

Greater London Authority

Audit results report

Year ended 31 March 2025

23 February 2026



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The Mayor of London
Kamal Chunchie Way
London
E16 1ZE

23 February 2026

Dear Mayor

2024/25 Audit Results Report

We attach our Audit Results Report summarising the conclusion of our audit procedures.

The audit is designed to express an opinion on the 2024/25 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on Greater London Authority's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge, the exercise of professional judgement and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

The Audit Panel has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Authority's wider arrangements to support the delivery of a timely and efficient audit. We consider and report on the adequacy of the Authority's external financial reporting arrangements and the effectiveness of the audit committee in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements; and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so. We draw Audit Panel members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly sets out what is expected of audited bodies in preparing their financial statements.

This report is intended solely for the information and use of the Mayor, the Audit Panel and Management, and is not intended to be and should not be used by anyone other than these specified parties.

The [EY UK 2025 Transparency Report | EY – UK](#) for EY UK provides details regarding the firm's system of quality management, including EY UK's system of quality management annual evaluation conclusion as of 30 June 2025.

Yours faithfully



Stephen Reid

Partner

For and on behalf of Ernst & Young LLP

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Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits>)

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code), and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Audit Panel and management of Greater London Authority in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Panel and management of Greater London Authority those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Panel and management of Greater London Authority for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.

01 Executive Summary - Context for the audit

Scope update

In our Audit Planning Report presented at the 7 July 2025 Audit Panel meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan, with the following exceptions:

- Changes in materiality: We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross revenue expenditure on services, we have updated our overall materiality assessment to £75 million (Audit Planning Report – £70 million). This results in updated performance materiality, at 50% of overall materiality, of £37.5 million, and an updated threshold for reporting misstatements of £3.8 million.
- Changes to Significant Risk - We have increased the scope of our identified fraud risk “*Risk of fraud in revenue recognition*” to include GLAH as well as LTLF. GLAH income from property disposals has become material to the GLA group in 2024/25 and this therefore represents a risk to our group audit opinion.

A summary of our approach to the audit of the balance sheet including any changes to that approach from the prior year is included in Appendix A.

Value for Money

In our Audit Planning Report dated 30 April 2025, we reported that we had not completed our value for money (VFM) risk assessment. Subsequently, we completed our VFM risk assessment and we identified a risk of significant weakness in respect of financial sustainability. Having updated and completed the planned procedures in these areas we did not identify a significant weakness. See Section 3 of the report for further details.

Audit differences

At the date of this report, we have identified the following material misstatements (above £37.5 million) which management have chosen to adjust:

- £60.3 million adjustment in respect of updated data returns from two London boroughs in respect of the Council Tax position. This has no net impact on income and expenditure but increases both short-term debtors and creditors.
- £111.2 million adjustment in respect of the Capital Contribution from GLAH for the acquisition of the London Stadium, which should have been eliminated on consolidation.
- £129.1 million adjustment in respect of the Non-Domestic Rates Appeals Provision, where management have assessed based on the historical trends, that this element should be reflected as a Short-Term Provision. Management have also reassessed the prior year balances on this basis and calculated that £122.1 million should have been reflected as a Short-Term Provision. Management have adjusted for both current year and comparative figures, noting this has no net impact on income or expenditure.

We have also identified a £36.9 million adjustment in respect of the Onerous Contract Provision, based on a revision to assumptions around the timing of revenue which offsets the value of the provision. This increases the total value of the provision. Whilst this is just below our materiality level, we have reported this to you given this is a Key Audit Matter.

We have also identified two misstatements which Management have not adjusted, on materiality grounds, above our reporting threshold (£3.8 million).

- One site within GLAP (£3.9 million) was disposed of in 2023/24, however this transaction has not been reflected until the 2024/25 financial year.
- One site within LLDC (£4.8 million) was derecognised in 2023/24, however this had not met the full derecognition criteria and therefore should be retained as an Investment Property.

Executive Summary (cont'd)

Control observations

During the audit, we did not identify any significant deficiencies in internal control. We are pleased to report that the Authority, in line with our prior year recommendation, commissioned accounting advice in respect of the transfer of the London Stadium this year. We would encourage management to ensure they continue to do so going forward, and obtain such advice on a timely basis.

Independence

Please refer to Section 7 for our update on Independence.

Areas of audit focus

In our Audit Planning Report we identified a number of key areas of focus for our audit of the financial statements. This report sets out our observations and status in relation to these areas, including our views on areas which might be conservative and areas where there is potential risk and exposure. Our consideration of these matters and others identified during the period is explained within the 'Areas of Audit Focus' section of this report and summarised below.

Where applicable we have identified those matters that we consider to be key audit matters. Key audit matters are selected from the matters we communicate to you that in our opinion are of most significance to the current period audit and required significant attention in performing the audit. In accordance with ISA (UK) 701 key audit matters are included in our auditor's report.

We request that you review these and other matters set out in this report to ensure:

- There are no further considerations or matters that could impact these issues.
- You concur with the resolution of the issue.
- There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by management or disclosed in this report, which we believe should be brought to the attention of the Mayor or the Audit Panel.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We plan to complete the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts after issuing our audit opinion and therefore will certify the completion of the audit at that point.

Executive Summary (cont'd)

Factors impacting the execution of the Group audit

Management, and the Mayor, as the Authority's body charged with governance, have an essential role in supporting the delivery of an efficient and effective audit. Our ability to complete the audit is dependent on the timely formulation of appropriately supported accounting judgements, provision of accurate and relevant supporting evidence, access to the finance team and management's responsiveness to issues identified during the audit. For the audit of the Group financial statements, we also require strong co-ordination of subsidiary reporting by Management, and timely resolution of issues across all consolidated bodies. The table below sets out our views on the effectiveness of the Authority's arrangements to support external financial across a range of relevant measures.

Area	Status			Explanation
	R	A	G	
Timeliness of the draft Group financial statements	Effective			The financial statements were published by the 30 June 2025 deadline set out in the Accounts and Audit Regulations.
Quality and completeness of the draft Group financial statements	Effective			The financial statements produced were complete and of a good quality, though our procedures identified some casting errors and internal inconsistencies.
Delivery of working papers in accordance with agreed client assistance schedule	Effective			Working papers were largely provided to the agreed timetable.
Quality of working papers and supporting evidence	Effective			Working papers and supporting evidence were generally of a good standard.
Timeliness and quality of evidence supporting key accounting estimates	Requires improvement			We experienced delays in relation to some key accounting estimates, including long-term debtors, NNDR Provisions and Leases, in getting timely responses to queries raised. From a Group level, we also experienced delays in resolution of the Onerous Contract Provision, linked to insufficient initial analysis of this matter across the Group and subsidiaries.
Access to finance team and personnel to support the audit in accordance with agreed project plan	Requires improvement			Access to the finance team was largely good throughout the audit. However, an area for improvement would be to set expectations on the turnaround of requests. The finance team support both the GLA and GLAH/P audits which both run at the same time, which can lead to a delay in responses. This has been highlighted as an area for consideration as part of the 2025/26 audit. Within the subsidiary entities, we have experienced a protracted turnaround of many requests which has caused elements of delay in reaching our final conclusions.
Volume and value of identified misstatements	Requires improvement			We identified a small number of misstatements as a result of our work within the Single Entity Financial statements. A significant number of misstatements were identified either at the subsidiary bodies, or in the consolidation process, leading to a significant number of adjustments to the Group Accounts.
Volume of misstatements in disclosure	Requires improvement			A number of misstatements in disclosures were identified as a result of our work.

02 Areas of Audit Focus

The purpose of our audit is to obtain reasonable assurance to express an opinion about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error. The following summarises the significant accounting and auditing matters which were outlined in our Audit Planning Report and on which we now report. Our detailed procedures performed are included in Appendix A.

Risk/area of focus	Risk identified	Details of Risk	Conclusions Reached
Presumptive risk of management override of controls	Fraud risk Applicable to: GLA Group GLA SE	The financial statements as a whole are not free of material misstatements whether caused by fraud or error. As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.	We have performed enquiries with management and gained an understanding of the oversight and processes to address the risk of fraud to determine our audit strategy and risk assessment which is discussed in further detail on the following slides. We have obtained sufficient audit evidence regarding any business rationale for unusual transactions, any assumptions for the capitalisation of expenditure, and for judgements and assumptions for significant estimates. We have not identified any instances of management override of controls, nor fraud risk factors associated with related party relationships and transactions.
Inappropriate classification of capital spend	Fraud risk Applicable to: GLA Group GLA SE	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition. The potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override at the Authority due to the material expenditure incurred on supporting housing developments both as grant expenditure (financed by capital), and its financing of the functional bodies.	We have completed our testing of Revenue Expenditure Funded from Capital under Statute (REFCUS) and have not identified any instances of incorrect classification of expenditure. We have confirmed that REFCUS has been appropriately treated through the Movement in Reserves Statement, and our journal testing has not identified any inappropriate journal entries.
Risk of fraud in revenue recognition - LTLF and GLAH	Fraud risk Applicable to: GLA Group	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We have considered this presumed risk in relation to those significant income streams which could be subject to manipulation, and identified the revenue in London Treasury Liquidity Fund which is consolidated into the GLA Group financial statements is a material revenue stream of the group where there could be incentive to overstate revenue. At year-end we also identified that GLAH income from property disposals has become material to the GLA Group and we have therefore added this to our fraud risk.	Investment Income recognised by LTLF for the year ended 31 March 2025 totals £168 million which is material to the GLA Group. Income from property disposals at GLAH totals £44.9 million which is also material to the Group. Detailed transaction testing of this revenue was completed by the auditor of LTLF and GLAH (also EY). No misstatements were identified.

Areas of Audit Focus

Risk/area of focus	Risk identified	Details of Risk	Conclusions Reached
Transfer of London Stadium	Significant Risk Applicable to: GLA Group	As an unusual transaction, the accounting for the stadium transfer and the implications on the consolidated financial statements could be significant. There is a risk that the complex accounting implications of such a transaction could be misinterpreted, or incorrectly applied, leading to material misstatement in the group financial statements. This could impact the total valuation of assets, or incorrect presentation and disclosure within the statements.	We reviewed management's paper regarding the transfer of London Stadium, supported by specialist accounting advice commissioned from their specialist. We concur with this assessment, that the results of London Stadium should be consolidated directly into the GLA Group. We identified through our procedures that whilst the approach to direct consolidation was appropriate, key journal entries were not made across the Group which led to corrected misstatements. The most significant of these is £111.2 million in respect of the capital contribution from GLAH which should have been eliminated on consolidation.
E2O Onerous Contract Provision	Significant Risk (Key Audit Matter) Applicable to: GLA Group	The GLA Group consolidates E2O Stadium LLP's financial statements into its financial statements. When the E2O stadium commenced operations it became clear that for key contracts that the expenditure associated is likely to exceed the income received, rendering them onerous under IAS 37. A material provision was therefore recognised. This provision is updated annually based on judgements made by management in the E2O five-year business plan, which is extrapolated to ten years. As a material, judgemental balance, the provision is susceptible to misstatement.	Our work in respect of the E2O onerous contract provision is complete. We concluded that the basis on which the provision is recognised is in accordance with the requirements of IAS 37, as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. Based on the procedures performed, we have determined that the original calculation of the provision understated the balance by £36.9 million. This has been corrected in the updated financial statements. We also requested management increase the level of disclosure around key judgements and sensitivities of the provision. The financial statements were updated accordingly.
Property Valuations	Significant Risk (Key Audit Matter) Applicable to: GLA Group	The GLA Group balance sheet consolidates material property assets held in GLA Land and Property Ltd (GLAP), London Legacy Development Corporation (LLDC) and Old Oak Park Development (OPDC). The valuations are derived based on complex and subjective assumptions and, considering the size of the portfolios, a small change in these assumptions can have a material impact on the group balance sheet. In addition, the classification of these properties determines the valuation basis and therefore an incorrect classification can lead to a misstatement in the valuation. Considering the unique nature of these assets, and the purpose for which they are held, there is a risk that property classifications, and their subsequent valuations, are not updated when trigger events (events that result in a change in classification) occur.	Our work in respect of property valuations is complete. We concluded that the values of investment property and inventory assets are within an acceptable range, the assets are appropriately valued and classified in accordance with the requirements of IAS 40 and IAS 2 as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. We also concluded that the balances and disclosures in the financial statements and notes appropriately reflect the risk factors identified and are in compliance with the requirements of IAS 40 and IAS 2 as applied by the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. As a Key Audit Matter, our final audit report includes details of the conclusions we reached on property valuations.

Areas of Audit Focus

Risk/area of focus	Risk identified	Details of Risk	Conclusions Reached
Non-current financial assets held at amortised cost including ECL provision	Significant Risk (Key Audit Matter) Applicable to: GLA Group GLA SE	Under IFRS 9 management are required to recognise expected credits losses on loan investments classified as Amortised Cost. The extent of loss recognised is subjective and, as a result of the wider economic environment creating challenges for property developers. In 2024/25 we consider there to be a risk that expected credit losses could be understated. The portfolio is made of loan investments held by GLAP in property developers as part of a wider strategy to assist in achieving the Mayor's affordable housing objectives. GLA holds a portfolio of long-term debtors which largely constitute loans to either subsidiaries (including LLDC and GLAP) or other third-party providers largely for the purposes of housing development. Both portfolios are material to the GLA Group.	The valuation of non-current financial assets held at amortised cost and the associated expected credit loss provision is supportable and consistent with the requirements of IFRS 9.
Valuation of Long-term Debtors classified as Fair Value through Profit and Loss	Risk of Material Misstatement Applicable to: GLA Group GLA SE	The Authority holds a material portfolio of long-term debts with various counterparties, including subsidiaries and organisations outside of the GLA Group. Debtors measured at Fair Value Through Profit and Loss (FVTPL) are carried at fair value and totalled £562.6 million in 2023/24. Where quoted market prices are not available, valuation techniques are used to determine the fair value. These include models using both observable and unobservable market inputs.	Having completed all of the designed procedures, including engagement of our specialists, we did not identify any material misstatements. Management have corrected for an £8 million Fair Value adjustment which was incorrectly included within the Amortised Cost balance, and a £13 million uplift in the Fair Value adjustment of the GLIF Loan balance which had not been reflected in the Balance Sheet valuation.
East Bank Development Provision	Risk of Material Misstatement Applicable to: GLA Group	The GLA Group balance sheet contains an East Bank grant provision recognised by LLDC on the basis that management has determined that a constructive obligation exists under the agreements with the respective East Bank partners to contribute towards the costs of their buildings. LLDC has concluded that its contributions towards the cost of the cultural and education buildings (University of the Arts London, V&A, Sadler's Wells and BBC) and the retail units at Stratford Waterfront require a provision to be established from the date that the agreements for lease were signed (all pre-31 March 2020). The provision is based on LLDC's best estimate of the expenditure required to settle the present obligation at the end of the reporting period which could be subject to changes in assumptions over time. At 31 March 2024, the provision totalled £144.4 million.	We have reviewed the release of the East Bank Development Provision, as the residual balance held within LLDC is trivial. We have assessed the completeness of the remaining provision and have assurance that the provision is not materially understated.

Areas of Audit Focus

Risk/area of focus	Risk identified	Details of Risk	Conclusions Reached
Valuation of investments held in Funding London entities	Risk of Material Misstatement Applicable to: GLA Group	<p>The GLA Group consolidates investments held by London Co-Investment Fund LLP (LCIF), Greater London Investment Fund Limited (GLIF) and SME Wholesale Finance Limited (SMEWFL) otherwise referred to as 'Funding London entities'. The entities are established to provide loan and equity finance to small and medium sized enterprises across London. Some of these valuations are performed by fund managers and are based on subjective assumptions and the nature of the companies being invested in means that the investments could be subject to impairment.</p> <p>The total value of these investments recognised in the 2023/24 financial statements was £195.5 million.</p>	<p>The total value of these investments recognised in the Group 2024/25 financial statements is £210.1 million.</p> <p>We performed our designed procedures, including engaging our specialists to test a sample of investments.</p> <p>We did not identify any material misstatements.</p>
Business rates appeals provision	Risk of Material Misstatement Applicable to: GLA Group GLA SE	<p>The business rates appeals provision is a highly material estimate at £286.7 million as at 31 March 2024. GLA's share of the business rates appeals provision is calculated as 37% of the total appeals provision for each of the 33 London billing authorities.</p> <p>In estimating their provision each London billing authority has regard to the settlement rates of historical appeals and the level of challenges unresolved at the financial year end as well as risks of future challenges which have a backdated impact including those arising from material changes of circumstances.</p>	<p>The value of the business rates appeals provision recognised in the 2024/25 financial statements is £305.3 million.</p> <p>We completed our work in relation to this provision. Management have elected to amend for an immaterial (£2.2 million) difference based on the late receipt of information from one of London Boroughs.</p> <p>We also challenged the classification of this provision, which was historically held as a long-term provision, given only an amount of the provision is utilised each financial year. Management re-considered historical information and determined that £129.1 million should be reflected as a short-term provision. Management also reassessed the prior year balances on this basis and calculated that £122.1 million should have been reflected as a short-term provision. Management has adjusted for both current year and comparative figures, noting this has no net impact on income or expenditure.</p>
Pension Valuation	Risk of Material Misstatement Applicable to: GLA Group GLA SE	<p>The Authority's pension fund position is a material and sensitive balance driven by complex assumptions involving judgement and estimation. The information disclosed is based on the IAS 19 report issued by the actuaries to the administering body; the London Pensions Fund Authority.</p> <p>In 2023/24 GLA's share of the scheme was in a surplus position valued at £57.2 million. We will need to consider if the position is in a surplus position again in 2024/25 and if so, whether this has been recognised correctly in line with IAS 19 and IFRIC 14.</p>	<p>In 2024/25 the Authority's share of the scheme is valued at nil, due to the impact of the asset ceiling on the net asset position.</p> <p>We completed our work to assess the balance which has been appropriately recognised in the financial statements. We have obtained the required assurances from the auditor of the London Pension Fund Authority and have no material differences to report.</p> <p>Our EY pension specialists were able to independently recalculate the liability to within an appropriate tolerance threshold at the balance sheet date.</p> <p>As a result of completing our procedures, we have not identified any material misstatements.</p>

Areas of Audit Focus

Risk/area of focus	Risk identified	Details of Risk	Conclusions Reached
Group Boundary Assessment	Risk of Material Misstatement Applicable to: GLA Group	The GLA has relationships with a number of entities for which it may potentially exert a level of control or influence. IFRS 10 requires that management assess control for each entity to consider whether control exists and whether entities should be consolidated or accounted for as joint arrangements or associates under IFRS 11 and IAS 28. In 2024/25 there has been a change to the ownership of the London Stadium which could impact on this boundary assessment and the subsequent accounting for the entity within the GLA Group financial statements.	We have concluded that management's group boundary assessment under IFRS 10 is accurate and complete. We have considered the impact of changes within the structure in year, notably the transfer of London Stadium, which we have reported on separately. We have no matters to report in respect of the Group boundary assessment.
IFRS 16 Implementation	Risk of Material Misstatement Applicable to: GLA Group GLA SE	<p>IFRS 16 Leases is applicable in local government for periods beginning 1 April 2024. It has been adopted, interpreted and adapted in the 2024/24 CIPFA Code of Practice on Local Authority Accounting which sets out the financial reporting framework for the Authority's 2024/25 financial statements.</p> <p>IFRS 16 eliminates the operating/finance lease distinction for leases and imposes a single model geared towards the recognition of all but low-value or short-term leases. Where the Authority is lessee these are now recognised on the Balance Sheet as a 'right of use' asset and lease liability reflecting the obligation to make lease payments.</p> <p>Successful transition will depend on the Authority having captured additional information about leases, both new and existing, especially regarding future minimum lease payments. The Authority will also have had to develop systems for capturing cost information that are fit for purpose, can respond to changes in lease terms and the presence of any variable (e.g., RPI-based) lease terms where forecasts will need to be updated annually based on prevailing indices.</p> <p>The Authority performed an initial impact assessment in 2023/24 and expected to recognise a right of use asset of £30 million.</p>	We have completed our procedures on the implementation of IFRS 16 and have not identified any material matters that require reporting to you. Management has updated the financial statements for disclosure matters across the leases notes.

03 Value for Money

The Authority's responsibility for Value for Money (VFM)

The Authority is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Authority is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Authority tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the NAO Code of Audit Practice. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Risk assessment and status of our work

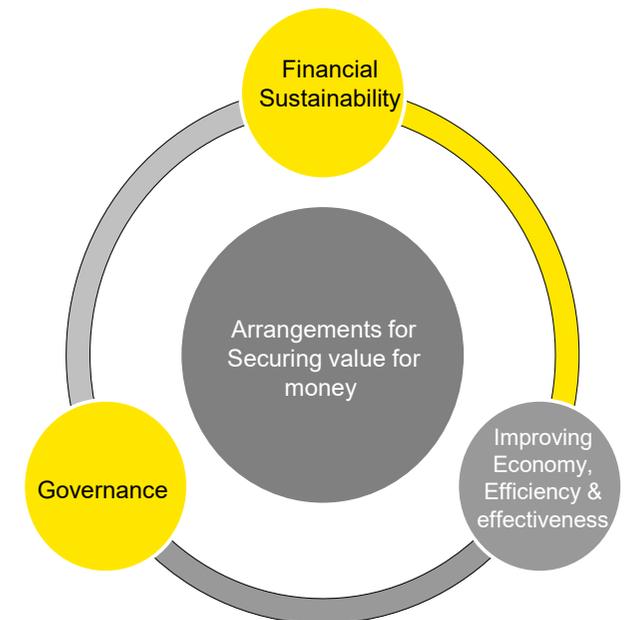
We are required to consider whether the Authority has made 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our value for money planning and the associated risk assessment is focused on gathering sufficient evidence to enable us to document our evaluation of the Authority's arrangements, to enable us to draft a commentary under three reporting criteria (see below). This includes identifying and reporting on any significant weaknesses in those arrangements and making appropriate recommendations.

We will provide a commentary on the Council arrangements against three reporting criteria:

- Financial sustainability - How the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance - How the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness - How the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have completed our detailed VFM work and identified one risk of significant weakness as documented on the next page.



Corporate Governance (cont'd)

Risk of significant weakness in VFM arrangements

What is the risk of significant weakness?

Finance arrangements and sustainability

The GLA has a clear strategic direction to deliver efficiency and value through the collaboration of all the organisations in the GLA Group. However, the impact of current and future levels of high inflation, interest rates and economic market conditions drive uncertainty over the future financial position particularly for the GLA Mayoral Development Corporations where there is a risk that financial commitments cannot be met; existing plans and programmes cannot be delivered in full; Mayoral priorities cannot be pursued; and business as usual is impaired.

In addition to this, there is still funding uncertainty over the long-term funding position due to the further delay in the implementation of planned reforms to local government finance. This combined with the impact on the council tax and business rates taxbase, arising from the impact of the cost-of-living crisis makes forward planning challenging and creates additional pressure on the delivery of savings.

What arrangements did this impact?

Financial Sustainability:

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

What did we do?

Our approach focuses on:

- What approach the Authority has to medium-term financial planning during 2024/25, and how assumptions are used in the preparation of the 2025/26 budget and Medium-Term Financial Strategy.
- What the arrangements are to assess and assure that the available reserves and cash balances are adequate to support the Medium-Term Financial Strategy and that they are used in a sustainable manner.
- How the Authority reviews and considers alternative delivery models and monitors the impact of programmes within the Mayoral Development Corporations, including contingency plans to ensure that commercial opportunities are maximised.
- Review of savings plans and how these are considered and assessed to support medium term financial planning.

Findings

Based on our review of the Authority's minutes, documents and reports presented at relevant committee meetings, the Authority has the arrangements that we would expect to enable it to carry out its financial plan and manage its resources effectively. This ensures the Authority can continue to deliver its services. The Authority prepared a balanced 2025/26 budget which was influenced by the Mayor to facilitate delivery of his manifesto, which was approved in February 2025. The Authority's Budget & Performance Committee is responsible for reviewing and challenging the budgets and performance of the Authority and functional bodies through a process of quarterly reviews.

The Mayoral Guidance for 2025/26 covered the years 2024/25 to 2027/28 and was based on a core central scenario. The core central scenario is a prudent scenario prepared in the absence of confirmed key financial information from central government. It assumes an uplift of 2.5 per cent in total recurring retained business rates income for the Group for 2025/26; and a 2 per cent uplift thereafter. It also assumes a 1 per cent uplift in the overall council tax base; and the Band D council tax precept will increase by 2.99 per cent for police and non-police services in 2025/26 and 1.99 per cent for police and non-police services thereafter which are considered appropriate and prudent based on our review. We have therefore concluded that this risk did not substantiate as a significant weakness in the arrangements of the Authority.

We issued our VFM commentary in our 2024/25 Auditor's Annual Report in November 2025.

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as 'known' or 'judgemental'. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We highlight the following misstatements greater than £37.5m which have been corrected by management that were identified during the course of our audit:

- £60.3 million adjustment in respect of updated data returns from two London boroughs in respect of the Council Tax position. This has no net impact on income and expenditure but increases both short-term debtors and creditors.
- £111.2 million adjustment in respect of the capital contribution from GLAH for the acquisition of the London Stadium, which should have been eliminated on consolidation.
- £129.1 million adjustment in respect of the Non-Domestic Rates Appeals Provision, where management assessed based on the historical trends, that this element should be reflected as a short-term provision. Management also reassessed the prior year balances on this basis and calculated that £122.1 million should have been reflected as a short-term provision. Management adjusted for both current year and comparative figures, noting this has no net impact on income or expenditure.

We also identified a £36.9 million adjustment in respect of the onerous contract provision, based on a revision to assumptions around the timing of revenue which offsets the value of the provision. This increases the total value of the provision. Whilst this is just below the materiality level, we have reported this to you given this is a Key Audit Matter.

Summary of unadjusted differences

We have also identified two misstatements, above our reporting threshold (£3.8 million), which management has not adjusted, on materiality grounds.

- One site within GLAP (£3.9 million) was disposed of in 2023/24, however this transaction has not been reflected until the 2024/25 financial year.
- One site within LLDC (£4.8 million) was derecognised in 2023/24, however this had not met the full derecognition criteria and therefore should be retained as an investment property.

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the 2024/25 financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Greater London Authority Statement of Accounts 2024/25 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements, and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the NAO.

We have not yet performed the procedures required by the NAO on the Whole of Government Accounts submission. We cannot issue our Audit Certificate until these procedures are complete, and the NAO has confirmed no further procedure are required.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 (the Act) to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Greater London Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We are also able to issue statutory recommendations under Schedule 7 of Section 27 of the Act. Statutory recommendations under Schedule 7 must be considered and responded to publicly and are shared with the Secretary of State,

We did not identify any issues which required us to issue a report in the public interest.

06 Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your company, and its directors and senior management and its affiliates, including all services provided by us and our network to your company, its directors and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

Relationships

There are no relationships from 1 April 2024 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by EY

This report includes a summary of the fees that you have paid to us in the year ended 31 March 2025 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided and the related threats and safeguards are set out in the table below.

Description of service	Related independence threat	Safeguards adopted and reasons considered to be effective
Audit of the financial statements of components	<ul style="list-style-type: none"> Self-Interest 	<ul style="list-style-type: none"> We are also the auditor of the component entities of the GLA, GLAH/P, LLDC Group, LTLF, London Stadium and OPDC Group. We have separate audit teams and different signing partners between the GLA and the component entities. Therefore, while we have the ability to operate as a team to reduce duplication, there is a different challenge and review at partner level of the work performed to ensure segregation.
Opinion of the GLA Summary Accounts (non-audit service)	<ul style="list-style-type: none"> Self-Interest 	<ul style="list-style-type: none"> We also provide an opinion on the GLA Summary Accounts We have an engagement quality reviewer who performs a review of the audit teams of work in addition to the partner in charge to provide challenge and ensure segregation

As at the date of this report, there are future services which have been contracted to provide non-audit services has been submitted in relation the opinion of the GLA Summary Accounts.

Independence

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

As set out in our Audit Planning Report the agreed fee presented was based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our financial statements opinion and value for money conclusion being unqualified;
- Appropriate quality of documentation is provided by the Authority; and
- The Authority has an effective control environment
- The Authority complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular, the Authority should have regard to paragraphs 26 - 28 of the Statement of Responsibilities.

If any of the above assumptions prove to be unfounded, we seek a variation to the agreed fee.

	Current Year	Prior Year
	£m	£m
Greater London Authority Scale Fee - Code Work	426,801	397,077
Audit of Subsidiaries	TBD Note 3	663,520
Proposed scale fee variation	TBD Note 3	342,392 Note 1
Total audit	TBD	TBD
Other non-audit services not covered above	TBD Note 2	8,800 Note 2
Total non-audit services	TBD	8,800
Total fees	TBD	TBD

All fees exclude VAT

(1) As set in our 2023/24 Audit Results Report and Auditor's Annual Report a scale fee variation was submitted to PSAA. As at the date of this report that scale fee variation has not yet been determined.

(2) Fee in relation to the work undertaken on the Summary Accounts.

(3) We will submit a scale fee variation to PSAA for additional 2024/25 work. This will be quantified and communicated following the conclusion of the audit. The audits for the relevant subsidiaries may also be subject to fee variations and therefore the fees are not finalised.

Audit approach update

We summarise below our approach to the audit of the balance sheet and any changes to this approach from the prior year audit.

Our audit procedures are designed to be responsive to our assessed risk of material misstatement at the relevant assertion level. Assertions relevant to the balance sheet include:

- **Existence:** An asset, liability and equity interest exists at a given date
- **Rights and Obligations:** An asset, liability and equity interest pertains to the entity at a given date
- **Completeness:** There are no unrecorded assets, liabilities, and equity interests, transactions or events, or undisclosed items
- **Valuation:** An asset, liability and equity interest is recorded at an appropriate amount and any resulting valuation or allocation adjustments are appropriately recorded
- **Presentation and Disclosure:** Assets, liabilities and equity interests are appropriately aggregated or disaggregated, and classified, described and disclosed in accordance with the applicable financial reporting framework. Disclosures are relevant and understandable in the context of the applicable financial reporting framework

Appendix A – Audit approach update (cont'd)

Risk Identified	Procedures Performed
Presumptive risk of management override of controls	<p>We undertook our standard procedures to address fraud risks, which included:</p> <ul style="list-style-type: none"> • Identifying fraud risks during the planning stages • Inquiry of management about risks of fraud and the controls put in place to address those risks • Understanding the oversight given by those charged with governance of management's processes over fraud • Discussing with those charged with governance the risks of fraud in the entity, including those risks that are specific to the entity's business sector (those that may arise from economic industry and operating conditions) • Considering whether there are any fraud risk factors associated with related party relationships and transactions and if so, whether they give rise to a risk of material misstatement due to fraud • Consideration of the effectiveness of management's controls designed to address the risk of fraud • Determining an appropriate strategy to address those identified risks of fraud • Performing mandatory procedures risks, including testing of journal entries and other adjustments in the preparation of the financial statements • Undertaking procedures to identify significant unusual transactions • Considering whether management bias was present in the key accounting estimates and judgments in the financial statements.
Inappropriate classification of capital spend	<p>We have:</p> <ul style="list-style-type: none"> • Tested Revenue Expenditure Funded from Capital Under Statute (REFCUS) expenditure for appropriate classification, valuation and recognition through review of grant determinations and Mayoral decisions. • Confirming the correctness of any reversal in the Movement in Reserves Statement, from the General Fund balance to the Capital Adjustment Account (or the capital grants unapplied account if the grant has not yet been applied). • In our journal testing we will review the other side of all journals posted to REFCUS to assess whether accounting entries are appropriate and are not intended to manipulate the year-end outturn position.
Risk of fraud in revenue recognition - LTLF and GLAH	<p>We have:</p> <ul style="list-style-type: none"> • Reviewed and discussed with management any accounting estimates on revenue recognition for evidence of bias. • Understood variances in revenue recognised against forecasts. • Tested a sample of revenue transactions back to source information including income into the bank, and completion statements • Tested that transactions have been correctly consolidated into the group financial statements.
Transfer of London Stadium	<p>We have:</p> <ul style="list-style-type: none"> • Reviewed key documentation around the transfer of the London Stadium and any related transactions. • Reviewed management's accounting paper in respect of the transaction, including any supporting papers provided by management's specialist in this area. • Challenged accounting entries and assumptions associated with the transfer via review of underlying supporting evidence • Engaged with EY Financial Reporting Group to support in respect of accounting entries or complex assumptions • Worked with the component auditors at LLDC, GLAH and London Stadium to ensure appropriate disclosure is included within the group financial statements.

Appendix A – Audit approach update (cont'd)

Risk Identified	Procedures Performed
E20 Onerous Contract Provision	To be included within our Key Audit Matters section within our Audit Report.
Property Valuation	To be included within our Key Audit Matters section within our Audit Report.
Non-current financial assets held at amortised cost including ECL provision	To be included within our Key Audit Matters section within our Audit Report.
Valuation of Long-term Debtors classified as Fair Value through Profit and Loss	<p>We have:</p> <ul style="list-style-type: none"> • Reviewed a sample of long-term debtors to determine whether the valuation has been appropriately recorded. • Considered the work performed by the Authority’s specialist who are engaged to value long-term debtors measured at FVTPL including the adequacy of the scope of the work performed, their professional capabilities and the results of their work. • Engaged our EY technical specialist, to review the valuation of a sample of loans in accordance with IFRS 13.
East Bank development provision	<p>We have:</p> <ul style="list-style-type: none"> • Obtained the workings prepared by management relating to East Bank provision, and review and challenge its calculation; • Ensured that the basis used for the provision is properly supported with evidence; • Tested that the costs incurred and charged against the provision during the year are correct; and • Reviewed and test the accounting entries and disclosures made within the financial statements are in accordance with the CIFPA Code guidance.
Valuation of investments held in Funding London entities	<p>We have:</p> <ul style="list-style-type: none"> • Understood the basis on which investments are valued and consider whether that basis is appropriate. • Obtained third party confirmations from fund managers for a sample of investments. • Recalculated the valuation where recent share sales is used as a proxy for the valuation and obtain evidence from Companies House to support the share price. • For investments not measured by reference to share prices we understood and challenged the basis of valuation and where required, used EY specialists to review the underlying assumptions. • We have performed credit check reviews to assess for indicators of impairment.
Business rates appeals provision	<p>We have:</p> <ul style="list-style-type: none"> • Reviewed the steps taken by the Authority to ensure that the provision is reasonable and compliant with IAS 37. • Agreed the provision to appropriate underlying information, specifically business rates returns and financial statements. • Reviewed the movement in provision made by individual London boroughs and challenge any movements outside of our expectations.

Appendix A – Audit approach update (cont'd)

Risk Identified	Procedures Performed
Pension Valuation	<p>We have:</p> <ul style="list-style-type: none"> • Liaised with the auditor of the administering authority (London Pension Fund Authority), to obtain assurances over the information supplied to the actuary in relation to the GLA Group. • Assessed the work of the Pension Fund actuary (Barnett Waddingham LLP), including the assumptions they have used, by relying on the work of PwC - Consulting Actuaries, commissioned by the National Audit Office for all Local Government sector auditors and considered any relevant reviews by the EY pensions team. • Assessed whether any pension surplus has been recognised in accordance with IAS 19 and IFRIC 14 and our understanding of the Local Government Pension Scheme deeds. • Reviewed and tested the accounting entries and disclosures made within the Authority and the Group financial statements in relation to IAS19. • Engaged our EY pensions specialists to recalculate the liability based on the assumptions and data in the IAS 19 report to confirm accuracy.
Group Boundary Assessment	<p>We have:</p> <ul style="list-style-type: none"> • Challenged management's assessment against the requirements of IAS 10, IFRS 11 and IAS 28. • Ensured appropriate accounting and disclosure is reflected in the financial statements. • Considered consulting internally with our technical specialists over key accounting judgements.
IFRS 16 Implementation	<p>We have:</p> <ul style="list-style-type: none"> • Gained an understanding of the processes and controls developed by the Authority relevant to the implementation of IFRS 16. We will pay particular attention to the Authority's arrangements to ensure lease and lease-type arrangements considered are complete. • Reviewed the discount rate that is used to calculate the right of use asset and assess its reasonableness. • Reviewed management policies, including whether to use a portfolio approach, low value threshold, and asset classes where management is adopting as the practical expedient to non-lease components. • Gained assurance over the right of use asset included in the 2024/25 financial statements. • Sample tested leases to ensure that transition arrangements have been correctly applied. • Considered the accounting for leases provided at below market rate, including peppercorn and nil consideration, and the need to make adjustments to cost in the valuation of right of use assets at the balance sheet date.

Appendix B – Summary of communications

Summary of communications

Date	Nature	Summary
25 March 2025	Meeting	Senior members of the audit team, met with the management team to discuss the matters identified as part of our initial risk assessment and planning procedures.
26 June 2025	Meeting	The partner in charge of the engagement met with the Chief Officer to discuss focus areas of the audit this year.
1 July 2025	Meeting	Senior members of the audit team attended a closedown workshop for the Group to provide insight into the audit process for the year.
7 July 2025	Meeting	The partner in charge of the engagement and other senior members of the audit team, met with the Audit Panel to present the Audit Planning Report
29 September 2025	Meeting	The partner in charge of the engagement, accompanied by other senior members of the Group audit team, met with Group Management to discuss the status of the audit.
7 October 2025	Report	The audit results report, including confirmation of independence, was issued to the Audit Panel.
22 October 2025	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, met with the Audit Panel and senior members of the management team to discuss the audit results report.
Monthly	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, meet with the Chief Financial Officer to discuss audit progress and developments at the Authority
Quarterly	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, meet with the Chief Officer to discuss audit progress and developments at the Authority
Weekly (since December 2025)	Meeting	The partner in charge of the engagement, accompanied by other senior members of the audit team, have met with the Chief Financial Officer and other senior finance officers to discuss audit progress, and path for completion, in respect of the Group financial statements.

In addition to the above specific meetings and letters the audit team met with the management team multiple times throughout the audit to discuss audit findings.

Appendix C – Required communications with those charged with governance

Required communications with those charged with governance

There are certain communications that we must provide to those charged with governance. We have detailed these here together with a reference of when and where they were covered:

		Our Reporting to you
Required communications	What is reported?	When and where
Terms of engagement	Confirmation by the audit committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▪ The planned scope and timing of the audit ▪ Any limitations on the planned work to be undertaken ▪ The planned use of internal audit ▪ The significant risks identified <p>When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.</p>	Audit Planning Report- April 2025
Significant findings from the audit	<ul style="list-style-type: none"> ▪ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▪ Significant difficulties, if any, encountered during the audit ▪ Significant matters, if any, arising from the audit that were discussed with management ▪ Written representations that we are seeking ▪ Expected modifications to the audit report ▪ Other matters if any, significant to the oversight of the financial reporting process 	Audit Planning Report- April 2025

Appendix C – Required communications with those charged with governance (cont'd)

Required communications	What is reported?	Our Reporting to you
		When and where
Public Interest Entities	<p>For the audits of financial statements of public interest entities our written communications to the audit committee include:</p> <ul style="list-style-type: none"> ▪ A declaration of independence ▪ The identity of each key audit partner ▪ The use of non-EY firms or external specialists and confirmation of their independence ▪ The nature, frequency and extent of communications ▪ A description of the scope and timing of the audit ▪ For joint audits – the distribution of tasks [delete if not a joint audit] ▪ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▪ Materiality ▪ Any going concern issues identified ▪ Any significant deficiencies in internal control identified and whether they have been resolved by management ▪ Subject to compliance with regulations, any actual or suspected non-compliance with laws and regulations identified relevant to the audit committee ▪ Subject to compliance with regulations, any suspicions that irregularities, including fraud with regard to the financial statements, may occur or have occurred, and the implications thereof ▪ The valuation methods used and any changes to these including first year audits ▪ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▪ The identification of any non-EY component teams used in the group audit ▪ The completeness of documentation and explanations received ▪ Any significant difficulties encountered in the course of the audit ▪ Any significant matters discussed with management ▪ Any other matters considered significant 	<p>Audit Planning Report - April 2025 Audit Results Report - October 2025 and February 2026</p>

Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▪ Whether the events or conditions constitute a material uncertainty related to going concern ▪ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▪ The appropriateness of related disclosures in the financial statements 	Audit Results Report - October 2025 and February 2026
Misstatements	<ul style="list-style-type: none"> ▪ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▪ The effect of uncorrected misstatements related to prior periods ▪ A request that any uncorrected misstatement be corrected ▪ Material misstatements corrected by management 	Audit Results Report - October 2025 and February 2026
Fraud	<ul style="list-style-type: none"> ▪ Enquiries of the audit committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▪ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▪ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ul style="list-style-type: none"> ▪ Management; ▪ Employees who have significant roles in internal control; or ▪ Others where the fraud results in a material misstatement in the financial statements. ▪ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▪ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▪ Any other matters related to fraud, relevant to Audit Committee responsibility. 	Audit Results Report - October 2025 and February 2026

Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▪ Non-disclosure by management ▪ Inappropriate authorisation and approval of transactions ▪ Disagreement over disclosures ▪ Non-compliance with laws and regulations ▪ Difficulty in identifying the party that ultimately controls the entity 	Audit Results Report - October 2025 and February 2026
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▪ The principal threats ▪ Safeguards adopted and their effectiveness ▪ An overall assessment of threats and safeguards ▪ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p> <ul style="list-style-type: none"> ▪ Communication of relevant information to those charged with governance, to enable them to provide concurrence on the non-audit services being provided.] <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2019:</p> <ul style="list-style-type: none"> ▪ Relationships between EY, the company and senior management, its affiliates and its connected parties ▪ Services provided by EY that may reasonably bear on the auditors' integrity, objectivity and independence ▪ Related safeguards ▪ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▪ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit 	<p>Audit Planning Report - April 2025</p> <p>Audit Results Report - October 2025 and February 2026</p>

Appendix C – Required communications with those charged with governance (cont'd)

Required communications	What is reported?	Our Reporting to you
		When and where
	<ul style="list-style-type: none"> ▪ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▪ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▪ The audit committee should also be provided an opportunity to discuss matters affecting auditor independence 	
External confirmations	<ul style="list-style-type: none"> ▪ Management's refusal for us to request confirmations ▪ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit Results Report - October 2025 and February 2026
Consideration of laws and regulations	<ul style="list-style-type: none"> ▪ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▪ Enquiry of the audit committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the audit committee may be aware of 	Audit Results Report - October 2025 and February 2026
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▪ Significant deficiencies in internal controls identified during the audit. 	Audit Results Report - October 2025 and February 2026

Appendix C – Required communications with those charged with governance (cont'd)

		Our Reporting to you
Required communications	What is reported?	When and where
Group Audits	<ul style="list-style-type: none"> ▪ An overview of the type of work to be performed on the financial information of the components ▪ An overview of the nature of the group audit team's planned involvement in the work to be performed by the component auditors on the financial information of significant components ▪ Instances where the group audit team's evaluation of the work of a component auditor gave rise to a concern about the quality of that auditor's work ▪ Any limitations on the group audit, for example, where the group engagement team's access to information may have been restricted ▪ Fraud or suspected fraud involving group management, component management, employees who have significant roles in group-wide controls or others where the fraud resulted in a material misstatement of the group financial statements. 	Audit Results Report - October 2025 and February 2026
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▪ Written representations we are requesting from management and/or those charged with governance 	Audit Results Report - October 2025 and February 2026
System of quality management	<ul style="list-style-type: none"> ▪ How the system of quality management (SQM) supports the consistent performance of a quality audit 	Audit Results Report - October 2025 and February 2026
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▪ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit Results Report - October 2025 and February 2026
Auditors report	<ul style="list-style-type: none"> ▪ Key audit matters that we will include in our auditor's report ▪ Any circumstances identified that affect the form and content of our auditor's report 	Audit Results Report - October 2025 and February 2026

Appendix D – Regulatory update

The English Devolution and Community Empowerment Bill – Audit Measures

Background

On 16 December 2024, the Government published the English Devolution White Paper. The White Paper outlines how England is one of the most centralised countries in the world and contends that over-centralisation is holding back the prosperity of the regions. As a result, there is an intention from Government to widen and deepen devolution to local areas across England. The English Devolution and Community Empowerment Bill (the Bill) is intended to provide the legislative framework to do this by setting out a standardised framework of devolved powers, duties and functions. The bill is in six parts:

- Part 1 introduces the new devolution architecture for England, centred around the new category of “strategic authorities” (SAs). These are organisations designated by Government to have responsibility for strategy development and programme delivery over larger functional economic areas.
- Part 2 outlines the powers and duties which existing and future SAs will have, and the new process by which new powers and duties can be conferred on SAs by Government in the future.
- Part 3 is focused on measures designed to strengthen local government and communities.
- Part 4 is intended to strengthen the accountability of the local government sector by reforming the local audit system, including the establishment of the Local Audit Office (LAO) as the body responsible for overseeing local audit.
- Part 5 concerns the banning of upwards only rent review clauses for commercial leases to prevent vacant shops and regenerate high streets in communities across England.
- Part 6 contains the technical sections related to the Bill, including on regulations, commencement and extent.

The draft legislation can be found in full at [English Devolution and Community Empowerment Bill](#).

Part 4 of the Bill - Reforming local audit

The Bill is intended to overhaul the local audit system as is part of the wider measures to address the backlog in local government audit previously considered by this report. Specifically:

- The LAO will be established with the aim of radically simplifying the current audit system and bringing functions together under a single organisation with a clear remit. The LAO will be responsible for coordinating the system, standard setting, contracting, quality oversight and reporting. It will also support and enable wider measures to address pressing challenges, including reforms to financial reporting; strengthening audit capacity and capability; and establishing public provision of audit to support the private market.
- The LAO will be responsible for audit quality and the regulation of audit providers. Regulatory powers can be delegated.
- The LAO will be responsible for auditor appointment to all local audits other than for NHS bodies, will set indicative fees, publish those fees and make final determinations on the fees to be paid. The ability of local authorities to appoint their own auditors is removed.
- Audit firms will be required to nominate ‘lead individuals’ and have pre-approval of their own eligibility criteria.
- The responsibility for production of the Code of Audit Practice passes from the NAO to LAO. The LAO is also able to determine technical standards that auditors must follow.
- Statutory guidance for Audit Committees will be developed by LAO in conjunction with the Local Government Association, CIPFA and other relevant bodies.

We will continue to keep you updated as these arrangements develop.

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