. Benefit is allowed or paid by local authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to local authorities. Benefits paid to the Authority’s own tenants are known as rent rebates and that paid to private tenants as rent allowances.

Housing Revenue Account
Local authorities are required to maintain a separate account, the Housing Revenue Account, which sets out the expenditure and income arising from the provision of Council housing.

Glossary of Terms

Impairment
A reduction in the value of an asset below its value held in the Balance Sheet. Factors which may cause such a reduction include; fall in general prices, a decline in an asset's market value and evidence of obsolescence or physical deterioration.

Impairment Loss
The loss that is incurred when the amount at which an asset is recorded in the Balance Sheet is greater than the value that the Council will be able to recover from it (the recoverable amount).

Income and expenditure basis
An accounting method based on recording transactions when an organisation becomes entitled to receive economic benefits or obligated to transfer economic benefits, rather than when cash payments take place.

Infrastructure Assets
Assets whose purpose is fixed once they are constructed and whose value can only be recovered through their continued use for this purpose, such as roads and bridges.

Interest
An amount receivable or payable for the use of a sum of money when it is invested or borrowed.

Inventories
Items of raw materials and stock an authority has procured to use on a continuing basis which it has not consumed or the value of work in progress.

Investment Properties
Property, which can be land or a building or part of a building or both, that is held solely to earn rentals or for capital appreciation or both, rather than for operational purposes.

Major Repairs Reserve
A statutory reserve that accumulates resources to finance capital expenditure on the Council's housing stock, built up from transfers from the HRA of amounts equal to the depreciation of the stock each year.

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

Glossary of Terms

Minimum Revenue Provision (MRP)
The minimum amount that must be charged to an authority's revenue accounts and set aside for the repayment of debt. It is calculated in accordance with the Council's approved MRP policy.

Money market funds
Collective investment schemes in which a number of investors put their money, which is then invested by the fund manager in a portfolio of highly liquid and low risk investments.

Non-Domestic Rates (NDR)
NDR is also referred to as business rates; is the levy on business property, based on a national rate in the pound applied to the 'rateable value' of the property. Authorities can voluntarily form a business rate retention pool, where all authorities in the pool can benefit from keeping a proportion of business rate revenue as well as growth on the revenue that is generated in their area to spend on local services.

Net Book Value
The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Non-Current Assets
Assets that can be expected to be of use or benefit to the Authority in providing its service for more than one accounting period.

Operating Lease
A lease under which ownership of the asset remains with the lessor; the lease costs are revenue expenditure to the Authority.

Precepts
The amount levied by various Authorities that is collected by the Council on their behalf. The major precepting authorities in Exeter are Devon County Council, Devon and Somerset Fire and Rescue Service and Devon and Cornwall Police Authority.

Prior Period Adjustments
These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Property, Plant and Equipment (PPE)
Tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administration purposes, and are expected to be used during more than one year.

Glossary of Terms

Provision
A liability of the Council where there is uncertainty about when it will be settled and/or how much the Council will have to pay. The estimated amount that will be required to settle the liability is charged as an expense when the Council recognises the obligation.

Public Works Loan Board (PWLB)
An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

Revaluation gain
The excess of the revalued amount of an asset over its previous carrying amount.

Revaluation loss
A shortfall in the revalued amount of an asset compared with its previous carrying amount.

Revenue Contribution to Capital Outlay (RCCO)
The mechanism by which items of capital expenditure can be financed by the General Fund or Housing Revenue Account.

Revenue Expenditure Financed by Capital under Statute (REFCUS)
Expenditure which has been legally capitalised but which does not produce a fixed asset for the council, e.g. renovation grants for homeowners.

Revenue Support Grant
A grant paid by government to meet a proportion of the local authority expenditure necessary to provide a standard level of service throughout the country.

Right-of-use asset
Represents a lessee's right to use an asset over the course of a lease and these rights are recognised on its balance sheet as a 'right of use' asset.

Short-term lease
A lease that has a term of 12 months or less at its commencement date.

Significant Influence
The power to participate in the financial and operating policy discussions of another entity (but without control or joint control over those policies).

Glossary of Terms

Statement of Movement on the HRA Balance
The financial statement that shows the balance on the HRA available to the Council at the year-end, detailing how the balance has been arrived at by adjustments to the financial performance established by proper accounting practices in the HRA Income and Expenditure Statement.

Subsidiary
A subsidiary is an entity that is controlled by another entity (the parent). A reporting authority controls an entity if it has; power over the entity, exposure to or rights to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amounts of its returns.

Surplus Assets
Property, plant or equipment that is not being used to provide services but that does not meet the criteria for an investment property or an asset held for sale.

Trust Funds
A separate legal entity that holds assets for the benefit of specified organisations or individuals, overseen by a trustee or trustees.

Unusable reserves
The reserves in the Balance Sheet that are not balances of usable resources, comprising revaluation reserves and adjustment accounts.

Usable reserves
The reserves in the Balance Sheet that are balances of usable resources, both revenue and capital.

Value for Money
An expression describing the benefit obtained (not just in financial terms) for a given input of cash. The term is widely used within public bodies, but there are many difficulties in its use because value, as such, is a subjective measure and there are rarely supporting objective measures. The appointed auditors are required to consider value for money with the three objectives of economy of input, efficiency of operation and effectiveness of output in service provision and report on the Council’s arrangements for securing VFM.

Exeter
City Council