

# Audit and Governance Committee



Date of meeting:	10 March 2026
Title of Report:	<b>Final Accounts 2024/25 Update</b>
Lead Member:	Councillor Mark Lowry (Cabinet Member for Finance)
Lead Strategic Director:	David Northey (Interim Service Director for Finance)
Author:	Carolyn Haynes
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Your Reference:	CH FA 2024-25
Key Decision:	No
Confidentiality:	Part I - Official

## Purpose of Report

The Council's final Statement of Accounts for year ending 31 March 2025 were published on the 24 February 2026. They were presented at the Audit and Governance Committee on the 20 January 2026 but were still undergoing final audit checks which required changes to be made prior to publication. The Committee agreed to delegate authority to the Section 151 Officer in consultation with the Chair of Audit and Governance Committee to sign the Accounts and Letter of Representation on behalf of the Council once the audit opinions were provided and to approve any final amendments to the Statement of Accounts arising from the closing stages of audit work. This report is to inform members of the agreed changes

## Recommendations and Reasons

- I. To note the amendments to the Statement of Accounts for 2024/25.  
*Reason: To ensure that committee are fully informed of the impact of the changes to the final published Statement of Accounts.*

## Alternative options considered and rejected

- I. None – It is a statutory requirement to produce and approve the Statement of Accounts

## Relevance to the Corporate Plan and/or the Plymouth Plan

The Council's expenditure forms the basis for the delivery of the Corporate Plan.

## Implications for the Medium Term Financial Plan and Resource Implications:

The changes actioned in the 2024/25 accounts will flow into the opening balance sheet position for the Statement of Accounts and, as such will have implications for the Medium-Term Financial Plan. The level of Working Balance and reserves will affect the level of funding available in future years and variations in service expenditure will also need to be reviewed to assess any impacts.

## Financial Risks

The Statement of Accounts includes a high-level summary of the Council's financial risks.

## Legal Implications

(The Council is under a statutory duty to prepare, approve and publish its annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015, the Local Audit and Accountability Act 2014, and the Code of Practice on Local Authority Accounting issued by CIPFA. These legislative requirements set out the processes, responsibilities and timescales for preparation, approval, audit and publication of the accounts. The Audit and Governance Committee has responsibility for approving the audited Statement of Accounts prior to publication. In doing so, Members must be satisfied that the accounts present a true and fair view of the Council's financial position and performance, and that they have been prepared in accordance with the relevant statutory framework. Failure to comply with these duties may expose the Council to legal, financial or regulatory risks. Approval of the Statement of Accounts by the Committee forms part of the Council's system of internal control and corporate governance. Members are therefore required to discharge their responsibilities with due care, having considered the assurances provided by officers and the external auditor.

## Carbon Footprint (Environmental) Implications:

N/A

## Other Implications: e.g. Health and Safety, Risk Management, Child Poverty:

*\* When considering these proposals members have a responsibility to ensure they give due regard to the Council's duty to promote equality of opportunity, eliminate unlawful discrimination and promote good relations between people who share protected characteristics under the Equalities Act and those who do not.*

The main risk associated with the publication of the Statement of Accounts for a local authority for those where a disclaimed (no assurance) opinion is the risk of reputational damage. Due to the well-documented national issues with Local Audit there are significant number of Councils across the country who will also receive a disclaimed opinion. Like Plymouth, the majority of these Councils have had their audit process cut short by the backstop arrangements, through no fault of their own. Government have asked auditors to be clear about the reasons for disclaimed opinions in their reporting and have committed to ensure that assurance of financial statements will be rebuilt over future reporting cycles.

## Appendices

*\*Add rows as required to box below*

Ref.	Title of Appendix	Exemption Paragraph Number (if applicable) <i>If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.</i>						
		1	2	3	4	5	6	7
A	Briefing Report: Final Published Statement of Accounts 2024/25							
B	Audit Findings Report Extract for 2024/25							

## Background papers:

*\*Add rows as required to box below*

*Please list all unpublished, background papers relevant to the decision in the table below. Background papers are unpublished works, relied on to a material extent in preparing the report, which disclose facts or matters on which the report or an important part of the work is based.*

Title of any background paper(s)	Exemption Paragraph Number (if applicable)
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	If some/all of the information is confidential, you must indicate why it is not for publication by virtue of Part 1 of Schedule 12A of the Local Government Act 1972 by ticking the relevant box.						
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>

**Sign off:**

Fin	DN.25.2 6.032	Leg	LS/ 00 00 36 09/ 53/ LB/ 02/ 03/ 26	Mon Off	LS/00 0036 09/53 /LB/0 2/03/ 26	HR	N/A	Asset s	N/A	Strat Proc	N/A
Originating Senior Leadership Team member: David Northey											
Please confirm the Strategic Director(s) has agreed the report? Yes Date agreed: 26/02/2026											
Cabinet Member approval: <i>approved by Mark Lowry by email</i> Date approved: 26/02/2026											

**Appendix A – Briefing Report: Final Published Statement of Accounts 2024/25****1. Introduction**

- 1.1 The Statement of Accounts for 2024/25 was published on the 24 February 2026 and in a format to comply with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and reflect the 2024/25 revenue and capital outturn position which was reported to Full Council on the 2 June 2025.
- 1.2 The final published accounts for 2024/25 were published by the backstop date of the 27 February 2026.

**2. Final Publication of the 2024/25 Accounts**

- 2.1 The final Statement of Accounts were presented to this committee on the 20 January 2026, but they were produced pending some outstanding actions that were still under review by Grant Thornton.
- 2.2 Grant Thornton presented their draft Audit Findings Report (AFR) at the same committee and explained that they were still undergoing final audit checks which required changes to be made prior to final publication. They explained that they had not concluded their work on Capital Grants and that subsequent update would be reported to members at the next Audit and Governance Committee.
- 2.3 The Committee agreed to delegate authority to the Section 151 Officer in consultation with the Chair of Audit and Governance Committee to sign the Accounts and Letter of Representation on behalf of the Council once the audit opinions were provided and to approve any final amendments to the Statement of Accounts arising from the closing stages of audit work.
- 2.4 The Audit Findings Report (ISA260) extract attached as Appendix A is to inform members of the agreed audit changes and the impact on the final published accounts.

**3. Capital Grants Received in Advance**

- 3.1 In addition to the changes reported to the Audit and Governance Committee on the 20 January 2026, the auditors were still completing their work on the treatment of the conditions associated with Capital Grants Receipts in Advance (CGRIA). Their testing identified some grants where the conditions had been met and therefore the grant should have been recognised as revenue.
- 3.2 Under the CIPFA Code of Practice on Local Authority Accounting (2024/25 Edition), sections 2.3 and 2.4 require authorities to recognise grant income when conditions have been met. Grants where conditions remain outstanding must be recognised as a liability. As conditions had been met by 31 March 2024, the grant should have been recognised as income in that year.
- 3.3 IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), as adopted by the Code, requires material prior-period errors to be corrected retrospectively by restating the comparative amounts for the prior period and adjusting the opening balances of assets, liabilities and equity for the earliest period presented (IAS 8, paragraphs 42–49).

- 3.4 Accordingly, the prior-year financial statements understated capital grant income and overstated liabilities. This error has been corrected retrospectively through a prior period adjustment in accordance with IAS 8 and the CIPFA Code.
- 3.5 The correction involves a restatement of the 2023/24 Balance Sheet to remove the liability originally recognised and increase the Capital Grants Unapplied Reserve. The opening balances for 2024/25 have also been restated. There is no impact on the Council's cash position; the adjustment affects only the classification between liabilities and reserves.
- 3.6 As a result of the issues identified in their original testing, the auditors extended their testing to ensure that they had a full understanding of the magnitude of the potential error. This additional testing identified a material misstatement of £34.530m which impacted on financial years 2023/24 (£17.141m) as a prior period adjustment and further amendments in 2024/25 (£17.389m).
- 3.7 The auditor's analysis of the CGRIA also identified a grant which had outstanding conditions where the income had been recognised as having no conditions in 2022/23. A subsequent reversal of £8.440m has been applied to the accounts for 2023/24 as a prior period adjustment. The prior period adjustment is reported within the accounts as note 1 on page 32 of the Statement of Accounts for 2024/25.
- 3.8 The impact on the accounts for 2024/25 is a net £26.090m reduction in CGRIA with a corresponding reduction in usable reserves of £8.440m and an increase of £34.530m in unusable reserves or a net movement in total reserves of £26.090m.
- 3.9 To avoid this being an issue for 2025/26 accountants are undertaking training in preparation for a thorough review of their treatment of all CGRIA.

#### **4. Other Audit Adjustments**

- 4.1 There are a number of other audit adjustments which are mentioned on pages 44 to 48 of the Audit Findings Report for 2024/25 (Appendix A) some of which have previously been reported to the Audit and Governance Committee on the 20 January 2026.

#### **5. Audit Completion**

- 5.1 The final version of the accounts for 2024/25 was agreed with Grant Thornton on the 23 February 2026, Grant Thornton issued their final audit opinion and final versions of the 2024/25 Statement of Accounts and Annual Governance Statement for 2024/25 were published on the Council's website on the 24 February 2026. This was in advance of the statutory publication date of the 27 February 2026.
- 5.2 This marks the end of the accounting process for the 2024/25 financial year. Work has already begun on preparation for the Statement of Accounts for 2025/26. The initial deadline for publication of the Statement of Accounts is the 30 June 2026 with a deadline for the final audited version to be published by the 31 January 2027.