



**Statement of Accounts
2025/26
East Devon District Council
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Narrative Report

Introducing East Devon

East Devon is the largest of the eight districts in Devon with a population of over 150,000, it has a dispersed and largely rural population with a mix of market and coastal towns. East Devon is a good place to live and renowned for its beautiful countryside. The district is recognised for its rich natural environment and around one third has been designated as a National Landscape. East Devon also has a stunning coastline that runs the length of its southern border, forming part of the designated “Jurassic Coast” World Heritage Site.

The natural environment is an important attraction of the district and the natural economy brings significant employment and business opportunity to East Devon which the Council supports in variety of ways.

The main settlements are the coastal resorts of Exmouth, Budleigh Salterton, Sidmouth and Seaton and inland settlements are Honiton, Ottery St Mary, Axminster and Cranbrook. There are good transport links including Exeter airport, the main airport for the south west region, and many residents travel from the district to work in places such as Exeter, Mid Devon and South Somerset.

Levels of home ownership are high; however, affordability of homes is an issue as East Devon has high house prices relative to wages and housing support features as a high priority for the Council.

Population

The population of East Devon has an older age profile. An ageing population has an impact on the provision of health care, housing requirements, the labour market and economic growth. The typical household in the district is a single family household and predominantly East Devon residents are from a white ethnic group.

Employment

The labour market in East Devon is good with low levels of unemployment. Currently the main types of employment are in the service industry which accounts for the majority of employment in East Devon with a large section of this being in the retail, hospitality and health sectors; all of which are predominantly lower paid sectors. Continued diverse development in the district is essential in order to attract a labour market which will fulfil the future demands of the district and provide quality job opportunities particularly for the young people of East Devon.

In the newer community of Cranbrook, there is a younger demographic profile. To reflect the higher proportion of the town’s population being of working age, the requirement for job opportunities which are well-paid and less reliant on traditional sectors will be vital to support this thriving community.

Across the district, the Council will support opportunities to encourage new and diverse businesses and jobs growth alongside traditional sectors.

Governance Arrangements of the Council

The Governance arrangements of the Council are considered in depth within the Annual Governance Statement.

Council Plan

The Council Plan provides the framework and direction for our work in providing services to our residents and businesses. The plan sets out our four key priority areas and what we are doing to support them.

Our priorities

1. A supported and engaged community that has the right homes in the right places, with appropriate infrastructure.
2. A sustainable environment that is moving towards carbon neutrality and which promotes ecological recovery.
3. A vibrant and resilient economy that supports local business, provides local jobs and leads to a reduction in poverty and inequality.
4. A well-managed, financially secure and continuously improving council that delivers quality services.

Underpinning all the activities within these four key priorities is an emphasis on ensuring that the infrastructure in the district enables well-supported communities, sustainable development, a growing economy and a public sector that works in partnership with others.

Alongside this is a commitment to secure the resources to deliver the Council Plan and to be an efficient council with sound financial management, that is open to innovation, is flexible and resilient in delivering these priorities.

Risk Management

The Council's risk management policy and guidance are in place to identify, evaluate and monitor risk status. There are clear accountability and review processes in place to support decision making through the understanding of risks, whether a positive opportunity or a threat and the likely impact.

The risk management policy and reporting covers both operational and strategic risks. Risks registers are subject to regular review by the named responsible officer and are reported to the Audit & Governance Committee with details of mitigation against their impact and likelihood.

The operational risk register includes the following risks for monitoring:

- Failure of LED Leisure through budget, legal or reputational issues
- Failure of performance under the Partnering Agreement by our responsive repair contractor leading to an inability to perform day to day repairs to tenant's homes
- Failure to maintain gas safety, fire risk, asbestos register, solid fuel servicing, and legionella testing to meet legal requirements
- Failure to maintain a five year housing land supply
- Failure of the contractors to deliver the service through staff shortages, strike action, company liquidation, legal prohibitions and/or other similar circumstances that render this contractor unable to continue with the contract

The strategic risk register includes the following risks for monitoring:

- Business failure of a major contractor or significant partner
- Adequacy of financial resource planning to deliver the Council's priorities
- Major disruption in continuity of computer and telecommunications services
- Adequate emergency planning and business continuity
- Failure to ensure that our corporate property portfolio is fully compliant with legal requirements
- Failure to meet the requirements of data protection legislation and good information governance
- Failure to deliver the Enterprise Zone and the wider west end development programme
- Increased homelessness
- Failure to ensure the Council's sustainability
- Failure to adequately protect staff health and safety at work
- Retaining and strengthen a collective approach to decision making
- Climate change targets not achieved
- Recruitment and Retention Issues
- Reputational damage to the organization
- Risk of Service failure
- Impact of the economic situation on our residents

Financial Overview

The Council's finances were impacted by the Comprehensive Spending Review in 2010 and subsequent Spending Reviews where the Government has cut local authorities funding as part of its programme in tackling national debt.

The Council continues to see significant cuts in government funding whilst also planning for more, with funding levels reduced since 2010/11; from a position where the Council received over £7m in 2010/11 the Council now receives no grant.

In addition to government spending cuts, there are the added pressures of inflationary cost increases, continued low interest rate environment, an increasing call on services, members' ambitions to enhance and improve services and the wish to keep to moderate increases in Council Tax and other fees and charges.

This year has again been a challenging year due to the legacy impact of Covid-19 on council services and operations, some areas have continued to face increases in demand and drops in planned income. The Council has also seen significant issue with recruitment and retention.

Against this background the Council has delivered its spending plans and Council Plan outcomes through careful financial management and planning ahead. Careful decisions have been taken where service savings have been made, initiatives taken in the areas of; asset management, shared service provision, systems thinking principles, the persuasion of customers to use more convenient and cost effective means of transacting with the Council, procurement efficiencies and income generation. These initiatives have been implemented with the overall arching principle required by the Council to protect front line services.

The Council has facilitated and encouraged business and housing growth in the district to deliver its ambitions and which has also financially benefited the Council in additional government funding through extra Business Rate income.

A balanced budget was agreed by Council and this was achieved by following the Council's Financial Plan which contained actions that reduced our spending levels or increased the income available to us enabling us to balance our books.

Looking ahead there are tough challenges for the Council in order to continue to produce a balanced budget, further details on projections going forward can be found in the Financial Plan which help us manage this position can be found on the council's website.

Outturn Position 2025/26

The Council set a balanced budget and details are given below of how the Council financially performed against the budget for the year. These details are from the report as presented to the Council's Cabinet Committee providing the financial year end position and compares this to the budgets approved for the year.

General Fund Outturn 2025/26

The Council's Revenue Account, known as the General Fund, bears the net cost of providing day-to-day services. These are the portfolio/service totals identified in the Council's Income & Expenditure Account.

In the 2025/26 financial year, district councils across England faced widely recognised pressures on their General Fund budgets, including persistent funding uncertainty, high inflation driving up core costs such as staff pay and contracts, increased demand for local services, and volatile income streams. These challenges, combined with higher interest rates pushing up borrowing costs and ongoing constraints on local government funding, made balancing budgets more challenging and required prudent financial management.

The table below shows the General Fund Balance movement and proposed notable reserve transfers and final balances. The decision has been made to close the Transformation fund, allocating the uncommitted balance to the Medium-Term Financial Plan Reserve along with the General Fund final annual surplus. The use of balances will be revisited in preparing an update position of the Medium-Term Financial Strategy which will include costs of LGR preparation

Reserve	GF Balance	Transformation Fund	MTFP Reserve
Closing Balance 24/25	4,800	-3,317	-3,712
In Year Movements 25/26	-658	1,514	150
Final Year End Transfers	658	**	-658
Closing Balance 25/26	4,800	-1,803	-4,220

* The 2026/27 budget approved £0.3m reduction in the General Fund Balance to be used to meet general expenditure.

** Final sum transferred will be determined once commitments have been confirmed.

The recommendation set before members for the allocation of the 2025/26 annual surplus of £0.658m, to be approved at Cabinet and Council, is to include the balance within the Medium Term Financial Plan Reserve.

The following tables provide analysis and commentary on both the budgetary movements in year as well as the anticipated outturn against these revised budgets. The two main reasons for the budget changes are;

- Restructure – the most material impact being the transfer of Car Parks out of the Finance Portfolio.
- Earmarked Reserves – additional use or contribution to the service's reserves as result in large part to additional external funding on significant projects and financial pressures.

The Variations against the set budget, incorporating in year approved budget variations, across the general fund and non-HRA capital programmes, are also explained in the following pages and tables.

Portfolio Budget - Net Expenditure	Including Capital Charges				Capital Charges			Excluding Capital Charges				NOTES
	2025/26 Outturn				25/26 Outturn			2025/26 Outturn				
	Actuals	Budget	Surp/Def	%age	Actuals	Budget	Surp/Def	Actuals	Budget	Surp/Def	%age	
Corporate Business	107,521	136,909	-29,388	-21%	0	0	0	107,521	136,909	-29,388	-21%	1
Corporate Services	909,215	379,282	529,933	140%	0	0	0	909,215	379,282	529,933	140%	2
Economy And Regenrtn Portfolio	-821,788	-2,586,123	1,764,335	-68%	1,834,050	290,943	1,543,107	-2,655,839	-2,877,066	221,227	-8%	3
Environment Portfolio	6,030,413	6,582,308	-551,895	-8%	1,202,345	1,276,666	-74,321	4,828,068	5,305,642	-477,574	-9%	4
Finance	2,609,358	2,593,801	15,557	1%	0	0	0	2,609,358	2,593,801	15,557	1%	5
Strategic Development & P'Ship	2,014,620	2,364,694	-350,074	-15%	0	0	0	2,014,620	2,364,694	-350,074	-15%	6
Street Scene Portfolio	17,733,628	16,269,404	1,464,224	9%	3,958,299	2,575,318	1,382,981	13,775,329	13,694,086	81,243	1%	7
Sustainable Homes & Communitie	1,844,553	2,222,507	-377,954	-17%	4,898	45,181	-40,283	1,839,655	2,177,326	-337,671	-16%	8
Portfolio Totals	30,427,521	27,962,782	2,464,739	9%	6,999,593	4,188,108	2,811,485	23,427,928	23,774,674	-346,746	-1%	
Reversal of Capital Charges	-6,999,593	-4,188,108	-2,811,485	67%	-6,999,593	-4,188,108	-2,811,485	0	0	0		
Portfolio Totals excluding Capital Charges	23,427,928	23,774,674	-346,746	-1%	0	0	0	23,427,928	23,774,674	-346,746	-1%	
Reversal of IAS 19 Pensions Adjustment	1,166,000	1,166,000	0	0%				1,166,000	1,166,000	0	0%	
Portfolio Totals after IAS 19	24,593,928	24,940,674	-346,746	-1%	0	0	0	24,593,928	24,940,674	-346,746		

Capital Charges Variations to Budget & Pensions

The capital charges that are included within the budget are based off of the most up to date data available at the time, which results in the prior year's charges being included in the budget for the year ahead adjusted by estimates. This is only really effective for depreciation, being that this is a continually applicable charge year on year, with revaluation rather difficult to predict and impairments by their nature, being one off, in year impacts. This year to tie in better with the SOA, the IAS pensions adjustment and reversal is included and budgeted for as this also has a 0 impact on the General Fund.

Budget Variations

The budget for the portfolios above when compared to the Budget Book for 2025/26 looks completely different. The below table compares the value provided in the budget book with the budget currently being reported with an explanation against each line as to why the variation has occurred for the material budget movements. The below shows that the material movements are either restructures or Budget changes v Earmarked Reserves. The £1.1m reduction in pension costs has also been allocated across the portfolio to present the data as it will be in the Statement of Accounts, with both actuals and budget equal, with the reversal included within the movement in reserves statement.

Portfolio Budget - Net Expenditure	2025/26 Outturn			Variation Explanation
	Original	Revised	Variation	
Corporate Business	140,281	136,909	-3,372	No material variations
Corporate Services	255,489	379,282	123,793	Organisational Development & IT Service's increases versus reserve plus new Governance Mgmt CC
Economy And Regenrtn Portfolio	904,248	-2,586,123	-3,490,371	RESTRUCTURE -£3.4m Car Parks Budget moved into Portfolio from Finance
Environment Portfolio	6,622,456	6,582,308	-40,148	Various budget variations v reserve included Sports Centres, Arts Dev and AONB/Countryside
Finance	-862,223	2,593,801	3,456,024	Car Parks plus Financial Assistance Budget increase v Reserve
Strategic Development & P'Ship	3,760,773	2,364,694	-1,396,079	Heat Distribution Project & New Community Delivery budget applied v Reserves - £1.6m total
Street Scene Portfolio	16,139,104	16,269,404	130,300	No significant variations
Sustainable Homes & Communitie	2,643,602	2,222,507	-421,095	Agreed carry forward of Homelessness surplus into reserve plus pensions allocation.
Portfolio Totals	29,603,730	27,962,782	-1,640,948	

(A) ADVERSE VARIATION

(F) FAVOURABLE VARIATION

Portfolio Revenue Commentary - Excluding Capital Charges

1 Corporate Business

The surplus arises from lower employment costs, primarily due to the information and complaints officer position remaining vacant within the service.

2 Corporate Services

The Council CC contains both the anticipated budgetary saving on the assumption that a 100% establishment isn't a realistic possibility of £0.45m(A) as well as the Central Government reimbursement of the National Insurance impact, which has been detrimental to all councils, with costs largely outweighing the grant income provided. The unbudgeted profit contribution from Strata of £0.3m plus establishment savings within Comms, Culture & Marketing provided a marginal offset to the this deficit.

3 Economy And Regentrn Portfolio

The first major variance is Car park income which was below expectations (£0.4m(A)) due to reduced volumes with parking permits partially offsetting what would have been a significant deficit. There are many factors impacting smaller districts such as EDDC across the country due to tourism-driven volatility with weather & water conditions being significant factors. Ongoing cost-of-living pressures also reduce visitor numbers, plus other known lifestyle changes such as hybrid working and lower high street footfall. The marginal increase versus 24/25 is in line with National statistical trends. The second major variance is Establishment related with minor variances across the portfolio. (£0.2(F))

4 Environment Portfolio

The Climate Change service is again showing a significant surplus (£0.2m(F)) as the Support Officer role remains unfilled and is the primary driver of the saving - the net surplus on the cost centre has been added to the Climate Change pot, contributing an offsetting Earmarked reserve variance, per the agreement of councillors to retain all allocated Climate related budget. A similar sized surplus (£0.25(F)), also establishment related, has been achieved within the Public Health team due to staff turnover and recruiting issues.

5 Finance

The largest variances are within the Revs & Bens cost centres, however they are not material considering the base budgets involved, the largest being an adverse variance against Supplies & Services of £0.03m(A) across the service and a New Community Grant Scheme expecting £0.03m(F) expenditure which is yet to see any costs.

6 Strategic Development & P'Ship

Throughout 24/25, planning fees were considerably lower than expectations. Fee income has picked up markedly in 25/26 as volumes have increased, combined with a few larger applications that have materialised and contributed significant sums. Income from Planning Performance Agreements (PPAs) has also contributed to the significant surplus in Development Management. These project management tools have been encouraged by Central Government and are used to agree timescales, actions and resources for handling and setting out an efficient and transparent process for large scale or more complex planning applications.

7 Street Scene Portfolio

The vast majority of the underspend in Street Scene is the result of vacant posts throughout the year as recruitment and retention has been challenging, particularly at the beginning of the financial year. This has also had the knock on effect of reduced Transport costs and spend within Supplies and Services due to the reduced capacity. The Refuse and Recycling related cost centres were continually reviewed throughout the year producing an overall adverse variance of £0.21m(A) with the overspend in the cost plus agreement partially offset by better prices and income levels from materials sales.

8 Sustainable Homes & Community

The surplus is primarily driven by the savings in Staffing costs within the Housing and General Health Group, notably the Technical Officer and Sampling Officer positions. The Homelessness Cost Centre achieved a significant surplus at the year end with emergency accommodation costs significantly lower which was agreed to be carried forward as there are plans in place to use this amount to add to the temporary accommodation owned and utilised by the council. This has therefore been included as a budget adjustment.

Portfolio Totals Carried Forward	24,593,928	24,940,674	-346,746
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Revenue Financing & Funding	2025/26 Outturn		
	Actuals	Budget	Surp/Def
Net Interest Income	-2,519,083	-1,688,277	-830,806
PWLB Financing Cost	20,887	341,790	-320,903
Capital Receipts Funding Revenue (EdenServ)	-394,424	-394,424	0
Principal Repayment Provision & Soft Loans	1,102,105	1,114,430	-12,325
Financing Total	-1,790,514	-626,481	-1,164,033
New Homes Bonus Grant	-685,037	-685,039	2
Epr Grant	-921,380	-899,004	-22,376
Rev Support Grant	-320,251	-282,188	-38,063
Funding Guarantee Grant	-2,097,873	-2,096,868	-1,005
Government Grant Total	-4,024,541	-3,963,099	-61,442
Business Rates Income incl Surplus/Deficit	-9,610,948	-9,698,064	87,116
Business Rates - Movement in Reserves	1,323,188	1,323,192	-4
Council Tax Income	-11,190,182	-11,190,182	0
Council Tax Surplus/Deficit	-217,545	-218,088	543
Council Tax - Movement in Reserves	-246,034	-246,036	2
CTAX & Business Rates Funding Total	-19,941,520	-20,029,178	87,658

Movements in Reserves	2025/26 Outturn		
	Actuals	Budget	Surp/Def
Cont to/(from) General Fund Balance	0	0	0
Cont to/(from) Earmarked Reserves	504,950	-77,423	582,373
Movement in Reserves Total	504,950	-77,423	582,373

General Fund Outturn	-657,697	244,493	-902,190
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NOTES

- 9 **Net Interest Income**
The 25/26 budget included the assumption that borrowing would be required for the General Fund capital program and that the temporary internal borrowing arrangements with the HRA and a third party would be externalised with PWLB. This treasury decision has not been required due to the council continuing to hold the Heat Network funds, therefore income is markedly higher than anticipated.
- 10 **Capital Receipts Funding Revenue (E)**
In July 2025 Cabinet was made aware of the approval of specific MHCLG/DLUHC permission that is required to allow the funding of a revenue programme (EdenServ) from capital receipts, otherwise Capital receipts must fund CAPEX.
- 11 **Principal Repayment Provision**
The increase in both actuals and budget versus those reported in Period 10 within Minimum Revenue Provision (MRP) is due to the inclusion of right-of-use lease assets. This has no net impact on the General Fund because it is fully reversed out through the Movement in Reserves Statement (MIRS) into the Capital Adjustment Account (CAA). A Temporary budgeted estimate for right-of-use lease assets was used.
- 12 **Government Grants**
The small variations in the Government Grant Funding is the result of the timing of the announcement of the Final Settlement information and their allocations down to the local authority level. The budget includes the provisional settlement figures as the final announcement was made on the 3rd Feb 2025.
- 13 **Business Rates Income**
The business rates income has come in materially on budget after reserve transfers have been applied. The Enterprise zone income has been ringfenced and so is not included in this income line and the movement on the collection fund from Deficit to Surplus has been covered by the release of the Business Rates Volatility reserve which is specifically for this purpose.
- 14 **General Fund Contribution**
The 24/25 budget and final accounts included a £0.5m contribution to the general fund balance. No such contribution has been included in the 25/26 budget, therefore the General fund balance is expected to remain at the 31st March 2025 level.
- 15 **Earmarked Reserves Variations**
The variation in Earmarked reserves is predominantly due to carry forward requests that were made at the year end to reserve unutilised expenditure budget or better than anticipated income levels within 25/26 for spend in future years. Carry forward requests have been signed off at director level and can be overridden by the Section 151 Officer if it is determined that the General Fund requires the surpluses.
- 16

Portfolio & Service Name			25/26 Outturn £'000's		
			Actuals	Budget	Surp/Def
1 Corporate Services	Capital Comms Business System	Cap Ex	64,809	1,835,885	-1,771,076
		Income	0	0	0
		Net Exp	64,809	1,835,885	-1,771,076
1 Corporate Services	Capital Ict Infra And Projects	Cap Ex	76,438	935,629	-859,191
		Income	0	0	0
		Net Exp	76,438	935,629	-859,191
2 Community - Housing	Capital Improvements Grants	Cap Ex	570,118	1,249,620	-679,502
		Income	-1,143,261	-1,138,960	-4,301
		Net Exp	-573,143	110,660	-683,803
3 Economy & Regeneration	Capital Corp Build And Security	Cap Ex	97,627	369,368	-271,741
		Income	0	0	0
		Net Exp	97,627	369,368	-271,741
3 Economy & Regeneration	Capital Industrial Sites	Cap Ex	62,119	93,541	-31,422
		Income	0	0	0
		Net Exp	62,119	93,541	-31,422
3 Economy & Regeneration	Capital Public Halls Pavilion	Cap Ex	702,776	1,290,238	-587,462
		Income	0	0	0
		Net Exp	702,776	1,290,238	-587,462
3 Economy & Regeneration	Capital Regeneration Economy	Cap Ex	1,876,750	19,894,245	-18,017,495
		Income	-880,367	-14,915,114	14,034,747
		Net Exp	996,383	4,979,131	-3,982,748
4 Environment	Capital Car Park	Cap Ex	925	491,161	-490,236
		Income	0	0	0
		Net Exp	925	491,161	-490,236
4 Environment	Capital Countryside	Cap Ex	4,980	4,180,697	-4,175,717
		Income	-4,980	-4,090,000	4,085,020
		Net Exp	0	90,697	-90,697
4 Environment	Capital Sprts Centres And Pool	Cap Ex	148,574	684,615	-536,041
		Income	-104,815	-94,756	-10,059
		Net Exp	43,759	589,859	-546,100
5 Street Scene	Capital Beaches And Foreshores	Cap Ex	2,573,305	4,604,748	-2,031,443
		Income	-1,864,964	-675,000	-1,189,964
		Net Exp	708,341	3,929,748	-3,221,407
5 Street Scene	Capital Cemeteries	Cap Ex	0	150,000	-150,000
		Income	0	0	0
		Net Exp	0	150,000	-150,000
5 Street Scene	Capital Flood Alleviation Sch	Cap Ex	1,979,657	1,392,668	586,989
		Income	-691,000	-50,000	-641,000
		Net Exp	1,288,657	1,342,668	-54,011
5 Street Scene	Capital Parks And Pleasure Grn	Cap Ex	60,172	1,051,387	-991,215
		Income	0	0	0
		Net Exp	60,172	1,051,387	-991,215
5 Street Scene	Capital Play Equipment	Cap Ex	1,370,103	1,695,965	-325,862
		Income	-202,631	0	-202,631
		Net Exp	1,167,472	1,695,965	-528,493
5 Street Scene	Capital Public Conveniences	Cap Ex	629,630	5,113,880	-4,484,250
		Income	-10,000	0	-10,000
		Net Exp	619,630	5,113,880	-4,494,250
5 Street Scene	Capital Refuse And Recycling	Cap Ex	134,497	1,423,426	-1,288,929
		Income	0	0	0
		Net Exp	134,497	1,423,426	-1,288,929
5 Street Scene	Capital Sports Grounds	Cap Ex	0	109,200	-109,200
		Income	0	0	0
		Net Exp	0	109,200	-109,200
5 Street Scene	Capital St Scene Cleansing	Cap Ex	170,171	124,002	46,169
		Income	0	0	0
		Net Exp	170,171	124,002	46,169
5 Street Scene	Capital St Scene Grounds Maint	Cap Ex	64,649	692,928	-628,279
		Income	0	0	0
		Net Exp	64,649	692,928	-628,279
6 Strategic Development	Gypsy And Traveller Sites	Cap Ex	0	500,000	-500,000
		Income	0	0	0
		Net Exp	0	500,000	-500,000
6 Strategic Development	Self-Build Pilot	Cap Ex	0	750,000	-750,000
		Income	0	0	0
		Net Exp	0	750,000	-750,000

Brief Summary:

The below table shows the total net capital outturn against budget (after grants and contributions) for 2025/26. As in prior years, unused Capital funding will be appropriately reserved, either within Capital Grants Unapplied or within bespoke Capital Earmarked Reserves, in those cases where income outweighs expenditure. Underspends or surpluses created from lower than anticipated Capital Expenditure will be carried forward, in terms of annual slippage, where the capital project remains live.

Net Capital	25/26 Outturn £'000's		
	Actuals	Budget	Surp/Def
1 Corporate Services	141,247	2,771,514	-2,630,267
2 Community - Housing	-573,143	110,660	-683,803
3 Economy & Regeneration	1,858,905	6,732,278	-4,873,373
4 Environment	44,684	1,171,717	-1,127,033
5 Street Scene	4,213,590	15,633,204	-11,419,614
6 Strategic Development	0	1,250,000	-1,250,000
TOTAL CAP EX	5,685,283	27,669,373	-21,984,090

Capital Expenditure	25/26 Outturn £'000's		
	Actuals	Budget	Surp/Def
1 Corporate Services	141,247	2,771,514	-2,630,267
2 Community - Housing	570,118	1,249,620	-679,502
3 Economy & Regeneration	2,739,273	21,647,392	-18,908,119
4 Environment	154,479	5,356,473	-5,201,994
5 Street Scene	6,982,185	16,358,204	-9,376,019
6 Strategic Development	0	1,250,000	-1,250,000
TOTAL CAP EX	10,587,301	48,633,203	-38,045,902

Capital Income	25/26 Outturn £'000's		
	Actuals	Budget	Surp/Def
1 Corporate Services	0	0	0
2 Community - Housing	-1,143,261	-1,138,960	-4,301
3 Economy & Regeneration	-880,367	-14,915,114	14,034,747
4 Environment	-109,795	-4,184,756	4,074,961
5 Street Scene	-2,768,595	-725,000	-2,043,595
6 Strategic Development	0	0	0
TOTAL CAP Income	-4,902,018	-20,963,830	16,061,812

There are 3 large income streams which are causing variations in the Capital Income lines, received in 2024/25 and placed within the Capital Grants Unapplied. The budget has been rolled for these income lines as slippage, however; the actuals must only be applied when CAPEX on the specific capital project occurs. The following table shows these 3 projects and their impact on the income and expenditure plus the overall Surplus/Deficit impact.

PROJECT NAME	INC/EXP	Actuals	Budget	Surp/Def
Cranbrook Heat Network	EXP	406,518	9,150,310	-8,743,792
	INC	-406,518	-9,150,310	8,743,792
Cranbox Units	EXP	29,071	1,245,518	-1,216,447
	INC	-29,071	-1,245,518	1,216,447
Local Nutrient Mitigation Fund	EXP	4,980	4,090,000	-4,085,020
	INC	-4,980	-4,090,000	4,085,020
TOTALS	EXP	440,568	14,485,828	-14,045,260
	INC	-440,568	-14,485,828	14,045,260

Housing Revenue Account

The Housing Revenue Account (HRA) is the ring-fenced account for providing Council housing and associated services. This is shown as a separate line within Cost of Sales on the Comprehensive Income & Expenditure Statement.

HRA Outturn

2025/26 was a year of intense budget pressure for district council HRAs, shaped by policy-imposed income limits, economic headwinds, new regulatory duties, and the compounding effect of long-term capital needs. Councils responded with a mix of maximum rent rises, cost-cutting, use of reserves, borrowing, and advocacy for policy change and central Government assistance. These measures were aimed at managing immediate strains and ensuring legal compliance, but they underscore the delicate balancing act required to sustain council housing into the future. The dual mission of maintaining decent, safe, energy-efficient homes for current tenants while expanding affordable housing to meet local needs remains a central challenge for district councils – a challenge brought into sharp focus in the 2025/26 financial year.

The Revenue and Capital split across the Property & Asset related work streams has been reviewed in the year and virements have been made, primarily moving budget and expenditure from Revenue and into Capital, with a relatively immaterial amount of budget reducing supplementary estimates. The below table provides a comparative of the original budget figures versus the revised amounts that are included in the HRA tables that follow, plus a summarised forecast of the outturn against them for 2025/26.

HRA Predicted Outturn 2025/26	In Year Budget Variation			Outturn £'000s		
	Original	Revised	Variance	4Cast	Budget	Surp/Def
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Housing Revenue Account						
INC - Rental & Other Income	-22,666	-22,666	0	-22,802	-22,666	-136
EXP - Repairs & Maintenance	7,134	6,834	-300	5,432	6,834	-1,402
EXP - Supervision & Management	9,102	8,426	-675	8,480	8,426	54
EXP - Other	1,090	1,166	76	1,213	1,166	47
EXP - Capital Charges etc.inc MIRS	2,068	11,749	9,681	11,702	11,749	-48
FIN - Net Financing Requirement	3,272	-6,409	-9,681	-4,026	-6,409	2,383
HRA Balance Impact	0	-899	-899	0	-899	899
Housing Capital						
EXP - Affordable Housing	750	750	0	1,633	750	883
EXP - Property & Asset	17,691	18,361	669	9,337	18,361	-9,023
FIN - Funding	-3,287	-3,287	0	-7,353	-3,287	-4,066
Additional Borrowing Requirement	15,154	15,824	669	3,618	15,824	-12,206

The Variations against the set budget, incorporating in year approved budget variations, across the HRA and associated Housing capital programmes, are explained in the following pages and tables. Commentaries have been included at a summary level addressing material variations or issues which are relevant to, or have impact upon, the HRA and associated capital projects.

Total Revenue Summary	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Rental & Other Income	-22,801,610	-22,665,930	-135,680
2 Revenue Expenditure	26,827,151	28,175,926	-1,348,775
3 Financing & Movement In Reserves	-4,025,541	-6,408,951	2,383,410
TOTAL	0	-898,955	898,955

NOTES

Brief Summary:

The 2025/26 Financial year HRA outturn shows a significantly lower than expected capital outlay, which has been carried forward into the 26/27 Property & Asset spending plans. The Property & Asset team has taken time to reach capacity, with all management roles now filled, ready to tackle the required future investment in the stock through a structured and well tendered approach, reducing the councils reliance on our primary contractor. Revenue savings have also contributed towards a significant overall surplus, through improved Void turnarounds increasing rental income, lower than expected interest charges and lower than anticipated compliance revenue expenditure demands, further improving the borrowing position with a capital contribution.

Revenue Income Category	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Gross Property Rents	-21,800,717	-21,659,900	-140,817
2 Garage Rents	-192,653	-262,800	70,147
3 Other Income	-808,240	-743,230	-65,010
TOTAL	-22,801,610	-22,665,930	-135,680

Total Capital Summary	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Capital Expenditure in Year	10,970,605	19,110,781	-8,140,176
2 Capital Funding Sources	-7,352,967	-3,286,870	-4,066,097
2025/26 ADDITIONAL BORROWING REQUIREMENT	3,617,638	15,823,911	-12,206,273
1 Assumed Borrowing Rate	4.50%	4.50%	4.50%
Annual Additional Revenue Interest Cost	162,794	712,076	-549,282

NOTES

Revenue Expenditure Category	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Repairs And Maintenance - General	5,221,347	6,018,167	-796,820
2 Repairs And Maintenance - Special	210,882	815,700	-604,818
3 Supervision & Management	8,479,975	8,426,405	53,570
4 Other Expenditure	1,213,397	1,166,225	47,173
5 Capital Charges & Bad Debt	11,701,549	11,749,430	-47,880
TOTAL	26,827,151	28,175,926	-1,348,775

NOTES

Capital Expenditure Category	25/26 Outturn		
	Actuals	Budget	Surp/Def
1a Affordable Housing - Right to Buy Funded	1,616,552	750,000	866,552
1b Affordable Housing - Local Authority Housing Fund	16,571	0	16,571
2 Compliance Capital Expenditure	301,032	3,000,000	-2,698,968
3 Planned Capital Programme	883,838	4,299,520	-3,415,682
4 Major Repairs	8,152,612	11,061,261	-2,908,649
TOTAL	10,970,605	19,110,781	-8,140,176

NOTES

Financing & Movement In Reserves	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Net Interest Cost	2,649,904	3,021,608	-371,705
2 Capital Charges - MIRs	-11,756,993	-9,680,560	-2,076,433
3 Contributions to Earmarked Reserves & HRA Balance	589,567	250,000	339,567
4 Contribution to Capital Net of Other Income	4,491,981	0	4,491,981
TOTAL	-4,025,541	-6,408,951	2,383,410

NOTES

Capital Funding Sources	25/26 Outturn		
	Actuals	Budget	Surp/Def
1 Ring Fenced RTB Receipts & Capital Grants	-1,616,552	-750,000	-866,552
2 Unringfenced Right to Buy Receipts	-1,312,199	-468,000	-844,199
3 Major Repairs Contribution (Depreciation)	-1,879,541	-2,068,870	189,329
4 Additional Capital Contribution from Revenue	-2,544,675	0	-2,544,675
TOTAL	-7,352,967	-3,286,870	-4,066,097

NOTES

1 Revenue Income

Dwelling income lost due to void properties was circa £0.1m lower than budget due to the continuing focus on turnaround efficiency. In addition, rental collection rates remain excellent ensuring weekly actuals track with the anticipated budgets. This surplus is partially offset by a marginal shortfall in garage rental income as their refurbishment has been deprioritised while options for the garage sites are appraised.

2 Revenue Expenditure - Repairs & Maintenance

There are three key variations forecast within the Repairs and Maintenance revenue expenditure. Compliance related spend is significantly below budget following recruitment and procurement delays. These issues are currently being addressed to enable much greater progress next financial year and compliance KPIs remain on target. A small portion of this underspend has been offset by higher than anticipated expenditure on jobs that are excluded from the PPP within the IAMC contract and on higher than expected disrepair legal costs which are notoriously difficult to predict. Going forward the Service has invested in processes and expertise to ensure spending is targeted, controlled and provides best value and outcomes for tenants

3 Revenue Expenditure - Supervision & Management

The Housing Service has been restructured and successful recruitment to key roles has taken place over the course of the year to enable effective and impactful management that is driving change. This has resulted in some overspending within the Property and Assets team which should be considered as an investment in the future of the service to provide greater value for money for tenants. Vacant posts and efficiency savings in Tenancy Services and Central Housing Management and Administration have mostly compensated for this impact.

4 Net Interest Cost

The contribution from the general fund for interest earned through Treasury investments on the HRA balances, being the reduced HRA Revenue Balance and the Capital Receipts Reserve from RTB sales, has meant a reduced annual contribution, however, the predicted significant fall in rates has not materialised which has resulted in an overall surplus. The interest burden is also significantly lower than budget as the borrowing requirement in 24/25 was much lower than initially anticipated due to reduced levels of capital spend in 24/25.

5 Revenue Contributions made in year

The interim sustainability roadmap, that was approved for the HRA while the Asset Management Strategy and long term Business plan are in development, stated that the HRA balance be restored to the original threshold of £3.1m in £0.25m instalments per annum. After this contribution the surplus on account was £2.5m, however, the Depreciation estimate (which is also a capital contribution through the major repairs reserve) was £0.2m lower than expectations. A revenue contribution to capital will be made for this amount to reduce the annual borrowing requirement and the resultant interest burden on revenue in each year going forward.

6 Earmarked Reserve Contributions

As previously mentioned the budget contained £250k to restore the HRA Balance, however there have been variances due to carry forward requests of budget surpluses, plus an additional contribution which immediately reverses in 2026/27 due to the final week in the Financial Year ending on a Tuesday. This has required accruals to be made and surpluses to be reserved as the statement of accounts should only include 2/7ths of the total weeks income.

7 Affordable Housing Capital Expenditure

Acquisitions of new affordable housing in 2025/26 have been fully funded by a combination of Local Authority Housing Fund grant and Section 106 receipts. Five new build homes were purchased on Jasmine Walk within Cranbrook Town and a further acquisition of a flat in Ottery St Mary is currently under consideration; this will complete in 2026/27 so has not been included in the outturn. No acquisitions have been or will be made with right to buy receipts in the financial year which has no knock on implications as the council has already met the spending limit to prevent repayment of receipts under the revised regulations.

8 Capital Expenditure - Property & Assets

Although the capacity issues that drove the Capital underspend in 24/25 have now been addressed through recruitment, this has been phased throughout the year. The process of recruiting, onboarding and training of the new property and asset managers and officers has taken precedence in 25/26 in order to create a cohesive, driven team. These unavoidable delays have been exacerbated by the lengthy procurement lead times dictated by legislation, resulting in the start dates for a large number of the budgeted capital programmes and projects being rescheduled. The financial impact of this is predicted to be a significant underspend in year to be taken as slippage, to be delivered in 26/27.

9 Capital Funding - Receipts and Grants

The budgeted affordable housing right to buy receipt funding has been replaced by the availability of Section 106 receipts which are required to be spent within a set timeframe, otherwise they can be reclaimed by the contributing developer. The additional funds required to meet the £1.6m purchase price of the Cranbrook properties has been claimed through a successful application to the Local Authority Housing Fund. The remaining variance is solely due to the difficulty in predicting the income from unringfenced right to buy receipts. The volume of sales in 25/26 is expected to be the highest that the council has experienced due to the change in regulation. The significant reduction in available discounts in future years has resulted in a tidal wave of applications.

Basis of preparation

The Accounts are presented on an International Financial Reporting Standards (IFRS) basis having been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. References to material and materiality relates to the significance of transactions, balances and errors. Financial information is material if its omission or misstatement could influence the users of the accounts.

Explanation of the Financial Statements

The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Chartered Institute of Public Finance and Accountancy (CIPFA), Local Authority (Scotland) Accounts Advisory Committee (LASAAC), Code of Practice on Local Authority Accounting in the United Kingdom (the Code Practice) supported by International Financial Reporting Standards (IFRS).

These accounts summarise the Council's transactions for the financial year and its position at the year end. The accounts comprise:

Statement of Responsibilities for the Statement of Accounts

This Statement sets out the respective responsibilities of the Council and the Chief Financial Officer for the accounts.

Comprehensive Income and Expenditure Statement - Core Financial Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations but this may be different from the accounting cost. It includes Pension liabilities that are outside the control of the Council. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement - Core Financial Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'Usable Reserves' (those that can be applied to fund expenditure or reduce local taxation) and "Unusable Reserves".

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

Balance Sheet - Core Financial Statement

The Balance Sheet summarises the Council's financial position showing the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Reserves are reported in two categories:

Usable reserves: reserves that the Council may use to provide services, (subject to the need to maintain a prudent level of reserves and any statutory limitations on their use) for example – the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt.

Unusable Reserves: reserves that the Council is not able to use to provide services. These reserves include the Revaluation Reserve which holds unrealised gains and losses. This would only become available to provide services if the assets were actually sold. Other Unusable Reserves hold timing differences which are shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

Cash Flow Statement - Core Financial Statement

The Cash Flow Statement shows the changes in the Council's cash and cash equivalents during the reporting period. The statement shows how the Council 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 Council are funded by way of taxation and grant income, or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital, i.e. borrowing, to the Council.

Housing Revenue Account (HRA) - Supplementary Financial Statements

The HRA is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Therefore, the HRA is a statutory account which is ring-fenced from the rest of the General Fund so that rents cannot be subsidised from Council tax or vice versa.

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 and government grants. Authorities charge rents to cover expenditure in accordance with regulations which may differ from the accounting cost. The (increase) or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

Collection Fund - Supplementary Financial Statements

This account is maintained separately as a statutory requirement. 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 ratepayers and distribution to Local Authorities and the Government of Council tax and Non-domestic rates.

Annual Governance Statement

This gives a public assurance that the Council has proper arrangements in place to manage all of its affairs. It summarises the Council's responsibilities in the conduct of its business, the purpose and key elements of the system of internal control and the processes applied in maintaining, reviewing and developing the effectiveness of those control systems.

Inspection of the Accounts

Under provisions contained in Section 15 and 16 of the Local Audit and Accountability Act 2015 and the Accounts and Audit Regulations 2015, the Statement of Accounts will be made available for inspection.

Simon Davey CPFA
Director - Finance, Section 151 Officer

The Statement of Responsibilities

The Council's Responsibilities

The Council 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 Council, that officer is the Director for Finance.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Director for Finance's Responsibilities

The Director for Finance is responsible for the preparation of the Council'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 Director for Finance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code.
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.
- assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future; and
- 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.

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

Simon Davey CPFA
Director - Finance, Section 151 Officer
30 June 2026

Comprehensive Income and Expenditure Statement

	2025/26			2024/25 Restated			
		Expenditure	Income	Net Expenditure	Expenditure	Income	Net Expenditure
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Business		108	-	108	200	-	200
Corporate Services		300	(2,585)	(2,285)	2,117	(2,308)	(191)
Economy		6,852	(7,674)	(822)	2,834	(2,154)	680
Environment – General		7,266	(1,236)	6,030	7,077	(1,715)	5,362
Environment - Street Scene		23,719	(4,519)	19,200	21,454	(4,473)	16,981
Finance		19,631	(17,028)	2,603	24,979	(25,526)	(547)
Strategic Development & Partnership		7,702	(5,281)	2,421	6,838	(3,284)	3,554
Sustainable Homes & Communities		5,668	(3,924)	1,744	5,252	(3,294)	1,958
Strata Solutions Ltd		3,495	-	3,495	3,224	-	3,224
Housing Revenue Account		26,886	(22,886)	4,000	38,904	(22,353)	16,553
Total Cost of Services		101,629	(65,133)	36,496	112,878	(65,107)	47,771
Other Operating Expenditure	11			4,056			4,888
Financing and Investment Income and Expenditure	12			133			(623)
Taxation and Non-Specific Grant Income	13			(39,848)			(48,331)
(Surplus) or Deficit on Provision of Services				837			3,705
Surplus or deficit on revaluation of non-current assets	34			(9,097)			(12,801)
Re-measurement of the net defined (benefit) / liability	19			357			468
Other Comprehensive Income and Expenditure				(8,740)			(12,315)
Total Comprehensive Income and Expenditure				(7,903)			(8,611)

The accompanying notes form part of these financial statements

Movement in Reserves Statement

	Note	General Fund Balance £'000	Earmarked GF Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Usable Reserves £'000	Unusable Reserves £'000	Council Reserves £'000
1 April 2025 - Restated		(4,800)	(23,686)	(1,764)	(163)	(5,770)	(31,075)	(67,258)	(300,637)	(367,895)
Surplus or deficit on provision of services		(1,986)	-	2,823	-	-	-	837		837
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	(8,740)	(8,740)
Total Comprehensive Expenditure and Income		(1,986)	-	2,823	-	-	-	837	(8,740)	(7,903)
Adjustments between accounting basis & funding basis under regulations	9	822	-	(3,413)	-	(3,454)	(1,383)	(7,428)	7,428	-
Net Increase/Decrease before Transfers to Earmarked Reserves		(1,165)	-	(340)	-	(3,454)	(1,383)	(6,591)	(1,312)	(7,903)
Transfers to/from Earmarked Reserves	10	1,165	(1,165)	340	(340)	-	-	-	-	-
Increase/Decrease in Year		-	(1,165)	(250)	(340)	(3,454)	(1,383)	(6,591)	(1,312)	(7,903)
31 March 2026		(4,800)	(24,851)	(2,014)	(502)	(9,224)	(32,458)	(73,849)	(301,948)	(375,797)
Prior Year Restated										
1 April 2024		(4,300)	(22,126)	(3,100)	(983)	(6,119)	(19,222)	(55,850)	(303,434)	(359,284)
Surplus or deficit on provision of services		(13,731)	-	17,438	-	-	-	3,705	-	3,705
Other Comprehensive Expenditure and Income		-	-	-	-	-	-	-	(12,315)	(12,315)
Total Comprehensive Expenditure and Income		(13,731)	-	17,438	-	-	-	3,705	(12,315)	(8,610)
Adjustments between accounting basis & funding basis under regulations	9	11,671	-	(15,282)	-	349	(11,853)	(15,113)	15,113	-
Net Increase/Decrease before Transfers to Earmarked Reserves		(2,060)	-	2,156	-	349	(11,853)	(11,408)	2,798	(8,610)
Transfers to/from Earmarked Reserves	10	1,560	(1,560)	(820)	820	-	-	-	-	-
Increase/Decrease in Year		(500)	(1,560)	1,336	820	349	(11,853)	(11,408)	2,798	(8,610)
31 March 2025		(4,800)	(23,686)	(1,764)	(163)	(5,770)	(31,075)	(67,258)	(300,637)	(367,895)

The accompanying notes form part of these financial statements

Balance Sheet as at 31 March 2026

		2025/26	Restated 2024/25
	Note	£'000	£'000
Property, Plant & Equipment	24	428,859	419,837
Investment Properties	24	2,950	2,990
Intangible Assets	23	614	478
Long Term Investments	28	2,065	2,065
Long Term Debtors	29	1,632	2,531
LONG TERM ASSETS		436,120	427,901
Assets held for sale	25	98	97
Short Term Investments	28	30,952	30,979
Inventories		28	11
Short Term Debtors	29	16,807	15,109
Cash and Cash Equivalents	30	10,802	15,219
CURRENT ASSETS		58,687	61,415
Cash Overdrawn	28	-	-
Short Term Borrowing	28	(20,218)	(8,418)
Short Term Creditors	31	(14,896)	(15,529)
Short term Provisions	32	(1,239)	(892)
Grants Receipts in Advance	21	(4,860)	(85)
CURRENT LIABILITIES		(41,213)	(24,924)
Long Term Borrowing	28	(67,425)	(79,327)
Other Long Term Liabilities	19	(2,532)	(3,650)
Grants Receipts in Advance	21	(7,840)	(13,519)
LONG TERM LIABILITIES		(77,797)	(96,496)
NET ASSETS		375,797	367,896
General Fund Balance		(4,800)	(4,800)
Earmarked GF Reserves	10	(24,851)	(23,686)
Housing Revenue Account Balance		(2,014)	(1,764)
Earmarked HRA Reserves	10	(502)	(163)
Capital Receipts Reserve		(9,224)	(5,770)
Capital Grants Unapplied		(32,458)	(31,075)
Major Repairs Reserve		-	-
USEABLE RESERVES		(73,849)	(67,258)
Accumulated Absences Account	34	120	118
Capital Adjustment Account	34	(185,776)	(192,719)
Collection Fund Adjustment Account	34	(551)	526
Deferred Capital Receipts		-	-
Financial Instrument Adjustment Account	34	141	192
Pensions Reserve	34	2,532	3,650
Revaluation Reserve	34	(118,419)	(112,382)
Pooled Investment Funds Adjustment Account	34	(45)	(72)
Financial Instrument Revaluation Account	34	50	50
UNUSEABLE RESERVES		(301,948)	(300,637)
TOTAL RESERVES		(375,797)	(367,895)

The accompanying notes form part of these financial statements.

The Statement of Accounts were authorised for issue by the Director of Finance, Section 151 Officer
30 June 2026

The Cash Flow Statement

	Note	2025/26 £'000	2024/25 £'000
Cash Flows from Operating Activities			
Net (Surplus)/ Deficit on Provision of Services		837	3,887
Depreciation & Impairment	24	(7,087)	(7,387)
Changes in Market Value of Property, Plant & Equipment	24	(11,676)	(20,011)
Changes in Market Value of Investment Property	24	(202)	23
Changes in Market Value of Short Term Investments (Pooled Funds)	28.1	(27)	42
Gain/ (Loss) on Disposal of Assets		2,164	830
Changes in Inventories		17	1
Changes in Debtors	29	799	2,216
Changes in Creditors	31	633	(2,445)
Changes in Provisions	32	(347)	(125)
Changes in Net Pension Liability		1475	726
Changes in Accruals on Short and Long-Term Borrowings		(3)	171
Changes in Grants and Contributions		904	(309)
Other non-cash movements		(4,086)	(4,035)
Net Cash Flows from Operating Activities		(16,599)	(26,416)
Cash Flows from Investing Activities			
Purchase of Property, Plant & Equipment, including Infrastructure	24	21,665	24,342
Purchase of Intangible assets		293	150
Purchase of other long term investments		27	1,242
Purchase of short term investments		-	-
Proceeds from disposal of short term investments		-	(5,000)
Proceeds from the disposal of Property, Plant and Equipment		(5,160)	(2,371)
Net Cash Flows from Investing Activities		16,825	18,363
Cash Flows from Financing Activities			
Cash Receipts of short term and long term borrowing	28	(7,878)	(7,708)
Financing of short term and long term lease liabilities		(504)	(372)
Repayments of short term and long term borrowing		7,964	21,233
Repayments of short term and long term finance lease liabilities		522	432
Changes in Council Tax and Business Rates Collected for Third Parties		4,086	4,850
Net Cash Flows from Financing Activities		4,190	17,620
Net (Increase)/ Decrease in Cash and Cash Equivalents in the Period		4,417	9,567
Cash and Cash Equivalents at the Beginning of the Period		15,219	24,786
Net Increase/ (Decrease) in Cash and Cash Equivalents in the Period		(4,417)	(9,567)
Cash and Cash Equivalents at the End of the Period	1.3	10,802	15,219
Items in net cash flow from operating activities include:			
Interest Receivable		(2,650)	(3,074)
Interest Payable		2,622	2,569
		(28)	(505)
Cash and Cash Equivalents	30	10,802	15,219
Cash Overdrawn	28	-	-
Cash and Cash Equivalents at the End of the Period		10,802	15,219

The accompanying notes form part of these financial statements

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Note 1. Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year end of 31 March 2026. The Council 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).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future.

1.2 Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, rather than when cash payments are made or received. A discretionary de-minimus level of £10,000 has been agreed for accruals.

- 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 supplies are received and their consumption; they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

1.3 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 investments that mature in no more than 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. The Council therefore treats all fixed term deposits, which have no contractual provision for early redemption, and if they were redeemed early would suffer a penalty of at least a loss of interest, as investments. In the Cash Flow Statement, cash and cash equivalents include bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

1.4 Changes in Accounting Policies, Prior Period Adjustments and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period. If the current year is material (even if the comparator is not) then a prior period adjustment will be carried out if it aids understanding for the reader.

1.5 Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding property, plant and equipment 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 property, plant and equipment attributable to the service.

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisations. 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 Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance Minimum Revenue Payment (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The provisions for charges to revenue for non-current assets in the HRA were amended on 1 April 2012 following the introduction of HRA self-financing. The Major Repairs Reserve is increased and the HRA balance is decreased by a sum equal to depreciation on all HRA non-current assets so that the depreciation on non-dwelling assets is now a charge to the HRA.

1.6 Council Tax and Non-domestic Rates

Billing authorities act as agents collecting Council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting Council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

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

The Balance Sheet includes the Council'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 (fixed or determinable payments) the asset is written down and a charge made to the Financing and Investment 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.

1.7 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits

Termination benefits are the amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service segment or, where applicable, to a corporate service segment at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement of Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits from 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 Council are members of the Local Government Pensions Scheme, administered by Devon County Council.

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

The Local Government Pension Scheme

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

- The liabilities of the Devon County pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using the annualised yield at the 18 year point on the Merrill Lynch AA rated corporate bond curve which has been chosen to meet the requirements of IAS19 and with consideration of the duration of the Employer's liabilities.
- The assets of Devon County pension fund attributable to the Council are included in the Balance Sheet at their fair value:
 - quoted securities - current bid price
 - unquoted securities - professional estimate
 - unitised securities - current bid price
 - Property - market value.

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

- **Service cost comprising:**
 - current service cost - the increase in liabilities as a result of years of service earned this year; allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - past service cost - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Corporate Costs.
 - net interest on the net defined benefit liability i.e. net interest expense for the Council is the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- **Re-measurement comprising:**
 - the return on plan assets – excluding amounts included in the pensions interest cost and expected return on pension assets – charged to the Pensions Reserve as Other comprehensive Income and Expenditure.
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - the effect of asset ceiling – changes in the net pensions liability to reflect commitments to pay deficit recovery employer’s contributions.
- **Contributions paid to the Devon Pension Fund:**
 - Cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

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

1.8 Events after the Reporting Period

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

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period
 - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

1.9 Fair value measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as available for sale financial assets at fair value at each reporting date. Fair value is 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. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either

- a) in the principal market for the asset or liability, or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that the participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability.

1.10 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in 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. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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. Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

1.11 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. There are three main classes of financial assets measured at:

- Amortised cost
- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI); (a separate accounting policy is required for financial instruments held at fair value through other comprehensive income).

The business model of the Council is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are then measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are 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 Council, 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 in the loan agreement.

However, the Council has from time to time made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) 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 to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance 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 the de-recognition of an asset are credited/debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The Council recognises expected credit losses on all of 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 Council.

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. Credit risk plays a crucial part in assessing losses. Where risk has increased substantially since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased substantially or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the balance sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

The Council recognises fair value gains and losses on its pooled Short-term Investment Funds, as they arrive, in the Surplus or Deficit on the Provision of Services. This is a requirement under IFRS 9. There is a “statutory reversal” which means that the impact of this change in valuation does not hit the “bottom line” or taxpayers. The impact is reversed out and placed in an unusable reserve.

The fair value measurements of the financial assets are based on the following techniques:

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

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains or losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure, along with any net gain or loss related to the asset that has accumulated in the unusable reserve.

Financial Assets Measured at Fair Value through Other Comprehensive Income

The Council has acquired shares in certain entities to fulfil the service objectives of the Council. These equity instruments are not held for trading and under IFRS 9, the Council has elected to designate them as Fair Value through Other Comprehensive Income (FVOCI) so that gains and losses will be recognised through Other Comprehensive Income on the face of the Income Statement. There is a “statutory reversal” which means that the impact of this change in valuation does not hit the “bottom line” or taxpayers. Any impact is reversed out and placed in an unusable reserve.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

1.13 Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

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

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.14 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators.

In relation to its interest in a joint operation, the Council as a joint operator recognises:

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

1.15 Long term contracts

Long term contracts are accounted for on the basis of charging the Surplus and Deficit on the Provision of Services with the value of the works and services received under the contract in the financial year.

1.16 Investment Property

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

Investment properties are measured initially at a cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated as assets are included in the Balance Sheet at Fair Value and are revalued annually at the year-end date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund are therefore reversed out in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.17 Leases

1.17.1 Council as Lessee

Leases with a term of less than 12 months or for low value items are accounted for charging payments to the service line in the Comprehensive Income and Expenditure Statement. Charges are made on a straight-line basis over the life of the lease.

For longer-term leases and those for higher value items, the Council recognises the right acquired to use the property, plant or equipment as an asset in the Balance Sheet and a liability for the obligation to pay the lessor for the right. The lease liability is initially measured at the present value of the payments to be made after the commencement date.

The cost of the right-of-use asset is deemed to be the initial liability plus the incremental costs of obtaining the lease and any payments made before the commencement date. Right-of-use assets are subsequently accounted for in accordance with the classification the underlying asset would have if owned by the Council. The lease liability is subsequently remeasured where future lease payments change as a result of a change in an index or rate used to determine those payments. Remeasurements are reflected in adjustments to the deemed cost of the right-of-use asset. Payments are apportioned between the charge for the acquisition of the right-of-use asset, applied to write down the lease liability, and financing charges.

1.17.2 Council as Lessor

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

1.18 Overheads and Support services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

1.19 Property, Plant and Equipment (PPE)

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

PPE Recognition

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

PPE Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- a discretionary de-minimus level of £20,000 has been agreed for Capital Expenditure.
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- any costs attributable to extending the useful economic life of the asset
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.
- Where an item of Property, Plant and Equipment has major components whose costs is significant in relation to the total cost, the components are depreciated separately.

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

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

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

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

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

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

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place authorities revalue their assets every five years with annual indexation applied to assets during the four intervening years. Where references are made to valuations these include valuation movements derived from the application of indexation.

Authorities are required to follow one of the processes for revaluations.

- A quinquennial revaluation supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.
- For non-property assets only, appropriate indices
- Where an index is not available, quinquennial revaluations supplemented by a desktop revaluation in year three

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

PPE Impairment

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

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

PPE Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives.

An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases and charged in the year of disposal, but not acquisition:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the vehicle, plant, furniture and equipment as advised by a suitably qualified officer
- infrastructure – straight-line allocation as estimated by the valuer.

Where an item of Property, Plant and Equipment valued at greater than £1,000,000 has major components whose cost is more than 20% in relation to the total cost of the item, the components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

1.20 Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.21 Reserves

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

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

1.22 Revenue Expenditure Funded from Capital under Statute

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

1.23 Value Added Tax (VAT)

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

1.24 Community Infrastructure Levy

The Community Infrastructure Levy (CIL), which was introduced by the planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948) as amended, is a discretionary charge which the Council charges on new development in the area from 1 September 2016.

CIL charges are based on a formula which relates the charge to the size of the development. The proceeds of the levy are spent on infrastructure to support the development of the district. East Devon District Council is the chargeable body and collects the levy on behalf of Town and Parish Councils.

CIL is recognised on an accruals basis at the commencement date of the development as part of Taxation and Non Specific Grant Income in the Comprehensive Income and Expenditure Statement.

CIL income applied to meet the administrative expenses of the scheme is recognised immediately in the Comprehensive Income and Expenditure Statement.

1.25 Rounding

All figures contained within these accounts from the main statements through to all of the notes have been taken directly from working papers. It is the Councils policy not to adjust for immaterial casting differences within the notes or cross-casting differences between the main statements and disclosure notes.

Note 2. Accounting Standards

Accounting Standards Issued not adopted

The minor changes, that have no material impact on these Accounts, are:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)
- Contracts Referencing Nature-Dependent Electricity (Amendments to IFRS 9 and IFRS 7)

Note 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Funding

There is a high degree of uncertainty about future levels of funding for local government with continuing delays in the planned review of the various funding mechanisms. The review is likely to cause material impact on the finance of this Authority due to the expectation that income streams will be altered, reduced or even ceased in some cases. However, the Council has determined that the existence of this uncertainty is not sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to reduce levels of service provision.

Leisure centres and leisure service operations

The Council's leisure centres and leisure service is operated by LED Ltd, a charitable organisation that leases and operates the leisure centres previously run by the Council.

It has been determined that the Council does not have control of the Trust, based upon the following facts and circumstances:

- LED Leisure Management Limited is a registered charitable trust (a Community Benefit Society regulated by the FCA)
- It is a separate legal entity from EDDC
- The Council is able to appoint two Councillors to act as trustees on the Board of LED, this is a minority representation

ICT operations

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 Council has relating to the joint arrangement, based upon the following facts and circumstances:

- The three authorities have joint control of the entity. Each Council 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 Council 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 Council.
- The Company's revenue derives from the financial allocations set and controlled by each of the Councils.
- There are no current plans for Strata to do anything other than provide services to the three Councils. The Company has been established as an in-house mutual trading Council controlled company to assist them in the provision of services.
- Joint operations are not consolidated into group accounts, instead each Council has recognised in its financial statement its share of assets, liabilities, revenue and expenses pertaining to Strata Service Solutions Ltd.

Note 4. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council 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 for which there is a significant risk of material adjustment are as follows:

Property, Plant and Equipment

There are uncertainties on the estimates of useful lives over which assets are depreciated, as these are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The effect if results differ from assumptions would be that if the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls, conversely if useful lives were increased the carrying amount of assets would increase.

Investment Property & All Other Fair Value Asset Valuations

The Council engages an in house qualified RICS surveyor to provide valuations of land and property assets at year end, including investment property. The values of assets are adjusted to their current values by reviewing the sales of similar assets in the region, applying indexation and considering impairment of individual assets. The Council also engages an external qualified RICS surveyor to provide valuations regarding the Housing stock with valuations based on the use of beacon sites (the beacon method) to apply the market value of residential dwellings. The effect if results differ from assumptions, including changes in the assumptions of future income streams/growth, occupancy levels, ongoing property maintenance and other factors, would be a higher or lower fair value measurement for these assets.

Pension Liability

There are uncertainties on the estimation of the net pension liability which relies 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. The effect if results differ from assumptions would be a higher or lower measurement for the pension liabilities.

Note 5. Material Items of Income and Expense

There were no material items of income and expense that have not been disclosed elsewhere in the accounts.

Note 6. Events after the Balance Sheet Date

There were no events after the balance sheet date.

Note 7. Expenditure and Funding Analysis

Portfolio	2025/26			2024/25 Restated		
	Net Expenditure Chargeable to the General Fund & HRA	Adjustments between the Funding & Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Net Expenditure Chargeable to the General Fund & HRA	Adjustments between the Funding & Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000
Corporate Business	68	40	108	90	110	200
Corporate Services	3,619	(5,904)	(2,285)	3,744	(3,935)	(191)
Economy	(2,254)	1,432	(822)	1,474	(794)	680
Environment - General	4,595	1,434	6,030	4,217	1,144	5,362
Environment - Street Scene	12,012	7,188	19,200	11,001	5,980	16,981
Finance	4,170	(1,567)	2,603	253	(800)	(547)
Strategic Development & Partnership	530	1,891	2,421	2,245	1,309	3,554
Sustainable Homes & Communities	176	1,568	1,744	764	1,194	1,958
Strata Solutions Ltd	3,584	(89)	3,495	3,231	(7)	3,224
Housing Revenue Account	(10,589)	14,591	4,002	(8,270)	24,821	16,551
Net Cost of Services	15,911	20,584	36,496	18,749	29,022	47,771
Other Income and Expenditure	(17,269)	(18,390)	(35,659)	(18,653)	(25,413)	(44,066)
(Surplus) or Deficit on Provision of Services	(1,358)	2,194	837	96	3,609	3,705

	2025/26			2024/25 Restated		
	General Fund	Housing Revenue Account	Total	General Fund	Housing Revenue Account	Total
Reserves (including earmarked reserves)	£'000	£'000	£'000	£'000	£'000	£'000
Opening 1 April	(28,486)	(1,927)	(30,413)	(26,426)	(4,083)	(30,509)
Movement for the year	(1,165)	(589)	(1,754)	(2,060)	2,156	96
Closing 31 March	(29,651)	(2,516)	(32,167)	(28,486)	(1,927)	(30,413)

Refer to the Movement In Reserves Statement for further information.

Note 7A. Note to the Expenditure and Funding Analysis

	2025/26				2024/25 Restated			
	Adjustments for capital purposes £'000	Adjustments relating to pensions measurement £'000	Adjustments for other purposes £'000	Adjustments between the Funding & Accounting Basis £'000	Adjustments for capital purposes £'000	Adjustments relating to pensions measurement £'000	Adjustments for other purposes £'000	Adjustments between the Funding & Accounting Basis £'000
Corporate Business	-	(3)	43	40	-	(2)	112	110
Corporate Services	357	(148)	(6,113)	(5,904)	266	(56)	(4,145)	(3,935)
Economy	1,834	(126)	(276)	1,432	193	(50)	(937)	(794)
Environment - General	1,202	(163)	395	1,434	1,165	(74)	53	1,144
Environment - Street Scene	5,425	(232)	1,995	7,188	4,736	(109)	1,353	5,980
Finance	-	(208)	(1,359)	(1,567)	(35)	(103)	(662)	(800)
Strategic Development & Partnership	406	(195)	1,680	1,891	357	(75)	1,027	1,309
Sustainable Homes & Communities	1,179	(156)	545	1,568	1,240	(65)	19	1,194
Strata Solutions Ltd	-	(89)	-	(89)	-	(7)	-	(7)
Housing Revenue Account	11,733	(230)	3,088	14,591	21,750	(109)	3,180	24,821
Net Cost of Services	22,136	(1,550)	(2)	20,584	29,672	(650)	-	29,022
Other Income and Expenditure		75	(18,465)	(18,390)		(76)	(25,337)	(25,413)
(Surplus) or Deficit on Provision of Services	22,136	(1,475)	(18,467)	2,194	29,672	(726)	(25,337)	3,609

Note 7A. Note to the Expenditure and Funding Analysis Continued

Adjustments for Capital purposes:

- Depreciation, impairments and revaluation gains and losses are added in the service lines;
- Statutory charges for capital financing are deducted from service lines i.e. Minimum Revenue Provision and other revenue contributions;
- Net gains on disposal of non-current assets are added to other operating expenditure;
- Capital Grants applied to capital expenditure are added to taxation and non-specific grant income.

Net change for Pensions adjustments:

- Employer contributions made by the Council are reversed from the service lines and replaced with current and past service costs as per IAS19
- Net interest on the defined benefit liability is charged to Financing and investment income and expenditure.

Other adjustments:

- Interest payable and receivable reported under Corporate and Central is moved to Financing and investment income and expenditure;
- Trading operations reported under Strategic Development & Partnership are moved to Financing and investment income and expenditure;
- Disposals not linked to an asset are charged to the service line.
- Timing differences for Council tax and Business rate income charged to taxation and non-specific grant income;
- Internal recharges between management accounting lines and between the General Fund and Housing Revenue Account.
- Timing differences for premiums and discounts reported under Corporate and Central;
- Charge to service lines for Unpaid Absences.

The adjustments cover those set out in Note 9 and reclassifications of transactions that are managed by a particular service but are required to be reported corporately as Other Income and Expenditure in the CIES.

Note 8. Expenditure and Income Analysed by Nature

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

	2025/26	2024/25
		Restated
	£'000	£'000
Expenditure		
Employee Expenses	27,938	27,503
Benefit Payments	16,057	19,553
Depreciation & Amortisation	5,651	5,285
Capital Impairment	1,205	1,855
Capital Revaluation	11,878	19,932
Interest Payable	2,783	2,963
Internal Recharge Expenditure	19,586	17,298
Internal Recharge Income	(19,586)	(17,298)
Loss on Disposal of Capital	2,996	1,540
Town and Parish Precepts	6,220	5,718
Other	42,546	39,778
Total expenditure	117,274	124,027
Income		
Government Grants	(25,761)	(29,312)
Rental Income	(24,764)	(24,038)
Council Tax Precept	(17,628)	(16,402)
Business Rates Related Income	(21,618)	(22,825)
Business Rates Tariff	12,007	12,037
Business Rates Enterprise Zone	(1,667)	-
Interest Receivable	(2,650)	(3,585)
Contributions to Capital Expenditure	(12,295)	(18,451)
Gain on Disposal of Capital	(5,160)	(2,370)
Other	(16,899)	(15,367)
Total income	(116,435)	(120,323)
Surplus or Deficit on the Provision of Services	837	3,705

Note 8a. Expenditure and Income Analysed by Nature and Segment

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

2025/26

Expenditure	Corporate Business	Corporate Services	Economy	Environment – General	Environment - Street Scene	Finance	Strategic Development & Partnership	Sustainable Homes & Communities	Strata Solutions Ltd	Housing Revenue Account	Other	Total
Employee Expenses	60	3,334	2,414	2,979	4,537	3,895	3,670	2,687		4,362		27,938
Benefit Payments	-	-	-	-	-	16,057	-	-		-		16,057
Depreciation & Amortisation	-	-	308	1,349	2,006	-	-	100		1,888		5,651
Capital Impairment	-	-	16	75	1,114	-	-	-		-		1,205
Capital Revaluation	-	-	1,510	(222)	840	-	-	(95)		9,846		11,878
Interest Payable											2,783	2,783
Internal Recharge Expenditure	43	1,745	1,543	1,809	5,636	1,669	2,467	1,389		3,285		19,586
Internal Recharge Income	-	(7,857)	(1,819)	(1,414)	(3,643)	(3,028)	(786)	(843)		(196)		(19,586)
Loss on Disposal of Capital											2,996	2,996
Town and Parish Precepts											6,220	6,220
Other (including Strata)	5	3,078	2,880	2,690	13,231	1,038	2,351	2,430	3,495	7,704	3,644	42,546
Total expenditure	108	300	6,852	7,266	23,719	19,631	7,702	5,668	3,495	26,886	15,643	117,274
Income												
Government Grants	-	(1,540)	(15)	(760)	-	(16,228)	(768)	(2,426)		-	(4,024)	(25,761)
Rental Income	-	-	(1,179)	-	(584)	-	-	-		(23,001)		(24,764)
Council Tax Precept	-	-	-	-	-	-	-	-		-	(17,628)	(17,628)
Business Rates Related	-	-	-	-	-	-	-	-		-	(21,618)	(21,618)
Business Rates Tariff	-	-	-	-	-	-	-	-		-	12,007	12,007
Business Rates Enterprise Zone	-	-	-	-	-	-	(1,667)	-		-		(1,667)
Interest Receivable											(2,650)	(2,650)
Contributions to Capital Expenditure	-	-	-	(8)	(58)	-	-	-		-	(12,229)	(12,295)
Gain on Disposal of Capital											(5,160)	(5,160)
Other (including Strata)	-	(1,045)	(6,480)	(468)	(3,877)	(800)	(2,846)	(1,498)	-	115		(16,899)
Total income	-	(2,585)	(7,674)	(1,236)	(4,519)	(17,028)	(5,281)	(3,924)	-	(22,886)	(51,302)	(116,435)

Note 8a. Expenditure and Income Analysed by Nature and Segment continued
2024/25 - Restated

Expenditure	Corporate Business	Corporate Services	Economy	Environment – General	Environment - Street Scene	Finance	Strategic Development & Partnership	Sustainable Homes & Communities	Strata Solutions Ltd	Housing Revenue Account	Other	Total
Employee Expenses	84	3,081	2,089	2,840	4,382	3,971	3,696	2,561	-	4,799	-	27,503
Benefit Payments	-	-	-	-	-	19,553	-	-	-	-	-	19,553
Depreciation & Amortisation	-	-	270	1,283	1,824	11	3	52	-	1,842	-	5,285
Capital Impairment	-	-	10	111	1,732	2	-	-	-	-	-	1,855
Capital Revaluation	-	-	(87)	(229)	287	(47)	-	-	-	19,908	-	19,832
Interest Payments	-	-	-	-	-	-	1	-	-	-	2,962	2,963
Internal Recharge Expenditure	113	2,588	1,157	1,098	4,120	2,312	1,653	791	-	3,466	-	17,298
Internal Recharge Income	-	(6,733)	(2,094)	(1,045)	(2,767)	(2,975)	(626)	(771)	-	(287)	-	(17,298)
Loss on Disposal of Capital	-	-	-	-	-	-	-	-	-	-	1,540	1,540
Town and Parish Precepts	-	-	-	-	-	-	-	-	-	-	5,718	5,718
Other (including Strata)	3	3,181	1,488	3,019	11,875	2,152	2,111	2,619	3,224	9,176	930	39,778
Total expenditure	200	2,117	2,833	7,077	21,454	24,979	6,838	5,252	3,224	38,904	11,150	124,027
Income												
Government Grants	-	(1,990)	-	(1,190)	-	(19,728)	(1,062)	(1,657)	-	(17)	(3,668)	(29,312)
Rental Income	-	-	(884)	-	(571)	(225)	-	-	-	(22,358)	-	(24,038)
Council Tax Precept	-	-	-	-	-	-	-	-	-	-	(16,402)	(16,402)
Business Rates Related	-	-	-	-	-	-	-	-	-	-	(22,825)	(22,825)
Business Rates Tariff	-	-	-	-	-	-	-	-	-	-	12,037	12,037
Interest Receivable	-	-	-	-	-	-	1	-	-	-	(3,585)	(3,585)
Contributions to Capital Expenditure	-	(1)	-	(24)	(11)	(8)	(3)	-	-	(1)	(18,403)	(18,451)
Gain on Disposal of Capital	-	-	-	-	-	-	-	-	-	-	(2,370)	(2,370)
Other (including Strata)	-	(317)	(1,270)	(501)	(3,891)	(5,565)	(2,219)	(1,637)	-	23	-	(15,367)
Total income	-	(2,308)	(2,154)	(1,715)	(4,473)	(25,526)	(3,284)	(3,294)	-	(22,353)	(55,216)	(120,323)

Note 9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure and 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 receipts of a Local Authority are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of the resources that the Council is required to recover) at the end of the financial year. (However, the balance is not available to be applied to funding 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 (or where in deficit) that is required to be recovered from tenants in future years.

Major Repairs Reserve

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to be used on capital expenditure by the HRA. The nil balance shows there are no capital resources yet to be applied at year end.

Capital Receipts Reserve

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

Capital Grants Unapplied

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

Note 9. Adjustments between Accounting Basis and Funding Basis under Regulations continued

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Useable Reserves
2025/26	£'000	£'000	£'000	£'000	£'000	£'000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for Depreciation & impairment of non-current assets	(4,967)	(1,888)	-	-	-	(6,855)
Revaluation Gain/ Losses on PPE and Investment Property	(2,032)	(9,846)	-	-	-	(11,878)
Capital grants contributions applied	6,667	1,615	-	-	-	8,282
Revenue Expenditure Funded from Capital under Statute	(3,404)	-	-	-	-	(3,404)
Amounts of non-current assets written off on disposal or sale as part of gains/loss on disposal to the Comprehensive Income and Expenditure Statement	(980)	(2,014)	-	-	-	(2,994)
Insertion of items not debited or credited to the Comprehensive Expenditure and Income:						
Statutory provision for the financing of capital investment = MRP	1,084	26	-	-	-	1,110
Capital expenditure charged against the General Fund and HRA balances	-	2,545	-	-	-	2,545
Adjustment primarily involving the Capital Grants Unapplied Account:						
Capital grants & contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,383	-	-	-	(1,383)	-
Adjustment primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of gains/loss on disposal to the Comprehensive Income & Expenditure Statement	1,102	4,058	(5,160)	-	-	-
Contribution to finance revenue expenditure	(394)	-	394	-	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	1,415	-	-	1,415
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-
Repayment of loans	-	-	(103)	-	-	(103)
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	1,880	-	(1,880)	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	1,880	-	1,880
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	24	-	-	-	-	24
Adjustment primarily involving the Pensions reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,889)	(488)	-	-	-	(3,377)
Employer's pensions contributions & direct payments to pensioners payable in the year	4,085	692	-	-	-	4,777
Net interest Defined liability	62	13	-	-	-	75
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council tax income and residual community charge adjustment credited to the CIES is different from the Council tax income calculated in the year in accordance with statutory requirements	1,077	-	-	-	-	1,077
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from the remuneration chargeable in the year in accordance with statutory requirements	4	(6)	-	-	-	2
Adjustments between accounting basis and Funding Basis under regulations	822	(3,413)	(3,454)	-	(1,383)	(7,428)

Note 9. Adjustments between Accounting Basis and Funding Basis under Regulations continued

Restated	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Useable Reserves
2024/25	£'000	£'000	£'000	£'000	£'000	£'000
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for Depreciation & impairment of non-current assets	(5,298)	(1,842)	-	-	-	(7,140)
Revaluation Gain/ Losses on PPE and Investment Property	76	(19,908)	-	-	-	(19,832)
Capital grants contributions applied	6,083	113	-	-	-	6,196
Revenue Expenditure Funded from Capital under Statute	(2,700)	-	-	-	-	(2,700)
Amounts of non-current assets written off on disposal or sale as part of gains/loss on disposal to the Comprehensive Income and Expenditure Statement	(407)	(1,133)	-	-	-	(1,540)
Insertion of items not debited or credited to the Comprehensive Expenditure and Income:						
Statutory provision for the financing of capital investment = MRP	949	22	-	-	-	971
Capital expenditure charged against the General Fund and HRA balances	-	3,208	-	-	-	3,208
Adjustment primarily involving the Capital Grants Unapplied Account:						
Capital grants & contributions unapplied credited to the Comprehensive Income and Expenditure Statement	11,853	-	-	-	(11,853)	-
Adjustment primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of gains/loss on disposal to the Comprehensive Income & Expenditure Statement	70	2,300	(2,370)	-	-	-
Use of Capital Receipts Reserve to finance new capital expenditure	-	-	4,064	-	-	4,064
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-
Repayment of loans	-	-	(1,345)	-	-	(1,345)
Adjustments primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	1,836	-	(1,836)	-	-
Use of Major Repairs Reserve to finance new capital expenditure	-	-	-	1,836	-	1,836
Adjustments primarily involving the Financial Instruments Adjustment Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from the finance costs chargeable in the year in accordance with statutory requirements	102	-	-	-	-	102
Adjustment primarily involving the Pensions reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,128)	(468)	-	-	-	(3,596)
Employer's pensions contributions & direct payments to pensioners payable in the year	3,803	595	-	-	-	4,398
Net interest Defined liability	(67)	(9)	-	-	-	(76)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council tax income and residual community charge adjustment credited to the CIES is different from the Council tax income calculated in the year in accordance with statutory requirements	336	-	-	-	-	336
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from the remuneration chargeable in the year in accordance with statutory requirements	(1)	6	-	-	-	5
Adjustments between accounting basis and Funding Basis under regulations	11,671	(15,280)	349	-	(11,853)	(15,113)

Note 10. Transfers (to) / from Earmarked Reserves

This note sets out the notable amounts set aside from the General Fund & HRA balances within Earmarked reserves to provide financing for future expenditure plans and the amounts posted back from reserves to meet General Fund & HRA expenditure during the year.

	1 April	Transfers In	Transfers out	31 March 2025	Transfers In	Transfers out	31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Heat Distribution Project Reserve	(170)	-	170	-	-	-	-
Transformation Fund	(3,752)	-	435	(3,317)	-	377	(2,940)
Medium Term Financial Plan Risk Reserve	(2,936)	(776)	-	(3,712)	(508)	-	(4,220)
Enterprise Zone Reserve	(3,340)	(1,288)	-	(4,628)	(1,486)	-	(6,114)
NNDR 100% Pilot Reserve	(858)	-	188	(670)	-	-	(670)
Climate Change Reserve	(953)	-	-	(953)	(196)	-	(1,149)
Community Led Housing Reserve	(653)	-	96	(557)	-	151	(406)
Business Rates Volatility Reserve	(1,172)	-	470	(702)	-	702	-
Asset Maintenance Reserve	(566)	-	-	(566)	-	5	(561)
Consortium Payment Reserve	(350)	-	-	(350)	-	350	-
Housing Task Force Reserve	(77)	-	77	-	(137)	-	(137)
C19 Revs & Bens Burdens Reserve	(33)	-	33	-	-	-	-
Homes for Ukraine Reserve	(1,146)	-	203	(943)	-	232	(711)
Planning Reserve	(646)	-	272	(374)	(44)	-	(418)
NGP Planning Reserve	(382)	-	104	(278)	(355)	-	(633)
Treasury Management Reserve	(275)	-	-	(275)	-	-	(275)
Strata	(365)	-	10	(355)	-	4	(351)
Other General Fund Reserves	(4,452)	(1,554)	-	(6,006)	(260)	-	(6,266)
General Fund Earmarked Reserves	(22,126)	(3,618)	2,058	(23,686)	(2,986)	1,821	(24,851)
Hra New Housing Dev Fund	(983)	-	983	-	-	-	-
Hra Business Plan Volatility	-	(163)	-	(163)	(339)	-	(502)
HRA Earmarked Reserves	(983)	(163)	983	(163)	(339)	-	(502)
Total Earmarked Reserves	(23,109)	(3,781)	3,041	(23,849)	(3,325)	1,821	(25,353)

Note 10. Transfers (to) / from Earmarked Reserves continued

General Fund Earmarked Reserve Descriptions

The **Asset Maintenance Reserve** is for asset refurbishment in excess of normal planned maintenance and any backlogged maintenance.

The **Transformation Fund Reserve** is to fund 'invest to save' and performance improvement initiatives including transformation of working practices.

The **Business Rates Volatility Reserve** has been established for revenue funding in future years.

The **Business Rates 100% Pilot Reserve** holds the unspent balance of the benefit of the pilot to be spent on Economic Development items and projects in future years.

The **Medium Term Financial Plan Risk Reserve** can be used to fund services, if needed, whilst the Council reshapes its budget to meet the available resources at a point when it can determine the amount of savings required rather than take significant actions which effect services and staff when possibly they are not required to the extent or time predicted.

The **Community led Housing Reserve** was established from a specific government grant to support housing initiatives in future years.

The **Enterprise Zone Reserve** holds earmarked amounts of income received from business rates allocations less in year expenses that are due to fund future years Enterprise Zone specific expenditure.

The **Strata Reserves** represents our share of the useable funds held from the Strata joint operation.

The other reserves comprise those established from external income to provide specific services in future years.

Note 11. Other Operating Expenditure

	2025/26	2024/25 Restated
Other Operating Expenditure	£'000	£'000
Town and Parish precepts	6,220	5,718
Gain/loss on disposal of non-current assets	(4,328)	(1,660)
	4,056	4,888

Note 12. Financing and Investment Income and Expenditure

	2025/26	2024/25
Financing and Investment Income and Expenditure	£'000	£'000
Interest Payable and similar charges	58	52
Interest on loans	2,480	2,445
Interest on leasing arrangements	84	72
Interest on the net defined benefit liability	75	(76)
Interest Receivable and similar income	(2,650)	(3,074)
Gain/loss on Pooled Investment Funds	27	(42)
Impairment losses	59	-
	133	(623)

Note 13. Taxation and Non Specific Grant Income and Expenditure

	2025/26	2024/25
Taxation and Non-Specific Grant Income	£'000	£'000
Council tax income	(17,628)	(16,403)
Non Domestic Rates	(9,611)	(10,788)
Non ring-fenced government grants	(4,024)	(3,668)
Net income from Capital grants and contributions	(8,585)	(17,472)
	(39,848)	(48,331)

Note 14. Trading Services

The Council has established 4 trading units where the service manager is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations. All services are incorporated into the Comprehensive Income and Expenditure Statement under the relevant service within Cost of Services. Details are as follows:

	2025/26			2024/25		
	Expenditure	Income	Net (Income)/ Expenditure	Expenditure	Income	Net (Income)/ Expenditure
	£'000	£'000	£'000	£'000	£'000	£'000
The Council manages the Building Control Service. The trading objective is to break even.	851	(596)	255	680	(480)	200
The Council manages the Land Charges Service. The trading objective is to break even.	276	(224)	52	254	(206)	48
The Council lets units in Industrial Estates located in various parts of the district. As part of the Council's economic development strategy, tenant leases are flexible to allow easy in/out arrangements.	202	(382)	(180)	228	(310)	(82)
The Council manages a Home Safeguard Service providing alarms and support for vulnerable residents. The trading objective is to at least break even.	1243	(1,067)	176	921	(1,068)	(147)
Total Cost of Services	2,572	(1,067)	303	2,083	(2,064)	19

Note 15. Community Infrastructure Levy

The Council elected to charge a Community Infrastructure Levy (CIL) from 1st September 2016. The levy is charged on new builds (chargeable developments within the Council's administrative area) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, health, and education projects) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions.

CIL income is recognised within the Taxation and Non Specific Grant Income category. For more details refer to note 21.

Note 16. Members' Allowances

The Council paid the following amounts to members of the Council during the year:

	2025/26 £'000	2024/25 £'000
Members Allowances		
Allowances	480	456
Expenses	11	21
Total	491	477

Note 17. Officers' Remuneration

The following table shows the remuneration paid to the Council's senior employees.

2025/26	Salary (Including Allowances) £	Expenses Reimbursed £	Benefits in Kind £	Remuneration Excluding Pension Contributions £	Pension Contributions £	Total Remuneration £
Posts Employed for Full Year						
Chief Executive	143,437	238	-	143,675	31,126	174,801
Director - Finance	108,532	405	-	108,937	23,551	132,488
Director of Governance (Monitoring Officer & Returning Officer) (1)	108,532	-	-	108,532	25,482	134,014
Director - Housing and Health	116,532	-	-	116,532	-	116,532
Director - Place	108,532	390	-	108,922	23,551	132,473
Assistant Director - Revs & Bens, Customer Access, Fraud & Compliance	84,712	20	-	84,732	18,382	103,114
Assistant Director - Environmental Health	84,521	584	-	85,105	18,341	103,446
Assistant Director - Street Scene	80,938	28	-	80,966	17,564	98,530
Assistant Director - Planning Strategy and Development Services	84,358	390	-	84,748	18,306	103,054
Assistant Director - Countryside, Environment and Ecology	84,525	520	-	85,045	18,342	103,387
Assistant Director - Place, Assets and Leisure	84,888	1,007	-	85,895	18,387	104,282
Assistant Director - Housing Strategy and Operations	83,615	-	-	83,615	18,423	102,038
Assistant Director - Regulated Services, Housing	84,358	610	-	84,968	15,255	100,223
Assistant Director - Programme, Development & Investment	80,956	-	-	80,956	17,568	98,524
Posts Employed for Part Year						
Assistant Director - Communications, Culture & Marketing (2)	36,498	-	-	36,498	7,920	44,418
Assistant Director - People & Performance (3)	44,219	-	-	44,219	9,595	53,814
Assistant Director - Legal & Governance (4)	4,638	-	-	4,638	1,006	5,644

(1) includes returning officer role fees

The remuneration for posts employed for part of the year related to the following periods:

(2) New post 06/10/2025, (3) New post 04/08/2025-01/03/2026, (4) New post 09/03/2026

Note 17. Officers' Remuneration continued

2024/25	Salary (Including Allowances) £	Expenses Reimbursed £	Benefits in Kind £	Remuneration Excluding Pension Contributions £	Pension Contributions £	Total Remuneration £
Posts Employed for Full Year						
Chief Executive (1)	135,913	1,349	-	137,262	29,493	166,755
Director - Finance	107,728	380	-	108,108	23,377	131,485
Director - Governance & Licensing	107,728	1,710	-	109,438	24,303	133,741
Director - Housing and Health (2)	103,286	-	-	103,286	-	103,286
Director - Place (3)	99,466	368	-	99,834	21,584	121,418
Assistant Director - Revenues & Benefits	79,394	-	-	79,394	17,229	96,623
Assistant Director - Environmental Health	82,080	237	-	82,317	17,811	100,128
Assistant Director - Street Scene	75,531	-	-	75,531	16,390	91,921
Assistant Director - Planning Strategy & Development Management	81,742	1,217	-	82,959	17,738	100,697
Assistant Director - Countryside & Leisure	79,034	882	-	79,916	17,150	97,066
Assistant Director - Place, Asset & Commercialisation	79,399	1,089	-	80,488	17,230	97,718
Assistant Director - Housing Strategy and Operations (4)	80,433	-	-	80,433	17,614	98,047
Posts Employed for Part Year						
Assistant Director - Housing (5)	44,262	-	-	44,262	9,107	53,369
Assistant Director - Housing Regulated Services (6)	76,392	145	-	76,537	2,956	79,493
Assistant Director - Programme, Development & Investment (7)	30,912	-	-	30,912	6,708	37,620

The remuneration for posts employed for part of the year related to the following periods:

- (1) Previous post Director Housing & Environment 31/05/24 + Honorarium, new 01/06/24. (2) Previous post Asst Director Housing regulated services 30/09/24 + Honorarium, new 01/10/24
(3) Previous post Asst Director Growth, Development & Prosperity 30/09/24 + Honorarium, new post 01/10/24. (4) Job title effective from start date (was Task Force).
(5) Asst Dir post ended 31/03/24, New Post Housing Performance Lead 01/04/24. (6) Previous post Tenancy Services Manager, New 01/02/25. (7) New 04/11/24

Note 17. Officers' Remuneration continued

The following table shows the number of employees whose remuneration, excluding pension contributions, exceeded £50,000 for the year, including those that have been disclosed individually in the table of Senior Employees.

Remuneration	Number of Employees 2025/26	Number of Employees 2024/25
£50,000 - £54,999	21	15
£55,000 - £59,999	18	8
£60,000 - £64,999	3	3
£65,000 - £69,999	2	2
£70,000 - £74,999	5	2
£75,000 - £79,999	-	5
£80,000 - £84,999	9	3
£85,000 - £89,999	-	-
£90,000 - £94,999	-	-
£95,000 - £99,999	-	1
£100,000 - £104,999	-	1
£105,000 - £109,999	3	2
£110,000 - £114,999	-	-
£115,000 - £119,999	1	-
£120,000 - £124,999	-	-
£125,000 - £129,999	-	-
£130,000 - £134,999	-	-
£135,000 - £139,999	-	1
£140,000 - £144,999	1	0
Total Remuneration	63	43

Note 18. Termination Benefits

The following table shows the number of exit packages with total cost per band.

	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total number of Exit Packages		Total Cost of Exit Packages £'000	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
£0 - £20,000	1	-	9	9	10	9	79	46
£20,001 - £40,000	-	-	-	2	-	2	-	50
£40,001 - £60,000	-	-	-	-	-	-	-	-
£60,001 - £80,000	-	-	-	-	-	-	-	-
£80,000 - £100,000	-	-	-	-	-	-	-	-
£100,000 - £150,000	-	-	-	-	-	-	-	-
Over £150,000	-	-	-	-	-	-	-	-
Total	1	-	9	11	10	11	79	96

Note 19. Defined Benefit Pension Schemes

19.1 Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until Employees retire, the Council has an obligation to make post-employment benefit payments to retirees.

The Council participates in two post-employment schemes:

The Local Government Pension Scheme, administered locally by Devon County Council. This is a funded defined benefit based on career average revalued earnings, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement. These are unfunded defined benefit arrangements, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet payments as they eventually fall due.

The principal risks to the Council of the Local Government Pension scheme are the longevity assumptions, statutory changes to the scheme, and structural changes to the scheme, changes to inflation, bond yields and the performance of the equity investments held by the scheme.

19.2 Transactions Relating to Post-employment Benefits

The council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are paid as pensions. However, the charge required against Council tax is based on the cash payable in the year, so the cost of post-employment benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year:

	2025/26	2024/25
	£'000	£'000
Charged to the Surplus or Deficit on the Provision of Services:		
Cost of Services:		
Current Service Cost	3,131	3,631
Past Service Cost/(Gain) – Including Curtailments	-	35
Administration Expense	96	82
Financing and Investment Income and Expenditure:		
Net Interest (Income)/Cost	75	(76)
Total Charged to the Surplus or Deficit on the Provision of Services	3,302	3,672

	2025/26	2024/25
	£'000	£'000
Charged to the Other Comprehensive Income & Expenditure:		
(Gains) & Losses on Plan Assets	(5,233)	1,801
Actuarial (Gains) & Losses Arising on Changes in Demographic Assumptions	2,836	(348)
Actuarial Gains & Losses Arising on Changes in Financial Assumptions	(5,711)	(19,079)
Experience (Gains) & losses on defined benefit obligation	12,567	(344)
Other actuarial (Gains) & Losses on assets	271	-
Movement in asset ceiling	(4,373)	18,456
Total Charged to the Other Comprehensive Income & Expenditure	357	486

	2025/26	2024/25
	£'000	£'000
Movement in Reserves:		
Charged to the Other Comprehensive Income & Expenditure	357	486
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for Post-Employment Benefits in accordance with the Code	3,302	3,672
Employer's Contributions Payable to the Pension Scheme	(4,777)	(4,398)
Total Movement in Reserves	(1,118)	(240)

19.3 Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	2025/26	2024/25
Pension Assets & Liabilities Recognised in the Balance Sheet	£'000	£'000
Present value of the defined benefit obligation	(131,311)	(114,862)
Fair value of plan assets	149,367	134,711
Sub-total	18,056	1,007
Present value of the unfunded obligation	(630)	(503)
Impact of the asset ceiling	(19,958)	(22,996)
Net liability arising from defined benefit obligation	(2,532)	(3,650)

Impact on the Council's cash Flow

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits.

Statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy as any deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. Also, finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2027 are £3.9m. The weighted average duration of the defined benefit obligation is 15 years.

19.3 Pensions Assets and Liabilities Recognised in the Balance Sheet continued

Assets and Liabilities in relation to Retirement Benefits

Reconciliation of present value of scheme liabilities and assets are set out below:

	2025/26	2024/25
Scheme Liabilities	£'000	£'000
1 April	(115,365)	(127,248)
Service Cost	(3,131)	(3,666)
Interest Cost	(6,613)	(6,226)
Change in financial assumptions	5,711	19,079
Change in demographic assumptions	(2,836)	348
Experience	(12,567)	344
Contributions, by Scheme Participants	(1,478)	(1,351)
Benefits Paid	4,268	3,292
Benefits Paid relating to unfunded	70	63
31 March	(131,941)	(115,365)

	2025/26	2024/25
Scheme Assets	£'000	£'000
1 April	134,711	127,680
Interest on Assets	7,873	6,520
Return assets less interest	5,233	(1,801)
Actuarial Gains/(Losses)	(271)	-
Administration expenses	(96)	(82)
Employer Contributions	4,777	4,398
Contributions, by Scheme Participants	1,478	1,351
Benefits Paid	(4,268)	(3,292)
Benefits Paid relating to unfunded	(70)	(63)
31 March	149,367	134,711

	2025/26	2024/25
Asset Ceiling	£'000	£'000
1 April	22,996	4,322
Interest on Assets	1,335	218
Actuarial Gains/(Losses)	(4,373)	18,456
31 March	19,958	22,996

19.3 Pensions Assets and Liabilities Recognised in the Balance Sheet continued

Sensitivity Analysis

Funding levels are monitored on an annual basis, with the last triennial review and valuation completed at 31 March 2025. The fund liability may go up and down depending on assumptions applied.

Measurement of Pension Liability

The present value of the pension liability depends on a number of factors that are determined on an actuarial basis and the value of the underlying assets. The actual liability of the Council will continue to be subject to volatility, as a result of a number of factors.

The estimated effects of the changes in the key individual assumptions in determining the net pension liability would impact the Council's pension liability as follows:

Sensitivity Analysis	£'m
0.1% increase in the discount rate	0.125
1 year increase in life expectancy	0.131
0.1% increase in long term salary increase	0.127
0.1% increase in the pension increase	0.128

19.4 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, estimates for Devon County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2025.

The principal assumptions used by the actuary in the calculations are:

Principal Assumptions	2025/26	2024/25
	%	%
Discount Rate	6.1	5.8
Rate of inflation (CPI)	2.9	2.9
Rate of increase in salaries	3.9	3.9

These assumptions are set with reference to market conditions. Under the IAS19 accounting standard the discount rate should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. Our standard approach to derive the appropriate discount rate is known as the Single Equivalent Discount Rate (SEDR) methodology.

Sample cashflows for employers, at each year, are used to derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year's cashflows has a different discount rate). In carrying out this derivation the annualised Merrill Lynch AA rated corporate bond yield curve is used and it is assumed that the curve is flat beyond the 30 year point.

19.4 Basis for Estimating Assets and Liabilities continued

The Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach. The SEIR adopted is such that the single assumed rate of inflation results in the same liability value (when discounted using the yield curve valuation described above) as that resulting from applying the BoE implied inflation curve. The BoE implied inflation curve is assumed to be flat beyond the 40 year point. Future pension increases are assumed to be based on the Consumer Prices Index (CPI).

Mortality Assumptions	2025/26 Years	2024/25 Years
Longevity at 65 for current pensioners		
Men	21.5	21.4
Women	24.2	22.7
Longevity at 65 for future pensioners		
Men	23.1	22.7
Women	25.9	24.1

The following assumptions have been made:

- Members will exchange half of their commutable pension for cash at retirement.
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age.
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The Local Government Pension Scheme's estimated asset allocation for East Devon District Council consists of the following categories, by proportion of the total assets held:

Estimated Asset Allocation	2025/26 %	2024/25 %
Equity investments (UK and overseas)	49	50
Property and infrastructure	17	18
Multi Sector Credit	12	13
Bonds	13	7
Cash	-	3
Other	9	9
Total	100	100

Impact of McCloud/ Sargeant Judgements

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. Where required an allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

Note 20. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditor:

	2025/26	2024/25
External Audit Costs	£'000	£'000
External audit services carried out by Grant Thornton		
- current year	169	173
- prior year	(23)	(22)
Pooling of capital receipts	30	-
Certification of grant claims and returns		
- current year	34	39
- prior years	4	-
Total External Audit Costs	214	190

Note 21. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement:

	2025/26	2024/25
	£'000	£'000
Grants and Contributions credited to Services		
Elections & Electoral Registration Grants	-	(363)
Housing Benefits and Council tax Benefits Grants	(16,159)	(19,629)
Homelessness Prevention Grants	(1,858)	(1,445)
Countryside Projects Grants	(594)	(869)
Growth Point Delivery Team Grants	-	(230)
Disabled Facilities Contributions	(1,274)	(856)
Other Grants and Contributions	(1,852)	(2,252)
Total	(21,737)	(25,644)
	2025/26	2024/25
	£'000	£'000
Credited to Taxation and non-specific Grant income		
New Homes Bonus	(685)	(1,148)
Funding Guarantee	(2,098)	(1,918)
Other Grants	(1,241)	(602)
Total	(4,024)	(3,668)
	2025/26	2024/25
	£'000	£'000
Capital Grants and Contributions		
CIL & S106 Receipts	(5,955)	(3,447)
Other Grants and Contributions	(6,274)	(14,025)
Total	(12,229)	(17,472)

The Council has received grants and contributions that have yet to be recognised as income as they have conditions attached to them. The balances at the year-end are as follows:

	2025/26	2024/25
	£'000	£'000
Grants Receipts in Advance		
Planning grants and contributions	11,693	12,779
Strata Services Solutions Ltd grants and contributions	1,007	825
Total	12,700	13,604
	2025/26	2024/25
	£'000	£'000
Grants Receipts in Advance		
Short-term	4,860	85
Long-term	7,840	13,519
Total	12,700	13,604

Note 22. Related Parties

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council 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.

22.1 Central Government

Central government has effective control over the general operations of the Council; it is responsible for providing the statutory framework within which the Council operates, provides funding in the form of grants and prescribes the terms of transactions that the Council has with other parties (e.g. Council tax bills, housing benefits). Grants and contributions income from government departments are shown in the Taxation and Non Specific Grant Income and Expenditure Note and Grant receivables are shown in the Debtors Note.

22.2 Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. The value of members' allowances is shown in the Members' Allowances note. There were no material third party transactions recorded during the year with members or officers of the Council.

22.3 Other Public Bodies and Entities

	2025/26		2024/25	
	Income	Expenditure	Income	Expenditure
	£'000	£'000	£'000	£'000
Government Departments				
Ministry of Housing, Communities and Local Government	(19,044)		(21,885)	
Department for Work & Pensions	(16,107)		(19,612)	
Department for Environment, Food & Rural Affairs	(664)		(816)	
Department for Energy Security & Net Zero	(9,150)		(9,397)	
HMRC (VAT,NI,PAYE)	(8,348)	7,261	(7,488)	5,855
Environment Agency	(2,045)			17
Public Works Loan Board (PWLB)	(7,878)	7,964	(3,708)	4,233
Other Public Bodies				
Devon County Council	(4,257)	513	(1,883)	619
Exeter City Council	(438)		(20)	
Homes England				
Plymouth City Council (NNDR Pool)		17,884		17,046
South Hames District Council	(68)			
Total	(67,999)	33,622	(64,809)	27,770

22.4 Other Related Parties

East Devon District Council is a Member of South West Audit Partnership (SWAP) which is a company limited by guarantee and is wholly owned and controlled by its members and is a Council controlled company for the purposes of Part V of the Local Government and Housing Act 1989. The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of it being wound up whilst a member or within one year ceasing to be a member. The business of SWAP is to provide internal audit services. During the year SWAP provided internal audit services to the Council.

Note 23. Interests in Joint Operations

East Devon District Council, together with Exeter City Council and Teignbridge District Council holds an interest in a joint operation called Strata Service Solutions Ltd. The proportions of ownership interests are; East Devon District Council (36.692%), Exeter City Council (35.936%) and Teignbridge District Council (27.372%). Each Council has equal voting rights, with decisions taken collectively and unanimously. Strata Service Solutions Ltd was established on 1 November 2012. (company number 09041662) whose registered office is Civic Centre, Paris Street, Exeter, Devon, EX1 1JN.

Strata Service Solutions Ltd provides a shared information communications technology service to the Councils. The service provision includes; expertise regarding information technology, resilient and reliable ICT infrastructure, operation of the service desk that maintains and supports devices, operation of the core systems and applications, Information security and information management services and development of business systems to meet Council objectives.

The figures that have been consolidated into the Council's single entity Comprehensive Income and Expenditure statement are:

	2025/26	2024/25
Adjustments to Comprehensive Income and Expenditure	£'000	£'000
Fees	(3,874)	(3,644)
Cost of sales	1,309	1,503
Admin expenses	2,509	2,170
Cost of Services	(56)	29
Net interest on the defined benefit liability	(3)	(9)
Interest receivable	(29)	(26)
(Surplus) or Deficit on Provision of Services	(88)	(6)
Re-measurement of the net defined benefit liability	21	18
Total Comprehensive income and expenditure	(67)	12

	2025/26	2024/25
Adjustments to Balance Sheet	£'000	£'000
Property, plant & equipment	69	40
Intangible assets	136	(2)
Inventories	17	1
Short Term Debtors	461	254
Cash & cash equivalents	152	(73)
Short Term Creditors	(657)	(173)
Capital grants Receipts in advance	(183)	(57)
Pension Scheme Liability	72	(2)
Net assets	67	(12)
Financed by:		
Usable Reserves	4	10
Unusable Reserves	(71)	2
Total Reserves	(67)	12

Note 24 Property, Plant and Equipment

In accordance with the relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets for Scottish Local Authorities] this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this may not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported 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.

Note 24 Property, Plant and Equipment continued

Property, Plant and Equipment
excluding Infrastructure Assets

2025/26	Council Dwellings £'000	Other Land & Buildings £'000	ROU Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	ROU Vehicles, Plant & Equipment £'000	Community Assets £'000	Assets Under Construction £'000	Total £'000
Cost/Valuation								
1 April	284,085	108,905	892	17,585	792	4,172	4,421	420,852
Additions	10,971	2,171	301	2,392	119	2,585	2,019	20,558
Accumulated depreciation and Impairment written out to GCA	(1,578)	(5,418)	-	(3,548)	-	(86)	-	(10,630)
Revaluation recognised in the Revaluation Reserve	7,729	(280)	-	3,680	-	(294)	-	10,835
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(9,846)	(1,764)	-	5	-	(71)	-	(11,676)
Disposals	0	(984)	-	(147)	-	-	-	(1,131)
Reclassifications	(2,018)	(484)	-	-	-	349	-	2,153
31 March	289,343	102,146	1,193	19,967	911	6,655	6,440	426,655
Accumulated Depreciation								
1 April	0	(2,945)	(149)	(12,472)	(229)	(177)	-	(15,972)
Depreciation charge	(1,582)	(2,216)	(209)	(966)	(262)	(2)	-	(5,237)
Accumulated depreciation written out to GCA	1,578	2,331	-	2,160	-	3	-	6,072
Accumulated impairment written out to GCA	-	3,088	-	1,388	-	83	-	4,559
Impairment recognised in the Revaluation Reserve	-	(1,311)	-	(410)	-	-	-	(1,721)
Impairment recognised in the Surplus/Deficit on the Provision of Services	-	(863)	-	(318)	-	-	-	(1,181)
Disposals	-	26	-	122	-	-	-	148
Reclassifications	5	-	-	-	-	-	-	5
31 March	1	(1,890)	(358)	(10,496)	(491)	(93)	-	(13,327)
Net Book Value	289,344	100,256	835	9,471	420	6,562	6,440	413,328

The authority has determined in accordance with Regulation [30M England or 24L Wales] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Note 24 Property, Plant and Equipment continued

Property, Plant and Equipment excluding Infrastructure Assets	Council Dwellings	Other Land & Buildings	ROU Other Land & Buildings	Vehicles, Plant & Equipment	ROU Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Total
2024/25	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost/Valuation								
1 April (as reported)	284,991	107,331		16,327		3,389	1,898	413,936
Right of Use assets recognised on transition	-		892		491	-	-	1,383
1 April (re-stated)	284,991	107,331	892	16,327	491	3,389	1,898	415,319
Additions	13,109	3,194	-	1,419	300	783	2,523	21,328
Accumulated depreciation and Impairment written out to GCA	(1,542)	(4,027)	-	-	-	-	-	(5,569)
Revaluation recognised in the Revaluation Reserve	8,572	4,576	-	-	-	-	-	13,148
Revaluation recognised in the Surplus/Deficit on the Provision of Services	(19,908)	(103)	-	-	-	-	-	(20,011)
Disposals	0	(591)	-	-	-	-	-	(591)
Reclassifications	(1,137)	(20)	-	-	-	-	-	(1,157)
31 March	284,085	110,360	892	17,746	791	4,172	4,421	422,467
Accumulated Depreciation								
1 April	0	(4,440)	-	(11,743)	-	(174)	-	(16,357)
Depreciation charge	(1,546)	(2,174)	(149)	(882)	(229)	(2)	-	(4,982)
Accumulated depreciation written out to GCA	1,542	2,460	-	-	-	-	-	4,002
Accumulated impairment written out to GCA	-	1,568	-	-	-	-	-	1,568
Impairment recognised in the Revaluation Reserve	-	(1,568)	-	-	-	-	-	(1,568)
Impairment recognised in the Surplus/Deficit on the Provision of Services	-	(1,854)	-	-	-	(1)	-	(1,855)
Disposals	-	184	-	-	-	-	-	184
Reclassifications	4	-	-	-	-	-	-	4
31 March	0	(5,824)	(149)	(12,625)	(229)	(177)	-	(19,004)
Net Book Value	284,085	104,536	743	5,121	562	3,995	4,421	403,463

Note 24 Property, Plant and Equipment continued

	2025/26	2024/25
Infrastructure Assets		
Net book value (modified historical cost)	£'000	£'000
1 April	14,975	12,358
Additions	1,131	3,015
Derecognition	-	-
Depreciation	(510)	(398)
Impairment	-	-
Other movements in cost	-	-
31 March	15,596	14,975

	2025/26	2024/25
Property, Plant and Equipment		
including Infrastructure Assets	£'000	£'000
Infrastructure Assets	15,596	14,975
Other PPE Assets	413,328	403,463
Total PPE assets	428,924	418,438

24.1 Investment Property

The Council classifies investment property as property which is held exclusively for revenue generation or for the capital gain that the asset is expected to generate. Such assets are not used directly to deliver Council services. Property that is used to facilitate the delivery of Council services, as well as to earn rental income or for capital appreciation, does not meet the definition of an investment property, such assets are accounted for as property, plant and equipment.

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

	2025/26	2024/25
	£'000s	£'000s
Rental income & other income arising from Investment Property	(277)	(234)
Direct operating expenses arising from Investment Property	59	54
	(218)	(180)

The following table summarises the movement in the fair value of investment property over the year.

	2025/26	2024/25
	£'000s	£'000s
1 April	2,990	2,965
Additions	27	2
Re-class (1)	135	23
Net gain/loss from fair value adjustments	(202)	23
31 March	2,950	2,990

(1) Reclass during year from Other Land & Buildings, Property, Plant and Equipment.

Fair value measurement

Valuations were carried out in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors, which includes obtaining observable inputs such as reports on property market trends. The Council has employed fair valuation methodology in respect of its Investment Property and used valuation techniques per Level 2 of the Fair Value Hierarchy Levels.

Additional information as Lessor;

- The property is leased and used as a leisure & hospitality facility for the benefit of residents and holidaymakers.
- Although the lease is relatively long term (15 years remaining on a 25 year lease), the rental is index linked and therefore less exposed to market volatility.

24.2 Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings: 23 - 70 years. Any charge is reversed as part of the annual revaluation process. Depreciation is charged in year of disposal to disposal date, and not charged in year of acquisition
- Infrastructure: 5 -100 years
- Other Land and Buildings: 2 - 60 years
- Vehicles, Plant, & Equipment: 2 -25 years

24.3 Capital Commitments

The estimated value of contractual capital commitments for significant schemes (annual value over £250k), as at 31 March 2026 was nil.

24.4 Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years. The carrying amounts of assets subject to the 5 year rolling revaluation programme that are not revalued during the year are none-the-less reviewed to ensure that they are not materially different from their current value at year end.

With the exception of the Council Housing stock, which was valued by the District Valuer, all valuations were carried out internally. 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 and also CIPFA's Code of practice.

Valuations of vehicles, plant and equipment are based on historic cost less depreciation and residual values where there is an active second-hand market. For housing assets, the council uses a rolling revaluation programme in which one fifth if the authorities individual beacon sites will be visited each year, revaluing all beacons within the 5 year timeframe.

The significant assumptions applied in estimating the current values are:

- there are no title issues which are likely to have an effect on the valuations since last undertaken;
- there are no planning proposals that are likely to have an effect on the value of the premises, unless planning permission has been granted within the year;
- a reasonable standard of repair has been assumed except for buildings with a limited economic life;
- land and properties are not contaminated;
- land and properties are not at risk from environmental matters.

	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	Assets Under Construction £'000
Historic Cost:	0	693	19,836	24,516	6,669	6,441
Valued at fair value as at:						
2025/26	289,344	42,047	0	0	0	0
2024/25	0	52,667	0	0	0	0
2023/24	0	3,163	0	0	0	0
2022/23	0	4,300	0	0	0	0
2021/22	0	0	0	0	0	0
Total	289,344	102,870	19,836	24,516	6,669	6,441

Note 25. Assets Held for Sale

	2025/26	2024/25
Assets Held For Sale	£'000	£'000
1 April	97	78
Assets Transferred	2,014	1,152
Sold to Other Entities and Individuals	(2,013)	(1,133)
31 March	98	97

Note 26. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below 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 Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2025/26	2024/25
Capital Financing Requirement	£'000	£'000
Opening Capital Financing Requirement	123,093	111,177
Capital Investment:		
Property, Plant and Equipment	21,523	24,224
Revenue Expenditure Funded from Capital Under Statute	3,047	2,434
Capital Long Term Debtors - new loans	-	-
Capital Long Term Debtors – other	17	26
Capital Long Term - other	-	-
Capital Long Term Investments	27	1,242
Capital Long Term Investment Strata	357	266
Total Expenditure	24,971	28,192
Sources of Finance:		
Capital Receipts	(1,415)	(4,064)
Government Grants and Other Contributions	(8,281)	(6,197)
Direct Revenue Contributions	(2,545)	(3,208)
Use of Earmarked Reserves	(1,880)	(1,836)
Minimum Revenue Provision	(1,111)	(971)
Total Financing	(15,232)	(16,276)
Closing Capital Financing Requirement	132,831	123,093
	2025/26	2024/25
Capital Financing Requirement	£'000	£'000
Increase/(Decrease) in underlying need to borrow (Supported by government financial assistance)		-
Increase/(Decrease) in underlying need to borrow (Unsupported by government financial assistance)	9,739	11,978
Assets Acquired Under Finance Lease		1,321
Increase/(Decrease) in Capital Financing Requirement	9,739	13,299

Note 27. Leases

27.1 Council as Lessee

Leasing arrangements

The Council leases a number of properties which are used for the provision of services and vehicles as part of the Council's fleet management strategy.

For information regarding right-of-use assets held under leases refer to note 24 Property, Plant and Equipment. For information regarding lease liabilities refer to note 28 Financial Instruments. For information regarding cashflows relating to lease arrangements refer to the Cash Flow Statement.

Rental costs for short term operating leases charged as expenses during the year were £210,000 (prior year: £356,000).

Maturity analysis of lease liabilities

The undiscounted lease liabilities are due to be settled over the following time bands:

	2025/26	2024/25
Operating Leases - Council as Lessee	£'000	£'000
Less than one year	490	433
One to five years	964	1,068
More than five years	-	-
Total	1,454	1,501

27.2 Council as Lessor

The Council leases out property under operating leases for the provision of community services, such as sports facilities, tourism services and community centres and for economic development purposes to provide suitable affordable accommodation for local businesses.

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

	2025/26	2024/25
Operating Leases - Council as Lessor - Future Minimum Lease Payments	£'000	£'000
Less than one year	964	842
Between one and two years	895	730
Between two and three years	825	696
Between three and four years	746	641
Between four and five years	688	571
More than five years	14,249	13,897
Total	18,367	17,377

Note 28. Financial Instruments

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

Financial Assets	Note	2025/26		2024/25	
		Long Term	Short Term	Long Term	Short Term
		£'000	£'000	£'000	£'000
Investments					
Fair Value through Profit and Loss – Pooled Investment Funds	28.2.1	-	30,952	-	30,979
Fair Value through other comprehensive income – designated equity instruments	28.2.2	2,065	-	2,065	-
Amortised Cost – Fixed Interest	28.2.3	-	-	-	-
		2,065	30,952	2,065	30,979
Cash					
Amortised Cost – Cash Equivalents – Fixed Interest, Short Term Money Market Deposits and Cash at Bank	28.2.3	-	10,802	-	15,219
		-	10,802	-	15,219
Debtors					
Soft Loans	28.4	1,632	1,236	2,531	433
Amortised Cost	28.2.3	-	10,751	-	8,275
Debtors that are not financial assets	28.2.3	-	4,820	-	6,401
		1,632	16,807	2,531	15,109
Less: Debtors that are not financial assets	28.2.3	-	(4,820)	-	(6,401)
Total Financial Assets		3,697	53,741	4,596	54,906

Financial Liabilities	Note	2025/26		2024/25	
		Long Term	Short Term	Long Term	Short Term
		£'000	£'000	£'000	£'000
Borrowings					
Borrowing at amortised cost -PWL B	28.2.4	66,587	12,676	71,340	8,006
Borrowing at amortised cost -DESNZ	28.2.4	-	7,076	7,076	-
Borrowing at amortised cost -other	28.2.4	-	-	-	-
Finance Lease Liabilities	28.2.4	838	466	911	412
		67,425	20,218	79,327	8,418
Cash Overdrawn					
Amortised cost	28.2.4	-	-	-	-
		-	-	-	-
Short Term Creditors					
Amortised Cost	28.2.4	-	7,313	-	6,869
Short Term Creditors that are not financial liabilities	28.2.4	-	7,583	-	8,659
		-	14,896	-	15,528
Less: Creditors that are not financial liabilities	28.2.4	-	(7,583)	-	(8,659)
Total Financial Liabilities		67,425	27,531	79,327	15,287

28.1 Financial Instruments Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are as follows:

	2025/26		2024/25	
	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure	Surplus or Deficit on the Provision of Services	Other Comprehensive Income and Expenditure
	£'000	£'000	£'000	£'000
Net gains/ losses on:				
• Financial assets measured at fair value through profit or loss	27	-	(289)	-
• Financial assets measured at amortised cost	-	-	-	-
Total net gains/ losses	27	-	(289)	-
Interest revenue				
• Financial assets measured at fair value through profit or loss	(1,368)	-	(1,431)	-
• Financial assets measured at amortised cost	(1,282)	-	(2,283)	-
Total interest revenue	(2,650)	-	(3,714)	-
Interest expense				
• Financial liabilities measured at amortised cost				
- loans	2,480	-	2,590	-
- finance leases	84	-	-	-
Total interest expense	2,564	-	2,590	-
Fees				
• Financial assets measured at fair value through profit or loss	44	-	43	-
• Financial assets measured at amortised cost	14	-	10	-
Total fees	58	-	53	-

28.2 Fair Value of Assets and Liabilities in the Balance Sheet

The fair value is 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 Hierarchy

The valuation of financial instruments has been classified in three levels, according to the quality and reliability of information used to determine values.

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset or liability.

There have been no changes in valuation technique or movements in the fair value hierarchy in the year.

28.2.1		2025/26		2024/25	
Financial Assets – Fair Value through Profit and Loss	Fair Value Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£'000	£'000	£'000	£'000
Pooled Investment Funds	1	30,952	30,952	30,979	30,979

Pooled Investment Fund assets are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations as there is an active market for the instruments.

28.2.2

Investments in Equity Instruments designated at Fair Value through other comprehensive income	Fair Value Level	Nominal	Fair Value	Change in Fair Value	Financial Instrument Revaluation Reserve (Note 34.8)
		£'000	£'000	£'000	£'000
Exeter Science Park Limited shares	2	2,065	2,065	-	-
South West Mutual Limited shares	2	50	-	-	50
Total		2,115	2,065	-	50

The designation of investments as Fair Value, Other Comprehensive Income, (FVOCI), requires any future fluctuations in fair value to be recognised in an unusable reserve call the Financial Instruments Revaluation Reserve. Any gain or loss will be recognised in usable reserves only when the investment is disposed of.

The Council holds shares in Exeter Science Park to promote economic generation. As the asset is not held for trading or income generation, rather a longer term policy initiative, the equity has been designated as fair value through comprehensive income. No dividends have been received from this investment.

The Council holds founder shares in South West Mutual Limited, which proposes establishing the first member-owned high street bank dedicated to the residents and small businesses of Cornwall, Devon, Somerset and Dorset. As the asset is not held for trading or income generation, rather a longer term policy initiative, the equity has been designated as fair value through comprehensive income. No dividends have been received from this investment.

28.2 Fair Value of Assets and Liabilities in the Balance Sheet continued

The fair values of financial assets and financial liabilities that are carried at Amortised Cost

Short term investments, debtors, total borrowing and long-term creditors are carried in the Balance Sheet at amortised cost. The fair value is assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For short-term debtors and short-term creditors and where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate fair value
- Long-term debtors comprising soft loans made by the Council: refer to section 28.4 for further details and the assumptions made in arriving at their fair value.
- The fair values for the Public Works Loans Board (PWLB) and Department for Energy Security and Net Zero borrowings have been calculated using new loan discount rates.

28.2.3	2025/26		2024/25		
Financial Assets - Amortised Cost	Fair Value Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		£'000	£'000	£'000	£'000
Short-term Investments	2	-	-	-	-
Short-term Debtors	2	10,751	10,751	8,275	8,275
Soft Loans	2	2,868	2,868	2,964	2,964
Short-term Deposits and Cash	2	10,802	10,802	15,219	15,219
Financial Assets		24,421	24,421	26,458	26,458
Non-financial Assets - Short-term Debtors		4,820		6,401	
		29,241		32,859	

28.2 Fair Value of Assets and Liabilities in the Balance Sheet continued

28.2.4

2025/26

2024/25

Financial Liabilities - Amortised Cost	Fair Value Level	2025/26	Fair Value	2024/25	Fair Value
		Carrying Amount		Carrying Amount	
		£'000	£'000	£'000	£'000
Short-term Creditors	2	7,313	7,313	6,869	6,869
Short-term Borrowings - Cash overdrawn	2	-	-	-	-
Short-term Borrowings - Local Authorities	2	-	-	-	-
Short-term Borrowings – Financial Institutions	2	-	-	-	-
Short-term Borrowings (DESNZ)	2	7,076	1,684	7,076	3,860
Short-term and Long-term Borrowings (PWLB)	2	79,263	64,052	79,346	64,300
Short Term and Long Term Finance Lease Liabilities	2	1,304	1,304	1,323	1,323
Financial Liabilities		94,956	74,353	94,614	76,352
Non-financial Liabilities - Short- term Creditors		7,583		8,659	
		<u>102,539</u>		<u>103,273</u>	

The fair value of the Borrowings is lower than the carrying amount, because the portfolio includes fixed rate loans where the interest rate payable is lower than market rates at the balance sheet date. This shows a notional future gain, based on economic conditions, arising from a commitment to pay interest to lenders below current market rates.

28.3. Nature and Extent of Risks Arising from Financial Instruments

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

28.3.1 Liquidity Risk

This is the possibility that the Council might not have funds available to meet its commitments to make payments.

The Council has access to the money markets for short-term debt to cover revenue expenditure and to the money markets and PWLB for longer-term borrowing. The Council's short and medium term cash forecasting procedures are aimed at ensuring that sufficient funds mature at the right time to cover expenditure. There is no significant risk that the Council would be unable to raise finance to meet its commitments under financial instruments.

28.3.2 Refinancing and Maturity Risk

The Council maintains a significant investment portfolio. The prudential indicator limiting the amount of funds placed in investments for terms exceeding one year is a key factor limiting this risk.

Trade creditors and debtors are due to be settled within one year. The long-term debtors principally comprise amounts owed by Voluntary Organisations borrowed at below market rates (Soft Loans).

The Council had previously taken out a fixed term loan of £7.076m at a preferential fixed rate from the Department for Energy Security and Net Zero (DESNZ) in connection with a proposed Heat Network Project. During 2026/27, it was confirmed that the project will no longer proceed.

As a result, the loan is expected to be repaid within the next 12 months and has therefore been reclassified from long-term borrowing to short-term borrowing in the Balance Sheet as at 31 March 2026.

All other current external borrowing by the Council is fixed term from the PWLB at a preferential fixed rate and relates predominantly to Self-Financing loans for the HRA. The repayment of the Self-Financing loans is factored into the Housing Revenue Account 30-year plan and as such there is minimal risk that the Council will need to refinance these loans at a time of unfavourable interest rates.

The following table sets out the maturity analysis of Long-term Borrowing by the Council.

Duration	2025/26	2024/25
	£'000	£'000
Less than 1 Year	19,752	8,006
Between 1 and 2 Years	2,507	5,060
Between 2 and 5 Years	9,552	9,412
Between 5 and 10 years	32,585	29,555
More than 10 Years	21,943	34,389
Total	86,339	86,422

28.3.3 Credit Risk

The Council is exposed to interest rate movements on its investments and has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. As part of this strategy, the Council sets the prudential indicators which provide maximum and minimum limits for fixed and variable interest rate exposure.

The Council monitors market and forecast interest rate movements and selects the most advantageous investments allowed within the limits of the Council's treasury policies.

The Council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be easily assessed, generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A risk of irrecoverability applies to all the Council's deposits, but there was no evidence at the balance sheet date that this risk was likely to crystallise.

Recognition of Expected Credit Losses

The impairment requirements do not apply to the financial assets in 28.2.1, (Pooled Funds - Fair Value through Profit and Loss), as current market prices are considered to be an appropriate reflection of credit risk with all the movements in fair value, including those relating to credit risk, impacting on the carrying amount and being posted to the surplus or deficit on the provision of service as they arise.

The financial assets in 28.2.2, (Equity instruments designated at fair value through Comprehensive Income and Expenditure), are outside the scope of impairment.

Local authorities shall not recognise a loss allowance for expected credit losses on a financial asset where the counterparty for the financial asset is central government or a local authority for which relevant statutory provisions prevent default. Such financial assets include treasury deposits with the UK Government's Debt Management Agency Deposit Fund and other local authorities.

Financial assets measured at amortised cost (and when applicable, certain other financial assets and financial liabilities) are within the scope of impairment losses.

Expected credit loss in relation to financial assets	Financial asset £'000	Expected credit loss £'000
Short term deposits with banks and financial institutions	9,450	-
Short term deposits with UK Debt Management Agency Deposit Fund	500	-
Cash at bank and in hand	852	-
Long term debtors - soft loans	1,823	191
Short term debtors - soft loans	1,236	-
Other short term debtors	10,751	564

28.3.4 Market Risk

This is the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market 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. A treasury management strategy is formally approved annually by the Council. This identifies all treasury risks and forms the basis of the day to day operating guidance when making decisions on placing any surplus funds; in other words, to whom, for how long, for how much, and so on. This treasury strategy can be found on the Council's website.

Pooled funds – For investments subject to statutory override for pooled investments, there has been a £0.027m unrealised loss taken to reserves; (prior year: £0.042m unrealised gain). See note 34.7 for more details. A separate earmarked reserve of £0.275m has been established to manage the risks of the fair value movements in these funds.

28.4 Soft loans made by the Council

The Council has made a number of loans to voluntary organisations at less than market rates; (soft loans). The details of these are shown in the tables below. When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement, (debited to the appropriate service), 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 marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account.

Valuation Assumptions

The interest rates at which the fair values of soft loans have been made are arrived at by taking the Council's prevailing cost of borrowing and adding an allowance for the risk that the loans might not be repaid.

28.4 Soft loans made by the Council continued

2025/26 Soft Loans	1 April £'000	New loans granted £'000	New loans granted (rolled up interest) £'000	Loans repaid £'000	Loans re- financed £'000	Initial fair value adjustment £'000	Annual fair value adjustments £'000	Impairment Losses £'000	31 March £'000	Nominal value 31 March £'000
Beer Community Land Trust	1,110	-	-	-	-	-	9	-	1,119	1,130
Exeter and Devon Airport Limited	651	-	17	-	-	-	-	-	668	685
Exmouth Museum	70	-	-	(3)	-	-	-	-	67	64
Kennaway House Trust	249	-	-	-	-	-	28	-	277	339
LED Ltd	986	-	-	(98)	-	-	14	-	902	873
	3,066	-	17	(101)	-	-	51	-	3,033	3,091
Other soft loans	28	-	-	(2)	-	-	-	-	26	24
Expected Credit Loss allowance	(132)	-	-	-	-	-	-	(59)	(191)	-
Total Soft Loans	2,962	-	17	(103)	-	-	51	(59)	2,868	3,115

2024/25 Soft Loans	1 April £'000	New loans granted £'000	New loans granted (rolled up interest) £'000	Loans repaid £'000	Loans re- financed £'000	Initial fair value adjustment £'000	Annual fair value adjustments £'000	31 March £'000	Nominal value 31 March £'000
Beer Community Land Trust	1,102	-	-	-	-	-	8	1,110	1,130
Exeter and Devon Airport Limited	634	-	17	-	-	-	-	651	651
Exeter Science Park Company Limited	1,195	-	9	(1,240)	-	-	36	-	-
Exmouth Museum	72	-	-	(1)	-	-	-	71	71
Kennaway House Trust	249	-	-	-	-	-	-	249	339
LED Ltd	1,067	-	-	(95)	-	-	15	987	1,069
	4,319	-	26	(1,336)	-	-	59	3,068	3,260
Other soft loans	35	-	-	(7)	-	-	-	28	28
Expected Credit Loss allowance	(132)	-	-	-	-	-	-	(132)	-
Total Soft Loans	4,222	-	26	(1,343)	-	-	59	2,964	3,288

28.5 Temporary Loans – General Fund to HRA

The Council's policy has been to refinance maturing HRA self-financing loans immediately on maturity, however due to prevailing high interest rates, the decision was taken to postpone refinancing with the PWLB. Instead, the General Fund has made temporary loans to the HRA; these loans are interest bearing, at a rate determined by reference to PWLB lending rates and to the loan duration.

As at 31 March 2025 loans were £14.030m. During the year General Fund made an additional temporary loan to the Housing Revenue Account of £3.617m, bringing the total loans at 31 March 2026 to £17.647m. Interest of £0.573m has been charged in the year (prior year: £0.429m).

The loans are recorded in the Council's accounting system as an asset of the General Fund and a liability of the HRA but as there is no external counterparty involved, the net loans are recorded as a nil balance in the Balance Sheet. It is the intention to refinance these internal loans with the PWLB at an appropriate point in the future.

Note 29. Debtors and Payments in Advance

The following table provides an analysis of long term debtors.

	2025/26	2024/25
	£'000	£'000
Material Soft Loans	3,034	3,066
Other Soft Loans	25	28
Total Soft loans	3,059	3,094
Less Expected Credit Losses	(191)	(132)
Less Soft Loans included in Short-term Debtors	(1,236)	(433)
Total Long-term Debtors	1,632	2,529

The following tables provide an analysis of short term debtors.

	2025/26	2024/25
	£'000	£'000
Short Term Debtors		
Council Tax and Business Rates	1,147	583
Soft Loans	1,236	433
Trade Receivables	12,068	9,757
Central & Local Government	2,920	4,944
Trade Receivables and Other Receivables	17,371	15,717
Less Impairment Allowances	(564)	(608)
Total Short Term Debtors	16,807	15,109

	2025/26	2024/25
	£'000	£'000
Impairment Allowances		
Sundry Debtors	(199)	(138)
Housing Rents	(38)	(86)
Council Tax/Summons Fees	(81)	(61)
Business Rates/Summons Fees	(114)	(183)
Benefits Overpayments	(132)	(140)
Total Impairment Allowances	(564)	(608)

Note 30. Cash and Cash Equivalents

	2025/26	2024/25
	£'000	£'000
Cash and Cash Equivalents		
Cash and bank	404	573
Strata Services Solutions Ltd cash at bank	448	296
Short term deposits	9,950	14,350
Total Cash and Cash Equivalents	10,802	15,219

Note 31. Creditors

	2025/26	2024/25
	£'000	£'000
Short Term Creditors		
Council Tax and Business Rates	(2,546)	(2,911)
Trade Payables	(9,777)	(9,409)
Central & Local Government	(2,573)	(3,209)
Total Short Term Creditors	(14,896)	(15,529)

Note 32. Provisions

	1 April	Contribution	Usage	Re-class	31 March
	£'000	£'000	£'000	£'000	£'000
Business Rates Appeals Provisions	(892)	(722)	375	-	(1,239)

The Business Rates Retention Scheme requires local authorities to forecast and make provision for the amount of money that they would expect to have to repay as a result of reductions in rateable value following a successful appeal. This is the Council's share of the estimated outstanding appeals, including backdated appeals, which are likely to be successful.

Note 33. Usable Reserves

The Council's Usable Reserves are detailed in the Movement in Reserves Statement.

Note 34. Unusable Reserves

The Council's Unusable Reserves are detailed below.

34.1 Accumulated Absences Account

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

Accumulated Absences Account	2025/26	2024/25
	£'000	£'000
1 April	118	123
Settlement or cancellation of accrual made at the end of the preceding year	(118)	(123)
Amounts accrued at the end of the current year	120	118
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	120	118
31 March	120	118

34.2 Collection Fund Adjustment Account

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

Collection Fund Adjustment Account	2025/26	2024/25
	£'000	£'000
1 April	526	862
Amount by which Council tax & Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council tax & Business Rates income calculated for the year in accordance with statutory requirements	(1,077)	(336)
31 March	551	526

34.3 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or 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 fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council 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 Council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 9 provides details of the source of all the transactions posted to the Account apart from those involving the Revaluation Reserve.

Capital Adjustment Account	2025/26	2024/25
	£'000	£'000
1 April	(192,536)	(206,378)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:		
Charges for depreciation and impairment of noncurrent assets	6,671	7,162
Revaluation gain/ (losses) on Property, Plant and Equipment	11,717	19,993
Revenue expenditure funded from capital under Statute	3,404	2,700
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,996	1,540
Loss on share of donated assets	-	-
	24,787	31,395
Adjusting amounts written out of the Revaluation Reserve	(2,897)	(2,622)
Net written out amount of the cost of non-current assets consumed in the year	21,890	28,773
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,415)	(4,064)
Use of the Major Repairs Reserve to finance new capital expenditure	(1,880)	(1,836)
Capital grants and contributions credited to the CI&E Statement that have been applied to capital financing	(7,876)	(5,246)
Application of grants to capital financing from the Capital Grants Unapplied Account	(405)	(951)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,111)	(971)
Other financing movements	103	1,345
Capital expenditure charged against the General Fund & HRA balances	(2,545)	(3,208)
	(15,128)	(14,931)
31 March	(185,775)	(192,536)

34.4 Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account 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 statute.

Financial Instrument Adjustment Account	2025/26	2024/25
	£'000	£'000
1 April	192	252
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements.	(51)	(60)
31 March	141	192

34.5 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council 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 net liabilities recognised to reflect inflation, changing assumptions and investment returns. Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is 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 Council 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.

Pension Reserve	2025/26	2024/25
	£'000	£'000
1 April	3,650	3,890
Re-measurement of the net defined benefit liability	357	486
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	3,302	3,672
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,777)	(4,398)
31 March	2,532	3,650

34.6 Revaluation Reserve

The Revaluation Reserve contains the gains arising from valuation of 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
- disposed of and the gains are realised.

The Reserve contains revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date form part of the Capital Adjustment Account

Revaluation Reserve	2025/26	2024/25
	£'000	£'000
1 April	(111,167)	(102,203)
Upward revaluation of assets	(12,050)	(13,153)
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,738	1,567
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(10,312)	(11,586)
Difference between fair value depreciation and historical cost depreciation	2,205	2,232
Accumulated gains on assets sold or scrapped	855	390
Amount written off to the Capital Adjustment Account	3,060	2,622
31 March	(118,419)	(111,167)

34.7 Pooled Investment Funds Adjustment Account

The Pooled Investment Funds Adjustment Account deals with fair value gains or losses arising on the Council's investments in pooled investment funds that would otherwise be charged to revenue account. As the investments were held at 31 March 2024, the Council is prohibited by statutory instrument from charging these fair value gains and losses to revenue account in the financial years up to 31 March 2029; the override will not apply to any new investments made from 1 April 2024 onwards.

Pooled Investment Funds Adjustment Account	2025/26	2024/25
	£'000	£'000
1 April	(72)	(30)
Change in valuation charged to Surplus/Deficit on Provision of Services of the Other Comprehensive Income and Expenditure Statement	27	(42)
31 March	(45)	(72)

34.8 Financial Instruments Revaluation Account

Financial Instruments Revaluation Account	2025/26	2024/25
	£'000	£'000
1 April	50	50
Change in valuation charged to Other Comprehensive Income and Expenditure Statement	-	-
31 March	50	50

Note 35. Contingent Liabilities

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.

Note 36. Contingent Assets

None to be noted.

Note 37. Restatement – Prior Period Adjustment

Prior to the preparation of the 2025/26 Statement of Accounts, the Council, in conjunction with our auditors, identified that certain revaluations within the General Fund Capital Property Plant & Equipment were given the incorrect review date of the 31st December. Although the main revaluation piece of work undertaken was indeed on this date, our in-house valuers always review the valuation calculations and methodologies used for any material changes from this date to the year end. The correct review date that should have been entered, therefore, was the year end date.

This issue resulted in:

- An understatement of PPE, the vast majority within Other Land & Buildings in the General Fund.
- An overstatement of Depreciation charges, calculated for the 3 months from 31st December to the 31st March on the higher values. The depreciation calculation should have used the brought forward value for the whole year.
- The associated Revaluation Reserve and Capital Adjustment amounts plus the corresponding Movement in Reserves impact to reverse the revenue impact.
- Significant swings between the Gross Carrying Amount & Depreciation sections relating to Accumulated Depreciation written off, that although has a **net 0 impact**, skewed the 2024/25 PPE note significantly.
- As the ledger for 2024/25 was closed at the time of finalising the revision, the journal has been posted solely into 2025/26, with the entire adjustment manually included in the revised 2024/25 balances and the manual reversal of all revenue related items in 2025/26.

Impact of the Adjustment

Affected Statement	Statement Category	Adjustment	Amount (£'m)
Comprehensive Income & Expenditure Statement & Movement in Reserves	Cost of Service – Depreciation Charges	Decrease	(0.18)
	Revenue Financing - MIRS Capital Adjustment Account I&E	Increase	0.18
	Revenue Financing - Other Comprehensive Income & Exp	Decrease	(1.22)
	Revenue Financing - Reversal of Other Comprehensive I&E	Increase	1.22
Balance Sheet	Long Terms Assets / Property Plant & Equipment	Increase	1.40
	Unusable Reserves / Capital Adjustment Account	Decrease	(0.18)
	Unusable Reserves / Revaluation Reserve	Decrease	(1.22)

This adjustment has **no impact on the Council's overall financial position** or cash flows but ensures compliance with proper accounting treatment.

Reason for Adjustment

The adjustment ensures that the Council's financial statements present a true and fair view of its financial position and performance, in line with the requirements of the CIPFA/LASAAC Code of Practice.

Housing Revenue Income and Expenditure Statement for the Year Ended 31 March 2026

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 and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

	HRA Note	2025/26 £'000	2024/25 £'000
Income			
Dwelling Rents (Gross)	1	(21,801)	(21,299)
Non Dwelling Rents (Gross)		(194)	(204)
Charges for Services & Facilities		(808)	(736)
Contributions Received Towards Expenditure		(82)	(114)
Total Income		(22,885)	(22,353)
Expenditure			
Repairs and Maintenance		5,493	6,827
Supervision and Management		7,363	7,700
Rents, Rates, Taxes and Other Charges		35	86
Negative Subsidy – Payments to Secretary of State		-	-
Increase/(Decrease) in Allowance for Bad and Doubtful Debts	2	(48)	(27)
Depreciation and Impairment of Fixed Assets	4	1,885	1,844
Other Comprehensive Income & Expenditure		587	577
Sums Directed by Secretary of State that are Expenditure in Accordance with the Code		-	-
Total Expenditure		15,314	17,007
Net Expenditure/(Income) of HRA Services as Included in the Comprehensive Income & Expenditure Statement		(7,571)	(5,345)
Non-distributable Costs – Pensions Past Service Cost		164	160
HRA Share of Corporate and Democratic Core		1,561	1,830
Net Expenditure/(Income) of HRA Services		(5,846)	(3,355)
HRA Share of Operating Income and Expenditure Included in the Comprehensive Income & Expenditure Account			
(Gain)/Loss on Disposal of Non-Current Assets		(2,044)	(1,168)
(Gain)/Loss on Revaluation of Non-Current assets		9,846	19,908
Interest and Investment Income		(389)	(440)
Interest Payments		3,039	2,829
Net Interest on the Net Defined Benefit Liability		13	(9)
Capital Grants and Contributions Received		(1,798)	(327)
(Surplus)/Deficit for the Year on HRA Services		2,822	17,438

The accompanying notes form part of these financial statements

Statement of Movement on the Housing Revenue Account for the Year Ended 31 March 2026

The HRA Income and Expenditure Statement shows the actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Council is required to raise rents on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the property, plant and equipment are consumed.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

These adjustments are reflected in the statement shown below.

	2025/26 £'000	2024/25 £'000
1 April	(1,764)	(3,100)
Movement in Reserves:		
Surplus/(Deficit) on Provision of Services	2,822	17,438
Total Comprehensive Income & Expenditure	1,058	14,338
Adjustments Between Accounting Basis and Funding Basis Under Regulations:		
Capital Grants and Contributions Applied	1,615	113
Revenue Expenditure Funded from Capital Under Statute	-	-
Depreciation and Impairment of Non-current Assets	(1,885)	(1,844)
Reversal of Employee Leave Accrual	-	-
Reversal Revaluation & Impairment (Gains)/Losses on Property Plant & Equipment	(9,846)	(19,908)
Amounts of non-current assets written off on sale as part of the gain on disposal to the Comprehensive Income and Expenditure Statement	(2,013)	(1,090)
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,057	2,257
Revenue Contribution to Capital	2,545	3,208
Transfer to/(from) Major Repairs Reserve	1,880	1,836
Voluntary Revenue Provision	26	22
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and expenditure Statement	(387)	(486)
Employer's Pension Contributions to Pension Fund Payable in the year	604	604
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from the remuneration chargeable in the year in accordance with statutory requirements	(6)	5
Total Adjustments Between Accounting Basis and Funding Basis Under Regulations	(3,411)	(15,282)
Net Increase/(Decrease) Before Transfers to Earmarked Reserves	(590)	2,156
Transfer (to)/from Earmarked Reserves	340	(820)
Increase/(Decrease) in Year	(250)	1,336
31 March	(2,014)	(1,764)

The accompanying notes form part of these financial statements

HRA Note 1. Rents

Rents for dwellings were £21,801k (£21,299k in 2024/25). This is the total rent income collectable for the year after allowance is made for empty properties. Empty properties accounted for 2.91% (£654k) of the gross rents (2.77% (£606k) in 2024/25).

The average weekly rent for dwellings was £101.80 (£99.11 in 2024/25). The average weekly rent for garages was £5.13.

HRA Note 2. Rent Arrears

Rent arrears decreased from £330k to £126k, which is 0.40% of the total rent debit for the year. A further decrease of £48k was seen in the bad debt provision for the year ended 31 March 2026.

	2025/26 £'000	2024/25 £'000
Rents - Current Tenants	106	244
Rents - Former Tenants	20	86
Total Arrears	126	330
Provision for Bad and Doubtful Debts	(38)	(86)
Total Housing Arrears	88	244

HRA Note 3. Housing Stock

The Council was responsible for managing on average 4,119 dwellings during the year. The stock at the year-end was comprised as follows:

	1 April	Reclassified	Additions	Sales & Demolitions	31 March
Flats & Maisonettes	1,200	-	-	-	1,200
Houses (including non-traditional)	1,944	-	5	(26)	1,923
Bungalows	975	-	-	-	975
House in multiple occupation	5	-	-	-	5
Other properties not used as dwellings	5	-	-	-	5
Total Dwellings	4,129	-	5	(26)	4,108

HRA Note 4. Housing Property, Plant and Equipment

The Housing Stock and other Housing Revenue Account Assets are included in the Balance Sheet at 31 March 2026 per table below. The 5 year rolling visitation revaluation program drove the revaluations made by the District Valuer.

2025/26	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment £'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost/Valuation							
1 April	284,085	3,933	-	155	-	-	288,173
Additions	10,971	-	-	-	-	-	10,971
Depreciation written out to Gross Carrying Amount on Revaluation	(1,578)	-	-	-	-	-	(1,578)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,729	-	-	-	-	-	7,729
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(9,846)	-	-	-	-	-	(9,846)
Impairment recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Reclassifications	(2,018)	-	-	-	-	-	(2,018)
Disposals (to Assets Held for Sale)	-	-	-	-	-	-	-
Disposals (Other)	-	-	-	-	-	-	-
31 March	289,343	3,933	-	155	-	-	293,431
Accumulated Depreciation							
1 April	-	(291)	-	(6)	-	-	(297)
Depreciation charge	(1,582)	(297)	-	(2)	-	-	(1,881)
Reclassifications	5	-	-	-	-	-	5
Depreciation written out to Gross Carrying Amount on Revaluation	1,578	46	-	-	-	-	1,624
Disposals (to Assets Held for Sale)	-	-	-	-	-	-	-
Disposals (Other)	-	-	-	-	-	-	-
31 March	1	(542)	-	(8)	-	-	(549)
Net Book Value	289,344	3,391	-	149	-	-	292,882

HRA Note 4. Housing Property, Plant and Equipment (continued)

2024/25	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost/Valuation							
1 April	284,991	4,673	-	155	-	-	289,819
Additions	13,109	-	-	-	-	-	13,109
Depreciation written out to Gross Carrying Amount on Revaluation	(1,542)	(884)	-	-	-	-	(2,426)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	8,572	144	-	-	-	-	8,717
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(19,908)	-	-	-	-	-	(19,908)
Impairment recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-
Reclassifications	(1,137)	-	-	-	-	-	(1,137)
Disposals (to Assets Held for Sale)	-	-	-	-	-	-	-
Disposals (Other)	-	-	-	-	-	-	-
31 March	284,086	3,933	-	155	-	-	288,174
Accumulated Depreciation							
1 April	-	(885)	-	(5)	-	-	(889)
Depreciation charge	(1,546)	(291)	-	(2)	-	-	(1,838)
Reclassifications	4	-	-	-	-	-	4
Depreciation written out to Gross Carrying Amount on Revaluation	1,542	884	-	-	-	-	2,426
Disposals (to Assets Held for Sale)	-	-	-	-	-	-	-
Disposals (Other)	-	-	-	-	-	-	-
31 March	-	(291)	-	(6)	-	-	(297)
Net Book Value	284,086	3,642	-	149	-	-	287,877

HRA Note 5. Vacant Possession Value of HRA Dwellings

Council dwellings had a valuation of £818.6m as at the balance sheet date on the basis of existing use value assuming vacant possession. To comply with the requirements of the Resource Accounting regulations, a regional adjustment factor of 35% has to be applied to the Existing Use Value for Social Housing (EUV-SH) valuation for all Council dwellings apart from the Houses in Multiple Occupation which have been kept at fair value. This is to reflect the fact that local Council housing is let at sub-market rents on secure tenancies. The reduction in value shows the economic cost to the Government of providing Council housing at less than open market rents.

HRA Note 6. Average Costs per Dwelling

The table below shows the average cost per dwelling of the principal expenditure types and an average rent income.

Type of Cost / Income	2025/26	2024/25
	£'000	£'000
Supervision & Management – General	1,792	1,865
Repairs & Maintenance	1,337	1,653
Rent un-rebated	(5,307)	(5,158)

HRA Note 7. Major Repairs Reserve

Regulation 7(5) of the Accounts and Audit Regulations 2003 (as amended) establishes arrangements for the Major Repairs Reserve (MRR) under which the Major Repairs Allowance (MRA) is effectively restricted to being applied towards new capital expenditure, the repayment of debt or meeting liabilities under credit arrangements. The regulation requires a credit to the MRR of an amount in respect of the depreciation charged to the Housing Revenue Account for the year. Together with the Item 8 Determination provisions for transferring the difference between the MRA and depreciation to the MRR, the net effect is to credit a net amount equal to the MRA each year to the MRR.

Major Repairs Reserve	2025/26	2024/25
	£'000	£'000
1 April	-	-
Income		
Depreciation	(1,877)	(1,836)
Additional HRA Contribution	(2)	-
Expenditure		
Major Repairs Reserve Contribution to Capital	1,880	1,836
31 March Balance Carried Forward	-	-

HRA Note 8. Capital Expenditure

Capital expenditure within the HRA and how it was funded is as follows:

	2025/26	2024/25
Capital Expenditure	£'000	£'000
Reroofing	238	316
New Affordable Housing	1,632	2,898
Aids & Adaptations	465	461
Kitchens & Bathrooms	321	775
Doors, Windows, Soffits and Fascias	331	212
Heating	543	206
Decent Homes and Other Capital Schemes	7,436	8,081
Green Homes Grant Schemes	5	159
Total Capital Expenditure	10,971	13,109
Financed by:		
Capital Receipts	(1,312)	(2,649)
Major Repairs Reserve	(1,880)	(1,836)
Capital Grants	(1,616)	(113)
Revenue Contributions	(2,545)	(3,208)
Contributions from Earmarked Reserves	-	-
Borrowing	(3,618)	(5,303)
Total Financing	(10,971)	(13,109)

HRA Note 9. Capital Receipts

Capital receipts during the year from disposals of land and houses within the HRA are as follows:

	2025/26	2024/25
Capital Receipts	£'000	£'000
Sale of HRA Dwellings -Right To Buy	(4,057)	(2,257)
Sale of HRA Other land and Buildings	-	-
Mortgage Repayments	-	-
Miscellaneous Sales	-	-
Total Capital Receipts	(4,057)	(2,257)

HRA Note 10. HRA share of contributions to/from the Pension Reserve

It has been estimated that 14% of the authority's salary costs relate to the HRA. The HRA's share of the overall pension deficit of £2.5m equates to £0.4m.

Collection Fund - Income and Expenditure Account 2025/26

	Business Rates £'000	Council Tax £'000	Total £'000
Income			
Council tax (net)	-	(162,673)	(162,673)
NDR collectable from business ratepayers	(42,396)	-	(42,396)
General Fund transfers inc transitional relief & discounts for prompt payment	-	(19)	(19)
Total Income	(42,396)	(162,692)	(205,088)
Expenditure			
<u>Precepts, Demands and Shares</u>			
Central Government	19,664	-	18,308
Devon County Council	3,540	117,339	110,434
Police & Crime Commissioner for Devon & Cornwall	-	18,774	17,142
East Devon District Council (including towns & parishes)	15,731	17,410	30,780
Devon & Somerset Fire & Rescue Authority	393	6,819	6,591
<u>Contributions to previous year's estimated surplus/deficit</u>			
Central Government	(1,417)	-	(810)
Devon County Council	(255)	3,082	496
Police & Crime Commissioner for Devon & Cornwall	-	493	103
East Devon District Council	(1,133)	464	(552)
Devon & Somerset Fire & Rescue Authority	(28)	179	22
<u>Disregarded amounts</u>			
Enterprise Zone Growth	1,979	-	1,850
Renewable Energy Schemes	779	-	728
<u>Charges to Collection Fund</u>			
Transitional protection payments	(444)	-	(444)
Cost of Collection Allowance	264	-	266
Write offs	95	-	13
Adjustment to Bad Debt provision	(119)	343	359
Appeals charged to the collection fund	(374)	-	(167)
Adjustment to Appeals provision	1,242	-	478
Total Expenditure	39,917	164,903	184,419
Movement on fund balance	(2,480)	(2,211)	(3,109)
Balance at beginning of Year	1,755	(4,226)	638
In year correction of prior years' balance	-	-	-
Balance at end of Year	(725)	(2,015)	(2,471)
Shares of Balance			
Central Government	(9)	-	1,231
Devon County Council	(419)	(1,475)	(3,284)
Police & Crime Commissioner for Devon & Cornwall	-	(236)	(494)
East Devon District Council (including Parishes)	(290)	(218)	237
Devon & Somerset Fire & Rescue Service	(7)	(86)	(161)
	725	(2,015)	(2,471)

The accompanying notes form part of these financial statements

Collection Fund - Income and Expenditure Account 2024/25

	Business Rates £'000	Council Tax £'000	Total £'000
Income			
Council tax (net)	-	(149,164)	(149,164)
NDR collectable from business ratepayers	(38,273)	-	(38,273)
General Fund transfers inc transitional relief & discounts for prompt payment	-	(91)	(91)
Total Income	(38,273)	(149,256)	(187,528)
Expenditure			
<u>Precepts, Demands and Shares</u>			
Central Government	18,308	-	18,308
Devon County Council	3,296	107,138	110,434
Police & Crime Commissioner for Devon & Cornwall	-	17,142	17,142
East Devon District Council (including towns & parishes)	14,647	16,133	30,780
Devon & Somerset Fire & Rescue Authority	366	6,225	6,591
<u>Contributions to previous year's estimated surplus/deficit</u>			
Central Government	(810)	-	(810)
Devon County Council	(146)	642	496
Police & Crime Commissioner for Devon & Cornwall	-	103	103
East Devon District Council	(648)	96	(552)
Devon & Somerset Fire & Rescue Authority	(16)	38	22
<u>Disregarded amounts</u>			
Enterprise Zone Growth	1,850	-	1,850
Renewable Energy Schemes	728	-	728
<u>Charges to Collection Fund</u>			
Transitional protection payments	(1,622)	-	(1,622)
Cost of Collection Allowance	266	-	266
Write offs	13	-	13
Adjustment to Bad Debt provision	29	330	359
Appeals charged to the collection fund	(167)	-	(167)
Adjustment to Appeals provision	478	-	478
Total Expenditure	36,573	147,846	184,419
Movement on fund balance	(1,700)	(1,409)	(3,109)
Balance at beginning of Year	3,455	(2,817)	638
In year correction of prior years' balance	-	-	-
Balance at end of Year	1,755	(4,226)	(2,471)
Shares of Balance			
Central Government	1,231	-	1,231
Devon County Council	(195)	(3,089)	(3,284)
Police & Crime Commissioner for Devon & Cornwall	-	(494)	(494)
East Devon District Council (including Parishes)	702	(465)	237
Devon & Somerset Fire & Rescue Service	18	(179)	(161)
	1,755	(4,226)	(2,471)

The accompanying notes form part of these financial statements

Note 1. General

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the Billing Authority in relation to Non-Domestic Rates, Council tax and the distribution to the major preceptors and the General Fund. The account is consolidated with other accounts of the Council.

In 2013/14 there was a change to the method for distributing and accounting for business rates income. Prior to 1st April 2013 Non-Domestic Rates were collected by the Council and then completely paid over to the Government, who then redistributed these sums across the country in the form of the Non-Domestic rates grant.

From 1st April 2013 Business Rates Retention applies, whereby local authorities East Devon District Council (40%), Devon County Council (9%) and Devon & Somerset Fire & Rescue Authority (1%) retain 50% of the business rates collected for the area and pay the remaining 50% to central government. In addition, the government has set a level of business rates funding deemed to be applicable to each area and every Council receives a top-up (if business rates collected are below this deemed level of funding) or pays a tariff (if business rates collected are above this deemed level of funding).

With the introduction of business rates retention if a Local Authority increases its business rates base, and thereby increases its business rate income, it is allowed to retain a proportion of this increased income, whilst paying up to a maximum of 50% across to central government. This payment where it occurs is known as a levy payment.

In 2018/19 the Council was successful in obtaining 100% business rate pilot status along with all other Devon authorities. This meant the government did not take their 50% element and instead this was retained locally in return for no central government funding for the year (no Revenue Support Grant and Rural Services Delivery Grant). In 19/20 the Council returned to the previously described allocations.

Note 2. Business Rates

Business Rates is a local tax that is paid by the occupiers of all non-domestic/business property.

Business rates are collected by the Council. Local businesses pay National Non Domestic Rates (NNDR) based on their rateable value. The NNDR income raised in East Devon is distributed across East Devon District Council, Devon County Council, Devon & Somerset Fire & Rescue Authority and Central Government in line with the distribution rules set out in legislation.

NNDR income was £38.3m in the year and the rateable value for the Council's area was £122.7m at 31 March 2026.

Note 3. Provision for Un-collectable Amounts

Provision has been made within the accounts for un-collectable amounts based on guidelines. At the end of the year the accumulated provision for bad debts was as follows:

	2025/26	2024/25
	£'000	£'000
Provision for Uncollectable Amounts		
Non Domestic Rates	284	458
Council tax	719	563
Total Provision	1,003	1,021

Note 4. 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 and adjustments made for exempt properties and anticipated amendments. This is then converted to an equivalent number of band D dwellings which is the amount the Council estimates would actually be collected if a tax of £1 is set.

Band	Estimated equivalent no. of taxable properties after effect of discounts	Ratio	Band D Equivalent Dwellings
A (disabled)	13	5/9ths	7
A	4,458	6/9ths	2,972
B	10,451	7/9ths	8,129
C	15,016	8/9ths	13,348
D	12,303	9/9ths	12,303
E	10,594	11/9ths	12,949
F	6,317	13/9ths	9,125
G	4,042	15/9ths	6,736
H	172	18/9ths	344
	63,366		65,913
			Adjustment for collection rate and contributions in lieu (923)
			Contribution from MOD Properties 153
			Council Tax Base 2025/26 65,143
			Council Tax Base 2024/25 62,447

The Council tax payable at for a band D property, excluding parish precept, is shown below.

	East Devon District Council	Devon County Council	Police & Crime Commissioner for Devon & Cornwall	Devon & Somerset Fire & Rescue Service	Total
2025/26	171.78	1,801.26	288.20	104.68	2,365.92
2024/25	166.78	1,715.67	274.50	99.68	2,256.63

Independent auditor's report to the members of East Devon District Council
Report on the Audit of the Financial Statements

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Annual Governance Statement

For the year ended 31 March 2026

Executive Summary

This Annual Governance Statement confirms that East Devon District Council has maintained an established governance framework during 2025/26, based on the CIPFA/SOLACE principles and supported by review, scrutiny, audit and risk management arrangements. Overall, the Council has appropriate systems of governance, internal control and oversight in place, with evidence of progress against a number of previously identified issues. New areas to address have been identified and are under active management, particularly in relation to priority actions identified by both external and internal audit reviews. The Council will continue to monitor these areas closely through officer and member oversight, with a focus on completing outstanding actions, strengthening assurance arrangements and embedding sustainable improvements during 2026/27.

1. Corporate Governance

Corporate Governance is about how East Devon District Council (the Council) ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Good governance ensures that the Council provides for effective leadership and management in the use of public money; ensures the delivery of high quality services to all taxpayers and citizens; and achieves the desired outcomes for service users and communities.

The Council acknowledges its responsibility for ensuring that there is a sound system of governance and has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Code can be accessed on the Council's website at <https://eastdevon.gov.uk/council-and-democracy/strategies-policies-and-performance/our-key-policies/code-of-corporate-governance/> or can be obtained by writing to the Council. The principles upon which it is based are summarised in this Statement.

2. The Annual Governance Statement

The Accounts & Audit (England) Regulations 2015 require the Council to prepare and publish an annual governance statement. This is a public document that reports on the extent to which the Council complies with its own code of corporate governance. The Annual Governance Statement explains how the Council makes decisions; manages its resources in line with the Council's priorities; and achieves the required outcomes for service users and communities.

In the Annual Governance Statement, the Council:

- Acknowledges its responsibility for ensuring that there is a sound system of governance
- Summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment
- Describes the monitoring and evaluation of the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period
- Provides details of how the Council has responded to any issue(s) identified in last year's governance statement
- Reports on any significant governance issues identified from this review and provides a commitment to addressing them

3. The Governance Framework

Scope of Responsibility:

The Council is responsible for ensuring that:

- Business is conducted in accordance with the law and proper standards
- Public money is safeguarded, 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, which includes arrangements for the management of risk.

Purpose of the Governance Framework:

The Council's governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled and activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The framework aims to ensure that in conducting its business the Council:

- Operates in a lawful, open, inclusive and honest manner
- Makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- Has effective arrangements for the management of risk
- Secures continuous improvements in the way that it operates

The Governance Framework:

The governance framework sets out how the Council is operating in order to demonstrate compliance, ongoing improvement, its commitment to maintaining the highest ethical standards and levels of governance. The governance framework has been in place during the year and up to the date of approval of the statement of accounts.

The Council has based its governance framework on the CIPFA/SOLACE guidance 2016 'Delivering Good Governance in Local Government' and the 2025 Addendum guidance (referred to in this document as the Addendum and collectively as the Good Governance framework), which strengthens expectations around assurance, effectiveness reviews and forward-looking governance planning. The framework sets out seven core principles for good governance.

Appendix 1 provides a summary of key elements of the Council's governance framework and how they relate to the seven principles.

4. 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 review of the effectiveness of internal control and compliance to the governance framework 2025/26 was undertaken by the Strategic Leadership Team in April/May 2026, through the completion of assurance statements.
- Internal Audit (SWAP) Annual Report and Opinion 2025/26 – To be reported to the Audit & Governance Committee in July 2026 with an expected reasonable assurance.
- External audit (Grant Thornton) – Grant Thornton presented their Audit Findings (ISA260) report and their Revised Interim Auditor's Annual Report Year ending 31 March 2025 to the Audit & Governance Committee in January 2026.

The mechanisms for maintaining and reviewing the effectiveness of the system of internal control throughout the year include;

- Cabinet is responsible for considering overall financial and performance management and receives comprehensive budget monitoring reports on a frequent basis and Council service performance reports. Although performance reporting has been highlighted as an improvement area and a current weakness in controls.
- Overview & Scrutiny Committees challenge the Cabinet Committee where necessary including the invite of appropriate Cabinet members and Lead Officers to attend to answer questions.
- The Standards Committee meets quarterly when required and at every meeting considers an update report on complaints against councillors which includes learning points and recommended actions. The Committee also keeps under review the Council's policies and procedures for maintaining high ethical standards.
- The Audit & Governance Committee meet five times a year to provide independent assurance to the Council in relation to the effectiveness of the risk management and internal control environment.
- The South West Audit Partnership (SWAP) provides an independent and objective assurance service (Internal Audit function) to the Council and completes a programme of reviews each year to inform an opinion on the internal control, risk management and governance arrangements. The service undertakes any fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where suspected fraud or irregularity has occurred.
- The Council's Constitution has been reviewed by a member working group to ensure it is up to date and reflective of good practice.
- The Annual Governance Statement is considered by the Monitoring Officer, Chief Executive, Assistant Director SWAP, Finance Portfolio Holder and the Chair of the Audit & Governance Committee to ensure it reflects the understanding of these key individuals in terms of the Governance of the Council and to ensure any areas of concern or future improvements are identified.

5. Significant Governance Issues – Update on issues raised in prior year Annual Governance Statement

Issues raised in the prior year's Annual Governance Statement are copied below with updates on progress.

Key Issue to be addressed	Responsible Officer	Update
Internal Audit (SWAP) Limited Assurance Housing Electrical Safety	Director of Housing & Health	There were 9 actions raised in the original report. SWAP completed a follow up audit in 2025/26 and concluded that all actions had been completed.
Internal Audit (SWAP) Limited Assurance Ethical Governance	Director of Governance	There were 9 actions raised in the audit report. 4 actions have been closed and 2 have been self-assessed as complete by officers. The remaining actions are due to be delivered by October 2026.
Internal Audit (SWAP) Limited Assurance Procurement Cards	Director of Finance	There were 10 actions raised in the audit report. SWAP completed a follow up audit in 2025/25 and concluded that 8 actions had been completed. 1 further action has since been completed and 1 self-assessed as complete by officers.
Identified in previous AGS Requirement to be overseen by the Information Governance Board about ensuring all of our systems are data protection compliant, particularly as far as retention periods are concerned. This work will take some time and is a corporate issue.	Executive Leadership Team – Led by Director for Governance	Information Governance Board in place and providing oversight. Updates provided to A&G Committee with Chair on the Board.
Identified through Assurance Statement Decision making of Planning Committee on major strategic applications with several decisions made and overturned on appeal or vulnerable to overturn on upcoming appeals. This could impact on our ability to deliver our development strategy and return to a healthy housing land supply	Assistant Director Planning Strategy & Development Management	The procedures and processes are under review to enable the decision making to be more robust and less likely to be overturned at
Identified through Assurance Statement Assurance Statements have identified the Council is currently involved in a number of key projects which have significant	Executive & Strategic Leadership Team	Continue to have clear transparency, good project management and democratic oversight. This has been enhanced with the introduction of a Project Management Office to ensure a robust oversight and transparency.

<p>implications on service delivery and for the residents of East Devon: Recycling & Waste Contract, Leisure Services, £4.2m Nutrient Award, CHP & New Town, Business & Asset Management Plan for the Council House Stock.</p>		
<p>The Council has not a completed audit of its Accounts since 2021/22. The deadline for Accounts publication for 2024/25 is the 30th June 2025 with the audit backstop date being 27th January 2026.</p>	<p>Director of Finance</p>	<p>The Accounts were published on time and the audit completed within the back stop period. Focus now turns to the 2025/26 Accounts and audit process.</p>
<p>LGR has significant implication on the future shape of local government in Devon, in the lead up to reorganisation the Council will need to ensure appropriate decisions are made.</p>	<p>Chief Executive</p>	<p>There continues to be regular updates giving member oversight. Key decisions and projects are challenged with LGR in mind to ensure they are in the best interests of the public and a successor authority.</p>

6. Significant Governance Issues – Issues raised in this year’s Annual Governance Statement.

Key issues identified in the annual review in relation to improvements required in governance arrangements or internal control procedures are given in the table below.

Key Issue to be addressed	Responsible Officer	Actions
<p>Internal Audit (SWAP) Limited Assurance</p> <p>Business Continuity</p>	<p>Director of Housing & Health</p>	<p>There were 9 actions identified in the audit report. The most significant issues were that:</p> <ul style="list-style-type: none"> • BCPs are not tested to assess their effectiveness. • There is no post-evaluation when actual events with continuity implications occur. • There are some discrepancies in expected system recovery times in service BCPs and Strata’s Disaster Recovery Plan. <p>3 actions have been closed and 3 have been self-assessed as complete by officers. The remaining actions are due by June 2026.</p>
<p>Internal Audit (SWAP) Limited Assurance</p> <p>Local Government Transparency Code</p>	<p>Director of Governance</p>	<p>There were 13 actions identified in the original report. The most significant issue was that SWAP found significant compliance issues for 5 of the 16 mandated disclosures.</p> <p>8 actions have been closed. The remaining actions are due by October 2026.</p>
<p>Internal Audit (SWAP) Limited Assurance</p> <p>Supplier Resilience</p>	<p>Director of Governance</p>	<p>There were 6 actions identified in the original report. The most significant issues were that:</p> <ul style="list-style-type: none"> • The council’s contract register was incomplete, reducing corporate oversight. • The council had not established a clear policy setting out checks that should take place during procurement and during the life of the contract. • Contract managers were not completing checks on financial health or insurance status. • There wasn’t a consistent requirement for suppliers to have and share BCPs with the council. <p>2 of the actions have been closed and 1 has been self-assessed as complete by officers. The remaining actions are now overdue for delivery.</p> <p>The A&G committee have asked for an update at their July 2026 meeting.</p>

<p>Internal Audit (SWAP) Limited Assurance</p> <p>Corporate Health & Safety</p>	<p>Director of Housing & Health</p>	<p>There were 13 actions identified in the original report. The most significant issues were that:</p> <ul style="list-style-type: none"> • Health and safety policies had not been formally reviewed for at least six years. • The council does not have a H&S management system that would enable effective oversight of risk assessments, remedial actions following accidents, and training compliance. • The Central Joint Safety Panel (renamed Health and Safety Panel) had not met for over 18 months, therefore it was unclear how the Panel's responsibilities were being fulfilled. <p>1 action has been closed and 4 others have been self-assessed as complete by officers. The remaining actions are due by July 2026.</p>
<p>Internal Audit (SWAP) Limited Assurance</p> <p>Contract Management</p>	<p>Director of Governance</p>	<p>There were 10 actions identified in the audit report. The most significant issues were that:</p> <ul style="list-style-type: none"> • There is a need for the council to develop oversight and assurance mechanisms for contract management. There is no clear lead officer and no internal support or training resource. • There is no contract management training for staff. There is some guidance but staff were not aware of it. • For some contracts we reviewed there was limited evidence of performance management or budget monitoring. • Spend with some suppliers had breached internal thresholds with no contract being put in place. <p>The actions are due by October 2026.</p> <p>The A&G committee have asked for an update at their July 2026 meeting.</p>
<p>Internal Audit (SWAP) Limited Assurance</p> <p>Housing Landlord Compliance: Fire Safety</p>	<p>Director of Housing & Health</p>	<p>There were 10 actions identified in the audit report. The most significant issues were that:</p> <ul style="list-style-type: none"> • The Fire Safety Policy was four years overdue for review. The Policy included a range of KPIs that were not being monitored.

		<ul style="list-style-type: none"> The One Housing system had not been configured to record important compliance information. While statutory FRAs had been completed where expected, there was a significant backlog of overdue remedial actions. <p>3 actions have been closed. The remaining actions are due by January 2027.</p>
<p>Grant Thornton Key Recommendation</p> <p>Steps taken so far to rebuild sustainability in the HRA should be advanced, reflecting the outcome of the recent Stock Condition Report and should be embedded into business practice. This should include planning into the medium term to ensure deemed minimum balances are reinstated. The Council estimates that it will take a number of years to recover the HRA financial position which should include reserves and balances back at prudent levels and in year expenditure not exceeding income.</p>	<p>Director for Housing and Health; and Director for Finance.</p>	<p>Stock Condition linking to an Asset Management Plan and Business Plan are to be presented in 2026/27.</p> <p>We now have 2 years financial outturn evidencing the stability of HRA finances with spending and income controlled within the approved budget for 2024/25 and 2025/26.</p>
<p>Grant Thornton Key Recommendation</p> <p>Management should be prompted to respond in a timely fashion to internal audit recommendations.</p>	<p>Strategic Leadership Team</p>	<p>SWAP now provide monthly action tracking reports to the Executive Leadership Team improving their oversight of internal audit actions alongside monthly reports to all action owners.</p> <p>As reported to the A&G committee in March 2026 – Internal Audit Activity Progress Report (Quarter 3 2025/26) the number of open management actions had reduced from 82 to 60 of which at the time of reporting only 2 actions were overdue. This being a significant improvement and evidencing this is being taken as priority for the Council with good oversight from the A&G Committee.</p> <p>At year end this is likely to increase as a number of actions have the 31st March as their due date, but this will be monitored.</p>
<p>Grant Thornton Key Recommendation</p> <p>The new upgraded key performance indicator system needs to be embedded within the business and used in 2025/26.</p>	<p>Director of Governance</p>	<p>There is currently a live project being implemented. There have been difficulties with the supplier which has delayed progress and the Council is currently reviewing its options moving forward.</p>

		The new system is being rolled out Directorate by Directorate. We will not be in a position to report using this system until late in the financial year but in the meantime, an update on performance in relation to the Council Plan, is being presented to Members in July 2026, to ensure Members are kept up-to-date.
Individual Assurance Statements	Executive Leadership Team	It is considered that appropriate reports and monitoring is in place with the correct oversight at management and member level.
No separate items were raised than those identified above.		
LGR and key project delivery are areas of risk for the Council but these areas are controlled and monitored closely.		

7. Forward Look on Governance

Looking ahead to 2026/27, the Council will continue to strengthen its governance arrangements by maintaining clear member and officer oversight of significant risks, major projects and improvement actions arising from internal and external audit work. Priority will be given to completing outstanding actions within agreed timescales, improving performance reporting, embedding stronger contract and supplier oversight, and ensuring that assurance arrangements remain robust in high-risk service areas. The Council will also need to sustain effective governance through a period of change, including local government reorganisation, by supporting transparent decision-making, maintaining financial resilience and ensuring that governance arrangements remain proportionate, responsive and focused on delivering good outcomes for residents.

Cllr Sam Hawkins
Finance Portfolio Holder

Tracy Hendren
Chief Executive

Appendix 1 – Assessment of key controls 2025-26

<p>CORE PRINCIPLE A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.</p>	
<p>Supporting Principles</p>	<p>Assessment of the effectiveness of key elements of the Council’s governance processes during 2025-26</p>
<p>Behaving with Integrity</p> <p>Demonstrating strong commitment to ethical values</p> <p>Respecting the rule of law</p>	<p>The Council has a robust Constitution in place that sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, proportionate, transparent and accountable. The Constitution is reviewed annually but in 2025/26 a more indepth review with the support of a members group (Constitutional Working Group) has taken place with changes approved by Council in May 2026.</p> <p>The Constitution contains the Code of Conduct for staff and members. Officers have a clear understanding of their roles and responsibilities through an approved scheme of delegation and through job descriptions and person specifications. All staff have been asked to confirm that they had read and understood the Code of Conduct and is included in the induction for new members and staff.</p> <p>Registers of gifts & hospitality and member & officer interests are maintained. Individual members' interests are published on the Council’s website. A Gifts and Hospitality Protocol for Members has been approved.</p> <p>The Council has effective arrangements in place for dealing with complaints against members of East Devon District Council. Allegations that a member has failed to comply with the Code of Conduct are assessed by the Monitoring Officer, in consultation with an Independent Person, to decide whether the allegations merit investigation or another course of action.</p> <p>Details of complaints and the findings of any investigations are reported to the Standards Committee. The Committee are seeing a reduction in the number of complaints coming through the system.</p> <p>The Standards Committee comprises seven Members of East Devon District Council plus five non-voting Independent Representatives and Town/Parish representatives and regulates and oversees the Code of Conduct. It is also advised by two Independent Persons. The Committee took an active approach to ensuring high levels of good governance, ethical behaviour and transparency throughout the Council’s decision making processes.</p> <p>The Scrutiny Committee monitored and scrutinised the performance and decision making of the authority.</p> <p>All Legal and Financial advice supporting recommendations made to Council committees are documented. A revised committee report template is now in place which strengthens corporate input on key areas including risk and equality.</p>

	<p>The Council has Corporate Counter Fraud & Compliance Function; a Strategy has been adopted by Council with a workplan monitored by the Audit & Governance Committee.</p> <p>The Council has a whistle-blowing, Anti-Fraud and Corruption Policy and Anti-Bribery Policy.</p> <p>The Council has a designated Monitoring Officer who ensures compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service and Chief Finance Officer the Monitoring Officer will report to the full Council if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. The Council also conforms to the requirements of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.</p> <p>Every contract that the Council enters into adheres to the Public Contract Regulations 2015, more recently the Procurement Act 2023 which came into force February 2025. Contract Standing Orders are in place and requires high standards of transparency and ethics. These Contract Standing Orders have been reviewed and an updated version will be presented to Members in the near future. The Council has made a decision to add further procurement resources and has advertised for a procurement manager. Management are addressing SWAP recommendations in relation to contract management.</p>
<p>CORE PRINCIPLE B Ensuring openness and comprehensive stakeholder engagement</p>	
<p>Supporting Principles</p>	<p>Assessment of the effectiveness of key elements of the Council’s governance processes during 2025-26</p>
<p>Openness</p> <p>Engaging comprehensively with other organisations that the council needs to work with to improve services and outcomes</p> <p>Engaging with individual citizens and service users effectively citizens</p>	<p>The Council Plan sets out our main priorities.</p> <p>The Council Plan was formulated through extensive internal and external engagement including key partners and public consultation.</p> <p>Delivery of the Council Plan is supported by a performance framework with service plans and individual targets for staff agreed through the Performance Framework which is recorded and monitored through the Council’s performance management systems. Delivery of the Council Plan is monitored by the Overview and Scrutiny Committees and some aspects by the Personnel Committee.</p> <p>These Committees drive the scrutiny process on behalf of the public with a view to improving the delivery of public services.</p> <p>The Council has a communication Plan, which is currently under review, which amongst other items sets out we will;</p> <ul style="list-style-type: none"> - continue to keep our website up to date using our adopted principles so that the information clear and easy to find - write policies and strategies for intranet and web

	<ul style="list-style-type: none"> - involve residents in deciding what good public services means to them - make the most of opportunities for communities and councils to improve their local areas - tailor our communications to specific audiences using different ways to suit different people (for example, some people prefer social media whereas others prefer a newsletter so we will take this into account and monitor how effective we are) - Rigorous use of Communication and Consultation Plans at the outset of larger projects. <p>The Council complies with the Local Government Transparency Code 2015 and the Freedom of Information Act publication scheme and has a stated position towards transparency – improvement actions have been identified by SWAP and management are addressing these.</p>
CORE PRINCIPLE C Defining outcomes in terms of sustainable economic, social, and environmental benefits	
Supporting Principles	Assessment of the effectiveness of key elements of the council's governance processes during 2025-26
Defining outcomes Sustainable economic, social and environmental benefits	<p>The Council Plan includes priorities and outcomes with our vision to make a positive difference to resident's lives and our environment in East Devon.</p> <p>Delivery of the Council Plan is supported by a performance framework with service plans and individual targets for staff agreed through the Performance Framework which is recorded and monitored through the Council's performance management systems</p> <p>A strategic Planning Committee is in place to oversee development of the Strategic Plan and its delivery.</p> <p>Contract Standing Orders sets out how the Council will procure goods, works and services by the most economic, efficient, effective and sustainable means to ensure that the needs of the community are met, within a clear framework of accountability and responsibility. These contract standing orders are currently under review.</p> <p>The Council has an adopted Local Plan and is currently developing a new Plan.</p>
CORE PRINCIPLE D Determining the interventions necessary to optimise the achievement of the intended outcomes	
Supporting Principles	Assessment of the effectiveness of key elements of the council's governance processes during 2025-26
Determining interventions Planning interventions	<p>The Council operates a Cabinet system including delegation to Lead Members who are members of the Cabinet as defined in the Council's Constitution with a range of thematic portfolios. This gives a clearly defined decision making process.</p> <p>The Council's Constitution contains details of the respective roles and responsibilities of elected members, named officer</p>

<p>Optimising achievement of intended outcomes</p>	<p>roles and all officers employed by the Council. The Council's Constitution lists statutory roles for officers which ensure legality, financial prudence and transparency in decisions and transactions.</p> <p>The Council operates an Overview and Scrutiny function. Members can "call in" decisions that have been made but not yet implemented, to enable them to consider whether the decision has been taken in accordance with the Council's decision making principles. The Budget and Public Policy framework is detailed in the Council's Constitution.</p> <p>The Scrutiny Committee monitors and scrutinises the performance and decision making of the authority. They may make recommendations to the Cabinet and Full Council.</p> <p>The Council has a robust organisational approach to business planning and performance management. A Performance Framework exists. A new IT system is currently being implemented for performance management reporting and monitoring.</p> <p>The Council has an adopted Financial Strategy (2026 – 2036). The Council annual budget approval involves significant Councillor involvement before adoption.</p>
<p>CORE PRINCIPLE E Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	
<p>Supporting Principles</p>	<p>Assessment of the effectiveness of key elements of the Council's governance processes during 2025-26</p>
<p>Developing the entity's capacity</p> <p>Developing the entity's leadership</p> <p>Developing the capability of individuals within the entity</p>	<p>A corporate Member's induction programme is in place and ongoing training for Members includes the member code of conduct, personal safety and procedures.</p> <p>A skills assessment of the Audit & Governance Committee has identified key training, which is being delivered, along with ensuring the work of the Committee is in line with good practice.</p> <p>The performance framework covers all officers including an appraisal system with targeted, relevant training.</p> <p>There are regular team meetings, and one to ones. The Authority implements the national agreement on pay and conditions of service. The Authority has achieved its commitment to pay the Living Wage for its entire staff and has recently undertaken an independent review of grading structure to ensure it is a median pay employer.</p>
<p>CORE PRINCIPLE F Managing risks and performance through robust internal control and strong public management</p>	
<p>Supporting Principles</p>	<p>Assessment of the effectiveness of key elements of the Council's governance processes during 2025-26</p>

<p>Managing Risk</p> <p>Managing Performance</p> <p>Robust Internal Control</p> <p>Strong Public Financial Management</p>	<p>The Council has an adopted Risk Management Policy with clear accountability and review processes in place. Audit & Governance receive regular updates on the risk register. The next report will be presented to the Committee in July 2026.</p> <p>The Council has an induction and development programme for Councillors which has recently been reviewed. This is of vital importance, given the technical complexity of the Council’s core operations, the decision making structure and the financial value of the transactions controlled by the Authority.</p> <p>All statutory Officers receive the training and support to carry out their duties effectively and as appropriate, participate in continuous professional development.</p> <p>The Cabinet meets on a monthly basis at set times to consider key matters including those on performance. Matters are published in the Forward Plan to enable the public to be aware of future decisions. All reports include reference to the Council Plan.</p> <p>The annual budget is supported by the Director for Finance commenting upon its deliverability and is supported by an appropriate reserves policy. The final accounts, of which this statement is an integral part, outline the Outturn of the Authority and are prepared in accordance with professional standards and subject to external audit.</p> <p>In order to demonstrate robust internal control, the Authority has:</p> <ul style="list-style-type: none"> • A Risk Management Framework linked into the Authority Structure; • An appropriate suite of Anti-Fraud and Corruption Policies; • A balanced budget supported by appropriate reserves • Standards Committee supported by independent Members <p>The Council carries out staff surveys to assess their views on the management of the organisation. The findings have been considered in the production of service plans and priorities. We have a newly adopted People Strategy which has been developed and consulted on with staff.</p>
<p>CORE PRINCIPLE G Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	
<p>Supporting Principles</p>	<p>Assessment of the effectiveness of key elements of the Council’s governance processes during 2025-26</p>
<p>Implementing good practice in transparency</p>	<p>The Council makes as much information as possible available on its website. Support is also available to those residents who cannot access the internet.</p>

<p>Implementing good practices in reporting</p> <p>Assurance and effective accountability</p>	<p>The Council publishes its statement of accounts on the website.</p> <p>The Council's external auditors, Grant Thornton, issue the Value for Money conclusion with recommendations for improvement that are adopted and acted upon.</p> <p>The Strategic Management Team is responsible for responding to recommendations made by Internal Audit and External Audit.</p> <p>Progress made against the issues identified in the prior year Annual Governance Statement action plan have been monitored by the Strategic Management Team and the Audit & Governance Committee.</p> <p>The Council has a Whistle-blowing Policy which is advertised both inside the Council and on the Council's website.</p> <p>The Council has an Anti-Fraud, Theft and Corruption Policy approved by the Audit & Governance Committee.</p> <p>The Council has a clear process for dealing with Freedom of Information (FOI) requests from the public. It complies with the Transparency Code and has a stated transparency agenda.</p>
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Glossary of Terms

Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

Accruals

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 payment is made.

Accumulated Absences Account

This account represents the value of any unused holiday, time off in lieu or flexi hours which have not been taken by officers.

Assets

An item having value to the Council in monetary terms, categorised as:

- **Current assets** will be consumed within the next financial year (e.g.: cash and inventories).
- **Property, plant and equipment** provide benefits over their useful life for more than one year and can be tangible (e.g. sports centres) or intangible (e.g. software licences).
- **Community assets** are assets that the local Council intends to hold in perpetuity, that have no determinable useful life and may have restrictions on their disposal (e.g. works of art and picnic sites).
- **Infrastructure assets** that form part of the economic or social framework of the area and whose function is not transferable (e.g. highways, bridges and footpaths).
- **Under Construction** capital expenditure on work in progress.
- **Held for sale** are property, plant and equipment assets actively being marketed

Audit of Accounts

An independent examination of the Council's financial affairs undertaken by the Appointed Auditor, Grant Thornton.

Balances

The total revenue reserves required to provide a working balance during the financial year, for example in periods when expenditure exceeds income.

Capital Adjustment Account

This records the timing difference between the costs of property, plant and equipment used and the capital financing set aside to pay for them.

Capital Expenditure

Expenditure on assets which have a long term value. Includes the purchase of land, purchase or cost of construction of buildings and the acquisition of plant, equipment and vehicles.

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 Receipts

Proceeds received from the sale of property and other property, plant and equipment.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services.

Collection Fund

A separate fund that records the income and expenditure relating to Council tax and non-domestic rates.

Community Assets

Non-current Assets the Council intends to hold in perpetuity and which have no determinable useful life. They may also have restriction on their disposal. An example is a cemetery.

Corporate Democratic Core

Those activities which the Council is engaged in specifically because it is an elected multi-purpose Local Authority. This includes the costs of corporate policy making, representing local interests, representatives and duties arising from public accountability.

Creditors

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made.

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.

Debtors

Sums of money due to the Council.

Depreciation

The allocation of the cost of the useful economic life of the Council's property, plant and equipment for the accounting period through general wear and tear, consumption or obsolescence.

Earmarked Reserves

Those elements of total Council reserves which are retained for specific purposes.

General Fund

The main revenue fund of the Council. Income from the Council tax precept and Government grants are paid into the fund, from which the cost of providing services is met.

Government Grants

Payments by Central Government towards local Council expenditure. They are specific for a particular use; and are receivable in respect of both revenue and capital expenditure.

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 Council's own tenants are known as rent rebates and that paid to private tenants as rent allowances.

Housing Revenue Account

Statutory ring-fenced account required to represent the landlord/tenant obligations for the Council in relation to managing and maintaining its housing stock in return for rental income from tenants.

Impairment

A reduction in the value of a fixed asset to below its carrying amount on the balance sheet due to damage, obsolescence or a general decrease in market value.

Income & Expenditure Account

The net cost for the year for services provided by the Council for which it is responsible and showing how the cost has been financed from precepts, grants and other income.

Interest

An amount received or paid for the use of a sum of money when it is invested or borrowed.

Liquid Resources

Cash and current Asset investments that can be easily converted to known amounts of cash without penalty or can be traded on the active market.

Long Term Debtors

Sums of money due to the Council originally repayable within a period in excess of twelve months but where payment is not due until future years.

Minimum Revenue Provision (MRP)

The minimum amount that must be charged to a Council's revenue accounts and set aside as a provision for credit liabilities. It is calculated by applying a percentage of outstanding debt in accordance with the Council's approved policy.

Non Domestic Rates (NDR)

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

Net Book Value

The value of property, plant and equipment included on the balance sheet, being the historical cost or a current revaluation less the cumulative amounts of depreciation.

Operating Lease

A lease where the risks and rewards, and therefore the ownership of the asset, remains with the lessor.

Precept

The amount levied by various Authorities that is collected by the District Council on their behalf. The major precepting authorities in East Devon are Devon County Council, Devon and Somerset Fire and Rescue Service and Police & Crime Commissioner for Devon & Cornwall.

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.

Provision

This is an amount which is put aside to cover future liabilities or losses where the amounts and timing are uncertain.

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.

Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion on the Council. Some capital reserves such as the capital adjustment account cannot be used to meet current expenditure.

Revaluation Reserve

These records net gains from revaluations made after 1 April 2007 not yet realised through sales.

Revenue Contributions

This refers to the financing of capital expenditure directly from revenue rather than from loans or other sources.

Revenue Expenditure

The day to day expenditure of the Council on such items as employees and equipment.

Revenue Expenditure Financed by Capital under Statute (REFCUS)

Expenditure which may properly be capitalised but which does not result in tangible property, plant and equipment owned by the Council.

Revenue Support Grant (RSG)

The major grant paid by central government to local authorities in aid of service provision.