

## Audit Committee

**Tuesday, 25 June 2024 at 5.00 pm**  
**Phoenix Chambers, Phoenix House, Tiverton**

**Next meeting**  
**Tuesday, 20 August 2024 at 5.00 pm**

**Please Note:** This meeting will take place at Phoenix House and members of the public and press are able to attend via Teams. If you are intending to attend in person please contact the committee clerk in advance, in order that numbers of people can be appropriately managed in physical meeting rooms.

**The meeting will be hybrid and an audio recording made and published on the website after the meeting.**

[To join the meeting online, click here](#)

Meeting ID: 343 865 632 326  
Passcode: ayAhVM

## Membership

D Broom  
E Buczkowski  
G Czapiewski  
J M Downes  
A Cuddy  
B Fish  
L Knight  
R Roberts  
Vacancy

## **A G E N D A**

*Members are reminded of the need to make declarations of interest prior to any discussion which may take place*

1. **Election of Chairman**  
To elect a Chairman of the Audit Committee for the municipal year 2024/2025.
2. **Election of Vice Chairman**  
To elect a Vice Chairman of the Audit Committee for the municipal year 2024/2025.
3. **Start time of Meetings**  
To agree a start time of meetings for the remainder of the municipal year.
4. **Apologies**  
To receive any apologies for absence.
5. **Public Question Time**  
To receive any questions from members of the public and replies thereto.
6. **Declaration of Interests under the Code of Conduct**  
To record any interests on agenda matters.
7. **Minutes of the previous meeting** *(Pages 5 - 16)*  
To consider whether to approve the minutes as a correct record of the meeting held on 26<sup>th</sup> March 2024.
8. **Chairman's Announcements**  
To receive any announcements that the Chairman may wish to make.
9. **Corporate Risk Q4** *(Pages 17 - 38)*  
To receive a report from the Corporate Performance and Improvement Manager and the Corporate Manager for People Performance & Waste providing Members with a quarterly update on the Corporate Risk Register.
10. **Draft Statement of Accounts for 2023/2024** *(Pages 39 - 236)*  
To receive a report from the Deputy Chief Executive (S151) presenting the draft version of the annual Statement of Accounts and Annual Governance Statement for 2023/24.
11. **DAP Internal Audit Annual Report for 2023/24** *(Pages 237 - 260)*  
To receive the Annual Internal Audit Report for 2023-24 from the Devon Audit Partnership (DAP).

12. **DAP Management Actions Update Report** (Pages 261 - 268)  
To receive a Management Actions Update Report from the Devon Audit Partnership (DAP).
13. **Identification of items for the next meeting**  
Members are asked to note that the following items are already identified in the work programme for the next ordinary meeting:
- Corporate Risk Quarter 1
  - Internal Audit Progress Report
  - External Audit Progress Report

Note: This item is limited to 10 minutes. There should be no discussion on the items raised.

**Stephen Walford**  
Chief Executive  
Monday, 17 June 2024

## Meeting Information

From 7 May 2021, the law requires all councils to hold formal meetings in person. The Council will enable all people to continue to participate in meetings via Teams.

If you want to ask a question or speak, email your full name to [Committee@middevon.gov.uk](mailto:Committee@middevon.gov.uk) by no later than 4pm on the day before the meeting. Residents, electors or business rate payers of the District wishing to raise a question under public question time are asked to provide their written questions to the Democratic Services team by 5pm three clear working days before the meeting to ensure a response is received at the meeting to the written question. This will ensure that your name is on the list to speak and will help us ensure that you are not missed. Notification in this way will ensure the meeting runs as smoothly as possible.

Residents, electors or business rate payers of the District may make a statement or shall be entitled to ask questions at a meeting which concerns the Council's powers / duties or which otherwise affects the District. If your question does not relate to an agenda item, the question must be submitted to the Democratic Services Manager two working days before the meeting to give time for a response to be prepared.

Please note that a reasonable amount of hardcopies at the meeting will be available, however this is a limited number. If you are attending the meeting and would like a hardcopy of the agenda we encourage that you notify Democratic

Services in advance of the meeting to ensure that a hardcopy is available. Otherwise, copies of the agenda can be found on our website.

If you would like a copy of the Agenda in another format (for example in large print) please contact Sarah Lees on: [slees@middevon.gov.uk](mailto:slees@middevon.gov.uk)

Public Wi-Fi is available in all meeting rooms.



**MINUTES** of a **MEETING** of the **AUDIT COMMITTEE** held on 26 March 2024 at 5.00 pm

**Present**

**Councillors**

L G J Kennedy (Chairman)  
E Buczkowski, C Connor, G Duchesne,  
B Holdman, L Knight (Vice Chairman) and  
R Roberts

**Apology**

**Councillor**

S Robinson

**Also Present**

**Councillors**

D Broom, J Buczkowski, A Cuddy, G Czapiewski,  
C Harrower and D Wulff

**Also Present**

**Officer(s):**

Paul Deal (Corporate Manager for Finance, Property and Climate Change), Matthew Page (Corporate Manager for People, Governance and Waste), Paul Middlemass (Audit Manager), Angie Howell (Democratic Services Officer) and Sarah Lees (Democratic Services Officer)

**Councillors**

**Online**

J Downes and S Keable

**Officers**

**Online**

Dr Stephen Carr and Dean Emery

**Also in**

**Attendance**

Ken Johnson (DAP)  
Jo McCormick (DAP)  
Julie Masci (Grant Thornton)  
Andy Nichols (Grant Thornton)  
Craig Sullivan (Bishop Fleming)  
Jennifer Whitten (Independent Person candidate)

## 62. APOLOGIES

Apologies were received from Councillor S Robinson who was substituted by Councillor Ben Holdman.

## 63. PUBLIC QUESTION TIME

The following members of the public had registered to ask questions:

## **Goff Welchman**

My questions concern loans from this Council to 3 Rivers.

A friend of mine has had a very long career in banking with a major high street bank and in particular with business investments lending money to new start-ups. Having looked at it carefully, his view of 3Rivers was that if the original Directors with their lack of experience in the relevant field and with lack of any capital to invest themselves approached his bank without a proper business plan and asked for a loan every red flag in the lending world would have popped up and the request would have been rejected summarily. He also told me that if he had authorised loans to the tune of £23m to 3Rivers on behalf of his bank, he would have been fired. Therefore my questions are:

1. How were the loans from Mid Devon District Council assessed?
2. What checks and audits were in place?
3. How were the loans approved and on whose authority?
4. Were Councillors given the opportunity to review the loans and if not, why not?
5. What were the repayment terms of each loan and was the commercial interest rate at the time charged on the loan?

## **Nick Quinn**

Regarding Agenda Item 8 – 3 Rivers Soft Closure Plan.....

### **Question 1**

This 'Soft Closure Plan' report makes reference to Cabinet being informed of the purchase, or transfer, of assets from 3 Rivers to the Council. One of the items was expenditure relating to a possible development of the Park Road Nursery site, which I believe was described as being "intellectual property" - please can you tell me what actually is the "intellectual property" that the Council intends to buy from 3 Rivers?

### Response from the Cabinet Member for Finance

This included the architectural drawings associated with the new planning application.

### **Question 1(a)**

Bearing in mind that the Council still owns the Park Road Nursery site and has already obtained Planning permission for a development on it - why does this "intellectual property" have value to the Council?

### Response from the Cabinet Member for Finance

It is possible that this might be re-sellable to any new purchaser.

### **Question 2**

Has the purchase of the St George's Court complex, by the District Council, been completed yet?

### Response from the Cabinet Member for Finance

Yes

### **Question 2(a)**

If so, on what date was this completed?

Response from the Cabinet Member for Finance  
21 March 2024

### **Question 3**

Has the purchase of 42 Banksia Close, by the District Council, been completed yet?

Response from the Cabinet Member for Finance  
No

### **Question 3(a)**

If so, on what date was this completed?

Response from the Cabinet Member for Finance  
N/a

### **Paul Elstone**

Regarding Agenda Item 9 – Grant Thornton Interim Report 2022/23....

Question 1

Page 20 final paragraph says.

*“The report set out the Judgement made by the Devon Audit Partnership is that the allegations were made on an incomplete understanding of the issues involved. The debate has however continued mistrust between officers, members and some members of the public continues.”*

Given the last sentence never truer words spoken.

I find it belittling for it to be suggested that former members of this Council and some members of the public did not understand the issues. I would also promptly add the allegations made as much as anything were about Officer, Member and Director misconduct. This opposed to criminal actions. Therefore, I will ask the following related questions.

Why was the Officer most widely associated with the allegations allowed to set the terms of reference and the very tight investigation timelines?

Question 2

Why were the full reasons behind Rivers paying nearly twice as much above the lands market valuation and for the “*pig in the poke*” Bampton site not investigated?

Question 3

Why was the Building Developer and who had an agreement with the landowner to buy the Bampton site and who had spent £80,000 on the development site planning

works not interviewed? A developer who has since needed to file for bankruptcy and in part due to these losses.

#### Question 4

Why were the full circumstances of a non-existent Ransom Strip not investigated and something alleged had been used by 3 Rivers to destabilise the land-owners sale to the developer?

#### Question 5

Why was a former MDDC Planning Officer not interviewed and who knew of this building developer's involvement and including of his offer to make a S106 payment of circa £400,000 re: Affordable Homes?

#### Question 6

Why were conflicts of interest involving key persons involved in the land purchase and the landowner not investigated?

#### Question 7

Why was the Tiverton Town Clerk not interviewed and who identified the alleged theft of materials at St Georges Court?

#### Question 8

Why was the Town Clerk and supported by the current and previous Mayor not interviewed. This in respect of the attempts of Officers and Members to suppress any investigation into the alleged theft.

#### Question 9

Why were Officers, Members and 3 Rivers Directors not interviewed and who provided 3 separate excuses for the removal of the materials?

#### Question 10

Why was the Manager of a Builders Merchant not interviewed after he raised major concerns about materials being signed out by persons not knowingly associated with 3 Rivers?

#### Question 11

Why were Builders Merchants sales receipts and signatories not checked?

#### Question 12

Why were 3 Rivers payment records to this Builders Merchant not checked?

#### Question 13

Will the Chair of Audit and with the support of this committee agree there is justifiable reason to open a full and independent investigation into the previously made allegations of misconduct or worse?

The Chairman informed the meeting that, as their questions had not been received in advance of the meeting, written responses would be supplied to Mr Welchman and Mr Elstone within 10 working days and attached to the minutes of the meeting.

64. **DECLARATION OF INTERESTS UNDER THE CODE OF CONDUCT**

No interests were declared under this item.

65. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 16 January 2024 were confirmed as a true and accurate record and **SIGNED** by the Chairman.

66. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

- He reminded the Committee that there would be a special meeting of the Audit Committee on Tuesday 30<sup>th</sup> April 2024 at 5pm to sign off the 2022/2023 Accounts.
- He introduced a representative from the Council's new External Auditors, Bishop Fleming, Mr Craig Sullivan, and stated that he would be presenting the Bishop Fleming Audit Plan later in the meeting.

67. **INDEPENDENT PERSON - INTRODUCTION**

The Chairman welcomed Jennifer Whitten to the meeting as a potential Independent Person to the Audit Committee. She was attending this evening's meeting in an observing capacity only.

68. **ACCESS TO INFORMATION - EXCLUSION OF THE PRESS AND PUBLIC**

The Committee were of the opinion that their discussions for the following item did not need to go into Part II, therefore there was no need to pass a resolution to exclude the Press and Public at this stage.

69. **3 RIVERS DEVELOPMENT LTD - SOFT CLOSURE PLAN (00:15:00)**

The Committee received, and **NOTED**, a report \* from the Deputy Chief Executive (S151) providing reassurance that a formal company closure plan was produced and utilised to assist with a structured closedown process. The plan had been followed by the officer / director working group and updated with both progress and new items as identified.

It was explained that the closedown procedure had commenced back in October 2023 and this was now nearing the end of that journey. Assets would be transferred by the end of the week. There would now be a period of dormancy before the company was struck off.

Note: \* Report previously circulated.

## 70. GRANT THORNTON - INTERIM ANNUAL REPORT FOR 2022/23 (00:17:00)

The Committee had before it and **NOTED** a report \* from Grant Thornton providing their interim assessment of the Council's Value for Money arrangements.

The following summary was provided:

- Grant Thornton's final conclusion in relation to the Council's accounts for 2022/2023 would be brought to the special meeting planned for 30<sup>th</sup> April 2024. This might include some updated commentary.
- Their approach regarding the Value for Money assessment was explained which included looking at 3 specific areas, including financial sustainability, governance and decision making.
- The 3 levels of possible recommendations were explained.
- Putting 3Rivers aside, the health of the Council's finances was very good.
- Regarding 3Rivers, it was the opinion of the external auditors that oversight of its stewardship had been insufficiently strong. It had been incumbent upon the Council to have asked more questions of 3Rivers, for example, were objectives still achievable? This was generally felt to be good practice.
- It was also the external auditor's opinion that the company's Business Plan had not been created and agreed in a constructive and timely manner meaning that the Council had not been able to set its budget according to regular time scales. Should the Council wish to enter into a similar arrangement in the future it should be mindful of the recommendations made by the Scrutiny Committees 'Lessons Learned' Working Group.
- Other improvement recommendations regarding the Council's finances would include firming up the Medium Financial Term Plan clearly identifying a savings programme to plug any future funding gaps. They had discovered no evidence of policies not being complied with but felt that more information could have been provided regarding cost effectiveness.

Discussion took place with regard to:

- Whether it would be possible to monitor cost effectiveness better by amending the Key Performance Indicators (KPI's)?
- It was suggested that the Council should try to in-still more of a business culture.
- The need the move on now and focus on the actions identified by the Scrutiny Working Group by regular monitoring.

It was **AGREED** that the Audit and Scrutiny Committees continued to monitor the actions identified by the Scrutiny Working Group looking at the lessons learned from the 3Rivers experience.

Note: \* Report previously circulated.

## 71. CORPORATE RISK REPORT (00:20:00)

The Committee had before it, and **NOTED**, a report \* from the Corporate Performance and Improvement Manager and the Corporate Manager for People, Performance & Waste providing a quarterly update on the Corporate Risk Register.

Discussion took place with regard to:

- Whether the risk rating for Corporate Risk 17, Severe Weather Emergency Recovery, needed to be increased given the volatility of climate change? This suggestion would be fed back to the Leadership Team. The focus of the risk was currently around whether the Council had the right preparedness to recover from an 'event'.
- The risk rating related to Corporate Risk 8 Quality of Planning Decisions has been reduced due to the actions of the committee.
- Appropriate mitigations needed to be in place to provide assurance in relation to Information Security.
- A possible risk in relation to Junction 27 given the significant economic impact upon the economy of Mid Devon. This would be fed back to the Leadership Team.

Note: \* Report previously circulated.

## 72. **RISK MANAGEMENT POLICY (00:44:00)**

The Committee had before it a report \* from the Corporate Performance and Improvement Manager updating the Council's Risk Management Policy for the 2024/25 financial year.

The following was highlighted:

- This policy was reviewed on an annual basis.
- The process had previously been revised to provide more accountability.
- The Corporate Risk Register had been established, rolled out and was now well embedded.

Discussion took place regarding risk appetite in relation to the local community which might need careful consideration. It was explained that the examples of risk severity which had been included in the policy were offered as guidance, they were not an exhaustive or prescriptive list but designed to be helpful examples.

**RESOLVED** that the updated Risk Management Policy be approved.

(Proposed by Cllr B Holdman and seconded by Cllr E Buczkowski)

### Reason for the decision

Failure to mitigate risks or take advantage of opportunities could result in financial loss to the Council.

Risk management was an integral part of the Council's Corporate Governance arrangements and there was a statutory responsibility under the Account and Audit Regulations (2015) to put in place risk management arrangements.

Failure to take advantage of opportunities and mitigate risks could impact on the Council's ability to deliver its strategic objectives. Assessment of the effectiveness of the framework for identifying and managing risks and for performance and



demonstrating clear accountability was a key element of the Council's governance arrangements.

Note: \* Report previously circulated.

### 73. **DAP INTERNAL AUDIT PROGRESS REPORT 2023-2024 (00:46:00)**

The Committee had before it, and **NOTED**, a report \* from the Devon Audit Partnership (DAP) providing a progress update.

The following was highlighted within the report:

- An Outturn Report for 2023/2024 would be brought to the next meeting.
- The Housing Benefits area had received a 'Substantial Assurance' opinion.
- The Emergency Planning area now had a weather risk which was useful.
- The new Resilience Officer was undertaking good work.
- Building Control had received a 'Limited Assurance' opinion given the issues facing the partnership with North Devon District Council in providing an effective and timely service with a significant reduction in income.
- There had been a slight reduction in the number of overdue medium recommendations.
- There had been a real focus on housing voids by Mid Devon Housing and a reduction in the numbers generally since April 2023.

Note: \* Report previously circulated.

### 74. **DAP INTERNAL AUDIT CHARTER AND STRATEGY (DAP) (00:55:00)**

The Committee received a report \* from DAP providing the updated Internal Audit Charter and Strategy.

The following summary information was provided:

- The Charter and Strategy set out how Internal Audit delivered its service. Whilst this was a 'dry' document it was very important for setting the standard and supported the team in its work.
- The documents set out the framework of audit activity and formalised it.

**RESOLVED** that the updated Internal Audit Charter and Strategy be approved.

(Proposed by the Chairman)

#### Reason for the decision

The Internal Audit Charter and Internal Audit Strategy for Mid Devon was required by the Public Sector Internal Audit Standards (PSIAS).

Note: \* Report previously circulated.



## 75. **DAP INTERNAL AUDIT PLAN 2024-25 (00:57:00)**

The Committee had before it a report \* from DAP providing the Internal Audit Plan for 2024-2025.

The following was highlighted within the plan:

- The 'Audit Needs Assessment' was explained which provided information about how audits were prepared.
- Considerations when organising an audit included looking at universal areas of risk, discussions with the Directors, looking at previous reviews, looking at the IT systems in place and best practice across the sector.
- Audits were a collaborative process and the annual audit of the accounts usually started in December in each year.
- The proposal was to include a reduction of 10% in terms of the number of audit days next year.
- The plan would need to be responsive to unfolding events with follow up work on previous audits with 'Limited Assurance' opinions.
- 30 audit days were currently allocated to looking at Cyber Security.
- The majority of areas with significant risk would be covered.

Discussion took place regarding:

- There had been a slight improvement in the Council's audit opinions in the past 12 months however follow up work was still needed in relation to Cyber Security and Information Security.
- The delivery of the current audit plan, whilst nearing the end, was on target.

**RESOLVED** that the DAP Internal Audit Plan for 2024-2025 be approved.

(Proposed by Cllr B Holdman and seconded by Cllr C Connor)

### Reason for the decision

The Audit Committee, under its Terms of Reference contained in the Council's Constitution, was required to review and approve the Internal Audit Plan to provide assurance to support the governance framework.

Note: \* Report previously circulated.

## 76. **DAP - COUNTER FRAUD RESILIENCE AND ASSESSMENT REPORT (01:09:00)**

The Committee had before it, and **NOTED**, a report \* from DAP outlining the ever increasing fraud threats affecting all areas of public spending and the responses expected from Mid Devon District Council.

The following was highlighted:

- The Committee were referred to a checklist of Chartered Institute of Public Finance Accountancy (CIPFA) expectations contained within the report which each local authority should assess itself against as a response to the risk of

fraud and corruption. It was DAP's opinion that this Council measured up quite well against this list.

- Fraud represented 41% of overall crime and was on the increase.
- Failure to attempt to prevent fraud could be classified as a criminal offence in the future.
- The Corporate Manager for Income, Benefits and Recovery had undertaken some important work in relation to the Single Persons Discount and was to be congratulated.

Discussion took place with regard to:

- Organisations now needed to demonstrate that they had adequate procedures in place to attempt to prevent fraud.
- Fraud risk in relation to the Council Tax area. It was confirmed that collection rates were looked at as part of any audit in this area, however, as the Council only kept £0.08p in every pound of Council Tax there was a limit in terms of how much resource that could be put to this area.

Note: \* Report previously circulated.

#### 77. **BISHOP FLEMING - 2023/24 AUDIT PLAN (01:25:00)**

The Committee had before it, and **NOTED**, a report \* from Bishop Fleming, the Council's new External Auditors, providing an overview of the nature and scope of their audit work and bringing the Committee's attention to key aspects of the audit.

The following was highlighted within the Audit Plan:

- The plan set out their key roles and responsibilities. It also outlined the key risks.
- As the External Auditors they would be looking to assess the Council's Financial Statements and Value for Money arrangements.
- They would also be following up on any weaknesses identified by Grant Thornton.
- A sector update was also provided with information regarding the three current national consultations.
- They hoped to get back to the audit timetable that had existed before 3Rivers.
- They had met with relevant officers and had starting building important relationships.

Note: \* Report previously circulated.

#### 78. **CHAIRMAN'S ANNUAL REPORT 2023/2024 (01:27:00)**

The Committee had before it, and **NOTED**, the Chairman's Annual Report \* for 2023/2024.

There being no further discussion on this report it would now go forward to full Council for noting on 24<sup>th</sup> April 2024 alongside the Annual Reports from all the other Committee Chairmen.

Note: \* Report previously circulated.

79. **IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:30:00)**

The Committee had before it, and **NOTED**, the items identified in the work programme for the next ordinary meeting. No additional items were requested to be added.

(The meeting ended at 6.31 pm)

**CHAIRMAN**

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These risks have been determined by the Council's Leadership Team in consultation with Corporate Managers and other council officers.

## 2.0 Summary of Corporate Risk

2.1 There are currently 18 risks on the CRR (see Appendix 1 and 2). Risks are now presented with their target risk rating. This is the risk rating that is expected once all identified mitigating actions have been completed:

Risk Name		Risk Owner	Risk Rating (Target)
CR1a	Culm Garden Village – Loss of capacity funding	Adrian Welsh	25 (9)
CR1b	Culm Garden Village – Delay/ impact to project arising from infrastructure delays	Adrian Welsh	20 (15)
CR2	Cyber Security	Brian Trebilcock	20 (15)
CR3	Failure to meet Climate Change Commitments by 2030	Paul Deal	15 (9)
CR4	Homes for Ukraine Scheme	Simon Newcombe	9 (9)
CR5	Information Security	Lisa Lewis	12 (8)
CR7	Financial Sustainability	Paul Deal	16 (12)
CR8	Quality of Planning Committee Decisions	Angharad Williams	9 (3)
CR9	3 Rivers – Delivery of closedown plan	Paul Deal	3 (2)
CR9a	Reputational Impact of 3 Rivers	Stephen Walford	3 (2)
CR10	Cullompton Town Centre Relief Road	Adrian Welsh	25 (15)
CR11	Cost of Living Crisis	Dean Emery	16 (16)
CR12	Housing Crisis	Simon Newcombe	12 (9)
CR13	Operation of a Waste Management Service	Matthew Page	8 (8)
CR14	Workforce Shortage	Matthew Page	6 (4)
CR15	Corporate Property Fire Safety	Stephen Walford	9 (6)
CR16	Building Control Service viability	Andrew Howard	9 (2)
CR17	Severe Weather Emergency Recovery	Simon Newcombe	12 (9)

2.2 For each risk the following information is given in Appendix 2:

- Risk name
- Risk description
- Current risk severity and likelihood
- Current risk rating
- Risk Owner
- Risk Type
- Mitigating actions (including name, description, responsible officer, current effectiveness and when it was reviewed)
- Notes.

2.3 Since this report was last presented to committee in March 2024, the following significant changes have been made to the corporate risks being managed:

- CR5 Information Security: Risk rating increased from 8 to 12.
- CR8 Quality of Planning Committee Decisions: Risk rating decreased from 12 to 9.
- CR9 3 Rivers – Delivery of closedown plan: Risk rating decreased from 8 to 3.
- CR9a Reputational Impact of 3 Rivers: Risk rating decreased from 8 to 3.

2.4 At the start of May 2024 there was an announcement by DEFRA looking to potentially standardise all waste/ recycling services across the country. This is a developing risk to the Council given the potential financial implications of changes that could be required. Government is looking to introduce new legislation/ statutory guidance in this key area of local government service delivery.

2.5 One of these new measures could be the instruction of all councils to provide at least fortnightly waste collection. In all of the DEFRA webinars (where over 350 Council representatives attended), it was made clear that the move to fortnightly collection would be counterintuitive as councils had delivered cost savings, carbon reductions and higher levels of recycling.

2.6 Officers will reflect on whether these Government changes are legislated for. Enacting these decisions would have significant financial implications to the Council, impact our recycling rate, and progress to reducing carbon emissions.

### **Financial Implications**

There are no direct financial implications arising from this report. However, risks which are not mitigated may have financial implications for the council. Equally, the treatment of risk may require resources to be (re)allocated. Having a robust approach to risk management will continue to help the council minimise future financial risks and implications. A number of the corporate risks being managed contain financial risk, such as CR7 Financial Sustainability.

### **Legal Implications**

Risk management is an integral part of the Council's Corporate Governance arrangements and there is a statutory responsibility under the Account and Audit Regulations (2015) to put in place risk management arrangements.

### **Risk Assessment**

Failure to take advantage of opportunities and mitigate risks could impact on the Council's ability to deliver its strategic objectives. Assessment of the effectiveness of the framework for identifying and managing risks and for demonstrating clear accountability is a key element of the Council's governance arrangements.

### **Impact on Climate Change**

Corporate Risk 3 relates directly to the council meeting its climate change targets.

### **Equalities Impact Assessment**

Having a council which is resilient to risk means that it is better positioned to support its communities. A number of corporate risks which relate to equalities are detailed on the Corporate Risk Register. This includes CR4 Homes for Ukraine; CR11 Cost of Living Crisis; and CR12 Housing Crisis. Actions to mitigate these risks will support the council meet its equality duties.

### **Relationship to Corporate Plan**

Effective risk management is crucial to enable the council to mitigate risks to achieving Corporate Plan priorities.

### **Section 3 – Statutory Officer sign-off/mandatory checks**

**Statutory Officer:** Andrew Jarrett  
Agreed by or on behalf of the Section 151  
**Date:** 12 June 2024

**Statutory Officer:** Maria De Leiburne  
Agreed on behalf of the Monitoring Officer  
**Date:** 12 June 2024

**Chief Officer:** Stephen Walford  
Agreed by or on behalf of the Chief Executive/Corporate Director  
**Date:** 12 June 2024

**Performance and risk:** Steve Carr  
Agreed on behalf of the Corporate Performance & Improvement Manager  
**Date:** 12/06/2024

**Cabinet member notified:** Yes



### **Section 4 - Contact Details and Background Papers**

**Contact:** Steve Carr, Corporate Performance and Improvement Manager  
Email: scarr@middevon.gov.uk  
Telephone: 3CX: 4217

**Background papers:**



## Appendix 1: Corporate Risk Matrix

 <b>Risk Severity</b>	5	5	10	15	20	25			
	4	4	CR13	8	CR5; CR12; CR17	12	16	20	
	3	3	CR9	CR14	6	9	CR4; CR8; CR15; CR16	12	15
	2	2	2	4	6	8	10	10	
	1	1	1	2	3	4	5	5	
		1	2	3	4	5			
	<b>Risk Likelihood</b> 								

CR1a is not listed as an update is currently embargoed.

## Appendix 2: Corporate Risk Register

<b>CR1a</b>	<b>Culm Garden Village – Loss of capacity funding</b>	<b>Current Severity: 5</b>	<b>Current Likelihood: 5</b>	<b>Current Risk Rating: 25</b>
<b>Risk Description:</b> Possible discontinuance of Government funding support for Culm Garden Village activities, thereby affecting Mid Devon District Council Culm Garden Village team capacity and leadership function, resulting in project/programme slippage.				
<b>Risk Owner:</b> Adrian Welsh		<b>Risk Type:</b> Economic/ Financial		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR1.1	Funding opportunities: Lobby for further rounds of Homes England garden communities capacity funding	Adrian Welsh	Action Required	12/06/2024
CR1.2	Identify alternative opportunities to secure funding to support the project – including from landowners/ developers involved in the Culm Garden Village project.	Adrian Welsh	Satisfactory	12/06/2024
<b>Notes:</b> This risk relates to the funding sources in place for the Culm Garden Village, rather than the overall delivery of the Culm Garden Village project. Discussions with Homes England are ongoing regarding future rounds of capacity funding.				
<b>CR1b</b>	<b>Culm Garden Village – Delay/ impact to project arising from infrastructure delays</b>	<b>Current Severity: 5</b>	<b>Current Likelihood: 4</b>	<b>Current Risk Rating: 20</b>
<b>Risk Description:</b> Lack of Government funding for enabling infrastructure – Cullompton Town Centre Relief Road/ Junction 28/ Cullompton station re-opening – resulting in delays to scheme progression and housing delivery.				
<b>Risk Owner:</b> Adrian Welsh		<b>Risk Type:</b> Economic/ Financial		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR1.1	Cullompton Town Centre Relief Road: Funding opportunities - Continue to work with Homes England and others to seek opportunities for funding. See mitigating actions in CR10.	Adrian Welsh	Satisfactory	08/05/2024
CR1.2	Junction 28, M5: Continue to work closely with Devon County Council on Strategic Outline Business Case with the aim of securing funding to upgrade Junction 28 – Devon County Council to submit bid to Government in March/ April 2024 following Devon County Council Cabinet approval.	Adrian Welsh	Satisfactory	08/05/2024

CR 1.3	Cullompton station re-opening: Continue to work closely with Network Rail to ensure the timely submission of the Final Business Case to Government.	Adrian Welsh	Satisfactory	08/05/2024
<b>Notes:</b> J28 Strategic Outline Business Case Approved by DCC Cabinet (March 2024), submission to Government in May 2024. Discussions continue with Homes England continue regarding potential funding opportunities for the Cullompton Town Centre Relief Road. Final Business Case submitted to Government in April 2024 for the Railway Station.				

<b>CR2</b>	<b>Cyber Security</b>	<b>Current Severity: 5</b>	<b>Current Likelihood: 4</b>	<b>Current Risk Rating:20</b>
<b>Risk Description:</b> Inadequate Cyber Security could lead to breaches of confidential information, damaged or corrupted data and ultimately Denial of Service. If the Council fails to have an effective ICT security strategy in place. Risk of monetary penalties and fines, and legal action by affected parties.				
<b>Risk Owner:</b> Brian Trebilcock		<b>Risk Type:</b> Data Protection/Information Security		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR2.5	Regular Vulnerability scans on network devices: ICT use 'Nessus' vulnerability scanner to access and detect vulnerabilities on all network devices. Mitigation is then completed to remove or reduce the risk due to the vulnerability. Although this has only been added now as an action, it has been running for a number of years.	Brian Trebilcock	Satisfactory	03/05/2024
CR2.6	Active Directory review: The current Active Directory (AD) (the address book for all users in MDDC to use computers) has been around for over 20 years. it has been managed, updated by ICT Staff and has a lot of clutter. A project is underway to review the configuration of AD to simplify the hierarchy and review the policies applied to the users, PCs and server on the MDDC Network. It will also provide a mean to fully incorporate the Microsoft and NCSC security baselines, to ensure full compliance and improve security.	Brian Trebilcock	Satisfactory	03/05/2024
<b>Notes:</b>				

Currently there is a risk that the service will not be able to maintain improvement activity due to limited service resources and reduction in overall staff. Conflicting priorities and available time for improvement activities is limited. Currently looking at alternative resourcing opportunities through local skill share or buying in skills for specific improvement activity projects.

<b>CR3</b>	<b>Failure to meet Climate Change Commitments by 2030</b>	<b>Current Severity: 3</b>	<b>Current Likelihood: 5</b>	<b>Current Risk Rating: 15</b>
<b>Risk Description:</b> Due to a variety of factors, there is a risk that the Council will not meet its goal of becoming carbon neutral by 2030. There is also a risk that the Council will not achieve district-wide progress to meet obligations under the Climate Act 2008 for climate adaptation (resilience) and mitigation (emission reductions).				
<b>Risk Owner:</b> Paul Deal		<b>Risk Type:</b> Environmental		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR3.1	Policy and Strategy: Policy and strategy relevant to the climate emergency includes: <ul style="list-style-type: none"> <li>• Corporate Plan 2020-2024 sets a number of relevant aims;</li> <li>• Climate Strategy and Handbook 2020-2024;</li> <li>• Housing Strategy 2021-2025;</li> <li>• Procurement Strategy (March 2023);</li> <li>• Cabinet adopted a new Climate Emergency planning policy statement (March 2023);</li> <li>• Local Plan 2013-2033 review; Plan Mid Devon sets the Climate Emergency as the top overarching priority for the next Local Plan.</li> </ul>	Jason Ball	Satisfactory	09/05/2024
CR3.2	Oversight and decision-making: To embed a consistent approach to committee reports, project reports and decision-making, considering the potential climate impacts and opportunities and adaptation needs linked to the climate crisis.	Jason Ball	Action Required	09/05/2024
<b>Notes:</b> Corporate: Good progress in many aspects such as electricity usage, however the overall carbon footprint has increased since 2018-2019. This is in part due to the additional capital investment undertaken including the Salix decarbonisation works at Crediton and Tiverton leisure centres, plus other building and retrofit projects. This investment will make a difference in the future (reduction of annual footprint from energy use). Plans are being developed for the next major projects which will also contribute to carbon reduction in the future.				

Community: Relevant Council activities in partnership with, and in support of, communities include engagement projects, efforts to boost green transport, planning policies and Local Plan review (climate change being the over-arching priority), development masterplanning, public health initiatives (e.g. private sector housing) and emergency / resilience planning.

The Council now has guidance on climate and sustainability statements (for projects and committee reports) to cultivate consistent, meaningful assessments of impacts and related actions to address them (Action CR3.2).

<b>CR4</b>	<b>Homes for Ukraine Scheme</b>	<b>Current Severity: 3</b>	<b>Current Likelihood: 3</b>	<b>Current Risk Rating: 9</b>
<b>Risk Description:</b> There is a risk of the 'Homes for Ukraine scheme' failing should the host relationship breakdown and re-matching is not an option. Where refugees cannot afford to pay for private accommodation the Council has a Homelessness Duty.				
<b>Risk Owner:</b> Simon Newcombe		<b>Risk Type:</b> Social		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR4.1	Collaboration: Continue to engage with DLUHC, LGA and DCN on scheme roll out, pressures and risks/updated national guidance etc. Reviewing a Devon-wide exit strategy around pending housing/accommodation pressures once hostings end – joint solutions (work in progress).	Simon Newcombe	Satisfactory	09/05/2024
CR4.3	Re-matching demand: Re-matching demand is relatively low (host/guest arrangements ending early) and single figures but starting to see increase due to rurality of some hosts and requirement to be closer to employment, services and schools.	Simon Newcombe	Satisfactory	09/05/2024
CR4.7	Finance update: Revised payment for new guests are £5k per person and Government have changed monthly payments for long-term hosts to £500 per month. Scheme extended to March 2025.  Review of monthly payments completed across mandated and discretionary elements completed. Some enhancement will continue for existing hosts then revert to £500 max under Government funding. All revisions costed as deliverable per new Q2 and Q3 returns for 2023/24 and revised scheme/payments per head going forward into 2024/25.	Simon Newcombe	Satisfactory	09/05/2024

CR4.8	Voluntary, Community and Social Enterprise contract support: Ongoing review of potential provision from April 2024 under more limited funds available from reduced per person funding from Government (see CR4.7). Some CHAT provision looks possible to support application of continued grants to support transition of existing guests into private rental sector accommodation/ Temporary Accommodation or homelessness avoidance. Citizens' Advice Bureau contract ended as pipeline of new hosts very limited and Universal Credit/ benefits support no longer required at scale.	Simon Newcombe	Satisfactory	09/05/2024
<b>Notes:</b> No key updates beyond February risk review except that 10 Local Authority Housing Fund supported property acquisitions completed by 31 March 2024. These provide dedicated Homes for Ukraine and Afghan scheme accommodation for families to avoid temporary accommodation risks and wider housing pressures.				

<b>CR5</b>	<b>Information Security</b>	<b>Current Severity: 4</b>	<b>Current Likelihood: 3</b>	<b>Current Risk Rating: 12</b>
<b>Risk Description:</b> Inadequate data protection could lead to breaches of confidential information and ultimately enforcement action by the ICO.				
<b>Risk Owner:</b> Lisa Lewis		<b>Risk Type:</b> Data Protection/Information Security		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR5.2	Compliance Tools: Improvement of monitoring activity and implementation of tools assessing near misses or user education opportunities. May include better alerts on data sharing within/without MS tenant, information tagging.	Lisa Lewis	Satisfactory	03/05/2024
<b>Notes:</b> Risk Rating increased from 8 to 12 in May 2024. Data Protection Officer (DPO) left the Council in March 2024, change to service and recruitment in progress. Compliance responsibility now sitting with Senior Responsible Individual (SRI) Head of Digital Transformation - review of activities will happen over mid-year to include compliance action plan. CR5.2 added in May 2024.				

CR7	Financial Sustainability	Current Severity: 4	Current Likelihood: 4	Current Risk Rating: 16
<b>Risk Description:</b> The council faces a range of financial challenges. We are subject to ongoing budget reductions whilst the cost of providing services continues to increase due to a range of inflationary pressures. We are also subject to single year budget settlements which impacts on the ability for medium term financial planning. We need to be able to plan and meet these challenges so that we can continue to deliver effective services and achieve the priorities we wish to.				
<b>Risk Owner:</b> Paul Deal		<b>Risk Type:</b> Economic/Financial		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR7.2	Identify Efficiencies: Taking proactive steps to increase income and reduce expenditure through efficiencies, vacancies that arise and delivering services in a different way.	Paul Deal	Satisfactory	09/05/2024
CR7.5	Medium term planning: Work to close the budget gap is on-going. A range of options are being considered but Covid, business rates and uncertainty over fair funding review make the situation extremely challenging. To close the budget gap and maintain services: We continue to work with managers to reduce costs and explore new income streams.	Paul Deal	Satisfactory	09/05/2024
<b>Notes:</b> A balanced budget for 2024/25 has been agreed. The future year estimated deficits remain at £4m whilst significant uncertainty continues around Local Government funding and the ongoing implications of the cost of living crisis. Medium Term Financial Plan discussions are in progress with a strategy being developed that will mitigate longer term shortfalls.				

CR8	Quality of Planning Committee Decisions	Current Severity: 3	Current Likelihood: 3	Current Risk Rating: 9
<b>Risk Description:</b> Planning decisions are monitored at Government level nationally – the risk is to stay significantly below 10%. Over 10% could put a Local Planning Authority into special measures. Links to Performance Indicator measures 11a, 11b, 12a and 12b.				
<b>Risk Owner:</b> Angharad Williams		<b>Risk Type:</b> Reputation		
Mitigating Actions		Responsible Officer	Current Effectiveness	Review Date
CR8.2	Planning Advisory Service Training being undertaken: To minimise risk associated with Government targets and decision making	Angharad Williams	Completed	01 May 2024

CR8.3	Regular informal planning committee meetings: Keeping planning committee informed of all appeals and upcoming planning policy, and any actions the Council is making.	Angharad Williams	Satisfactory	01 May 2024
<b>Notes:</b> The risk rating was decreased from 12 to 9 in May 2024. CR8.2 Marked as complete in Q1 2024/25. Appropriate training provided to members to assist with decision making as well as informal discussions to assist members where required on upcoming legislation and planning changes.				

<b>CR9</b>	<b>SPV – 3 Rivers – Delivery of Closedown Plan</b>	<b>Current Severity: 3</b>	<b>Current Likelihood: 1</b>	<b>Current Risk Rating: 3</b>
<b>Risk Description:</b> Ability to deliver the close down plan to timetable/ budget and generate the estimated sales receipts. Finishing the Haddon Heights development per budget. Generating the estimated sales at the remaining development - set against a challenging housing market.				
<b>Risk Owner:</b> Paul Deal		<b>Risk Type:</b> Economic/Financial		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR9.3	Weekly meetings: Meetings are now held each week between the Shareholder Representative, the Corporate Manager for Finance, and the company to track progress against the closedown plan. An update on all material transactions will be provided to Cabinet at regular intervals.	Andrew Jarrett	Satisfactory	16/05/2024
<b>Notes:</b> Risk rating reduced from 8 to 3 in May 2024. Weekly meetings progressing well and company closedown still on schedule for June/July.				

<b>CR9a</b>	<b>Risk Name: Reputational Impact of 3 Rivers</b>	<b>Current Severity: 1</b>	<b>Current Likelihood: 3</b>	<b>Current Risk Rating: 3</b>
<b>Risk Description:</b> A decision has now been made to soft close the company, so the remaining reputational risks are that public debate in future inadvertently damages the value of assets by hindering the remaining sales. Public debate has, at times, included unhelpful and inaccurate statements about the company and the consequential impact on the council, with these inaccurate statements being repeated in wider circles. This risk is likely to continue until such time as all remaining assets are sold and company activity is wound down. This risk is expressed as damage to the company (and hence the council as shareholder).				



<b>Risk Owner:</b> Stephen Walford		<b>Risk Type:</b> Reputational		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR9a.1	Committee and council chairs feeling empowered to appropriately challenge poor behaviour during public meetings.	Stephen Walford and Maria De Leiburne	Satisfactory	16/05/2024
CR9a.2	Elected members being comfortable with steps being taken and managing debate amongst themselves in a respectful way.	Andrew Jarrett and Maria De Leiburne	Satisfactory	16/05/2024
<b>Notes:</b> Risk rating reduced from 8 to 3 in May 2024. Closedown on schedule and Cabinet received a full financial breakdown of the company's financial history the June meeting.				

<b>CR10</b>	<b>Cullompton Town Centre Relief Road</b>	<b>Current Severity: 5</b>	<b>Current Likelihood: 5</b>	<b>Current Risk Rating: 25</b>
<b>Risk Description:</b> Inability to deliver the Cullompton Town Centre Relief Road				
<b>Risk Owner:</b> Adrian Welsh		<b>Risk Type:</b> Economic/Financial		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR10.1	Alternative Funding: Alternative funding opportunities continually being explored.	Adrian Welsh	Satisfactory	02/05/2024
CR10.2	Ongoing Homes England Discussions: Officers discussing ongoing Housing Infrastructure Fund support	Adrian Welsh	Satisfactory	02/05/2024
CR10.3	Ongoing discussions with land promoters: Ongoing discussions to maximise private funding potential.	Adrian Welsh	Satisfactory	02/05/2024
CR10.4	Land Assembly: Continue land assembly discussions so as to de-risk the project, assist in unlocking scheme delivery and increase the likelihood of securing funding.	Adrian Welsh	Satisfactory	02/05/2024
CR10.5	Complementary projects: Continue to develop and deliver complementary projects such as the Railway Station and the Heritage Action Zone public realm scheme. This will support the case for investment in the town and demonstrate the capacity to deliver.	Adrian Welsh	Fully Effective	02/05/2024
CR10.6	Government Lobbying: Working with local MPs, Devon County Council and senior Members to lobby for investment.	Adrian Welsh	Satisfactory	02/05/2024

**Notes:**

Conversations ongoing with Government agencies regarding funding options, particularly regarding recent transport funding announcements. Work continues with Devon County Council and Homes England to explore options to further de-risk the project. Member briefings undertaken in December 2023 and January 2024 in conjunction with J28 public consultation and Culm Garden Village briefings.

<b>CR11</b>	<b>Cost of Living Crisis</b>	<b>Current Severity: 4</b>	<b>Current Likelihood: 4</b>	<b>Current Risk Rating: 16</b>
<b>Risk Description:</b> The high rates of inflation experienced in 2022 and 2023 have the potential to impact on council employees, residents, communities and businesses in Mid Devon. In turn this may affect the council in terms of increased costs, reduced council income, and put additional pressure on council services.				
<b>Risk Owner:</b> Dean Emery		<b>Risk Type:</b> Financial, Social		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR11.1	Benefit administration: The council delivers a range of benefits which support the financial position of our residents. This includes the Housing Support Fund, Discretionary Housing Fund, and the Exceptional Hardship Fund.	Fiona Keyes	Fully Effective	02/05/2024
CR11.2	Council Tax Reduction Scheme: The council has introduced a new scheme (from 1 April 2023) which provides a more generous level of support.	Fiona Keyes	Fully Effective	02/05/2024
CR11.3	Shared Prosperity Fund (SPF): The SPF and Rural England Prosperity Fund Investment Plans have a number of projects designed to support businesses and community organisations over Jan 2023 – March 2025. This includes grant schemes to support innovation and decarbonisation projects including those that reduce energy costs and increase productivity.	Zoë Lentell	Fully Effective	02/05/2024
<b>Notes:</b> Household Support Fund 5 is now live. This is a six month scheme and there is concern as to what happens if this Government scheme is not extended.				

CR12	Housing Crisis	Current Severity: 4	Current Likelihood: 3	Current Risk Rating: 12
<p><b>Risk Description:</b> Failure to supply sufficient housing to meet Mid Devon's needs leading to increased homelessness and increased temporary accommodation (TA). There may be insufficient TA to meet demand and financial pressure is placed on the Council through increasing volume of and dispersed provision of TA. Co-linked failure to prevent homelessness occurring through increasing demand on resources, poor existing housing and failure to meet prevention duty/deliver mitigating actions including support to vulnerable residents.</p> <p>It is a statutory duty on the Council to prevent and provide relief/assistance to people threatened with or actually presenting as homeless. There is a local, regional and national shortage of affordable housing including social housing at the most affordable social rent level with a significant, growing waiting list of those registered on Devon Home Choice. Together with the current, ongoing cost of living crisis and other pressures this is leading to a growing housing crisis.</p>				
<b>Risk Owner:</b> Simon Newcombe		<b>Risk Type:</b> Financial, Social		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR12.1	MDDC Housing Strategy 2021-2025: Coherent, corporate approach to providing affordable homes and maintaining housing quality	Simon Newcombe	Satisfactory	09/05/2024
CR12.2	MDDC Homeless Prevention & Rough Sleeping Strategy 2020-2025: Focus on rough sleeping, prevention, accommodation options and client support	Simon Newcombe	Satisfactory	09/05/2024
CR12.3	Strategic lobbying on social housing funding, flexibilities and homelessness pressures: Continued membership of DLUHC LA Strategic Housing Advisory Group	Simon Newcombe	Fully Effective	09/05/2024
CR12.4	Devon Housing Forum: Regional engagement and collaboration on affordable housing delivery and supported housing – continued engagement	Simon Newcombe	Satisfactory	09/05/2024
CR12.5	Local Plan housing delivery: Market provision of affordable homes	Tristan Peat	Action Required	09/05/2024
CR12.6	Mid Devon HRA Development Programme: 500 new homes 2022/23 – 2026/27	Simon Newcombe	Satisfactory	09/05/2024
CR12.7	Temporary Accommodation: Opportunities to purchase HMO or similar shared market accommodation to meet TA	Simon Newcombe	Fully Effective	09/05/2024

	needs/successful business cases made into capital programme. Two HMOs recently purchased, available 2023/24			
CR12.8	Empty Homes: Bringing empty homes back in to use/local leasing scheme for TA (link to CR12.7) or to alleviate wider	Simon Newcombe	Action Required	09/05/2024
CR12.9	Long-term development voids: Effective use of long-term development voids in Mid Devon Housing stock as TA where safe	Simon Newcombe	Satisfactory	09/05/2024
CR12.10	Ivor Macey House: Ongoing provision of Ivor Macey House supported TA accommodation (MDH HRA lease to G/F)	Simon Newcombe	Satisfactory	09/05/2024
CR12.11	Housing Options team staff case load resourcing: Rolling review and successful vacancy approvals	Simon Newcombe	Satisfactory	09/05/2024
CR12.12	Homelessness Prevention Grant: Full utilisation of Homelessness Prevention Grant	Simon Newcombe	Fully Effective	09/05/2024
CR12.13	Funding applications: Successful bids into DLUHC Rough Sleeper Initiative (RSI). £300k+ RSI secured over 3-year programme from 2022/23	Simon Newcombe	Satisfactory	09/05/2024
CR12.15	Private Sector Homes for Ukraine: Team Devon Homes for Ukraine scheme Private Sector Housing transition support	Simon Newcombe	Satisfactory	09/05/2024
CR12.16	Residents Financial Support: Cost of living pressure, grants and signposted support, help with/access to benefits ( <a href="https://www.middevon.gov.uk/residents/residents-financial-support/">https://www.middevon.gov.uk/residents/residents-financial-support/</a> )	Dean Emery	Satisfactory	09/05/2024
CR12.17	Housing Assistance Policy (Better Care Funding): living well at home/homeless prevention and Home Start grants/loans	Simon Newcombe	Satisfactory	09/05/2024
<p><b>Notes:</b>  Circa 60 new Mid Devon Housing (MDH) Council homes by 31 March 2024, inc. St. George's Court and first dedicated Care Leaver accommodation identified at Shapland Place. However ongoing issues to resolve at St. George's Court until properties can be let to first MDH tenants - projected first occupation by end June 2024.  Devolution capital bid submitted to support up to 4 dedicated care leaver units by end 2024/25 and additional planning permission secured since February for 6 schemes in wider Housing Revenue Account development programme. Review of Housing Strategy agreed to commence spring 2024 but awaiting Corporate Plan so may be delayed.  Additional refugee scheme temporary accommodation (10 properties) confirmed as purchased under Local Authority Housing Fund 1 funding by 31 March 2024 - will alleviate Homes for Ukraine and Afghan scheme housing pressures and be long-term temporary accommodation (TA) for the Council. Additional 2 former HMO purchases available Q1 2024/25 as general TA following refurbishment (one already partly occupied).  DLUHC/LGA National Strategic Advisory Group meeting in May 2024 with Right To Buy reforms and wider sector - DLUHC engagement</p>				

discussed - work stream for 2024/25. DLUHC reach out for MDH visit in summer 2024 to review our development work and discuss rural housing delivery pressures (tentative dates being agreed). Restructure and resourcing proposal for Housing Options team review complete – Leadership Team presentation and sign-off in place. Now implemented.

<b>CR13</b>	<b>Operation of a Waste Management Service</b>	<b>Current Severity: 4</b>	<b>Current Likelihood: 2</b>	<b>Current Risk Rating: 8</b>
<b>Risk Description:</b> Operating and maintaining a continuous waste management service across Mid Devon within budget faces a range of risks. These include staff recruitment and retention, workforce sickness and the maintenance and operation of fleet vehicles.				
<b>Risk Owner:</b> Matthew Page		<b>Risk Type:</b> Financial, Technical, Reputational		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR13.1	Workforce management: Regularly reviewing (Morning Managers' catch-up calls, monthly budget monitoring and quarterly performance reviews) the state of the workforce and how it is performing in terms of vacancies, recruitment, sickness and the impact it is having on collections and rounds. This also includes reviewing our Business Continuity Plan and whether we need to widen the flexible provision of the workforce.	Darren Beer	Satisfactory	10/05/2024
CR13.2	Employment Trends: Review trends in the wider employment market regarding key workers including HGV drivers and what the Council needs to do to ensure we are industry competitive regarding recruitment.	Darren Beer	Satisfactory	10/05/2024
CR13.3	Fleet Vehicles: Vehicle provision including maintenance and operation is reviewed on a daily basis by the Fleet Manager. Two weekly meetings are set up with SFS (maintenance and lease provider) backed up by quarterly meetings with MDDC and SFS management. Regular meetings are set up with other MDDC services that use the fleet to ensure current contractual guidelines and compliance are adhered to.	Darren Beer	Satisfactory	10/05/2024
<b>Notes:</b> Long term sickness is still low for the service. Sickness rate per FTE has reduced further. Recruitment of 4 loaders has taken place recently. 3 current driver vacancies being monitored Vehicles are being off hired due to vehicles coming back into service. Awaiting delivery of new waste vehicles and a road sweeper				

<b>CR14</b>	<b>Workforce Shortage</b>	<b>Current Severity: 3</b>	<b>Current Likelihood: 2</b>	<b>Current Risk Rating: 6</b>
<b>Risk Description:</b> If the Council fails to manage sickness absence, recruit and/or retain sufficient suitable staff it may not be able to maintain essential and/or statutory services.				
<b>Risk Owner:</b> Matthew Page		<b>Risk Type:</b> Legal, Financial, Reputational		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR14.1	Sickness Absence: Review and monitor sickness absence data to identify trends and patterns behind sickness absence	James Hamblin	Satisfactory	10/05/2024
CR14.2	Monitor and Manage Staff Turnover: Review data from the exit interview process to identify trends and patterns behind why staff leave.	James Hamblin	Satisfactory	10/05/2024
CR14.3	Retention: Consideration of employee benefits at the Council.	James Hamblin	Satisfactory	10/05/2024
<b>Notes:</b> Sickness absence still high across the Council, against a backdrop of high national figures. Exit interviews being monitored with themes now emerging for further inquiry. Staff benefits and their review is a commitment within the Staff Survey Action Plan.				

<b>CR15</b>	<b>Corporate Property Fire Safety</b>	<b>Current Severity: 3</b>	<b>Current Likelihood: 3</b>	<b>Current Risk Rating: 9</b>
<b>Risk Description:</b> Upcoming changes in legislation will place more stringent demands on the council in terms of fire safety across its corporate property estate. Failure to meet these standards could lead to penalties being imposed by the Fire Service including fines, which would be an additional cost to any investment required to complete repairs.  The corporate property estate requires investment to ensure that significant fire safety risks, identified through external fire safety health checks, are mitigated. Budget is in place for 2023/24 but this process will take some time to complete. There are a number of sites which require fire safety checks. It is likely that these will identify fire safety risks that will require remediation. These will be addressed on a priority basis. As with any risk associated with fire, there is a potential for damage or loss to property and/or life.				
<b>Risk Owner:</b> Stephen Walford		<b>Risk Type:</b> Physical, Reputational, Financial		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>

CR15.1	Fire Safety Investment (2023/24): Funding has been allocated to implemented fire safety improvements.	Keith Ashton	Satisfactory	09/05/2024
CR15.2	Investment Programme (2024/25): Funding has been allocated to implement fire safety improvements at the same level as for 2023/24.	Keith Ashton	Satisfactory	09/05/2024
<b>Notes:</b> The surveys required prior to starting escape route works at the three leisure centres is complete, with works anticipated to begin shortly. Upon completion of these sites, focus will move to other corporate sites. Budget and resources are in place.				

<b>CR16</b>	<b>Building Control Service viability</b>	<b>Current Severity: 3</b>	<b>Current Likelihood: 3</b>	<b>Current Risk Rating: 9</b>
<b>Risk Description:</b> The NMD Building Control Partnership has been struggling with maintaining staffing levels for the past two years owing to a national shortage of skilled Building Control officers and skilled support staff. The service has continued to meet obligations by utilising agency staff. But changes presented through the Building Safety Act 2023 and the creation of the Building Safety Regulator are likely to result in further pressures in terms of attracting and retaining skilled permanent staff and in terms of service viability owing to additional duties placed upon the service in an increasingly challenging economic climate.				
<b>Risk Owner:</b> Andrew Howard, Building Control Manager		<b>Risk Type:</b> Reputational		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR16.1	Staff skills: Ensure existing staff are adequately trained and qualified in order to meet the new requirements of the Building Safety Regulator so that NMD can effectively discharge its legal duties	Andrew Howard	Completed	15/05/2024
CR16.2	Recruitment and retention: Address staffing and skills shortage and reliance on agency surveyors by continuing to seek to recruit new staff to the service, building on recent successes.	Andrew Howard	Action Required	23/05/2024
CR16.4	Prepare for new reporting obligations: Continue to preparation for the introduction of the new reporting obligations for the BSR, due to commence in April 2024 – including ensuring appropriate systems are in place.	Andrew Howard	Satisfactory	23/05/2024
<b>Notes:</b> CR16.1 Marked as complete in May 2024.				



The Building Control team has successfully secured the required professional accreditation (at the appropriate levels) and are therefore able to continue to discharge the Council's duties and obligations.  
 Dependency upon agency has reduced owing to wider service recruitment and preparations for new monitoring requirements continue – despite ongoing uncertainty at a national level regarding how these requirements will be received and managed by the Building Safety Regulator (BSR), which is hampering progress.  
 Market Supplements are currently due to expire at the end of June 2024 and this presents some risk to the service. Arrangements to address this are under review with resolution targeted in June.

<b>CR17</b>	<b>Severe Weather Emergency Recovery</b>	<b>Current Severity: 4</b>	<b>Current Likelihood: 3</b>	<b>Current Risk Rating: 12</b>
<b>Risk Description:</b> When there is an event/incident which has potential to harm people or property a multi-agency response may be required in the form of declaring an “Emergency” through the Local Resilience Forum (LRF). This process is split into two phases; 1: The Response which is chaired predominantly by the police and is often heavily focused on the blue light services during/immediately following the event/incident. 2: Recovery which is chaired by the Local Authorities and is more focused on Local Councils working with communities to achieve a state of new normality. Because of this, MDDC has a large role to play within the Recovery Phase as a Category 1 responder of which there are many risk to the organisation from Financial, Reputational and Legal. This risk assessment is specifically looking at our most common event that escalates to an emergency which is Severe Weather including extremes in heat/cold, floods and wind etc.				
<b>Risk Owner:</b> Simon Newcombe		<b>Risk Type:</b> Economic/Financial/Capacity/Reputation		
<b>Mitigating Actions</b>		<b>Responsible Officer</b>	<b>Current Effectiveness</b>	<b>Review Date</b>
CR17.1	CMT Capacity: There is a member of CMT on rota. This role covers incident manager (response) or can be specifically assigned to the recovery phase including chairing/ co-chairing the LRF recovery group. This will be in addition to their regular responsibilities. Due to this, the Resilience Officer or another Corporate Manager can be brought in to assist with the multi-agency duties as required. With CMT now being five people, there is increased pressure and meeting this mitigation will be dependent on the CMT having no vacancies and being available during the recovery phase of an incident. This action will be kept under review.	Simon Newcombe	Satisfactory	10/10/2024
CR17.2	Adequate Continuity Planning: Each service area needs up to date Business Continuity Plans to effectively retain critical	Lewis Dyson	Action Required	10/10/2024



	services during and after an emergency. Training will be provided and plans reviewed by the Resilience Officer.			
CR17.3	Overall Staff Capacity: Each business area will understand their critical functions and ensure they are functioning during recovery. Above this each service area will manage their own capacity to deal with recovery plus their business as usual through agency, overtime and mutual aid as detailed within their Business Continuity Plan.	Lewis Dyson	Action Required	10/10/2024
CR17.4	Out of Hours Capacity: Only CMT, Housing and Waste have Out of Hours within their contracts and so other services would need to rely on goodwill/ civic duty to cover any out of hours work during response and recovery. Paper detailing current out of hours gaps to be produced alongside a clear outline of which critical roles need some level of out of hours cover.	Lewis Dyson	Action Required	10/10/2024
CR17.6	Waste Collection Backlog: Due to the nature of the incident it is likely that there will be additional waste collection requirements in terms of debris, missed collections due to Health and Safety considerations, and additional waste from properties damaged by the weather (i.e. flooded properties). Additional agency staff/ overtime may be required alongside additional routes to meet the backlog and keep up with increased demand.	Matthew Page	Satisfactory	10/10/2024
CR17.7	Increased Public Health demand: Public Health may be required to support in additional assessments during recovery. They will be warned of potential increase in demand prior/ during recovery to ensure cover.	Simon Newcombe	Fully Effective	10/10/2024
CR17.8	Roles and responsibilities: To ensure effective and efficient delivery of the recovery there needs to be clearly defined roles and responsibilities at all levels in the Council. These will be set out within the upcoming resilience strategy.	Simon Newcombe	Completed	10/10/2024
CR17.9	Reputational damage: During the recovery phase of an emergency there will be a lot of differing priorities and expectations from our communities. This can lead to potential conflicts, disputes and confusion. The Communications Team will work to give clear messaging which is in line with the multi-agency communications plan. Sufficient media training will be	Lisa Lewis	Action Required	10/10/2024

	given to the Leadership Team and key members of the Council to ensure the correct information is being released to the media and communities.			
<b>Notes:</b> CR17.8 marked as complete in May 2024				



## 2.0 The Statement of Accounts

- 2.1 The unaudited Statement of Accounts 2023/24 were signed off by the Council's S151 Officer in June 2024 – after the statutory deadline but before the start of the external audit review, now planned for August. The relatively minor delay is due to reduced staffing levels. The draft accounts have been available online since 14 June 2024. The period of public inspection runs from 17 June to 26 July 2024.
- 2.2 The main highlights of the Statement of Accounts are to be found in the Narrative Report to the accounts beginning on page 14. The General Fund position must be considered against the position agreed by Full Council in March 2023 to draw £625k from General Reserves to balance the budget and the £400k vacancy saving target to be identified in-year. Therefore, officers were set the challenge to offset £1,025k in-year to avoid drawing on reserves and taking them below the £2,000k recommended minimum balance.
- 2.3 In addition to the above budgetary challenge, the Council also incurred exceptional one-off costs totalling £1,483k in order to deliver the soft closure of 3 Rivers Developments Ltd.
- 2.4 Therefore, the Council has delivered overall in-year savings and increased income of circa £1,873k, to offset the above challenges totalling £2,508k, requiring a draw of only £635k from reserves. This is a major corporate achievement and reflects the hard work and efforts of managers and services during the year.
- 2.5 The detailed management accounts were included in the outturn report presented to the Cabinet on 4 June 2024. This report provides a summary of the year-end position for the General Fund (£635k overspent), the Housing Revenue Account (£393k underspent), and the Capital Programme (£28,441k carried forward).

## 2.6 Key Differences from the prior year

### 2.6.1 Movement in Reserves Statement (page 52)

In order to provide a summary financial position of how the Council ended 2023/24 a summary of the Useable Reserves Balances held as at 31 March 2024 is detailed below.

<b>Usable Reserves</b>	<b>31/03/2023</b>	<b>In Year Movement</b>	<b>31/03/2024</b>
<b><i>Unring-fenced Reserves</i></b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
General Fund	(2,025)	0	(2,025)
Housing Revenue Account	(2,000)	0	(2,000)
<b>Total</b>	<b>(4,025)</b>	<b>0</b>	<b>(4,025)</b>
<b>Earmarked Reserves (See Appendix 3)</b>			
General Fund	(18,160)	1,532	(16,628)
Housing Revenue Account	(22,190)	860	(21,330)
<b>Total</b>	<b>(40,350)</b>	<b>2,392</b>	<b>(37,958)</b>

As can be seen from the above balances, the Council remains in a strong position to deal with the funding challenges it faces. Notes 6 provides further breakdown of the Earmarked Reserves and Note 42 describes what each category of reserve is.

#### 2.6.2 Comprehensive Income and Expenditure Statement (Page 54)

The Outturn Report provides commentary on any Service variances against budget in excess of £20k. The Narrative report also provides some of the key financial highlights or issues within the year, including the breakdown of income and expenditure, treasury position and non-performance highlights.

The notable difference from 2022/23 is the revaluation of the pension liability arising from changes in financial assumptions (see page 83).

#### 2.6.3 Balance Sheet (page 55)

The first notable difference is the increase in the valuation of Property, Plant and Equipment, largely due to the inclusion of Assets Under Construction following the purchase of assets from 3Rivers (see note 22). Short term debtors is the other main movement following the repayment of the loans by 3Rivers (see note 36).

#### 2.6.4 Cash Flow Statement (page 56)

Note 50 explains the adjustments to net surplus or deficit on the provision of services for non-cash movement. The main year-on-year movement is the decrease in debtors referenced above. The other notable movement is the pension liability reversal.

#### 2.6.5 Housing Revenue Account (page 124)

The only notable movement is due to the revaluation of Council Dwellings primarily attributable to the movement in house prices during the year.

#### 2.6.6 Collection Fund (page 136)

The Council Tax collected increased by over £3m due to the combination of an increase in the Band D charge and improved collection rate. This resulted in a small surplus being generated which has reduced the deficit on the fund to £320k (from £553k in 2022/23) with Mid Devon's share of this amounting to £42k.

The Business Rates receivable also increased through an excellent collection rate and additional income following the national revaluation exercise. This significant increase has removed the 2022/23 collection deficit (£267k for the year, with Mid Devon's 40% share of this amounting to £107k) and created a collection surplus of £4870k with Mid Devon's share of this amounting to £195k.

#### 2.6.7 Group Accounts (page 141)

The accounts of the Council's wholly owned company, 3 Rivers Developments Ltd, are incorporated into the Council's Statement of Accounts to provide the full financial picture of the Council. Transactions between MDDC and 3 Rivers Developments Ltd are stripped out to avoid double counting.

### **3.0 Appraisal of Going Concern Concept at 31 March 2024**

3.1 As with all principal local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2023/24 (hereafter referred to as the Code) as published by the Chartered Institute of Public Finance and Accountancy (CIPFA). In accordance with the Code, the Council's Statement of Accounts is prepared assuming that the Council will continue to operate for the foreseeable future and that it is able to do so within the current and anticipated resources available.

3.2 If an authority were in financial difficulty, as has been the case for several authorities over recent years, alternative arrangements have been made by Government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

#### **3.3 2024/25 Financial Position**

3.3.1 As previously stated net over spend for 2023/24 of £635k was reported to Cabinet in June. Given the financial challenges faced within the year, this is seen as a major achievement. In addition, Services requested a number of carry forward requests to assist with their commitments in 2024/25 and beyond.

3.3.2 At 31 March the financial statements show a General Fund reserve standing at £2,025k, which equates to circa 13% of our budgeted Net Cost of Service for 2023/24. These resources should be viewed against the estimated requirement to retain a minimum of £2,000k to meet unforeseen financial risks. General Reserves therefore remain marginally higher than required for this purpose. In addition there are also General Fund Earmarked Reserves amounting to £16,628k. (£18,160k 31 March 2023). This decrease was largely down to the final impairment of 3Rivers losses.

3.3.3 The Council approved a balanced budget for 2024/25 that maintains the services provided. The budget included meeting inflationary pressures (at that time) and unavoidable service cost pressures, all within the referendum limits for Council Tax increases.

3.3.4 The Council has external debt of £31.373m across two external loans that have different maturity dates to ensure a balanced portfolio, with further repayments of £1,975k planned to be made during 2024/25. Following the soft closure of 3Rivers, there are no outstanding loans for the company.

3.3.5 The Balance Sheet at 31 March shows that we have net current assets of £16,513k (£32,348k in 2022/23). The reduction due to the repayment of the loans to 3Rivers. The Council can meet its cash outgoings over the next twelve months. The current ratio<sup>1</sup> is favourable at 2.55 (3.43 in 2022/23). Short term

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<sup>1</sup> (current assets / current liabilities) – Greater than 1 is the target.

liabilities at 31 March amounted to £10,622k whereas our short-term investments of £12,000k and cash equivalents of £3,401k exceed our liabilities.

- 3.3.6 The Council's net assets amounted to £217,123k (£204,781k in 2022/23). This includes the net pension scheme liability of £10,166k (£16,077k in 2022/23). Excluding the pension liability, the current net worth is £227,289k (£220,858k in 2022/23).

### 3.4 Medium Term Financial Plan

- 3.4.1 Major uncertainties around the future of Local Government remain until such time as the outcome of the Fair Funding Review and the review of the Business Rates Retention scheme are known. Adding to this is the Government's commitment to continuing its current austerity programme which is likely to extend for the foreseeable future to offset the significant financial implications of Covid-19 and the Cost of Living Crisis. These all place complex and inter-related difficulties in estimating the financial resources that will be available to the Council over the next 3 – 5 years.

- 3.4.2 Due to these uncertainties the Council has worked hard over the past few years to; reduce operational costs; increase income (including commercial acquisitions); explore more shared arrangements and increase its level of available reserves to mitigate. This has enabled it to protect frontline service provision and maintain a "prudent" level of balances. The reserves held provides a financial "buffer" against some of these circumstances and "weather" the current cost of living crisis, which by their very nature are hard to predict and quantify. However, the Council will clearly need to focus on the future financial challenges.

- 3.4.3 The Medium Term Financial Plan indicates the future financial pressure that the Council faces due to Central Government's continuing austerity programme and the ongoing uncertainty surrounding our main funding sources. The report shows that even if no action were taken to balance the 2025/26 General Fund budget there would be sufficient General Reserves to balance that year's budget.

- 3.4.4 This Council continues to take proactive steps to strategically plan for further reductions in Central Government financial support. The Cabinet have ongoing dialogue with Leadership Team, who in turn have discussions with Corporate Managers and service managers to discuss funding reduction scenarios in order to balance our ongoing expenditure needs associated with the current Corporate Plan.

- 3.4.5 A strong culture of financial awareness is now embedded throughout the Council. This is enhanced with regular budget monitoring reports produced for Leadership Team meetings, meetings of the Cabinet and the Policy Development Groups.

- 3.4.6 The Council has already started its process of budget setting for 2025/26 in order to be able to explore all the options provided by Corporate Managers and

the Leadership Team to deliver savings and maximise income, at the same time as reducing costs wherever possible.

- 3.4.7 Despite these challenges, there are no future obligations or circumstances that we can foresee that could cause the Council to change its view of long term stability and of the going concern of the Council. It is therefore concluded that Mid Devon District Council is a going concern at 31 March 2024.

#### **4.0 The Council's Governance Arrangements**

- 4.1 The Annual Governance Statement is to be reviewed by the Committee alongside this report. The report was written by the Head of Finance, Property and Climate Resilience and approved by the Senior Leadership Team. It includes a review of the effectiveness of the Council's governance arrangements and concludes that the existing arrangements remain fit for purposes and help provide reasonable assurance of their effectiveness.

#### **5.0 The Audit**

- 5.1 Our external auditors, Bishop Fleming, will undertake their audit in August. Therefore, their final audit opinion will not be available before the October Committee. This will include the annual commentary on our arrangements to secure economy, efficiency and effectiveness in our use of resources. Bishop Fleming will be able to give a verbal update on current progress and any findings from the Interim Audit to this committee.

#### **6.0 Conclusion**

- 6.1 Members are asked to review the Statement of Accounts to conclude at the October Audit Committee whether they reflect a true and fair view of the financial position of the Council as at 31 March 2024.

#### **Financial Implications**

Good financial management and administration underpin the entire document.

#### **Legal Implications**

It is a statutory requirement to follow the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) when producing the Statement of Accounts.

#### **Risk Assessment**

The Section 151 Officer is responsible for the administration of the financial affairs of the Council. Adhering to the Code mitigates the risk of receiving a qualified set of accounts. The Finance Team has also reviewed its overall calculations/workings against the CIPFA published Disclosure Checklist for 2023/24.

#### **Impact on Climate Change**

No impacts identified for this report.



### **Equalities Impact Assessment**

No equality issues identified for this report.

### **Relationship to Corporate Plan**

The financial resources of the Council impact directly on its ability to deliver the Corporate Plan prioritising the use of available resources in 2024/25. The Monitoring Report indicates how the Council's resources have been used to support the delivery of budgetary decisions.

### **Section 3 – Statutory Officer sign-off/mandatory checks**

#### **Statutory Officer: Andrew Jarrett**

Agreed by or on behalf of the Section 151

**Date: 11/06/2024**

#### **Statutory Officer: Maria De Leburne**

Agreed on behalf of the Monitoring Officer

**Date: 14/06/2024**

#### **Chief Officer: Stephen Walford**

Agreed by or on behalf of the Chief Executive/Corporate Director

**Date: 12/06/2024**

#### **Performance and risk: Dr Stephen Carr**

Agreed on behalf of the Corporate Performance & Improvement Manager

**Date: 11/06/2024**

**Cabinet member notified:** No

### **Section 4 - Contact Details and Background Papers**

**Contact:** Andrew Jarrett, Deputy Chief Executive (S151)

**Email:** [ajarrett@middevon.gov.uk](mailto:ajarrett@middevon.gov.uk)

**Telephone:** 01884 23(4242)

**Background papers:** Draft 2023/24 Statement of Accounts

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**STATEMENT OF ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2024**  
**(Pre-Audit)**

Version 1

14 June 2024

Draft Statement of Accounts

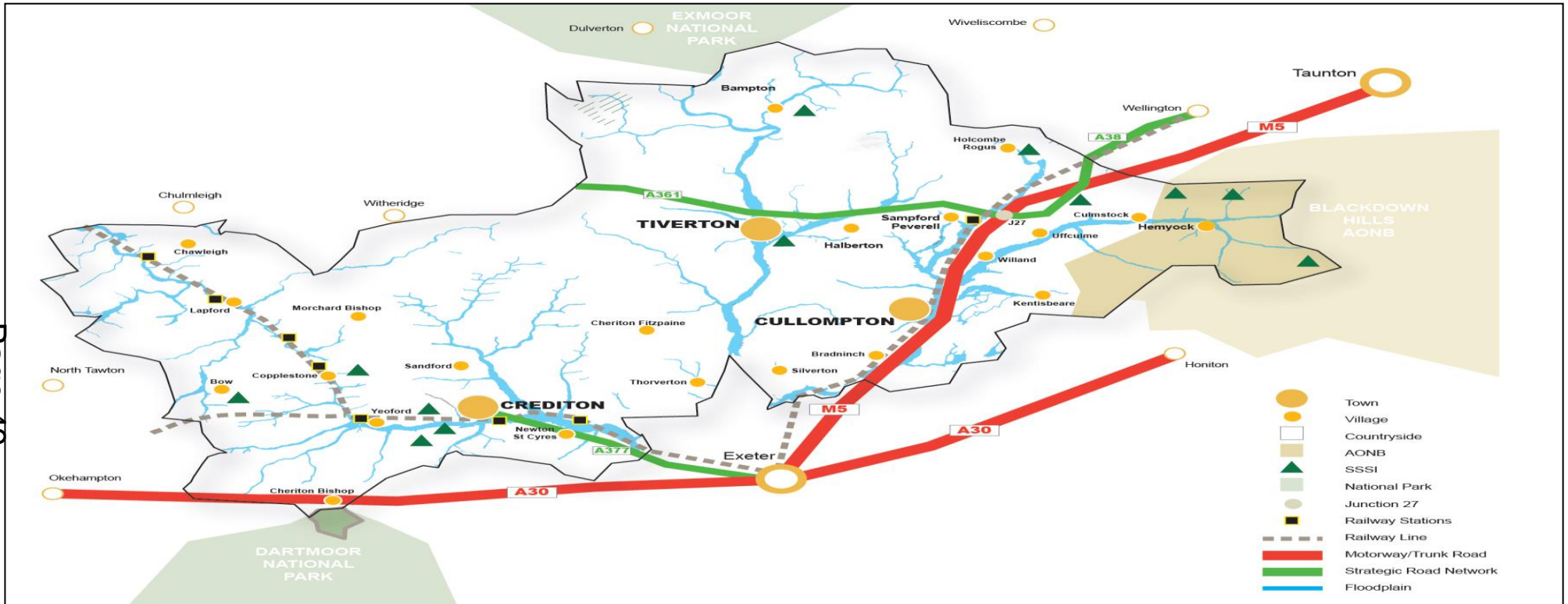
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# 1 Introduction to Mid Devon District Council

Strategically located on South West England's main transport and communication corridor, Mid Devon is mid-way between Taunton and Exeter. Our main offices lie to the North East of the city of Exeter, one of the most rapidly expanding economies in the country, and as a district council Mid Devon has sought to maximise this opportunity by delivering quality growth in a high-quality environment.

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Of the 296 districts in England, Mid Devon is the 32nd-largest district council in England by area, it is also the 23rd-smallest by population<sup>1</sup>. Mid Devon District Council serves a rural location covering an area of 353 square miles (914 km<sup>2</sup>) in the agricultural heartland of Devon, between Dartmoor, Exmoor and the Blackdown Hills. More than half the population of some 83,800 people is scattered in villages in the rural hinterland, with the balance divided between the three main towns of Tiverton, Cullompton and Crediton. There are 62 towns and parishes in the Mid Devon area, 50 of which have a local town or parish council.

<sup>1</sup> Source: [Mid Devon - Wikipedia](#)

## Council Structure

Mid Devon District Council is a progressive council committed to providing high quality and sustainable services, creating an environment where communities and businesses can flourish and grow together.

The Council has 42 Elected Members (or ‘Councillors’), elected by the public to represent a particular local area. Collectively they are responsible for the democratic structure of the Council. Following the May 2023 Election, the Liberal Democrat political party took overall control of the Council with 33 seats. The Council has adopted the Cabinet model of governance. Supporting the Cabinet are four Policy Development Groups overseeing the four priorities identified within the Corporate Plan formed from various back-bench Councillors. The Scrutiny Committee holds the Cabinet to account, while the Audit Committee provides assurance over the governance arrangements and risk management.

The Council’s strategic direction is driven by the Leadership team which is formed from the Chief Executive, Deputy Chief Executive (S151), Director of Legal, HR & Governance (Monitoring Officer) and the Director of Place and Economy. The day-to-day operations of the Council are managed by five Corporate Managers. Our [Constitution](#) sets out the rules and procedures by which the Council operates.

### Link to the Corporate Plan

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The [Corporate Plan for 2020-2024](#) retains the four key priority areas that were initially identified in 2016 and our Elected Members and Officers continued to work together to ensure these areas remained the focus of our work. These four priorities are split down into three key strands, for which there are a number of aims:

Priority	Strand	Aims
Homes	Sustainable and prosperous communities	Deliver more affordable housing and greater numbers of social rented homes
		Work with Community Land Trusts and other organisations to deliver homes retained in perpetuity for local need
		Work with landlords to ensure the high quality of homes in the private rented sector
		Lobby to see the abolition of the ‘Right-to-Buy’ or the devolvement of discounting powers to individual local housing authorities
		Promote the regeneration of our town centres by working with landlords and property developers to improve and increase the supply of quality housing
	A sustainable planet	Introduce zero carbon policies for new development
		Encourage the piloting of Modern Methods of Construction (MMC) and self-build opportunities
		Use new development as opportunities to help communities to become increasingly sustainable and self-sustaining at neighbourhood level (district heating, energy use, recycling/re-use systems etc.)
	Sustainable participation	Work with local stakeholders to initiate delivery of the new garden village at Culm
		Support and grow active tenancy engagement



Priority	Strand	Aims
Environment	Sustainable and prosperous communities	Encourage retro-fitting of measures to reduce energy use in buildings
		Encourage “green” sources of energy, supply new policies and develop plans to decarbonise energy consumption in Mid Devon
		Identify opportunities to work with landowners to secure additional hedgerow planting, biodiversity and reforestation
		Consider promoting the designation of the Exe Valley as an Area of Outstanding Natural Beauty (AONB)
		Encourage new housing and commercial developments to be “exemplars” in terms of increasing biodiversity and reducing carbon use
	A sustainable planet	Increase recycling rates and reduce the amounts of residual waste generated
		Explore large-scale tree-planting projects and re-wilding to enhance biodiversity and address carbon pressures
		Promote sustainable farming practices in partnership with local farmers, district and county councils; including research into best practice re better soil management and animal husbandry
	Sustainable participation	Work with parish and town councils to promote the development and retention of parks and play areas across the district
		Support community activities that improve the environment such as litter-picks, guerrilla gardening, or community adoption of assets

Priority	Strand	Aims
Community	Sustainable and prosperous communities	Work with developers and Devon County Council to deliver strategic cycle routes between settlements and key destinations
		Secure decent digital connectivity for all of Mid Devon
		Work with education providers to secure appropriate post-16 provision within the district to minimise the need to commute out for A/T level studies
		Lobby Devon County Council and others to introduce 20mph speed limits where children play, and take opportunities to pilot car-free days/routes
		Promote new, more integrated approaches to promoting good health and healthier living especially in the context of planned new developments
		Seek opportunities to address public health issues and disparities to improve the health and wellbeing of everyone in Mid Devon
	A sustainable planet	Encourage communities to deliver their own projects to reduce carbon emissions
		Facilitate networking across volunteer and community groups to spread knowledge, expertise and awareness on climate issues
	Sustainable participation	Work with the NHS and other health bodies to promote use of our leisure centres
		Promote community involvement in Council activity
		Promote new approaches to rural transport in partnership with town and parish councils through the deployment of emerging technologies
		Work with county, town and parish councils to identify safer walking journeys to school

Priority	Strand	Aims
Economy	Sustainable and prosperous communities	Work with developers to secure our ambitious plans for the J27 'Devon Gateway' development site
		Consider acquiring or creating new business parks to accelerate economic growth, and creating new opportunities for incubator and start-up space
		Identify strategic and tactical interventions to create economic and community confidence and pride in the places we live. This includes a continued focus on Town Centre Regeneration
		Facilitate the creation of exciting new commercial opportunities within strategic developments at Culm Garden Village and Tiverton Eastern Urban Extension
		Produce business plans for the creation of a commercial Economic Development function perhaps in partnership with other agencies
		Explore commercial opportunities that deliver new or innovative services for customers that can generate revenue for the council
	A sustainable planet	Promote zero carbon exemplar sites within commercial settings
		Use car park pricing mechanism to effectively balance the needs of vehicular access with those of reducing car use
	Sustainable participation	Promote the development of the farming economy and local food production. Working in partnership with farmers to develop and grow markets on the principle of reducing carbon emissions and sustainability
		Support the creation of South West Mutual Bank and seek opportunities to encourage new branches being opened in areas that aren't well-served by existing banking services providers
		Develop and deliver regeneration plans for all three main towns in partnership with town and parish councils, private and third sector and communities



## Core Values

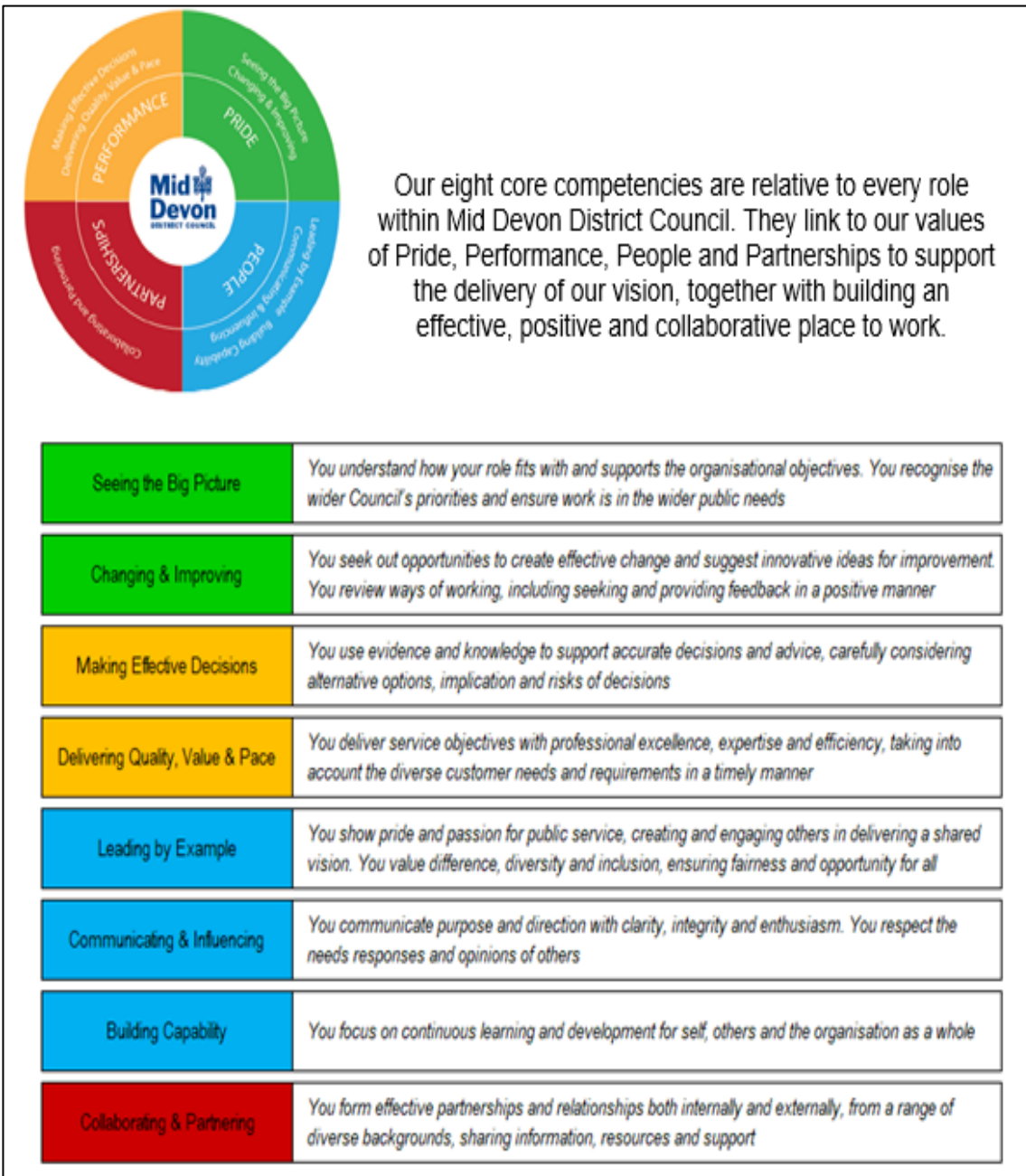
The organisation has an agreed set of core values that underpin the way we work and how we fulfil our aspirations. The values of Pride, People, Partnerships and Performance are known as the four Ps and set out what we believe should be the basis for the type of organisation we are. These values are:

## The Medium Term Financial Plan (MTFP)

The Medium Term Financial Plan (MTFP) is based upon the long term vision included within the Council’s Corporate Plan for 2020-2024. It is the vehicle by which the Council identifies resources to deliver the Corporate Plan. The MTFP covers both General Fund revenue resources and those for the Housing Revenue Account. Both are supported with resources in the Capital Programme. The MTFP aims to:

- Ensure the level of reserves remains appropriate;
- Identify service delivery trends, changes in legislation etc. to accurately predict levels of spend in the future;
- Identify whole life costs of capital projects and ensures all projects are adequately funded and resourced;
- Provide efficiency savings where possible to fund new investment or enhanced services;
- Increase value for money;

The Government’s austerity measures over recent years significantly reduced the level of Government funding. When combined with the Cost of Living Crisis and ever increasing demand for our services from families and businesses, there is considerable pressure on our budgets.



## 2 Introduction from the Leader of the Council



This is the first set of accounts that I have had the privilege of introducing as Leader.

In my first comments as Leader, I made it clear that sound financial stewardship would need to be the solid platform from which we could deliver our administration's priorities in future. Among the last acts of the previous administration was the inability to set a budget, followed by a decision to raid the Council's reserves to help prop up the accounts, which left us inheriting a legacy shortfall of over a million pounds.

With a new majority administration in place, a newfound clarity of vision and purpose has come to the fore. Where once there was indecision, there is now direction; where previous chaos and infighting was walking the Council towards a precipice, there is now calm and respectful discussion and debate across the Council on the steps that should be taken. Our first order of business was to repair the financial damage that had been bequeathed to us, and I am pleased to say we managed to address the revenue pressures in-year. No small challenge, but one that we were equal to. As well as all my elected member colleagues I must also thank the dedicated officers working across all departments who helped make this happen. I made a commitment as Leader to focus on efficiencies and

effectiveness without recourse to implementing redundancies, and was open about the financial challenges facing the Council at that time as I saw them. To see everyone pull together to achieve such an outcome is testament to the unifying belief in providing the best services we can for our amazing communities across Mid Devon.

Secondly, I have been keen to move to demonstrate how the Council I lead will show not only commitment, but compassion and care in its policy-making. Mid Devon was the first of the Devon districts to determine to exempt our care experienced young people from Council Tax, and where we led the rest have followed with this becoming a common approach across the whole of Devon. We have supplemented this by making sure that we go further and fulfil our corporate parenting duties by supporting this group with free access to our leisure centres and are now exploring how to amend our HR policies to make work experience and opportunities available.

Within the financial constraints imposed on us by a Government that has only grasped the price of public services and not yet the value, we must continue to take opportunities for external funding as they present themselves and we have continued to see notable success on this front with substantial investment being secured to aid our decarbonisation agenda; delivering the win-win of greater investment with the benefit of lower emissions and reduced running costs moving forward.

Finally, while these accounts tell a transactional story of the past, in my role as Leader I am committed to moving us forward and to that end am particularly pleased about the work being done on renewing and refreshing the Council's corporate plan. In my first year I have dealt with the consequences of our past, am implementing change for the present, and am working across the Council to provide purpose, priority and a compelling vision for our future.

I am pleased to introduce the Council's annual accounts for 2023/24 and would like to extend my thanks and appreciation to all those who have helped compile them, including the Council's auditors, in order to provide these for publication in accordance with our principles of transparency in public service.

**Cllr Luke Taylor**  
**Leader of the Council**

### 3 Views from the Chief Executive



I thank and commend the many officers who contributed to compiling these financial accounts, and to the auditors who review and check them in order to deliver public confidence in the sound financial management of the council.

The last year has seen some significant changes for the Council at a strategic level; politically, in moving from a position of no overall control to one of having a significant party majority for the Liberal Democrats after the May '23 election; but also operationally, with the move to downsize the management structure in order to prioritise expenditure on service delivery. Both the top-tier and second tier management teams have had a post removed in the last year, reducing the Council's senior management to 9 officers (from 11). Importantly, this was done without incurring any redundancy costs to the Council.

Inflation has been a key focus of our financial stewardship of the Council over the last year, with hope that the record highs continue to dissipate. Almost all the delivery costs of the organisation are impacted when income cannot keep up with inflation, as it means things like construction projects are more expensive – impacting our capital programme, with the revenue budget impacted more by escalating day-to-day operating costs. For an organisation that delivers

most of its services in house, the challenge of below-inflation pay rises (as determined by national negotiation) has meant the holding down of costs through the pay bill, but has led to widespread recruitment and retention challenges in response to real-term cuts in pay. This is starting to spread from 'traditional' areas of challenge to become a more structural concern across most service delivery areas requiring specialist skills. The balance of expenditure between payroll and agency workforce is tracked to try and ensure the right mix, but this feels like a precarious balancing act that is increasingly outside our direct influence. In recent weeks and months the labour market has softened slightly and recruitment has been successful where previously only expensive agency or consultancy was an option, so there is some cautious optimism that a lower-inflation environment is rebalancing some of the epic peaks in the labour market of late.

The last year has seen progress being made on devolution for Devon, with a new Combined County Authority being proposed to draw down both powers and (limited) funding from government. While the details are yet to be established, the principle of decisions being made in Devon rather than London has to be a good thing, and with enhanced partnership and collaboration arrangement with Homes England on the table, I would hope that we have a significant opportunity to develop shared investment pipelines over the coming years to support the Council's strategic ambition on the delivery of more affordable and social homes.

This year also saw the move to implement and operationalise the closing down of the Council's wholly-owned development company. As a number of Councillors have remarked, it was positive to see unanimous agreement across the Council on the way forward, with steps now being taken to divest remaining assets while taking the opportunity to explore the possibilities of renewed focus on affordable and social housebuilding. With some significant sites being brought on stream in the near future, the coming years have a strong trajectory for the accelerated delivery of social housing in the district.

We continue to take opportunities to try and secure external funding and have been successful with a number of bids including securing funds for leisure centre decarbonisation, for tree-planting in the district, and for the Heritage Action Zone scheme in Cullompton which was completed in the last year. However, two significant external funding requirements continue to evade us; funds to complete the relief road and larger strategic motorway junction improvement at J28. Although, with work being progressed on the business case for the motorway scheme, there is hope that government will grasp the need, and opportunity, to invest in this infrastructure as a way to support and unlock the growth planned in this area.

Finally, as a service that touches almost everyone, the progress made over the last year on our waste and recycling scheme has been excellent, with our performance now in the top 10% of councils across the country. An extraordinary achievement and one which we could not have delivered without the support and engagement from our residents, our town and parish councils, and the diligence of our phenomenal waste and recycling staff who, come rain or shine (rain, mostly), are out collecting our recycling and residuals to keep us on track for continued environmental and financial performance in this most tangible of service areas.

**Stephen Walford**  
**Chief Executive**



## Financial Commentary by Deputy Chief Executive (S151)

I say it each year, but it has been another challenging financial year for the Council! This is mirrored the national picture for the local government sector.

The year began with a difficult budget setting process. Political indecision lead to political turnover amongst senior political roles and ultimately a caretaker Leader and Cabinet overseeing the setting of the 2023/24 budget which included £400k of staffing savings to be identified and £625k to be taken from reserves to balance the budget. So over £1m was required to be saved in-year to avoid reducing reserves below my recommended minimum level!

The position was further complicated by the soft closure of the Council’s subsidiary company, 3 Rivers Developments Ltd, with all assets being realised and a commitment to paying all contractors, suppliers and tradesmen in full. This lead to the crystallisation of further losses of £1,483k. Combined, these financial challenges sum to £2,508k.

Therefore, the Outturn position for the General Fund presented within these accounts as an over spend of £635k, means that £1,873k has been saved in year to avoid significantly depleting our reserves. This is a major corporate achievement and reflects the hard work and efforts of managers and services during the year.

Considering the wider financial climate, the Cost of Living Crisis and combating increased interest rates spanned the financial year. Whilst the former led to higher wage and material costs, the latter provided an opportunity to increase the yield on our investments.

Despite this, actually the year was more stable operationally than it has been since the Covid-19 global pandemic. The Council did not need to administer additional business rates grants or reliefs, or support with utilities bills. The only ongoing Government schemes were the Homes for Ukraine scheme, which extended in line with the continuation of the war, and the Cost of Living Support scheme. Given these scheme were “live”, this has not been a particular additional administrative burden for the Council.

The Council continues to have mixed fortune in terms of being successful in “winning” additional grant funding for various schemes. The major disappointment and area of biggest impact, is the further rejection of our levelling-up bids for funding to progress the Cullompton Town Centre Relief Road. This continues to prevent significant and much needed infrastructure that would unlock major economic development. On the positive side, we were successful in attracting further Salix and Sport England funding to upgrade our heating systems at the leisure centres to help boost their energy efficiency and keep running costs down. We were also successful in gaining funding through the Local Authority Housing Fund, enabling the purchase of 10 homes across the district to ease the pressure on the homelessness budget and aid the housing of Ukrainian refugee families by providing increased temporary accommodation. Some are now in operation saving on Bed and Breakfast costs, with the remainder operational soon preventing people from becoming rough sleepers.



## 2023/24 Financial Highlights

Overall, 2023/24 was a successful year for income generation, with many aspects finally returning to pre-Covid-19 levels. Our Council Tax and Business Rates collection rates increased year-on-year, to 97.5% and 99.4% respectively. This enabled a reduction in the deficit on the Council Tax fund and the conversion from a deficit to a surplus on Business Rates. Income was also higher across car parking, leisure and various waste collection services. However, income was lower than assumed within the budget for both Planning (-9%) and Building Control (-32%) due to the economic conditions and depressed housing development leading to fewer planning applications and build sign offs. Yields were higher on our treasury investments which achieved an average of 5.25% return on internally managed funds, a significant increase from the 1.84% in the previous year.

However, once again throughout the year, the Council has struggled to retain and recruit, with the annual staff turnover at approximately 17%. This has led to higher than budgeted agency costs, particularly within Waste, but also in some key professional posts such as Legal, Environmental Health, Planning and Enforcement, which in some cases have exceeded the vacancy saving. Sickness levels have remained high with approximately 10.45 days per FTE lost during the year. However the underlying cause is now more equally spread across all categories of illness compared with the recent post-Covid-19 years.

The roll out of Bin-It 123 has been embedded, which further helped our carbon reduction and increased recycling rates by circa 5% year-on-year, placing us in the top 10% of recycling councils nationwide. The first of circa 500 new social and affordable homes were built and occupied. These were made offsite and put together on site using what is known as Modern Methods of Construction (MMC). Many more are either in the planning, construction or delivery phase which will make a significant difference to waiting lists. We continue our journey towards being net zero carbon, with the benefits of the new air and ground source heat pumps coming into operation, along with the new replacement electric vehicles within our operational fleet, and a greater number of EV charging usage and trees planted.

During the year, the Council soft closed its subsidiary housing company, 3 Rivers Developments Ltd. Following the rejection of three business cases by the previous administration, it was left with little option to continue to trade and deliver a profit to offset previous losses. The following actions were taken to soft close the company:

- St George's Court was sold to the Housing Revenue Account at an agreed price of £8,150k to enable an over 60's social housing scheme.
- Knowle Lane, Cullompton, was bought by the Council at 3Rivers book value (£3,662k) to be held until such time as development is permitted within Cullompton. A decision can then be taken as to the most appropriate use for the site.
- The 5 unsold units at Haddon Heights, Bampton, were bought by the Council at the marketed price (£3,135k) and continue to be marketed for sale.
- The property managed by 3Rivers was bought by the Council at 3Rivers book value (£180k).
- Finally, the outstanding balance on the Working Capital Loan was written off.

An overall loss of £6,800k has been incurred on the loans made to the company in delivering their developments. This required further impairments of the loans against St George's Court and Working Capital of £1,483k. £1,069k of this has been charged to Revenue reflecting the Revenue backed loans and £414k to Capital Charges for the capital funded loans. However, this can be partially offset by the interest paid on these loans and other service recharges, totalling £3,416k. Therefore the net Revenue loss is £3,384k.

In addition, the valuation of the assets purchased from 3Rivers have been reviewed and revalued by the District Valuer. Notional losses on asset valuations are included within this years accounts summing to £2,016k. This has been transferred into a revaluation reserve until such time the asset is disposed of and any real variation from the price paid is realised.

Although an extremely challenging financial year, through excellent budgetary control by service management, the Council has made significant in-year savings to minimise the draw on reserves and retained its strong financial position.

## **Summary of the key elements from the Core Financial Statements**

### The Movement in Reserves Statement

This statement is the key to establishing the aggregate financial position of the Council, as it produces a summary of all the “cash backed” reserves that the Council holds. It shows that the Council’s usable reserves have decreased by £6,275k to £49,349k in 2023/24. This is largely due to using capital reserves to help fund the Capital Programme, and the impairment of loans to 3 Rivers Developments Ltd during the year.

### The Comprehensive Income and Expenditure Statement (CIES)

The Comprehensive Income and Expenditure Statement (CIES) shows an overall surplus of £12,342k. However, this position also includes the consolidation of the Council’s HRA. In addition, there are a number of technical accounting adjustments made to the final accounts which need to be “reversed out” in order to reflect the final cash position. These entries are included in the Adjustments between Accounting Basis and Funding Basis under Regulations. Once all of these adjustments are accounted for, the overall outturn is a £635k deficit on the General Fund and a £393k surplus on the HRA and these amounts have adjusted the General Fund Earmarked Reserves and HRA Earmarked Reserves accordingly.

### Balance Sheet

The Council instructed the District Valuer to undertake a valuation of a fifth of its asset portfolio and review the remaining assets in order to establish a “true and fair” view for the 31 March 2024 Balance Sheet. The Property, Plant and Equipment valuation, after adjustment for additions, disposals, and finance leases increased by £21,264k during 2023/24. This is mainly due to new housing developments under construction and the acquisition of land and buildings from 3Rivers. The overall Pension Scheme deficit decreased by £5,911k due to Pension Fund assets increasing in value by £7,983k and Pension Liabilities increasing by £2,072k mainly due to high interest/CPI rates being applied.

### Cash Flow Statement

The Council had a net cash reduction during 2023/24 of £230k.



## The Collection Fund

The Council set a Band D equivalent Council Tax rate of £225.40 in 2023/24. There was a reduced closing deficit of £320k on the Council Tax Collection Fund in 2023/24 due to a higher than budgeted collection rate achieved in the year of 97.5% (97.1% in 2022/23). Circa 13% is due to Mid Devon District Council, amounting to £42k.

Similarly, the Business Rates collection rate achieved in the year was also higher than budgeted at 99.4% (96.8% in 2022/23). This removed the previous deficit (£267k) and created a surplus of £487k in 2023/24, of which 40% is due to Mid Devon District Council, amounting to £195k.

The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 came into force on 1 December 2020. The regulations implemented the announcement made by the Secretary of State on 2 July 2020 that “the repayment of collection fund deficits arising in 2020/21, will be spread over the next three years rather than the usual period of a year, giving councils breathing space in setting budgets for next year.” The Council accounted for the full deficit in 2020/21 and therefore in 2023/24 has benefitted by the release of £152k from the Business Rates Smoothing Reserve and £62k from the Council Tax Smoothing Reserve. This smoothing is now complete.

## **The Financial Outlook**

The 2024/25 budget includes increases in income budgets reflecting the positive direction of travel experienced in 2023/24. Pressure on budgets has softened slightly as inflation falls back towards the government’s 2% target. A wide range of service savings and efficiencies have enabled a balance budget to be agreed without any draw from reserves. Indeed, with some last minute additional funding announced within the final settlement, a small contribution to reserves to enable further decarbonisation works was possible.

The financial outlook for councils continues to be uncertain. The sector only has clarity over the level of funding for one year, making planning for future service delivery practically impossible. However, the Council is in a strong financial position due to a good track record of robust financial management, effective budget management, the achievement of planned cost reductions/efficiencies and healthy levels of reserves.

Nationally, the way local councils are funded remains a challenge. The long overdue review of funding mechanisms, known as the Fair Funding Review initially promised in 2016, has now been delayed into the next Parliament. With an accrued loss of around c.£5,000k in Government funding since 2010 and continued additional requirements placed upon us, we look to the next Government to address the funding shortfall and deliver a funding mechanism that is fit for purpose and enables strategic financial planning.

**Andrew Jarrett**  
**Deputy Chief Executive (S151)**

## 4 Narrative and Performance Report 2023/24

### 4.1 Introduction

The Council's Narrative Report sets out the overall financial position and details the financial transactions relating to the Council's activities for the year ended 31 March 2024. The purpose of the Narrative Report is to provide a commentary on the main financial highlights and to identify any significant events that may affect the reader's interpretation of the Accounts. It also provides non-financial highlights to offer a more holistic view of the performance of the Council.

### Financial Performance

#### 4.2 2023/24 Overview

During the year regular monthly financial monitoring information has been produced and reported to Senior Management and Elected Members. Each monitoring report declared forecasts of varying amounts dependent on the information known at each point in time during the year. The month 9 monitoring report tabled at the 6 February 2024 Cabinet meeting forecast Service expenditure to be an estimated £119k over budget.

This over spend position was heavily influenced by the decisions taken in setting the 2023/24 budget which included a £400k staff savings target and an assumption to draw £625k from reserves. Therefore, to be forecasting to have reduced this £1,025k challenge down to £119k was a significant achievement. Significant challenge was given to all vacancies arising to ensure that each post was vital in the delivery of services. Roles deemed not to directly impact the delivery of statutory services (e.g. waste operatives), the safety of those using the service (i.e. lifeguards), those deemed as business critical (for example IT support) or roles that directly generate income (e.g. coaches taking classes within our leisure centres) were subject to a minimum three month delay in recruiting, allowing time for the service to consider alternative operating options. The need for agency and temporary staff was also heavily challenged. With the help of a 17% staff turnover rate, this enabled the Council to meet its £400k staff saving target.

Income generation was also key in offsetting the £625k draw from reserves. Waste recycling increased by circa 5% following the introduction of the Bin-it 123 scheme. This led to a significantly higher Waste Shared Saving payment from Devon County Council (£520k) reflecting the savings achieved by putting less into landfill. Subscriptions to Trade Waste and Green Waste services also generated income considerably above budget. Customers using our car parks and leisure centres returned to pre-Covid levels, with swimming income particularly increasing. However, the Cost of Living Crisis had a negative impact on Planning and Building Control income, which saw fewer applications due to the depressed housing market.

The third major factor contributing to the offsetting of the budgetary challenge was the reduction in non-essential planned project investments across our property portfolio to replace / enhance assets. An example of this is resurfacing the car parks. Given the budget situation, a risk based review was undertaken to postpone as many projects as safely as possible in order to help contain spend. Essentially, little more than fire safety works at Phoenix House were completed to ensure compliance with the regulations.

Considering the budgetary challenge outlined above, the forecast over spend position shows that excellent budget management continues within services in order to mitigate funding pressures and continue to provide high quality services at an affordable cost. Further information on spending on services, other operating costs and income is shown within the Notes to the Accounts Section.

### 4.3 Outturn Summary

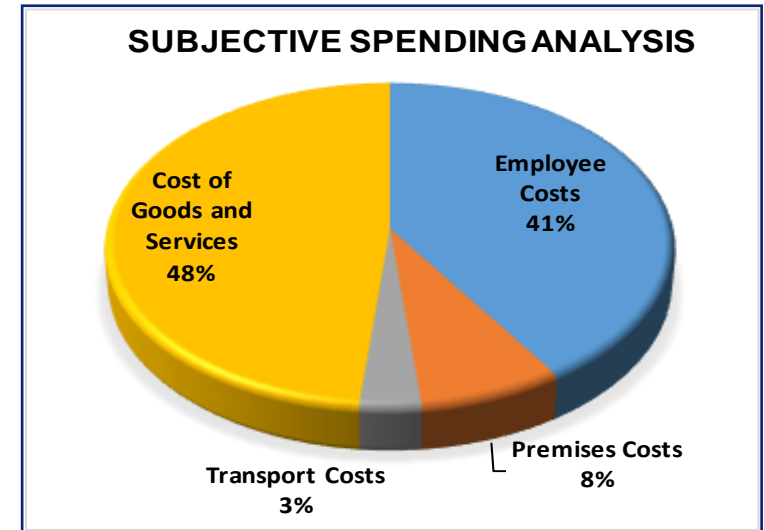
The table below shows the summary outturn position against budget.

<b>Outturn Summary</b>	<b>Budget 2023/24 £</b>	<b>Actual 2023/24 £</b>	<b>Variance 2023/24 £</b>	<b>To / (From) Earmarked Reserves 2023/24 £</b>	<b>variation after Earmarked Reserves 2023/24 £</b>
Community Development	217,761	226,251	8,490	-	8,490
Corporate Management	1,513,274	2,725,317	1,212,043	(58,440)	1,153,603
Car Parks	(545,510)	(674,655)	(129,145)	130,000	855
Customer Services	789,643	765,122	(24,521)	-	(24,521)
Public Health	1,236,696	945,815	(290,881)	243,185	(47,696)
Finance and Procurement	843,489	787,968	(55,521)	54,065	(1,456)
Grounds Maintenance	545,276	541,677	(3,599)	(29,721)	(33,319)
General Fund Housing	342,405	224,164	(118,241)	96,500	(21,741)
Human Resources	582,915	523,992	(58,923)	-	(58,923)
I.T. Services	1,299,553	1,310,229	10,676	(95,761)	(85,085)
Legal and Democratic Services	1,327,690	1,182,332	(145,358)	20,000	(125,358)
Planning and Regeneration	1,990,383	2,195,024	204,641	(393,831)	(189,190)
Property Services	1,976,209	1,234,368	(741,841)	729,714	(12,126)
Revenues and Benefits	849,153	689,157	(159,996)	45,572	(114,425)
Recreation and Sport	1,401,716	809,586	(592,130)	194,484	(397,646)
Waste Services	2,474,712	2,351,273	(123,439)	(76,099)	(199,537)
<b>ALL GENERAL FUND SERVICES</b>	<b>16,845,365</b>	<b>15,837,620</b>	<b>(1,007,745)</b>	<b>859,669</b>	<b>(148,076)</b>
Net recharge to HRA	(1,883,810)	(1,796,110)	87,700	-	87,700
Statutory Adjustments (Capital Charges)	703,264	1,217,295	514,031	30,467	544,498
<b>NET COST OF SERVICES</b>	<b>15,664,819</b>	<b>15,258,806</b>	<b>(406,013)</b>	<b>890,135</b>	<b>484,122</b>
Net Interest Payable / (Receivable)	(851,487)	(1,615,637)	(764,150)	150,000	(614,150)
Net Transfers To / (From) Reserves	(2,350,097)	(1,532,030)	818,067	(645,742)	172,325
Revenue contribution to fund 2023/24 Capital Programme	-	633,637	633,637	(633,637)	0
<b>TOTAL EXPENDITURE</b>	<b>12,463,235</b>	<b>12,744,776</b>	<b>281,541</b>	<b>(239,244)</b>	<b>42,297</b>
<b>Funded by:</b>					
Business Rates	(4,175,875)	(4,329,046)	(153,171)	239,244	86,073
Council Tax	(6,749,030)	(6,749,038)	(8)	-	(8)
Un-Ringfenced Grants	(1,538,330)	(1,666,692)	(128,362)	-	(128,362)
<b>NET INCOME AND EXPENDITURE</b>	<b>-</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>

#### 4.4 Types of Expenditure

The Chartered Institute of Public Finance and Accountancy (CIPFA) defined a common subjective analysis that would improve consistency within local government financial reporting and enable authorities to make effective comparisons and benchmarking analyses for service income and expenditure. Below is a breakdown of the Council's expenditure over the main subjective groupings.

<b>General Fund Revenue Account Outturn</b>				
<b>Services Subjective Spending Analysis</b>				
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	
	<b>2023/24</b>	<b>2023/24</b>		
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>%</b>
Employee Costs	16,811	16,777	(34)	(0.20%)
Premises Costs	4,242	3,083	(1,159)	(27.32%)
Transport Costs	1,319	1,323	4	0.31%
Cost of Goods and Services	17,529	19,880	2,351	13.41%
Income	(23,054)	(25,225)	(2,170)	9.41%
<b>TOTAL NET DIRECT SERVICE EXPENDITURE</b>	<b>16,845</b>	<b>15,838</b>	<b>(1,008)</b>	<b>(5.98%)</b>



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#### 4.5 Sources of Income

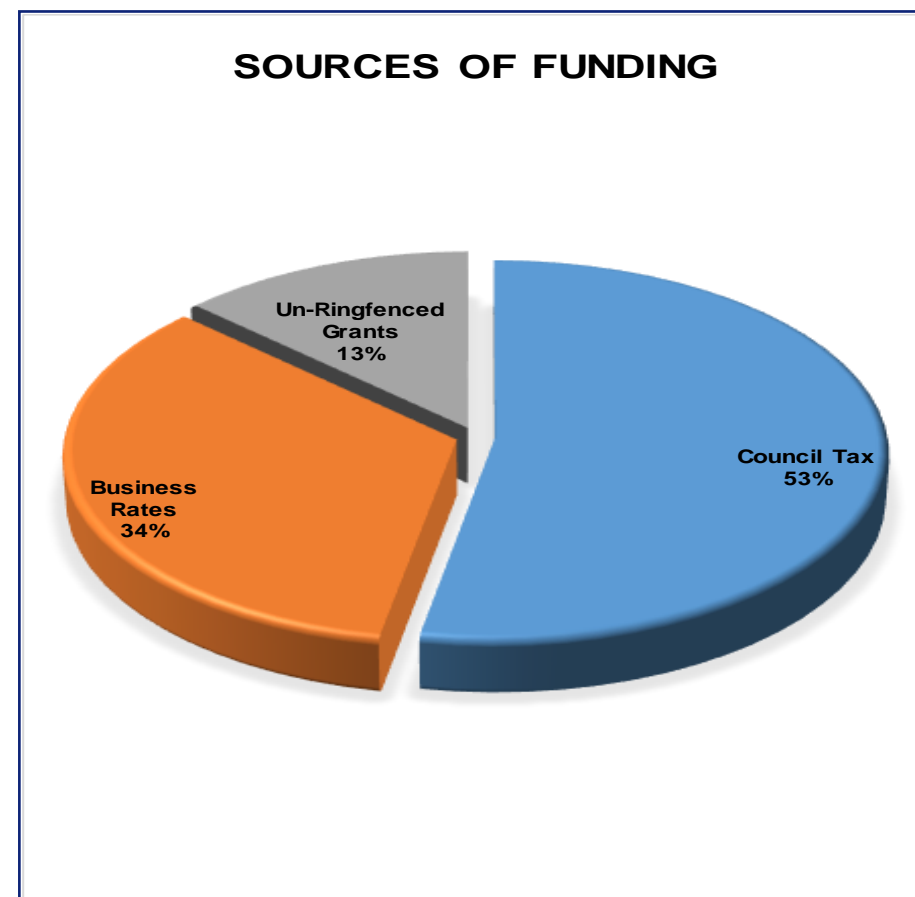
The Council's core funding streams for 2023/24 are detailed below. It shows that the Council is largely funded through localised taxation, namely Council Tax and Business Rates. In setting the budget for 2023/24, the Council increased Council Tax by 2.99% for a Band D property. This meant that the Band D Council Tax rate became £225.40. However, there remained a deficit on the fund, so overall the budget reduced from £6,946k to £6,749k.

The income from Business Rates returned to a more normal calculation as recent national reliefs and additional compensating Section 31 Grant ceased. However, the implications of the 2023 Revaluation (originally due in 2021) still needed to be included. In addition, a new Supporting Small Business Scheme was introduced with losses from the previous small Business Rate Relief or Rural Rate Relief capped at £600 annually. Overall, this increased the retained Business Rates by 12.7% and increased our budgeted income from £3,532k to £4,319k.

Only 13% of our overall funding now comes via Un-ringfenced Grant following more than a decade of austerity measures. This is inclusive of a new "funding guarantee" that ensures all authorities receive at least a 3% increase in the Core Spending Power and for Mid Devon, the reintroduction of the Revenue Support Grant.

The Council received £12,745k from the various sources of funding, £282k above budget, of which nearly half came from the very late payment of Covid-19 Income Compensation for losses on Sales, Fees and Charges in 2020/21. The remainder coming from the Devon Business Rates Pool surplus.

Sources of Funding	2023/24	
	Budget	Actual
	£k	£k
<b>Council Tax</b>	<b>(6,749)</b>	<b>(6,749)</b>
Council Tax	(6,724)	(6,724)
Prior Year (Surplus)/Deficit	(25)	(25)
<b>Business Rates</b>	<b>(4,176)</b>	<b>(4,329)</b>
Non-Domestic Rates	(4,355)	(4,280)
Prior Year (Surplus)/Deficit	179	179
Business Rates Benefit from Devon Pool	-	(228)
<b>Unringfenced Grants</b>	<b>(1,538)</b>	<b>(1,667)</b>
New Homes Bonus Grant	(395)	(320)
Rural Services Delivery Grant	(490)	(547)
Lower Tier Services Grant	(86)	(82)
Revenue Support Grant	(98)	(98)
Funding Guarantee	(469)	(493)
Covid-19 Income Compensation Scheme	-	(109)
Other Grants	-	(18)
<b>Total Funding</b>	<b>(12,463)</b>	<b>(12,745)</b>



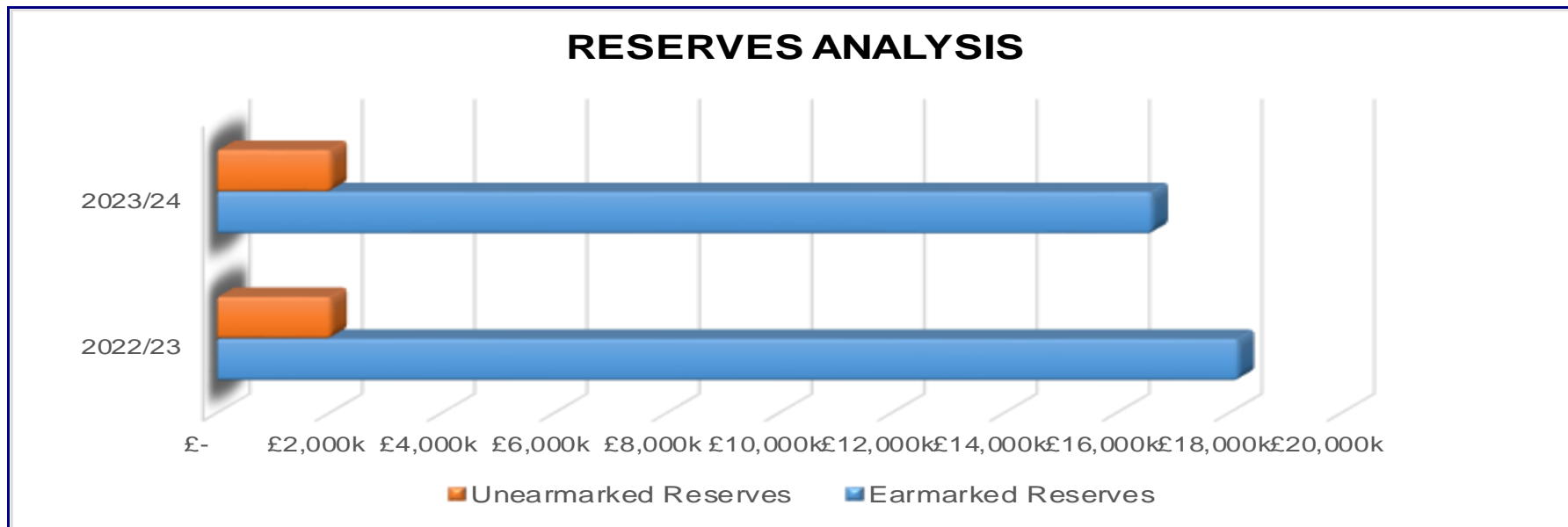
#### 4.6 Revenue Reserves

The Financial Strategy is to retain sufficient General Fund balances to meet our major financial risks. The greater the level of uncertainty and risk, the more likely it is that these may be needed. Consideration has been given to the levels of reserves as these are the means by which the Council can manage any movements from the planned position in the short term. The Cabinet decision taken on 16 January 2020 agreed that the minimum General Fund balance held should be £2,000k. This decision was continued when setting the 2023/24 budget.

The outturn position resulted in an overall deficit of £635k. Given the exceptional nature of this deficit and the underlying cause, it has been taken from Earmarked Reserves. Therefore, the General Fund bottom line is net nil and Reserves remain at £2,025k as at the start of the year.

The Council also holds a number of reserves earmarked for specific purposes or known events that will happen in the future. An example of such a reserve is the amount set aside annually to meet the cost of the District Council elections that occur every four years. Cabinet set aside a budgeted amount annually to cover any exceptional or unforeseen events that may arise during the financial year.

The outturn position resulted in an overall reduction across the various General Fund Earmarked Reserves of £1,532k from the start of the year. Therefore, in total they now stand at £16,628k at 31 March 2024.



The Council (in common with other public bodies) continues to face a difficult financial climate and continues to believe that it is prudent to retain robust balances to smooth the potential effect to the tax payer of further funding cuts.

#### 4.7 Housing Revenue Account (HRA) – Revenue Expenditure

The Council is a major provider of social housing, working closely with housing associations and other social landlords to provide affordable housing for tenants in the District. The Housing Revenue Account (HRA) only accounts for the costs and income related to provision of Council-owned accommodation. The Local Government Act 1989 requires this expenditure to be ring-fenced and it cannot be subsidised by the General Fund. The following table provides a summary of performance against budget for the year.

HRA Outturn	2023/24	2023/24	Variance	
	Budget	Outturn	£k	%
	£k	£k	£k	%
Gross Income	(14,670)	(15,778)	(1,108)	7.55%
Service Expenditure	7,978	8,046	68	0.86%
Other Operating Costs and Income	187	237	50	26.75%
Earmarked Reserve Transfers	3,962	1,565	(2,397)	(60.51%)
Capital Financing and Debt Repayment	2,242	5,383	3,141	140.07%
Technical Accounting Adjustments	300	153	(147)	(49.01%)
(Gain) / Loss on Sale of Fixed Assets	0	0	0	0.00%
<b>Net Variance</b>	<b>0</b>	<b>(393)</b>	<b>(393)</b>	<b>2.68%</b>

The Net Budget for the HRA is £Nil, reflecting the self-financing nature of the account. However, financial performance is measured against the Gross Income budget, which is £14,670k for the year. The HRA has reported a net surplus of £393k for 2023/24, which is 2.68% of gross income. The surplus will increase the Housing Maintenance Fund so that the HRA reserve will remain at £2,000k. When the surplus is added to the budgeted transfers to reserves, the HRA Earmarked Reserves will then total £21,330k. These reserves are committed in a number of areas including long term major works to dwellings, new house building, the HRA's debt premium deficit and renewable energy projects upgrades.

The Housing Revenue Account also holds a MRR (Major Repairs Reserve), which is ring-fenced for capital expenditure on HRA properties. This reserve effectively carries forward any unspent major repairs allowance (see note 66).

#### 4.8 Capital Expenditure

In addition to our spending on day-to-day service provision, the Council spends money on assets such as buildings, leisure equipment and other projects which are capital in nature. Capital expenditure in the year totalled £30,431k (£17,072k 2022/23). Capital expenditure comprised £13,778k in General Fund schemes and £16,653k on HRA capital works, as summarised in the tables below.

General Fund Capital Expenditure Schemes	£k
Purchase of 3Rivers assets	7,000
Loans to 3Rivers for development schemes	2,686
Purchase of new homelessness accommodation	1,956
Disabled Facilities Grants – Private Sector	659
Replacement leisure equipment and enhancement	406
Leasing costs - vehicles and equipment	353
ICT hardware and equipment	346
Economic Development grant scheme	280
Phoenix House - fire and security upgrades	82
Other small projects	10
<b>General Fund Capital Schemes - Total</b>	<b>13,778</b>

HRA Capital Expenditure Schemes	£k
New social / affordable housing schemes	13,430
Major repairs and enhancements to housing stock	3,117
Leasing costs - vehicles and equipment	106
<b>HRA Capital Schemes - Total</b>	<b>16,653</b>

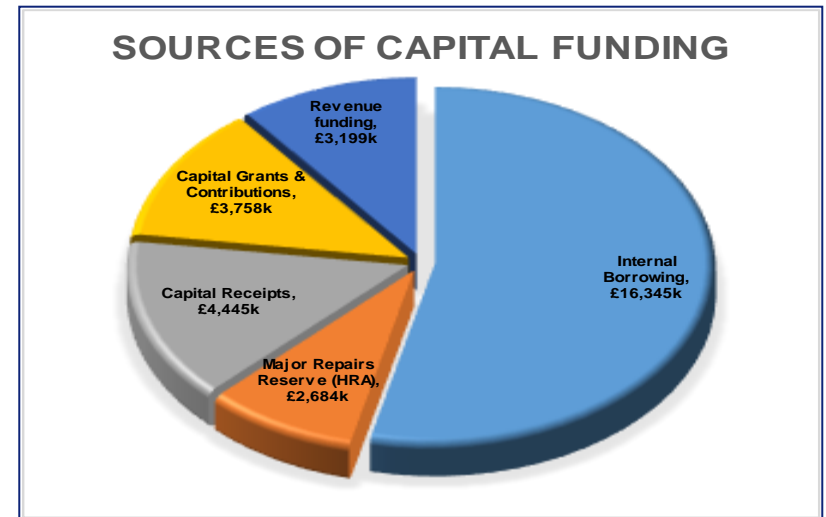
The General Fund capital spend related to a wide range of projects which included £2,686k of additional residual loans to 3 Rivers Developments Ltd to complete the housing development sites at St George's Court and Haddon Heights, Bampton.

A further £7m was spent purchasing land at Knowle Lane Cullompton and the unsold units at Haddon Heights, Bampton. £1,956k was spent on new homes to reduce pressure on the homelessness budget. This year renovations to private sector homes funded through the Disabled Facilities Grant have cost £659k, and the leasing of new vehicles cost £353k.

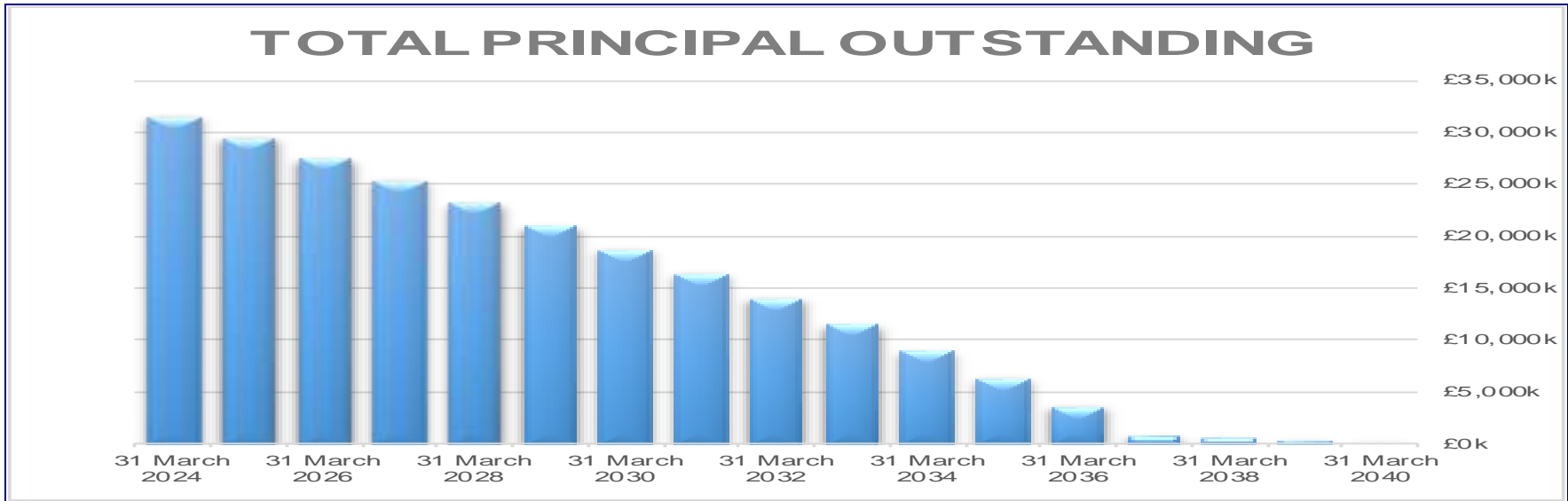
Within the HRA, £13,430k was spent on the initial delivery of the ambitious programme of building 500 new homes to increase the housing stock and reduce the carbon footprint. This included £8.15m for the 40 units at St George's Court which will provide an over 60's scheme, that is expected to release larger properties for younger families. £3,117k was spent maintaining and enhancing housing standards, including replacing kitchens, bathrooms, windows, doors, heating systems and other related works. 10 homes were sold to tenants through the Right-to-Buy scheme and there were none repurchased.

#### 4.9 Borrowing

At the end of 2023/24, the Council had two Public Works Loan Board loans with total principal outstanding of £31,373k. No new loans were taken out during the year. The Council has paid off £1,937k of the outstanding principal during the year and interest of £955k (£81k GF and £874k HRA). The interest rates on these loans were 2.61% and 2.94% pa and give a weighted average of 2.91%.

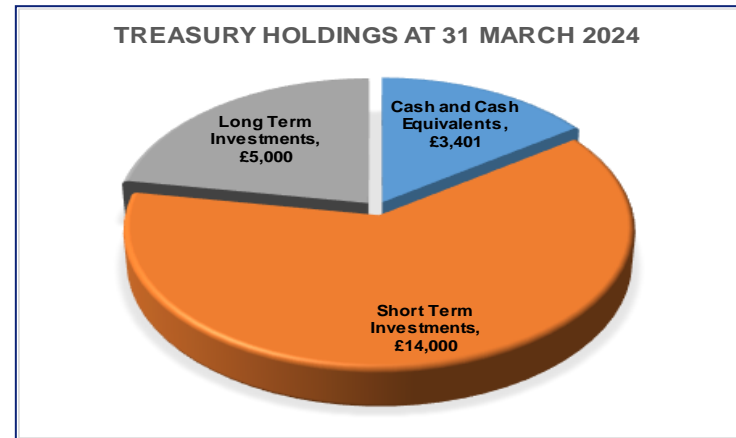
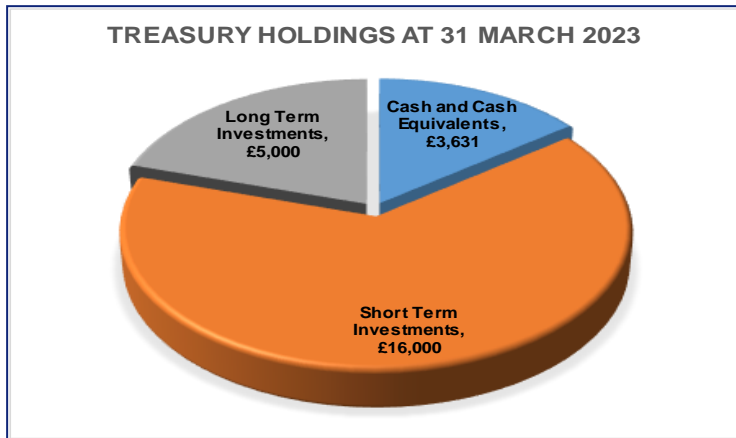






#### 4.10 Treasury Activities

The charts below gives an overview of the Council's treasury holdings at the 2023/24 financial year end and that held at the end of the previous financial year (2022/23):



From the Short Term investments managed by the Council, investment interest of £1,191k (£539k 2022/23) was generated which gave an average rate of return of 5.25% (1.84% 2022/23). This is a marked increase on the prior year reflecting the significant increase in the interest rates following the Bank of England's attempts to curb inflation and calm the Cost of Living Crisis. The dividends received from the Long Term investments, held with CCLA, totalled £234k or 4.68% (4.02% 2022/23).

## Non-Financial Performance

When reviewing the performance of the Council, it is important to not only see performance against budget, it is also important to assess performance against the operational/strategic targets set within the context of the Corporate Plan during the year. The full Performance and Risk Report will be presented to Audit Committee alongside these Statements. Below are some of the key performance statistics:

### Non-Financial Performance 2023/24



**99%** of emergency housing repairs completed on time



**100%** of householder planning applications determined within 8 weeks

**560** trees planted on our land and private land



**97.7%** of housing complaints responded to on time

**46** tonnes of CO2 saved by solar panels generating power at Council sites



**74%** of residents are very or fairly satisfied with their local area as a place to live



**4,323** charging sessions at our electric vehicle charging points



**97.5%** of Council Tax collected



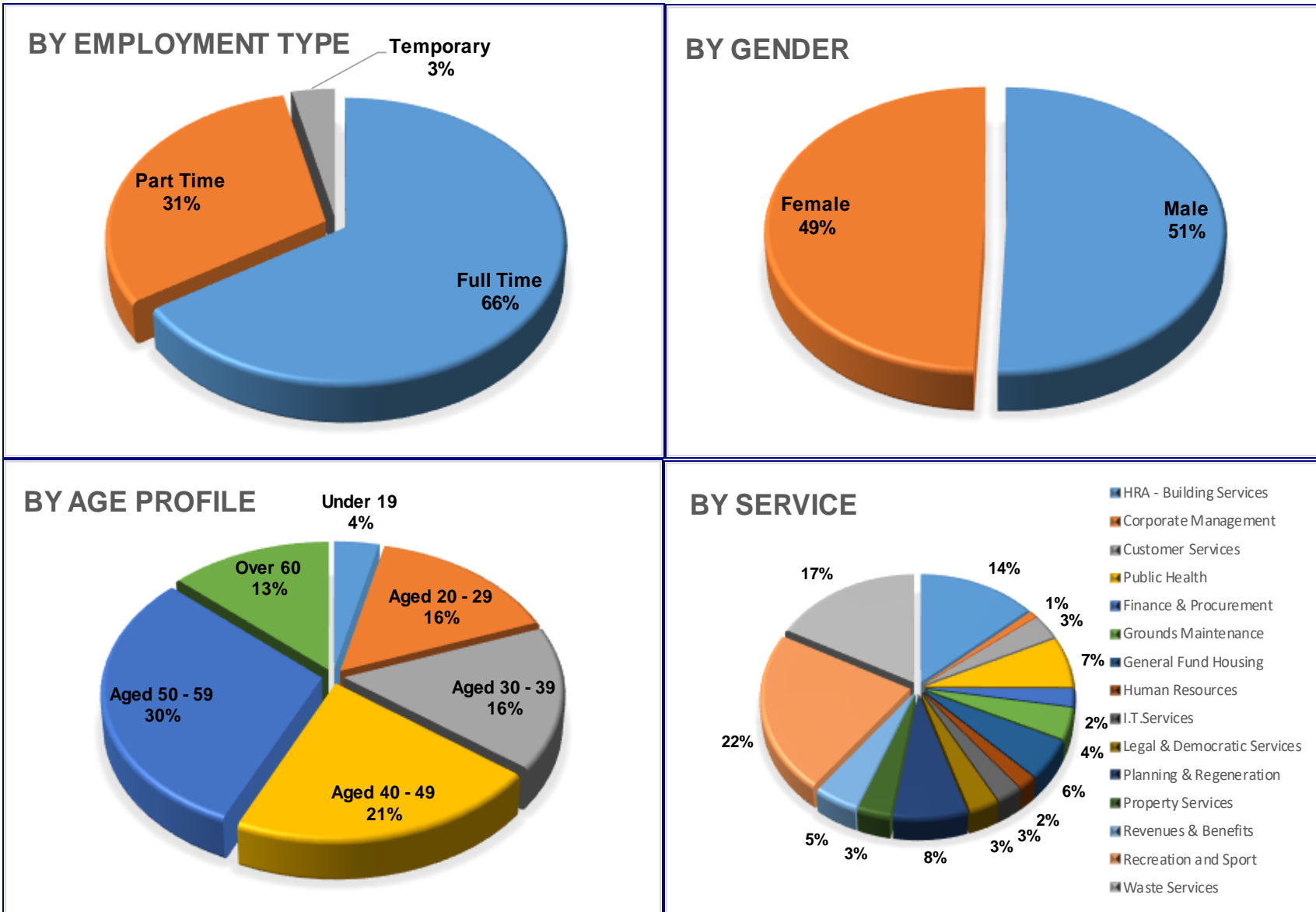
**99.4%** of Business Rates collected



**57.8%** of household waste reused, recycled and composted

#### 4.11 Workforce Data

The Council employed 546 people in full, part time or temporary contracts on 31 March 2024. Employees are a valued significant resource within the Council and employees' costs account for 41% of the total gross expenditure. The Council's workforce profile can be seen in the charts below.



## 4.12 Principal Risks and Uncertainties

A risk management strategy is in place to identify and evaluate risks. There are clearly defined steps to support better decision making through the understanding of risks, whether a positive opportunity or a threat and the likely impact.

Risks are managed at all levels within the Council. The most serious and/or cross-cutting risks are escalated to the Corporate Risk Register. The Corporate Risk Register is subject to regular review by the Leadership Team and the risks regularly reported to all Policy Development Groups (PDGs), Audit Committee, Cabinet, and Scrutiny. Each risk has an owner and is supported by mitigating actions designed to reduce uncertainty and the Council's exposure to risk. The key areas of corporate risk at March 2024 centred on:

Ref	Risk Name	Risk Owner	Risk Rating
CR1a	Culm Garden Village – Loss of Capacity Funding	Adrian Welsh	25
CR1b	Culm Garden Village – Delay / impact to project arising from infrastructure delays	Adrian Welsh	20
CR2	Cyber Security	Brian Trebilcock	20
CR3	Failure to meet Climate Change Commitments by 2030	Paul Deal	15
CR4	Homes for Ukraine Scheme	Simon Newcombe	9
CR5	Information Security	Lisa Lewis	8
CR7	Financial Sustainability	Paul Deal	16
CR8	Quality of Planning Committee Decisions	Angharad Williams	12
CR9	3Rivers – Delivery of closedown plan	Paul Deal	8
CR9a	Reputational Impact of 3Rivers	Stephen Walford	8
CR10	Cullompton Town Centre Relief Road	Adrian Welsh	25
CR11	Cost of Living Crisis	Dean Emery	16
CR12	Housing Crisis	Simon Newcombe	12
CR13	Operation of a Waste Management Service	Matthew Page	8
CR14	Workforce Shortage	Matthew Page	6
CR15	Corporate Property Fire Safety	Stephen Walford	9
CR16	Building Control Service Viability	Andrew Howard	9
CR17	Severe Weather Emergency Recovery	Simon Newcombe	12

Risk Severity ↑	5	5	10	15	20	25			
	4	4	CR9; CR13	8	CR8; CR12; CR17	12	16	CR7; CR11	20
	3	3	CR14	6	CR4; CR15; CR16	9	12	CR3	15
	2	2	4	4	6	6	8	CR5; CR9a	10
	1	1	2	3	3	4	4	5	
		1	2	3	4	5	Risk Likelihood →		

#### 4.13 The Council's Governance Arrangements

The Council has a well-established and robust corporate governance framework. This includes the statutory elements such as the posts of Chief Executive (as Head of Paid Service), Monitoring Officer and Chief Finance Officer (as S151 Officer).

The Annual Governance Statement has been reviewed taking into account external and internal audit reviews and feedback from the Senior Leadership Team. It includes a review of the effectiveness of the Council's governance arrangements and concludes that the existing arrangements remain fit for purposes and help provide reasonable assurance of their effectiveness.

#### 4.14 Notable Events affecting the Finances

##### Election

The Mid Devon District Council election took place on 4 May 2023. This saw a significant swing in political control, moving from no overall control to a heavily dominant Liberal Democrat administration. This has helped stable decision making and enable focus on the Council's financial position as previously covered.

##### 3 Rivers Developments Ltd (3Rivers)

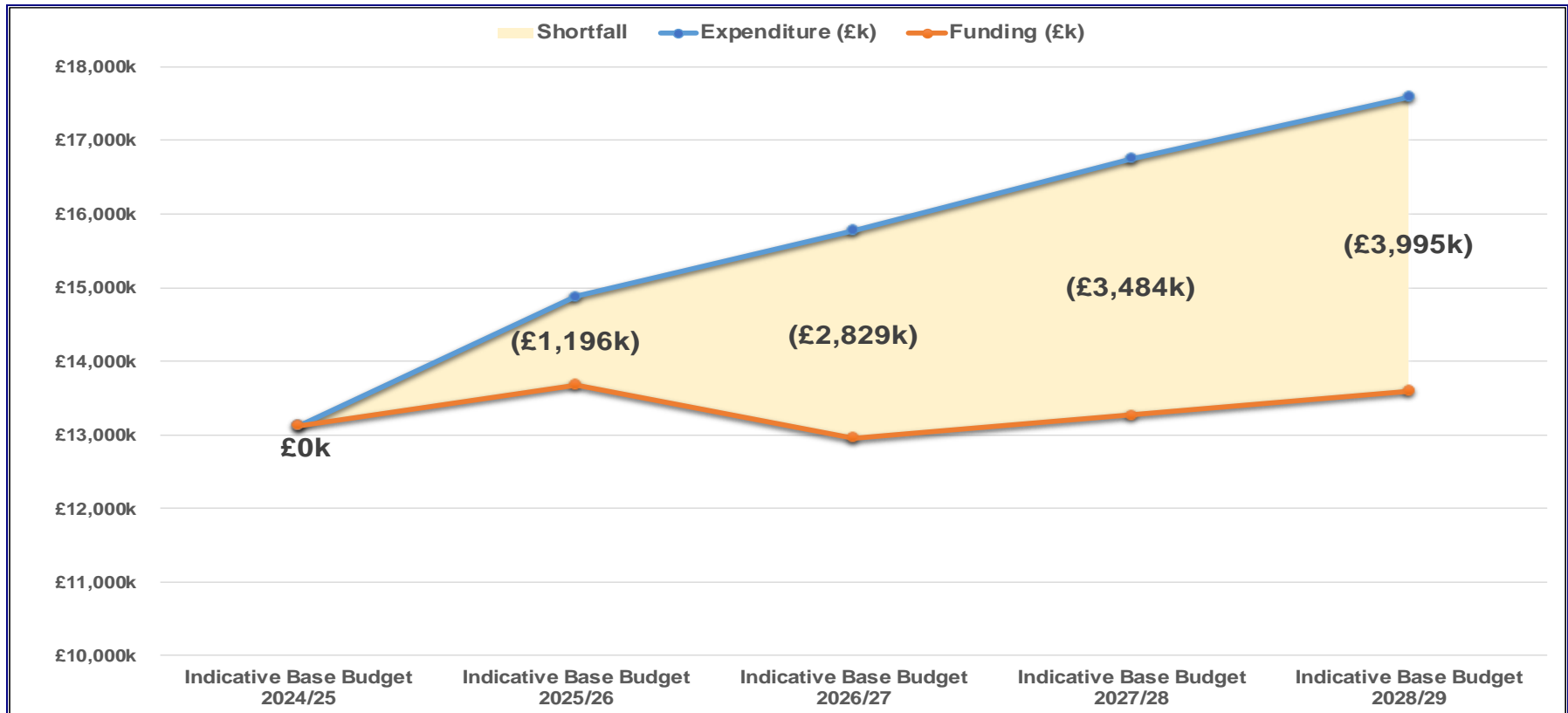
Approval was given by Cabinet and Full Council in September 2023 for the soft closure of the Council's subsidiary company, 3 Rivers Developments Ltd. The soft closure ensured all assets were realised and committed to paying all contractors, suppliers and tradesmen in full. Although this has been a challenge, all assets have been sold commercially or to the Council and no funds are owed to either the Council or any creditors, placing the company into a period of dormancy prior to applying to Companies House for a voluntary strike off.

Cost of Living Crisis

The invasion of Ukraine had a significant impact on the global economy causing inflation to reach its highest levels in over 40 years and household disposable income to reduce. This has been known as the Cost of Living Crisis. Although the Council has seen increased costs, both in wages and materials, this has also enabled our fees and charges to be increased in order to offset the higher costs and higher interest rates have yielded significantly higher investment returns.

**4.15 The Financial Future of Mid Devon – Medium Term Forecast**

The Medium Term Financial Plan (MTFP) position shows that delivering our existing range and level of services, without any remedial action, would result in the Council’s expenditure exceeding the available resources by approximately £3,995k by 2028/29. As shown in the chart below, the majority of this shortfall falls within the first two financial years due to inflation and reduced grant funding assumptions linked to long outstanding and overdue reforms to Local Government Funding mechanisms. The latter years are forecast to be broadly more manageable.



Funding is expected to fall after 2025/26 due to the Government reviewing the future of Business Rates funding allocation, which could see a loss of the growth in this funding since 2013 known as resource equalisation. Uncertainty also surrounds the various forms of central Government funding

following the extended delays to reforms being considered within the Fair Funding Review, initially commissioned in 2016. New Homes Bonus was formally phased out by 2022/23, however one-off allocations have been received in 2022/23, 2023/24 and again in 2024/25. The Government commitment to provide clarity about the future position of New Homes Bonus in advance of the 2024-25 Finance Settlement failed to materialise. Other one-off funding received such as Services Grant and the Funding Guarantee are assumed to halve, leaving the Rural Services grant as the only steady grant funding received from Government. With the increasing demands on services this puts increased pressure on our ability to generate Business Rates and Council Tax or income from Fees and Charges as the only remaining funding streams.

This uncertainty makes medium term financial planning far more challenging. However, proactive financial stewardship has seen the Council make provision to manage any adverse consequences emanating from these delays and the potential outcomes of the long awaited Fair Funding Review and Business Rates Baseline Reset consultations.

The Council has prudently maintained the General Fund balance and Earmarked Reserves in recent years to ensure the Council is financially resilient. The Council is therefore in a position to draw upon its General Fund reserve balance should it need to but clearly this could have longer term solvency implications. Regular financial monitoring will continue to ensure the Council takes all necessary remedial action, where practicable, with a continued focus on delivering key services against the backdrop of considerably reduced available resources.

Moving forward, the Council's financial position is more sustainable, as there is little funding left outside of our control that can be cut.

#### 4.16 Conclusion

Overall 2023/24 should be considered a hugely successful financial year. Despite a final outturn position of an over spend for the General Fund, given the financial challenges provided through the budget process and soft closure of 3Rivers, to keep it to £635k is a remarkable achievement. The Housing Revenue Account delivered an under spend close of £393k despite pressure from the price of materials. The Council's performance was strong with the vast majority of our performance targets achieved, despite the significant financial pressures and strain on resources experienced. This achievement should be celebrated.

We are aware that the future position continues to be challenging. Therefore we are taking action now to limit the impact and find solutions to enable the Council to continue to build from its current position of strength. We are looking to expand how we work collaboratively with neighbouring Councils and partners to deliver financial savings and build additional operational capacity and resilience and ensure we are in a very strong financial position which will enable us to move forward and react to all of these challenges that will undoubtedly come our way.

**Andrew Jarrett**  
**Deputy Chief Executive (S151)**

## 5 Statement of Accounting Policies

### 5.1 General Principles

The Statement of Accounts summarises the Council's transactions for the financial year and its position at the year ending 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government 2003 Act.

There have been no material changes to the accounting policies for 2023/24 and therefore there are no significant changes to the production of the accounts as a result of changes to the Code.

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. These statements have been compiled on the basis of the Council remaining a going concern and all amounts have been rounded to the nearest £1,000.

### 5.2 Going Concern

The concept of a 'going concern' assumes that a council, its functions and services will continue in operational existence for the foreseeable future. This assumption underpins the accounts drawn up under the Local Authority Code of Accounting Practice and is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government).

If a council were in financial difficulty, the prospects are that alternative arrangements would be made by Central Government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

Therefore, in accordance with the Code, the Council's single entity accounts are prepared assuming it will continue to operate in the foreseeable future and it is able to do so within the current and anticipated resources available.

On 6 September 2023, Mid Devon District Council agreed to "soft close" 3 Rivers Developments Ltd (a wholly owned subsidiary company). As such, the company's financial statements and therefore the Group Accounts within this document were prepared on a basis other than going concern. At 31 March 2024, the company owned no assets, owed no debt to any creditor (including the Council) and was effectively dormant awaiting voluntary strike off at Companies House.

### 5.3 Accruals and Prepayments of Income and Expenditure

Activity is accounted for in the year in which it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.



- 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 provided (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- 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 income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where 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.

A de minimis of £10k is normally applied to any adjustments made.

#### **5.4 Overheads and Support Services (Recharges)**

The actual costs of overheads and support services are charged to those users that benefit from the supply or service as required by the Code.

#### **5.5 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 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 carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement (CIES), but then reversed out through the Movement in Reserves Statement (MIRS) so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

##### **Termination Benefits**

Termination benefits are 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. They are charged on an accruals basis and form part of the relevant service's expenditure in the CIES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers, or making an offer to encourage voluntary redundancy.

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 MIRS, 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 for the cash paid to the Pension Fund and pensioners and any such amounts payable, but unpaid at the year-end.

## Post-Employment Benefits

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

### 5.6 The Local Government Pensions Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Devon County Council pension scheme 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 earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate as shown in the assumptions in Note 21 to the accounts. The assets of the fund attributable to the Council are included in the Balance Sheet at fair value.

The change in the net pension 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 CIES to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Corporate Management.
- Net interest on the net defined benefit liability, i.e. net interest expense for the Council – 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 CIES. This is calculated by applying the discount rate used to measure the defined benefit liability 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 pension payments.

Remeasurements comprising:

- The return on plan assets - excluding amounts included in net interest on the net defined benefit liability - 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.
- Contributions paid to the LGPS - 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 MIRS, 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 any such amounts payable but unpaid at 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.

## **5.7 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 CIES 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 either short term or long term creditors, depending upon their nature. When conditions are satisfied, the grant or contribution is credited to the relevant service in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. When it has been applied it is posted to the Capital Adjustment Account.

Any amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

## **5.8 Revenue Expenditure Funded from Capital under Statute (REFCUS)**

REFCUS represents expenditure that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset controlled by the Council. Service revenue accounts have been charged on the basis of the benefit that the service received as a result of the expenditure, net of any capital grants received during the year. As the asset created is not owned by the Council at the end of the accounting period, the expenditure, net of any capital grants received during the year, is immediately written off in full in the year of creation. Where the Council has determined to meet the cost of the REFCUS from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the MIRS from the General Fund Balance to the Capital Adjustment Account so there is no impact on the level of Council Tax.

## 5.9 Value Added Tax (VAT)

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs (HMRC) and all VAT paid is recoverable from it, except where the Council is unable to recover VAT. VAT receivable from HMRC is excluded from income.

## 5.10 Minimum Revenue Provision

The Prudential Code requires that all capital expenditure is financed by a credit to the Capital Adjustment Account. If funding is not immediately available then a Capital Financing Requirement (CFR) arises. Essentially the CFR has to be mitigated over time on a prudent basis by making a "Minimum Revenue Provision". This is a charge to the General Fund made from the "Adjustments between Accounting Basis and Funding Basis under Regulations" and the Capital Adjustment account.

The basis of estimation adopted by the Council comprises three elements:

- There is a minimum revenue provision of 4% on assets acquired prior to 1 April 2008.
- Finance leases have their capital financing applied on a straight line basis over the life of the lease contract.
- New assets, acquired after 1 April 2008, that are not finance leases, have their capital financing calculated on a straight line basis over the life of the asset.

## 5.11 Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in 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 if 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. When a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the 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.

There are no adjustments to prior period figures.

## 5.12 Property, Plant and Equipment

### Recognition

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.

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 (e.g.

repairs and maintenance) is charged as an expense when it is incurred. The Council has a discretionary de minimis level for recognising Property, Plant and Equipment of £20,000.

### **Measurement**

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 have short lives or low values (or both), Depreciated Historical Cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. In some cases, gains may be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- 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 CIES.

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

### **Componentisation**

The criteria for individual components of any asset to be separately valued are as follows:

De minimus threshold – the overall gross asset value must be in excess of £500,000 to be considered for componentisation; and

Materiality – the component must have a minimum value of £250,000 or represent at least 20% of the overall value of the asset (whichever is higher) and the differential in the asset life must be more than 50% of the that of the total asset; and

Asset lives – the estimated life of the component is less than half that of the main asset.

All three of the above criteria must be met before componentisation becomes an issue.

The only exception to this is where major components of council dwellings are separated out from the whole asset for the purposes of setting a more accurate depreciation figure. These major components have been identified as roofs, kitchens, bathrooms, windows and boilers.

### **Impairment of Non-Current Assets**

Non-Current Assets are assessed at 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. This policy does not apply to loans to third parties, which are treated as financial instruments.

Where impairment losses are identified, they are accounted for as follows:

- 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 CIES.

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

The Council had the District Valuer estimate current values of approximately 1/5th of the property portfolio at 31 March 2024.

**Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged in full in the year of acquisition. An exception is made for assets without a determinable finite life (i.e. freehold land and certain Community Assets), Heritage Assets and assets that are not yet available for use (i.e. assets under construction) where no depreciation is charged.

Depreciation is calculated on the following bases:

- Council dwellings – depreciation has been calculated based upon the expected lives of key components of our housing units
  - Roofs            50 years
  - Kitchens       20 years
  - Bathrooms     30 years
  - Windows       30 years
  - Boilers         10 years
  - Structure       60 years
- Other buildings – straight-line allocation over the life of the property as estimated by the Valuer
- Vehicles, plant and equipment – straight-line allocation over the life of the asset as estimated by suitably qualified and experienced officers.
- Infrastructure – straight-line allocation over the life of the property as estimated by the Valuer
- IT equipment and Intangible Assets – straight-line allocation over the life of the asset as estimated by suitably qualified and experienced officers.

Examples of time scales are given below:

Plant	Expected asset life of 10 years
Vehicles	Expected asset life of 3 to 7 years
ICT equipment	Expected asset life of 3 to 5 years
Specialist equipment	Expected asset life of 3 to 10 years
Phoenix House boilers	Expected asset life of 15 years
Solar panels	Expected asset life of 15 to 25 years

Where an asset has major components with different estimated useful lives, these are depreciated separately. Currently the Council has identified no such assets.

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.

### **5.13 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 in the CIES. Gains or losses on sale are posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous 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 value 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 in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES 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.

Sales proceeds in excess of £10k are categorised as capital receipts. In prior years, a proportion of receipts relating to housing disposals and other assets, net of statutory deductions and allowances, is payable to the Government. However, for 2022/23 and 2023/24, the Government have granted further fixed term flexibilities for Right-to-Buy sales receipt, allowing 100% of the sale value to be retained. Part of the retained 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, and part is required to be set aside in a ring fenced reserve for future Council house building. Receipts are appropriated to the Reserve from the Adjustments between Accounting Basis and Funding Basis under Regulations.

The written-off value of disposals is not a charge against Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

### **5.14 Leases**

Following CIPFA/LASAAC's decision to further delay of the adoption IFRS 16 Leases in the Public Sector until the 2024/25 financial year, the Council continues to account for leases as it has previously.

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the property, plant or equipment from the lessor to the lessee. The Council consider that leases for land for a period of at least 125 years are

pragmatically a substantial period of the asset life and use discretion to treat these as finance leases, whether as lessor or lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent upon the use of specific assets.

## **The Authority as Lessee**

### **Finance Leases**

Property, Plant and Equipment (PPE) held under a finance lease is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied in writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the PPE – applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

PPE recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (in this case ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### **Operating Leases**

Rentals paid under operating leases are charged to the CIES as an expense to the services benefitting from the use of the leased PPE. Charges are made on a straight line basis over the life of the lease, even if this does not match the pattern of payments (e.g. if there is a rent-free period at the commencement of the lease).



## **The Authority as Lessor**

### **Finance Leases**

For this set of accounts the Council has no lessor finance leases.

### **Operating Leases**

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 CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

## **5.15 Investments including Cash on Deposit with Banking Institutions**

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 three months or less from the date of acquisition, and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand, and form an integral part of the Council's cash management.

## **5.16 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, all parties 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 income included in the CIES 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 CIES 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 MIRS.

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.

## 5.17 Financial Instruments

### Financial Assets

Financial assets are 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. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement;
- Fair value through profit or loss (FVPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.; and
- Fair value through other comprehensive income (FVOCI). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of. A separate accounting policy is required where a Council holds financial instruments at fair value through other comprehensive income.

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual 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 subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES 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), with interest credited to the CIES being the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, or where relevant FVOCI, 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 significantly since an instrument was initially

recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

The Council recognises gains and losses on its Pooled Investment (CCLA) through Surplus / Deficit on Provision of Services 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. The impact is reversed out and placed in an unusable reserve. This is shown in Note 43.

### **5.18 Provisions**

Provisions are made where an event has taken place that gives the Council an 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 CIES in the year that the Council becomes aware of the obligation, based on the best estimate at the balance sheet date of the amount 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 by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

### **5.19 Interests in Companies and Other Entities**

The Council has material interests in its wholly-owned subsidiary 3 Rivers Developments Ltd, and due to the materiality of the interest the Council is required to prepare Group Accounts which can be found within these accounts. Note, however, that as at 31 March 2024, the company owed nothing to the Council and was effectively dormant awaiting voluntary strike off at Companies House.

In the Council’s own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

### **5.20 General Fund Reserve**

Council has approved a policy whereby the level of the General Fund balance should not fall below £2,000k of the net General Fund budget. The balance at 31 March 2024 was £2,025k.

### **5.21 Housing Revenue Account (HRA)**

Council has approved a policy of the HRA maintaining a reserve balance of £2,000k and this has been maintained throughout the year.

## 6 The Statement of Responsibilities for the Statement of Accounts

### 6.1 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 Deputy Chief Executive (S151).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

### 6.2 The Deputy Chief Executive (S151)'s Responsibilities

The Deputy Chief Executive (S151) is responsible for the preparation of the Council's Statement of Accounts in accordance with the 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 Deputy Chief Executive (S151) has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments 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.

### 6.3 Opinion

In my opinion the Statement of Accounts gives a true and fair view of the financial position of the Council at the reporting date and its income and expenditure for the year ended 31 March 2024.

.....  
Signature

.....  
Date

**Andrew Jarrett CPFA**  
**Deputy Chief Executive (S151)**  
**Mid Devon District Council**

## 7 Chief Finance Officer's Certificate

I certify that the accounts set out in the following pages, give a true and fair view of the financial position of the Council at 31 March 2024.

The date on which the draft Statement of Accounts was authorised for issue by the Deputy Chief Executive (S151) was 14 June 2024.

This is also the date up to which events after the Balance Sheet date have been considered.

### Approved by the Deputy Chief Executive (S151)

.....  
Andrew Jarrett CPFA

.....  
Dated

### Approved by the Chairman of the Audit Committee

.....  
TBC

.....  
Dated

### Approved by the Leader of the Council

.....  
Cllr Luke Taylor

.....  
Dated

# 8 Independent Auditor's Report to the Members of Mid Devon District Council

## 8.1 Report on the Audit of the Financial Statements

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## 9 Index of Primary Statements and Notes to the Accounts

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## Introduction to the Core Financial Statements

Below is a list of the Core Financial Statements and other key areas within the Accounts along with a brief description that outlines the purpose of each component. The financial statements have been prepared in accordance with the requirements of the “Code of Practice on Local Authority Accounting in the United Kingdom for 2023/24”.

- **Movement in Reserves Statement**

This statement analyses the in-year changes in both usable and unusable reserves.

- **Comprehensive Income and Expenditure Statement**

The Comprehensive Income and Expenditure Statement (CIES) is a summary of the resources generated and consumed by the Council in the year.

- **The Balance Sheet**

This is a snapshot of the Council’s financial position at 31 March. It shows all balances and reserves at the Council’s disposal, its long-term indebtedness and the non-current assets and net current assets employed in its operation.

- **Cash Flow Statement**

This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

- **The Housing Revenue Account (HRA) Income and Expenditure Account**

This account reflects the statutory obligation to account separately for the Council’s provision of housing. The HRA Income and Expenditure Account shows in more detail the income and expenditure on HRA services included in the whole Council CIES.

- **Collection Fund**

This account reflects the statutory requirement for the Council to maintain a separate Collection Fund which shows its transactions in relation to Non Domestic Rates and Council Tax, and illustrates how these have been distributed to Devon County Council, Devon & Cornwall Police & Crime Commissioner, Devon and Somerset Fire Authority, Central Government and the Council itself. The Balance Sheet and the Cash Flow Statement only reflect the Council’s share of any Collection Fund surplus or deficit.

- **Group Accounts**

The Council is required to consolidate into its own accounts (as a single entity) the financial activities of outside organisations such as subsidiaries, joint ventures and associates. The Council’s wholly owned subsidiary, 3 Rivers Developments Ltd has been in operation, therefore the company’s accounts have again been consolidated with the Council’s accounts within the Group Accounts section.

## 10 Movement in Reserves Statement

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

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2023/24	Note	USABLE RESERVES								Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
		REVENUE RESERVES				CAPITAL RESERVES						
		General Fund Balance £'000	Earmarked General Fund Reserves £'000	General Fund Total £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	HRA Total £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000			
<b>Balance at 31 March 2023</b>		(2,025)	(18,160)	(20,185)	(2,000)	(23,565)	(25,565)	(7,309)	(2,565)	(55,624)	(149,157)	(204,780)
<b>Movement in Reserves during year</b>												
(Surplus) or deficit on the provision of services		2,100	-	2,100	(7,203)	-	(7,203)	-	-	(5,103)	-	(5,103)
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	-	(7,239)	(7,239)
<b>Total Comprehensive Income and Expenditure</b>		<b>2,100</b>	<b>-</b>	<b>2,100</b>	<b>(7,203)</b>	<b>-</b>	<b>(7,203)</b>	<b>-</b>	<b>-</b>	<b>(5,103)</b>	<b>(7,239)</b>	<b>(12,342)</b>
Adjustments between accounting basis and funding basis under regulations	5	(568)	-	(568)	8,063	(147)	7,916	3,492	538	11,378	(11,378)	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>		<b>1,532</b>	<b>-</b>	<b>1,532</b>	<b>860</b>	<b>(147)</b>	<b>713</b>	<b>3,492</b>	<b>538</b>	<b>6,275</b>	<b>(18,617)</b>	<b>(12,342)</b>
Transfers (to) / from Earmarked Reserves	6	(1,532)	1,532	-	(860)	860	-	-	-	-	-	-
<b>(Increase) / Decrease in year</b>		<b>-</b>	<b>1,532</b>	<b>1,532</b>	<b>-</b>	<b>713</b>	<b>713</b>	<b>3,492</b>	<b>538</b>	<b>6,275</b>	<b>(18,617)</b>	<b>(12,342)</b>
<b>Balance at 31 March 2024 Carried forward</b>		<b>(2,025)</b>	<b>(16,628)</b>	<b>(18,652)</b>	<b>(2,000)</b>	<b>(22,852)</b>	<b>(24,852)</b>	<b>(3,817)</b>	<b>(2,027)</b>	<b>(49,349)</b>	<b>(167,774)</b>	<b>(217,123)</b>
<b>Held for Revenue Purposes</b>		<b>(2,025)</b>	<b>(16,628)</b>	<b>(18,652)</b>	<b>(2,000)</b>	<b>(21,330)</b>	<b>(23,330)</b>	<b>-</b>	<b>-</b>	<b>(41,982)</b>	<b>-</b>	<b>-</b>
<b>Held for Capital Purposes</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,522)</b>	<b>(1,522)</b>	<b>(3,817)</b>	<b>(2,027)</b>	<b>(7,367)</b>	<b>-</b>	<b>-</b>



## Movement in Reserves Statement (Continued)

2022/23	USABLE RESERVES									Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	REVENUE RESERVES						CAPITAL RESERVES				
		General Fund Balance	Earmarked General Fund Reserves	General Fund Total	Housing Revenue Account	Earmarked HRA Reserves	HRA Total	Capital Receipts Reserve	Capital Grants Unapplied			
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2022	(2,215)	(20,655)	(22,870)	(2,000)	(22,650)	(24,650)	(6,529)	(2,697)	(56,745)	(95,122)	(151,867)	
<b>Movement in Reserves during year</b>												
(Surplus) or deficit on the provision of services	3,779	-	3,779	(8,912)	-	(8,912)	-	-	(5,133)	-	(5,133)	
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(47,780)	(47,780)	
<b>Total Comprehensive Income and Expenditure</b>	<b>3,779</b>	<b>-</b>	<b>3,779</b>	<b>(8,912)</b>	<b>-</b>	<b>(8,912)</b>	<b>-</b>	<b>-</b>	<b>(5,133)</b>	<b>(47,780)</b>	<b>(52,913)</b>	
Adjustments between accounting basis and funding basis under regulations	5	(1,093)	-	(1,093)	7,954	42	7,996	(780)	132	6,255	(6,255)	-
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>		<b>2,686</b>	<b>-</b>	<b>2,686</b>	<b>(958)</b>	<b>42</b>	<b>(916)</b>	<b>(780)</b>	<b>132</b>	<b>1,122</b>	<b>(54,035)</b>	<b>(52,913)</b>
Transfers (to) / from Earmarked Reserves	6	(2,496)	2,496	-	958	(958)	-	-	-	-	-	-
<b>(Increase) / Decrease in year</b>		<b>190</b>	<b>2,496</b>	<b>2,686</b>	<b>-</b>	<b>(915)</b>	<b>(915)</b>	<b>(780)</b>	<b>132</b>	<b>1,122</b>	<b>(54,035)</b>	<b>(52,913)</b>
Balance at 31 March 2023 Carried forward	(2,025)	(18,160)	(20,184)	(2,000)	(23,565)	(25,565)	(7,309)	(2,565)	(55,624)	(149,157)	(204,780)	
Held for Revenue Purposes	(2,025)	(18,160)	(20,184)	(2,000)	(22,190)	(24,190)	-	-	(44,373)	-	-	
Held for Capital Purposes	-	-	-	-	(1,375)	(1,375)	(7,309)	(2,565)	(11,249)	-	-	

# 11 Comprehensive Income and Expenditure Statement (CIES)

This section is a summary of our spending on services.

Gross Expenditure £'000	2022/23		Service Area	Note	2023/24		Net Expenditure £'000
	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	
347	(93)	253	Community Development		412	(91)	321
6,327	(3,113)	3,214	Corporate Management		3,170	(304)	2,866
801	(845)	(43)	Car Parks		843	(1,000)	(156)
106	-	106	Customer Services		-	(35)	(35)
2,821	(1,034)	1,786	Environmental Services		3,014	(807)	2,207
86	(7)	80	Finance and Performance		(26)	(2)	(28)
147	(56)	91	Grounds Maintenance		52	(76)	(24)
1,356	(1,040)	315	General Fund Housing		1,662	(1,209)	452
5,885	(13,641)	(7,756)	Housing Revenue Account		7,614	(14,801)	(7,187)
103	(21)	82	Human Resources		7	(13)	(7)
375	(11)	364	I.T. Services		162	(4)	158
1,486	(307)	1,179	Legal and Democratic Services		1,435	(142)	1,294
5,043	(4,237)	807	Planning and Regeneration		5,219	(2,588)	2,630
1,387	(738)	649	Property Services		2,512	(730)	1,782
12,779	(12,025)	755	Revenues and Benefits		12,993	(12,178)	814
5,953	(2,692)	3,261	Recreation and Sport		5,389	(3,324)	2,065
7,644	(3,097)	4,547	Waste Services		6,801	(3,400)	3,401
<b>52,645</b>	<b>(42,956)</b>	<b>9,690</b>	<b>Costs of Services</b>		<b>51,258</b>	<b>(40,703)</b>	<b>10,554</b>
		1,097	Other Operating Expenditure	8			2,579
		1,898	Financing and Investment Income and Expenditure	9			(246)
		(17,818)	Taxation and Non-Specific Grant Income	10			(17,990)
		<b>(5,133)</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>(5,103)</b>
		-	(Surplus) or Deficit on Revaluation of Available for Sale Financial Assets				-
		(45,072)	Remeasurements of the Net Defined Benefit Liability	21			(5,763)
		(2,708)	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment	44			(1,476)
		<b>(47,780)</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(7,239)</b>
		<b>(52,914)</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(12,342)</b>

## 12 Balance Sheet

This section shows our financial position at the end of the financial year.

2022/23			2023/24
£'000	Balance Sheet	Notes	£'000
213,667	Property, Plant & Equipment	22	234,931
330	Heritage Assets	25	330
4,639	Long-term Investments	31	4,458
2,982	Long-term Debtors	32	2,143
<b>221,618</b>	<b>Non-Current Assets</b>		<b>241,862</b>
16,000	Short-term Investments	33	12,000
30	Assets held for sale	34	3,104
367	Inventories	35	339
25,623	Short-term Debtors	36	8,292
3,631	Cash and Cash Equivalents	38	3,401
<b>45,652</b>	<b>Current Assets</b>		<b>27,135</b>
(10,491)	Short-term Creditors	39	(8,008)
(876)	Provisions	41	(640)
(1,937)	Short-term Borrowing	28	(1,975)
<b>(13,304)</b>	<b>Current Liabilities</b>		<b>(10,622)</b>
(1,735)	Long-term Creditors	40	(1,687)
(31,373)	Long-term Borrowing	28	(29,398)
(16,077)	Other Long Term Liabilities	47	(10,166)
<b>(49,186)</b>	<b>Long Term Liabilities</b>		<b>(41,251)</b>
<b>204,781</b>	<b>Net Assets</b>		<b>217,123</b>
55,624	Usable Reserves	42	49,349
149,157	Unusable reserves	43	167,774
<b>204,781</b>	<b>Total Reserves</b>		<b>217,123</b>

## 13 Cash Flow Statement

This section shows what cash we spend and receive.

2022/23			2023/24
£'000	Cash Flow	Note	£'000
5,133	Net surplus or (deficit) on the provision of services		5,103
(4,962)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	50	19,973
(5,198)	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities (See note references)	51	(3,858)
(4,327)	Adjustments for operating activities processed through the Balance Sheet	52	(598)
<b>(9,354)</b>	<b>Net cash flows from Operating Activities</b>		<b>20,620</b>
5,445	Investing Activities	53	(18,490)
(2,291)	Financing Activities	54	(2,360)
<b>(6,200)</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(230)</b>
9,831	Cash and cash equivalents at the beginning of the reporting period		3,631
<b>3,631</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	38	<b>3,401</b>

## Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how the funding available to the Council has been used. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes. Therefore, the top half shows expenditure on the same basis as in our CIES and the bottom half shows how this impacts on our Reserves. The adjustments to the Cost of Services are detailed on the next page.

2022/23			Service Area	2023/24		
Net Expenditure Chargeable to the GF and HRA Balances	Adjustments	Net Expenditure in the CIES		Net Expenditure Chargeable to the GF and HRA Balances	Adjustments	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
209	44	253	Community Development	226	95	321
1,006	2,208	3,214	Corporate Management	2,725	141	2,866
(529)	486	(43)	Car Parks	(675)	518	(156)
706	(600)	106	Customer Services	765	(800)	(35)
786	1,000	1,786	Environmental Services	946	1,261	2,207
795	(715)	80	Finance and Performance	788	(816)	(28)
528	(437)	91	Grounds Maintenance	542	(566)	(24)
176	140	315	General Fund Housing	224	228	452
(7,390)	(366)	(7,756)	Housing Revenue Account	(7,731)	544	(7,187)
511	(429)	82	Human Resources	524	(531)	(7)
1,362	(998)	364	I.T. Services	1,310	(1,152)	158
1,070	109	1,179	Legal and Democratic Services	1,182	111	1,294
6	801	807	Planning and Regeneration	2,195	435	2,630
1,071	(421)	649	Property Services	1,234	547	1,782
461	293	755	Revenues and Benefits	689	125	814
1,482	1,778	3,261	Recreation and Sport	810	1,256	2,065
2,881	1,666	4,547	Waste Services	2,351	1,050	3,401
<b>5,131</b>	<b>4,558</b>	<b>9,690</b>	<b>Cost of Services</b>	<b>8,106</b>	<b>2,447</b>	<b>10,554</b>
(4,941)	(9,882)	(14,823)	Other Income and Expenditure	(8,106)	(7,550)	(15,657)
<b>190</b>	<b>(5,324)</b>	<b>(5,133)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>-</b>	<b>(5,103)</b>	<b>(5,103)</b>
<b>(47,520)</b>			<b>Opening General Fund and HRA Balances as at 1 April</b>	<b>(45,751)</b>		
1,580			Transfers (to)/from Earmarked Reserves	2,245		
190			(Surplus) or Deficit on Provision of Services	-		
<b>(45,751)</b>			<b>Closing General Fund and HRA Balances as at 31 March</b>	<b>(43,504)</b>		

## Adjustments Showing within the Expenditure and Funding Analysis

	2022/23							Service Area	2023/24						
	Past Service Cost	Current Service Cost	Salary Accruals	Recharges	Capital Charges	Other Adjustments	Total Adjustments		Past Service Cost	Current Service Cost	Salary Accruals	Recharges	Capital Charges	Other Adjustments	Total Adjustments
	£'000	£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
-	14	(4)	73	(39)	-	44	Community Development	-	(5)	(2)	90	12	-	95	
-	111	8	(97)	2,186	-	2,208	Corporate Management	-	(29)	(12)	(231)	414	-	141	
-	-	-	267	218	-	486	Car Parks	-	-	-	302	217	-	518	
-	106	(2)	(704)	-	-	(600)	Customer Services	-	(35)	(3)	(762)	-	-	(800)	
-	119	(4)	761	123	-	1,000	Environmental Services	-	(45)	(2)	791	518	-	1,261	
-	90	(0)	(805)	-	-	(715)	Finance And Performance	-	(28)	(1)	(787)	-	-	(816)	
-	69	(1)	(552)	47	-	(437)	Grounds Maintenance	-	(24)	(1)	(586)	46	-	(566)	
-	56	1	83	-	-	140	General Fund Housing	-	(21)	(3)	146	106	-	228	
-	560	-	-	(2,295)	1,368	(366)	Housing Revenue Account	-	(192)	-	-	(1,021)	1,757	544	
-	54	(6)	(477)	-	-	(429)	Human Resources	-	(15)	(2)	(514)	-	-	(531)	
-	104	(4)	(1,187)	89	-	(998)	I.T. Services	-	(27)	(2)	(1,246)	123	-	(1,152)	
-	84	(6)	31	-	-	109	Legal & Democratic Services	-	(26)	3	134	-	-	111	
-	256	(17)	561	-	-	801	Planning And Regeneration	-	(88)	(6)	530	-	-	435	
-	103	(4)	(919)	399	-	(421)	Property Services	-	(35)	(5)	(1,152)	1,740	-	547	
-	143	(1)	152	-	-	293	Revenues And Benefits	-	(47)	(2)	173	1	-	125	
-	352	(2)	535	893	-	1,778	Recreation And Sport	-	(111)	(11)	589	788	-	1,256	
-	460	0	712	495	-	1,666	Waste Services	-	(161)	(8)	727	492	-	1,050	
-	<b>2,682</b>	<b>(42)</b>	<b>(1,566)</b>	<b>2,116</b>	<b>1,368</b>	<b>4,558</b>	<b>Net Cost of Services</b>	<b>-</b>	<b>(889)</b>	<b>(59)</b>	<b>(1,796)</b>	<b>3,434</b>	<b>1,757</b>	<b>2,447</b>	

## Expenditure and Income Analysed by Nature

The Code requires that we report the Council's expenditure and income analysed by the nature of the expenditure or income. Thus, the following shows the amounts that make up the surplus or deficit on the Provision of Services on the CIES, but categorised by nature instead of service segment.

<b>Expenditure and Income</b>	<b>Note</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
<b>Expenditure</b>			
Employee benefits		21,691	19,286
Other services		31,007	29,280
Depreciation, amortisation and impairment	18	(70)	2,631
Interest payments	9	2,654	2,004
Precepts and levies	8	2,145	2,310
Loss on the disposal of assets	8	-	269
<b>Total Expenditure</b>		<b>57,427</b>	<b>55,780</b>
<b>Income</b>			
Fees, charges and other service income		(42,938)	(40,644)
Interest and investment income	9	(756)	(2,250)
Income from Council Tax, NDR, RSDG and other government grants including NHB	10	(17,818)	(17,990)
<b>Total Income</b>		<b>(62,560)</b>	<b>(60,883)</b>
<b>(Surplus) or deficit on the provision of services</b>		<b>(5,133)</b>	<b>(5,103)</b>

## 14 Notes to the Accounts

Please be aware that there may be minor rounding differences in some of these notes.

### 1 Accounting Standards that have been issued but have not yet been adopted

The Code of Practice requires that the Council discloses information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. The requirement applies to accounting standards that come into effect for financial years commencing on or before 1 January of the financial year in question (i.e. on or before 1 January 2024 for 2023/24).

The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are

- a) The implementation of IFRS 16 Leases, applying the provisions as they have been adopted in the 2024/25 Accounting Code.

The main impact of IFRS 16 will relate to property that the Council holds under operating leases, for which assets and liabilities are not recognised and rents are generally charged as revenue expenditure when they are payable. Under IFRS 16, the accounting treatment for all leases (except those with a term of less than 12 months and those involving low value items) will be to recognise a right-of-use asset in the Balance Sheet, measuring the value of the Council's right to use the property over the remaining term of the lease. The Balance Sheet will also include a liability for the rents payable before the lease expires.

When rents are paid, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. However, statutory arrangements are in place that will allow the impact on the General Fund Balance to be unchanged – ie, that the overall charge for each year will be the rents payable in that year.

The other minor changes, that the Council does not anticipate will have any material effects in relation to these financial, are:

- b) Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020. The amendments:
- specify that an entity's right to defer settlement must exist at the end of the reporting period
  - clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
  - clarify how lending conditions affect classification, and
  - clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.
- c) Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.
- d) Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.



- e) International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:
- a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
  - targeted disclosure requirements for affected entities.
- f) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:
- assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
  - understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

## 2 Critical Judgements in Applying Accounting Policies

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

- a) Estimates for accrued expenditure/income - based on Service Managers' and Accountants' calculations at year end. A threshold of £10k is applied where practical.
- b) Bad debt provision – based on historic trends and adjusted for any material movements during the year. This includes an estimation of the impact that the Cost of Living Crisis will have on rates of debt recovery.
- c) Asset lives for the calculation of depreciation charges – based on Service Managers' experience of previously used assets.
- d) The Council has also placed reliance on technical estimates supplied by third parties for the following:
- Property valuations made by the District Valuer
  - Pension valuations supplied by Barnett Waddingham - Actuary engaged by Devon County Council.

The Council has received very detailed reports from both of these sources outlining overall valuations and all of the key assumptions made in arriving at these final figures. These reports will be examined by the auditor during their audit of the Council's Accounts.

- e) Delays to the reviews of the future funding mechanisms for Local Government have caused a high degree of uncertainty. The impact of this on the finances of this Council will be material with an expectation that the current various income streams will be altered, reduced and even ceased in some cases.

### 3 Material Items of Income and Expenditure

The Council has a 100% interest in its subsidiary 3 Rivers Developments Ltd which builds quality homes in the Mid Devon area. On 6 September 2023, Mid Devon District Council (the company's 100% parent) agreed to "soft close" the company, with all assets being realised and a commitment to paying all contractors, suppliers and tradesmen in full. In closing the company, the Council bought unsold assets from the company for £15,127k. This paid off some of the loans in full, others required further impairment. An overall loss of £6,800k has been incurred on the loans made to the company in delivering their developments requiring a further impairment of the loans against St George's Court and Working Capital of £1,483k. In addition, the revaluation of the assets purchased have been reviewed and revalued by the District Valuer resulting in notional losses of £2,016k.

### 4 Assumptions Made About the Future and Other Major Sources of Estimation

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 relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. If the estimates used in the calculations prove to be inaccurate then there will be further income or expenditure incurred by the General Fund.

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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Item	Uncertainties	Effect if Actual results Differ
Property, Plant and Equipment (Note 22)	Assets are depreciated over useful lives that are dependent upon assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings on a gross value of £36,281k would increase by £72k for every year that useful lives had to be reduced.</p> <p>The gross value of £36,281k is the carrying value of the Council's assets excluding assets held for sale, land, council dwellings and assets under construction, as these do not attract depreciation. The values also excludes vehicles plant and equipment and finance leases.</p>
Pensions Liability (Note 21)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The value of pension assets is estimated based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be	The effects on the closing defined benefit obligation of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the closing defined benefit obligation to £95,720k and a 1 year increase in life expectancy assumptions would increase the closing defined benefit obligation to £101,038k. However, the assumptions interact in complex ways.

	available until some time later, may give a different value of pension assets, but this is not considered to be material.	
Non Domestic Rates Appeals Provision (Note 41)	Estimates have been made for the provision for refunding ratepayers who will successfully appeal against the rateable value of their properties. This includes the current and previous financial years. The estimate is based on those ratepayers who have already appealed.	<p>There is uncertainty and risk surrounding the calculation of the provision as future events may affect the amount required to settle an obligation.</p> <p>Any under or over estimate of the value of successful appeals would be shared across the major preceptors, Central Government and the Council based on their relative share. The Council's share is 40% of the provision (£640k) which is held in the Balance Sheet.</p>
Arrears	At 31 March 2024, the Council had a gross sundry debtors balance of £549k, although only £201k is over 30 days old. A review of significant balances suggested that a provision for doubtful debts of £153k or 28% was appropriate. Allowance has been made in this provision for the effects of the Cost of Living Crisis. However, given the uncertainty surrounding the current economic climate, it is not known whether such an allowance will be sufficient. However, this is not considered to be material.	If the Council were to provide for 1% more of the arrears, the provision value would increase by approximately £5k.
Fair Value Asset Valuation	The Council engages the District Valuer, a qualified Royal Institution of Chartered Surveyors (RICS) surveyor, to provide valuations of land and property assets at the year end. 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 District Valuer works closely with the finance staff on all valuation matters.	<p>Significant changes in the assumptions of future income streams/growth, occupancy levels, ongoing property maintenance and other factors would result in a significantly higher or lower fair value measurement for these assets.</p> <p>In particular, the current cost of living crisis continue to affect economies and real estate markets globally. Nevertheless, an adequate quantum of market evidence exists upon which to base opinions of value.</p> <p>In recognition of the potential for market conditions to move rapidly we highlight the importance of the valuation date.</p>
Accruals	Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. A de minimis level of £10k is normally applied to adjust for timing differences between accounting years.	Although a review of cash paid and cash received after the year end is performed, if significant unrecorded liabilities were not identified then material misstatement of our liabilities in the balance sheet of the accounts would occur.

Impairments	<p>All non-current assets need to be reviewed for possible impairment. A review with service managers is undertaken each year to consider the possible impairment of assets. The District Valuer also considers possible impairment when undertaking his valuations.</p>	<p>If a significant impairment of an asset were not to be adjusted then the non-current assets could be materially overstated in the financial statements.</p> <p>There is an impairment from 2019/20 against the loan financing the St George's development of £617k which is being written down over 5 years and £173k Working Capital written down in 2019/20. Following the change in regulations regarding the spreading of impairments, the final £246k for St George's has been processed in 2023/24.</p> <p>In addition, as part of the soft closure, a full and final impairment of £816k has been processed to close the St George's loan.</p> <p>Similarly, the remaining balance of £667k of the Working Capital loan has also been impaired.</p> <p>The District Valuer valued the assets purchased from the Company at £2,016k lower than the price paid. These assets are being held until the market recovers and a higher sales price can be realised.</p>
Loans	<p>This refers to the loans the Council has made, which at the time of lending were deemed to be prudent and fully recoverable.</p>	<p>There is unlikely to be a full default on any loan.</p> <p>The loan to the GP surgery is backed by the NHS therefore risk of default is minimal. However, a default against 10% of our loan portfolio would result in c.£200k needing to be written off.</p> <p>There are no outstanding loans for 3 Rivers Developments Ltd.</p>

## **5 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.

### **General Fund Balance**

The General Fund is the statutory fund into which all of the receipts of a Council are required to be paid and out of which all liabilities are to be met, except for the Housing Revenue Account (HRA) see below and where statutory rules 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 at the end of the financial year. However, the General Fund balance is not available to fund the HRA services (see below).

### **Housing Revenue Account Balance**

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

### **Major Repairs Reserve**

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

### **Capital 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 historic 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 Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance may be 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.

## Adjustments between Accounting Basis and Funding Basis under Regulations

2023/24	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
<b>Adjustments involving the Capital Adjustment Account</b>						
Charges for depreciation and impairment of non current assets	(2,195)	(2,831)	-	-	-	5,026
Revaluation (losses)/gains on Property, Plant and Equipment	(1,457)	3,852	-	-	-	(2,395)
Amortisation of intangible assets	-	-	-	-	-	-
Impairment of current assets	(414)	-	-	-	-	414
Capital grants and contributions applied	2,252	780	-	-	-	(3,032)
Income in relation to donated assets	-	-	-	-	-	-
Useable Capital Receipts applied in year	-	-	-	-	-	-
Revenue expenditure funded from capital under statute	(938)	-	-	-	-	938
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	(42)	(1,184)	-	-	-	1,226
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Statutory provision for the financing of capital investment	1,217	991	-	-	-	(2,208)
Capital expenditure charged against the General Fund and HRA balances	634	2,568	-	-	-	(3,201)
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	187	-	-	-	(187)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	725	(725)
<b>Adjustments involving the Capital Receipts Reserve</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	90	876	(966)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	4,445	-	-	(4,445)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	-	(13)	13	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-
Right to Buy Discounts repaid	-	-	-	-	-	-
<b>Balance carried forward</b>	<b>(666)</b>	<b>5,039</b>	<b>3,492</b>	<b>-</b>	<b>538</b>	<b>(8,402)</b>

2023/24 - Continued	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
<b>Balance brought forward</b>	(666)	5,039	3,492	-	538	(8,402)
<b>Adjustments involving the Deferred Capital Receipts Reserve</b>						
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	(9)	-	-	-	9
Transfer of deferred capital receipts realised in year to the Capital Receipts Reserve	-	-	-	-	-	-
<b>Adjustment involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	2,831	-	(2,831)	-	-
Use of the Major Repairs Allowance to finance new capital expenditure	-	-	-	2,684	-	(2,684)
Interest credited to the Major Repairs Reserve	-	-	-	-	-	-
<b>Adjustments involving the Financial Instruments Adjustment Account</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(181)	-	-	-	-	181
<b>Adjustment involving the Pensions Reserve</b>						
Actuarial past service gain adjustment	-	-	-	-	-	-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(3,460)	192	-	-	-	3,268
Employer's pension contributions and direct payments to pensioners payable in the year	3,416	-	-	-	-	(3,416)
<b>Adjustment involving the Collection Fund Adjustment Account</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statements is different from council tax income calculated for the year in accordance with statutory requirements	31	-	-	-	-	(31)
Amount by which NDR income credited to the Comprehensive Income and Expenditure Statements is different from NDR income calculated for the year in accordance with statutory requirements	233	-	-	-	-	(233)
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>						
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	59	11	-	-	-	(70)
<b>Total Adjustments</b>	<b>(568)</b>	<b>8,063</b>	<b>3,492</b>	<b>(147)</b>	<b>538</b>	<b>(11,378)</b>

2022/23	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
<b>Adjustments involving the Capital Adjustment Account</b>						
Charges for depreciation and impairment of non current assets	(2,027)	(2,727)	-	-	-	4,754
Revaluation (losses)/gains on Property, Plant and Equipment	(197)	5,022	-	-	-	(4,825)
Amortisation of intangible assets	-	-	-	-	-	-
Impairment of current assets	(2,186)	-	-	-	-	2,186
Capital grants and contributions applied	3,259	799	-	-	-	(4,058)
Income in relation to donated assets	-	-	-	-	-	-
Useable Capital Receipts applied in year	-	-	-	-	-	-
Revenue expenditure funded from capital under statute	(956)	-	-	-	-	956
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	(46)	(684)	-	-	-	730
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Statutory provision for the financing of capital investment	2,868	972	-	-	-	(3,840)
Capital expenditure charged against the General Fund and HRA balances	582	666	-	-	-	(1,248)
<b>Adjustments primarily involving the Capital Grants Unapplied Account</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	778	-	-	-	(778)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	910	(910)
<b>Adjustments involving the Capital Receipts Reserve</b>						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	35	1,515	(1,550)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	865	-	-	(865)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	-	(16)	16	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-
Right to Buy Discounts repaid	-	-	-	-	-	-
<b>Balance carried forward</b>	<b>2,110</b>	<b>5,547</b>	<b>(669)</b>	<b>-</b>	<b>132</b>	<b>(7,120)</b>



2022/23 - Continued	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
<b>Balance brought forward</b>	2,110	5,547	(669)	-	132	(7,120)
<b>Adjustments involving the Deferred Capital Receipts Reserve</b>						
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	228	-	-	-	(228)
Transfer of deferred capital receipts realised in year to the Capital Receipts Reserve	-	-	(110)	-	-	110
<b>Adjustment involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA	-	2,727	-	(2,727)	-	-
Use of the Major Repairs Allowance to finance new capital expenditure	-	-	-	2,770	-	(2,770)
Interest credited to the Major Repairs Reserve	-	-	-	-	-	-
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(916)	-	-	-	-	916
<b>Adjustment involving the Pensions Reserve</b>						
Actuarial past service gain adjustment	-	-	-	-	-	-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(6,695)	(560)	-	-	-	7,255
Employer's pension contributions and direct payments to pensioners payable in the year.	3,094	-	-	-	-	(3,094)
<b>Adjustment involving the Collection Fund Adjustment Account</b>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statements is different from council tax income calculated for the year in accordance with statutory requirements	(376)	-	-	-	-	376
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statements is different from NNDR income calculated for the year in accordance with statutory requirements	1,648	-	-	-	-	(1,648)
<b>Adjustment involving the Accumulating Compensated Absences Adjustment Account</b>						
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.	42	12	-	-	-	(54)
<b>Total Adjustments</b>	<b>(1,093)</b>	<b>7,954</b>	<b>(780)</b>	<b>42</b>	<b>132</b>	<b>(6,255)</b>

## 6 Movements in Earmarked Reserve

The tables below show the amounts set aside from the General Fund and HRA balances in revenue earmarked reserves to provide financing for future expenditure plans. It also shows the movement in each major earmarked reserve where amounts have either been posted to the reserve or back to meet General Fund and HRA expenditure in 2023/24. Reserves indicated with an asterisk (\*) are held for capital purposes.

General Fund Revenue Earmarked Reserves	Balance at 1/4/2022 £'000	Movement £'000	Balance at 31/3/2023 £'000	Movement £'000	Balance at 31/3/2024 £'000
Property Maintenance Reserves	2,382	571	2,953	685	3,638
Maintenance & Amenity Reserve (S106 Funds)	2,816	821	3,637	(389)	3,247
New Homes Bonus Reserve	3,295	(411)	2,883	(1,082)	1,801
Vehicle, Plant & Equipment Sinking Funds *	1,214	151	1,365	169	1,534
NDR smoothing Reserve	2,388	(1,667)	720	81	801
Statutory Development Plan Reserve	588	80	667	4	671
Waste Infrastructure Reserve	2,028	(1,410)	618	-	618
ICT Reserves	330	276	606	(100)	506
Homelessness Support Reserve	505	(128)	377	52	429
Business Systems Reserves	17	108	125	126	251
Economic Development Reserves	313	15	328	(94)	234
Planning Appeal Reserve	100	(100)	-	200	200
Recycling Plant Sinking Fund	131	30	161	30	191
RCCO* Earmarked Reserves	255	(40)	215	(30)	185
ICT Equipment Sinking Fund *	607	(74)	533	(365)	169
NDR New Burdens Grants Reserve	196	(56)	140	28	168
Garden Village Reserve	431	(252)	179	(13)	166
General Revenue Earmarked Reserves	199	21	220	(83)	137
Property Services Staffing Reserve	37	60	97	33	129
Rough Sleeping Initiative	116	-	116	-	116
Community Housing Reserve	108	-	107	(3)	105
Other General Fund Reserves <£100k	2,602	(489)	2,112	(781)	1,332
<b>Total Revenue Earmarked Reserves</b>	<b>20,655</b>	<b>(2,496)</b>	<b>18,160</b>	<b>(1,532)</b>	<b>16,628</b>

\*RCCO – Revenue contributions to capital outlay.

The table on the previous page shows the General Fund earmarked reserves balances held at 31 March 2024. The Other General Fund Reserves <£100k relate to a large number of smaller reserves that are for specific projects that will be delivered in 2024/25 and future years e.g.Flood Defences Bampton (£67k), Shared Prosperity Fund grant to support economic development and community cohesion across the District (£22k) and, a Building Control reserve to support additional costs for the Building Control Partnership in complying with changes in regulations (£53k).

The New Homes Bonus Reserve is non-ringfenced. Primarily it will be used to help invest and maintain the Council’s General Fund assets. It may also be used to support short term service provision and Economic Development projects.The £1,801k remaining balance is after the draw of £635k to offset the overall deficit for the year.

The Maintenance and Amenity Reserve is a collection of Section 106 contributions being used to fund costs of additional play parks and amenity provision included in various planning agreements across the District. NDR Smoothing Reserve is s31 grant that will offset business rates deficits that will unravel in future years. The Property Maintenance Reserves are to support the programme of maintenance on our General Fund assets. The Vehicle, Plant and Equipment Sinking Funds are for the future replacement of major assets.

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<b>Housing Revenue Account Revenue Earmarked Reserves</b>	<b>Balance at 1/4/2022 £'000</b>	<b>Movement £'000</b>	<b>Balance at 31/3/2023 £'000</b>	<b>Movement £'000</b>	<b>Balance at 31/3/2024 £'000</b>
Housing Maintenance Fund	15,863	(88)	15,775	(1,832)	13,943
HRA - PWLB Loan Premium Deficit	4,270	803	5,073	854	5,928
Renewable Energy Fund	814	(161)	653	93	746
HRA Affordable Rent surplus	255	164	419	(26)	394
Decarbonisation Reserve	-	189	189	-	189
HRA - Vehicle Reserve	-	50	50	50	100
Sewage Treatment Works	30	-	30	-	30
<b>Total Revenue Earmarked Reserves</b>	<b>21,233</b>	<b>958</b>	<b>22,190</b>	<b>(860)</b>	<b>21,330</b>

The table above shows the Housing Revenue Account (HRA) earmarked reserves balances held at 31 March 2024. These reserves are ring-fenced for the HRA which means they cannot be used for other purposes.The Housing Maintenance Fund is the main reserve which holds any surpluses that are generated by the operation of the HRA and will be used to maintain and replenish the housing stock. The PWLB Loan Premium Deficit is a reserve which accounts for timing differences in regard to the self-financing loan the Council undertook in 2012.

## 7 Transfers to/from Capital Grants Unapplied

This note details the receipt and utilisation of various capital grants over the last two years.

<b>Total Funds Unapplied</b>	<b>Balance at 1/4/2022 £'000</b>	<b>Transfers In £'000</b>	<b>Transfers Out £'000</b>	<b>Balance at 31/3/2023 £'000</b>	<b>Transfers In £'000</b>	<b>Transfers Out £'000</b>	<b>Balance at 31/3/2024 £'000</b>
Repaid PSH Grants	158	-	-	158	-	(84)	74
Affordable Housing Contributions	1,250	130	-	1,380	-	(66)	1,314
Devon County Council Funding	20	-	-	20	-	-	20
MHCLG Disabled Facilities Grant	1,269	647	(910)	1,007	272	(659)	620
<b>Total Capital Grants Unapplied</b>	<b>2,697</b>	<b>777</b>	<b>(910)</b>	<b>2,565</b>	<b>272</b>	<b>(809)</b>	<b>2,027</b>

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## Other Operating Expenditure

This note summarises the payments made to Parish Councils in respect of the Precepts collected on their behalf. It also shows the element of the Housing capital receipts due to Government and any gains or losses on current assets.

<b>Other Operating Expenditure</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
Parish Council precepts payable	2,145	2,310
Payments to the Government housing capital receipts pool	-	-
(Gains)/Losses on the disposal of non current assets	(1,048)	344
Proceeds from Sale of Easements	-	(75)
<b>Total</b>	<b>1,097</b>	<b>2,579</b>

## 9 Financing and Investment Income and Expenditure

This includes interest from temporarily investing the Council's revenue balances, interest received from our long-term investment in Pooled Property Funds and the surplus/deficit on our trading activities.

<b>Financing and Investment Income and Expenditure</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable and similar charges	1,175	1,263
Net interest on the net defined benefit liability	1,479	741
Interest receivable and similar income	(1,671)	(2,431)
(Gains)/Losses recognised under IFRS 9 Financial Instruments*	916	181
<b>Total</b>	<b>1,898</b>	<b>(246)</b>

\* The Council has invested £5,000k in the Church Charities and Local Authority (CCLA) Local Authorities' Mutual Investment Trust (LAMIT) Property Fund, which is carried in the Balance Sheet at its fair value of £4,458k; this is an overall loss of £542k since the investment in 2015/16. The in-year loss of £181k is shown in the table above. It is anticipated that this investment, which is intended to be held for the long term, will provide a return equal or superior to those achieved by the Council's other current investments. The fair value is based upon public price quotations in an active market for this financial instrument and without this investment counting as capital expenditure.

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## 10 Taxation and Non-Specific Grant Income

This note breaks down the various sources of taxation retained by the Council and the funding received from Government to support service provision.

<b>Taxation and Non Specific Grant Income</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Council Tax income (including Parish Council Precepts receivable)	(8,728)	(9,090)
Non Domestic Rates	(3,720)	(4,562)
Non-ringfenced Government grants*	(1,490)	(1,667)
Capital grants and contributions*	(3,879)	(2,671)
<b>Total</b>	<b>(17,818)</b>	<b>(17,990)</b>

\* Further detail of non-ringfenced Government grants & Capital grants and contributions is shown in Note 55.

## 11 Operating Leases

### Authority as a Lessee

The Council holds a number of land and buildings under the terms of operating leases. Rentals paid under operating leases are charged to the CIES as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

#### Payments under Operating Leases

The Council has made payments of £189k under operating leases in 2023/24 (£180k in 2022/23) comprising of the following elements:

Authority as Lessee	2022/23 £'000	2023/24 £'000
Land & Buildings	180	189
Vehicles, Plant & Equipment	-	-
<b>Total</b>	<b>180</b>	<b>189</b>

For future liabilities for Finance and Operating Leases see Note 57.

### Authority as a Lessor

The gross value of assets held for use in operating leases as at 31 March 2024 was £12,312k (£11,438k at 31 March 2023). The reason for the reduction in rental income is due to lease renewals and vacant units and the increase in the NBV is due to the change in value of these land & buildings at the 31 March 2024.

Authority as Lessor	2022/23			2023/24		
	Gross Value £'000	Net Book Value £'000	Rental Income £'000	Gross Value £'000	Net Book Value £'000	Rental Income £'000
HRA Shops	1,324	1,324	(120)	1,388	1,388	(118)
General Fund Shops	2,972	2,972	(416)	3,661	3,661	(322)
Other GF Land & Buildings	5,532	5,532	(99)	5,225	5,225	(97)
Industrial Units	1,610	1,610	(139)	2,038	2,038	(143)
<b>Total</b>	<b>11,438</b>	<b>11,438</b>	<b>(774)</b>	<b>12,312</b>	<b>12,312</b>	<b>(680)</b>

The Council also received £359k from the rental of garages (£361k 2022/23) and £13,630k from Council Houses (£12,769k 2022/23). For more information see the Housing Revenue Account notes.

## 12 Officers' Emoluments

This table includes all statutory and non-statutory posts whose overall remuneration exceeds £50k excluding pension contributions and non taxable allowances.

Remuneration Band	2022/23	2023/24
	Number of Employees	Number of Employees
£50,000 - £54,999	9	3
£55,000 - £59,999	1	9
£60,000 - £64,999	6	1
£65,000 - £69,999	2	-
£70,000 - £74,999	-	4
£75,000 - £79,999	-	-
£80,000 - £84,999	2	1
£85,000 - £89,999	1	1
£90,000 - £94,999	-	-
£95,000 - £99,999	-	1
£100,000 - £104,999	-	-
£105,000 - £109,999	-	-
£110,000 - £114,999	-	-
£115,000 - £119,999	1	-
£120,000 - £124,999	-	1

Some employees in the above table are not categorised as Senior Officers and therefore are not part of the Council's Leadership Team and have been excluded from the Senior Officers table below.

## Senior Officers Earning in Excess of £50,000

The statutory instrument regarding officer emoluments requires the individual naming of any Officer with an annual salary of £150k or more and the post title of any officer earning £50k or more who occupy statutory roles or are responsible for managing the strategic direction of services, i.e. Leadership Team. The Council had no officers earning at or in excess of £150k during the year.

Post Title	Financial Year	Salary	Compensation	Total	Pension	Total
		(Including Allowances)	for Loss of Employment	Remuneration exc pension contributions	Contributions	Remuneration inc pension contributions
		£	£	£	£	£
Chief Executive	2023/24	121,660	-	121,660	23,115	144,776
	2022/23	118,228	-	118,228	19,626	137,853
Deputy Chief Executive (S151)	2023/24	97,834	-	97,834	18,588	116,422
	2022/23	86,545	-	86,545	14,367	100,912
Director of Corporate Affairs & Business Transformation <sup>3</sup>	2023/24	17,057	-	17,057	3,241	20,297
	2022/23	84,877	-	84,877	14,351	99,228
Director of Place	2023/24	89,762	-	89,762	17,055	106,817
	2022/23	83,613	-	83,613	13,880	97,492
District Solicitor and Monitoring Officer <sup>4</sup>	2023/24	-	-	-	-	-
	2022/23	43,872	1,652	45,523	4,497	50,020
Director of Legal, HR & Governance (Monitoring Officer) <sup>5+6</sup>	2023/24	80,226	-	80,226	15,199	95,426
	2022/23	61,950	-	61,950	10,247	72,197

Notes:

1. The amounts included in the two previous tables are shown gross of any related tax which would be levied.
2. The primary pension rate of 19% has been used for the 2023/24 pension contribution figures.
3. The Director of Corporate Affairs & Business Transformation left the Council on 5 June 2023, resulting in earnings below the £50k threshold.
4. The District Solicitor and Monitoring Officer left the Council on 11 August 2022.
5. The District Solicitor and Monitoring Officer post changed title to Director of Legal, HR & Governance (Monitoring Officer) on 1 January 2024.
6. The replacement District Solicitor and Monitoring Officer (now Director of Legal, HR & Governance [Monitoring Officer]) transferred from another role within the Council on 27 October 2022.



### 13 Termination Benefits

During 2023/24 a number of settlement agreements were made. These were associated with service restructures and changes in order to reduce future employee costs. This helps match ongoing expenditure against the well documented cuts in Central Government funding.

2023/24				
Exit Package Cost Band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
£0 - £19,999	-	6	6	14
£20,000 - £39,999	-	-	-	-
£40,000 - £59,999	-	-	-	-
£60,000 - £79,999	-	-	-	-
<b>Total</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>14</b>

2022/23				
Exit Package Cost Band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £'000
£0 - £19,999	-	5	5	41
£20,000 - £39,999	-	-	-	-
£40,000 - £59,999	-	-	-	-
£60,000 - £79,999	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>41</b>

## 14 External Audit Costs

Fees paid and estimated for the Council's appointed external auditors were as follows:

<b>External Audit Costs</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Grant Thornton: Fees Payable with regard to the annual audit fee	44	-
Bishop Fleming: Fees Payable with regard to the annual audit fee	-	149
Grant Thornton: Fees payable for the certification of claims and returns	25	10
KPMG: Fees payable for the certification of claims and returns	-	27
Grant Thornton: Additional Fees relating to current year audit	22	-
Grant Thornton: Additional Fees relating to previous year audit	1	40
<b>Total</b>	<b>92</b>	<b>226</b>

Note, following the Public Sector Audit Appointments (PSAA) procurement process, Bishop Fleming LLP have been appointed for the 5-year period 2023/24 to 2027/28 to complete the main accounting audit. Within that procurement process, the underlying scale rose from £44k in 2022/23 to £149k reflecting decreasing availability of auditors, increased financial reporting requirements and auditing standards, audit firms profits, and fewer auditors entering the profession.

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## 15 Related Party Transactions

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 of the accounts to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council operates, provides some of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Housing Benefits). Details of transactions with Government departments are set out in a note to the Cash Flow Statement and Note 55 relating to all grant income.

Elected Members of the Council have direct control over the Council's financial and operating policies. The Council's constitution requires Elected Members to declare their interests in related parties in a register of interests, which is available for public inspection via our website. In addition, Elected Members are asked to declare separately any transactions with the Council. No material declarations were made in 2023/24.

Officers of the Council are bound by the Council's Code of Conduct. Leadership Team and Senior Managers are required to declare any related party transactions with the Council (see below note on 3 Rivers Developments Ltd).

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

3 Rivers Developments Ltd – Between 1 April 2023 to 9 May 2023, one Councillor of Mid Devon District Council was appointed as a Director of 3 Rivers Developments Ltd. During 2023/24 a further £4,249k (£6,540k 2022/23) was loaned to the Company. However, following the sale of their assets, repayments of £17,524k were received. Combined, with a further final impairment of £1,483k, all outstanding loans were cleared.

## 16 Members' Allowances and Expenses

This table shows the payments made to, and expenses claimed by, the Elected Members.

<b>Members Allowances and Expenses</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Allowances	321	332
Expenses	8	6
<b>Total</b>	<b>329</b>	<b>338</b>

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## 17 Acquired and/or Discontinued Activities

The Council did not acquire any new activities during 2023/24.

However, the Council discontinued its wholly owned subsidiary company, 3 Rivers Developments Ltd. The following actions were taken to soft close the company:

- St George's Court was sold to the Housing Revenue Account at an agreed price of £8,150k to enable an over 60's social housing scheme.
- Knowle Lane, Cullompton, was bought by the Council at 3Rivers book value (£3,662k) to be held until such time as development is permitted within Cullompton. A decision can then be taken as to the most appropriate use for the site.
- The 5 unsold units at Haddon Heights, Bampton, were bought by the Council at the marketed price (£3,135k) and continue to be marketed for sale.
- The property managed by 3Rivers was also bought by the Council at 3Rivers book value (£180k).
- Finally, the outstanding balance on the Working Capital Loan was written off.

In total, £26,723k was lent to the company over its lifetime. Through previous sales and the above transactions, £19,923k was repaid to the Council, leaving loan impairments required of £6,800k. £5,317k has previously been impaired, leaving an additional impairment of £1,483k required within 2023/24.

As at 31 March 2024, the Company had no loans outstanding.

## 18 Depreciation and Impairment of Non-Current Assets

House values have increased during 2023/24. This has been reflected in the values applied to our council houses and this along with the revaluation of the land at Knowle Lane and Braid Park are the primary reasons for a net reversal of prior year impairment of £2,395k. Council houses are valued at a vacant possession value and then have a discount factor applied to adjust the valuation to Existing Use Value - Social Housing (EUV-SH). The discount factor of 65% has been used in 2023/24. See Notes 27 and 58 for further details.

Depreciation and Impairment of Non Current Assets	2022/23	2023/24
	£'000	£'000
Depreciation	4,755	5,026
Net reversal of impairment of non current assets	(4,825)	(2,395)
<b>Total</b>	<b>(70)</b>	<b>2,631</b>

## 19 Minimum Revenue Provision

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require the Council to make an annual charge to revenue to contribute towards the reduction in its overall borrowing requirement – known as a Minimum Revenue Provision (MRP). The Council has adopted the asset life method of calculating MRP where the charge is spread in equal annual instalments over the life of each asset that creates a borrowing requirement. MRP commences in the financial year following either the year in which the expenditure was incurred or the year when the asset becomes operational. Any interest costs charged to the Comprehensive Income and Expenditure Statement in relation to finance leases will also be mitigated by a corresponding MRP adjustment.

Minimum Revenue Provision	2022/23	2023/24
	£'000	£'000
<b>Housing Revenue Account - Minimum Revenue Provision</b>		
HRA self-financing settlement	911	911
Housing developments after 1/4/13	43	47
Finance leases	18	33
	<b>972</b>	<b>991</b>
<b>General Fund - Minimum Revenue Provision</b>		
Assets acquired prior to 1/4/13	57	55
Assets acquired by PWLB loans after 1/4/13	141	100
Assets funded from internal borrowing	2,322	673
Finance leases	348	390
	<b>2,868</b>	<b>1,217</b>
<b>Total</b>	<b>3,840</b>	<b>2,208</b>

## 20 Insurance

All major risks have been identified and are insured with applicable excesses. There were no major claims outstanding as at 31 March 2024. A reserve of £86k is held in respect of our liability going back some years with Municipal Mutual Insurance Limited (MMI).

## 21 Pensions

All of the pension figures included in the 2023/24 Accounts are provided by the Pension Fund's Actuary (Barnett Waddingham) and are prepared in accordance with International Accounting Standard 19 (IAS 19) and their advice complies with Technical Actuarial Standard 100 (TAS100). The pension report has been updated to include the latest 2022 valuation information.

### *Participation in the Pension Scheme*

As part of the terms and conditions of employment of its Officers, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS) administered by Devon County Council – this is a defined benefit statutory scheme. A defined benefit pension scheme is a fixed sum of money that is paid out from the employer's pension scheme when the employee retires. The scheme is fully funded, meaning that the Council and its Employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with the investment assets. Governance of the scheme is the responsibility of the Investments and Pension Fund Committee of Devon County Council and is assisted by the Pensions Board, also of Devon County Council. Policy is determined in accordance with the Pension Fund Regulations.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (e.g. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

### *Arrangements for the award of discretionary post-retirement benefits upon early retirement*

This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

### *Discretionary Post-retirement Benefits*

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities, therefore the Council is required to meet the costs of any early retirements awarded.

### *Impact of McCloud / Sargeant judgment*

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. Although these may affect the value of the liabilities in respect of accrued benefits, there is no adjustment required within Mid Devon's accounts for the McCloud judgement.

### *Transactions relating to Retirement Benefits*

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in Note 5 – Adjustments between Accounting Basis and Funding Basis under Regulations (AABFBR). The following transactions have been made in the Income and Expenditure Account and the AABFBR.

### *Demographic/Statistical Assumptions*

The standard approach is to use demographic assumptions in line with the latest actuarial valuation. For the assumptions as at 31 March 2024, the Continuous Mortality Investigation Bureau Model (CMI) is continued to be used as the updated for the funds 2022 actuarial valuations.

### *Asset Ceiling (Onerous Funding Commitment)*

Employers with a funding deficit at the last valuation will be paying secondary contributions to make good the deficit over the recovery period. Under IFRS, there can therefore be a minimum funding requirement to make secondary contributions.

It is possible that these secondary contributions, once paid, lead to a future accounting surplus that can not be realised due to the asset ceiling. In such cases the requirement to make these contributions leads to an additional accounting liability known as the Onerous Funding Commitment.

As a result of the asset ceiling, an increase in the pension liabilities has been recognised by the Council to reflect the current commitment to pay employer's contributions to recover a deficit in the Pension Fund that has been assessed as greater than the net pension liability established under Accounting Code requirements.

## Pensions – Comprehensive Income and Expenditure Statement

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement - Cost of Services	Local Government Pension Scheme	
	2022/23	2023/24
	£'000	£'000
<b>Service cost comprising:</b>		
Current service cost	5,745	2,527
Past service costs	-	-
(Gain) / loss from settlements	-	-
<b>Financing and Investment Income and Expenditure</b>		
Net interest expense	1,430	690
Administrative expenses	49	51
<b>Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services</b>	<b>7,224</b>	<b>3,268</b>
<b>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>		
Remeasurement of the net defined benefit liability comprising:		
Return on Fund assets (excluding the amount included in the net interest expense)	(3,219)	5,405
Experience gain/(loss) on defined benefit obligation	-	(292)
Actuarial gains and losses arising on changes in demographic assumptions	-	1,339
Actuarial gains and losses arising on changes in financial assumptions	48,291	844
Changes in effect of asset ceiling (onerous funding commitment)	-	(1,533)
<b>Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>45,072</b>	<b>5,763</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	7,224	3,268
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
Employer's contributions payable to the scheme	3,063	3,420
Retirement benefits payable to pensioners	4,323	3,940

## Pension 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:

Pension Assets and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme	
	2022/23	2023/24
	£'000	£'000
Present value of the defined benefit obligation	94,437	96,572
Fair value of plan assets	(79,071)	(88,587)
Present value of the unfunded obligation	711	648
Impact of asset ceiling (onerous funding commitment)	-	1,533

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

The following impacted on the fair value of the scheme's assets during the year:

Reconciliation of the Movements in the Fair Value of Scheme Assets	Local Government Pension Scheme	
	2022/23	2023/24
	£'000	£'000
<b>Opening fair value of scheme assets</b>	<b>81,581</b>	<b>79,071</b>
Interest income	2,104	3,804
<b>Remeasurement gain / (loss):</b>		
The return on plan assets, excluding the amount included in the net interest expense	(3,219)	5,405
Administrative expense	(49)	(51)
Contributions from employer	2,173	3,416
Contributions from employees into the scheme	804	882
Benefits paid	(4,323)	(3,940)
<b>Closing fair value of scheme assets</b>	<b>79,071</b>	<b>88,587</b>



Local Government Pension Scheme assets comprised:

Local Government Pension Scheme assets comprised	Fair value of scheme assets			
	2022/23		2023/24	
	£'000	%	£'000	%
Cash and cash equivalents	939	1%	1,994	2%
<b>Equities:</b>				
UK	6,237	8%	1,244	1%
Overseas	35,421	45%	47,367	53%
<b>Sub-total equities</b>	<b>41,658</b>		<b>48,611</b>	
<b>Bonds:</b>				
Other Bonds	16,907	21%	20,130	23%
<b>Sub-total bonds</b>	<b>16,907</b>		<b>20,130</b>	
<b>Other investments:</b>				
Infrastructure	7,109	9%	8,974	10%
Property	6,931	9%	6,804	8%
Target Return Portfolio	5,496	7%	2,092	2%
Alternative Assets	31	0%	(18)	0%
<b>Sub-total other investment funds</b>	<b>19,567</b>		<b>17,852</b>	
<b>Total assets</b>	<b>79,071</b>		<b>88,587</b>	

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

The following impacted on the present value of the scheme's liabilities during the year:

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	Funded Liabilities	
	2022/23	2023/24
	£'000	£'000
<b>Opening balance at 1 April</b>	<b>137,679</b>	<b>95,148</b>
Current service cost	5,745	2,527
Interest cost	3,534	4,494
Contributions from scheme participants	804	882
<b>Remeasurement (gains) and losses:</b>		
Actuarial gains and losses arising on changes in demographic assumptions	-	(1,339)
Actuarial gains and losses arising on changes in financial assumptions	(59,160)	(844)
Experience loss/(gain) on defined benefit obligation	10,869	292
Benefits paid	(4,244)	(3,858)
Unfunded pension payments	(79)	(82)
<b>Closing balance at 31 March</b>	<b>95,148</b>	<b>97,220</b>

## Basis for Estimating Assets and Liabilities

As required under the IAS19 and FRS102 accounting standards, liabilities have been assessed on an actuarial basis using their Projected Unit Credit method, an estimate of the pensions that will be payable in future years dependent upon assumptions about mortality rates, salary levels, etc.

The Local Government Pension Scheme position for the Council has been estimated by Barnett Waddingham, an independent firm of actuaries, estimates for the Local Government Pension Scheme being based upon the latest full valuation of the scheme as at 31 March 2022 and has then been updated for estimated fund returns, asset statement, market returns, and income and expenditure as at the 31 March 2024.

The significant assumptions used by the Actuary have been:

Mortality assumptions	Local Government Pension Scheme	
	2022/23	2023/24
Longevity at 65 for current pensioners		
Men	21.8	21.5
Women	22.9	22.7
Longevity at 65 for future pensioners		
Men	23.1	22.8
Women	24.4	24.1
Rate of increase in salaries	3.90%	3.95%
Rate of increase in pensions (CPI)	2.90%	2.95%
RPI inflation	3.25%	3.25%
Rate for discounting scheme liabilities	4.80%	4.90%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analyses shown below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes, while all other assumptions remain constant. The estimations in the sensitivity analyses have followed the Accounting Policies for the scheme, i.e. on the actuarial basis using the Projected Unit Credit method.

## Impact on the Defined Benefit Obligation in the Scheme

Impact on the Defined Benefit Obligation in the Scheme	£'000	£'000	£'000	£'000	£'000
<b>Adjustment to discount rate</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>
Present value of total obligation	90,084	95,720	97,220	98,760	105,339
Projected service cost	2,193	2,522	2,612	2,704	3,109
<b>Adjustment to long term salary increase</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>
Present value of total obligation	97,843	97,343	97,220	97,099	96,621
Projected service cost	2,620	2,613	2,612	2,610	2,603
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.5%</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>-0.5%</b>
Present value of total obligation	104,837	98,665	97,220	95,812	90,523
Projected service cost	3,123	2,706	2,612	2,521	2,181
<b>Adjustment to mortality age rating assumption</b>		<b>+1 Year</b>	<b>None</b>	<b>-1 Year</b>	
Present value of total obligation		101,038	97,220	93,568	
Projected service cost		2,704	2,612	2,522	

## Impact on the Council's Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant a rate as possible. Funding levels are monitored on an annual basis and the next triennial valuation will take place around 31 March 2025, the results of which will form the basis of the contribution due in the financial years 2026/27 to 2028/29. The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

## 22 Property, Plant and Equipment (Movements in Balances)

### Revaluations

The Council's assets are revalued on a five-year rolling basis. Valuations of land and buildings were carried out by the District Valuer and the Valuation Office. Valuations were carried out in accordance with methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Revaluations	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valued at Historical Cost - 2023/24	16,796	-	-	3,699	362	198	-	<b>21,055</b>
Valued at Fair Value - 2023/24		164,350	46,199	-	-	-	3,326	<b>213,875</b>
<b>Total Valuation - 2023/24</b>	<b>16,796</b>	<b>164,350</b>	<b>46,199</b>	<b>3,699</b>	<b>362</b>	<b>198</b>	<b>3,326</b>	<b>234,931</b>
<b>Previous Fair Valuations</b>								
2022/23	-	158,749	42,980	-	-		445	<b>202,174</b>
2021/22	-	152,646	42,256	-	45	100	33	<b>195,080</b>
2020/21	-	150,862	42,602	-	-	97	33	<b>193,593</b>
2019/20	-	146,558	43,702	-	-	100	60	<b>190,420</b>

The following table shows the movement in the balances held by asset type:

2023/24	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Historic Cost or Fair Valuation</u></b>								
<b>At 1 April 2023</b>	<b>7,502</b>	<b>158,749</b>	<b>42,980</b>	<b>8,006</b>	<b>516</b>	<b>280</b>	<b>445</b>	<b>218,477</b>
Additions	14,336	3,597	887	988	-	-	3,865	<b>23,672</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(2,038)	(530)	(425)	-	-	15	<b>(2,978)</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	4,405	576	-	-	-	(2,554)	<b>2,427</b>
Derecognition - Disposals	(89)	(1,103)	(51)	(42)	-	-	-	<b>(1,285)</b>
Reclassification	(4,953)	741	2,337	318	-	-	1,556	-
<b>At 31 March 2024</b>	<b>16,796</b>	<b>164,350</b>	<b>46,199</b>	<b>8,845</b>	<b>516</b>	<b>280</b>	<b>3,326</b>	<b>240,313</b>
<b><u>Accumulated Depreciation and Impairment</u></b>								
<b>At 1 April 2023</b>	-	-	-	<b>(4,593)</b>	<b>(144)</b>	<b>(72)</b>	-	<b>(4,810)</b>
Depreciation charge	-	(2,548)	(1,477)	(978)	(10)	(10)	(4)	<b>(5,026)</b>
Depreciation written out to the Revaluation Reserve	-	2,548	1,477	425	-	-	4	<b>4,454</b>
Reclassification	-	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	-	-	-	<b>(5,147)</b>	<b>(154)</b>	<b>(82)</b>	-	<b>(5,382)</b>
<b><u>Net Book Value</u></b>								
<b>At 31 March 2024</b>	<b>16,796</b>	<b>164,350</b>	<b>46,199</b>	<b>3,699</b>	<b>362</b>	<b>198</b>	<b>3,326</b>	<b>234,931</b>
<b>At 31 March 2023</b>	<b>7,502</b>	<b>158,749</b>	<b>42,980</b>	<b>3,413</b>	<b>372</b>	<b>207</b>	<b>445</b>	<b>213,667</b>
<b><u>Nature of asset holding</u></b>								
Owned	<b>16,796</b>	<b>164,350</b>	<b>46,199</b>	<b>1,682</b>	<b>362</b>	<b>198</b>	<b>3,326</b>	<b>232,914</b>
Subject to Finance Leases	-	-	-	<b>2,017</b>	-	-	-	<b>2,017</b>

2022/23	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>Historic Cost or Fair Valuation</u></b>								
<b>At 1 April 2022</b>	<b>954</b>	<b>152,646</b>	<b>42,256</b>	<b>7,797</b>	<b>516</b>	<b>306</b>	<b>33</b>	<b>204,507</b>
Additions	6,632	3,671	-	607	-	-	-	10,910
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(2,491)	1,336	(291)	-	(26)	(3)	(1,475)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	5,581	(756)	-	-	-	-	4,825
Derecognition - Disposals	-	(684)	-	(21)	-	-	-	(705)
Reclassification	(84)	26	144	(86)	-	-	415	415
<b>At 31 March 2023</b>	<b>7,502</b>	<b>158,749</b>	<b>42,980</b>	<b>8,006</b>	<b>516</b>	<b>280</b>	<b>445</b>	<b>218,477</b>
<b><u>Accumulated Depreciation and Impairment</u></b>								
<b>At 1 April 2022</b>	-	-	-	(4,040)	(135)	(64)	-	(4,239)
Depreciation charge	-	(2,482)	(1,350)	(903)	(10)	(10)	-	(4,755)
Depreciation written out to the Revaluation Reserve	-	2,482	1,408	291	-	2	-	4,183
Reclassification	-	-	(58)	58	-	-	-	-
<b>At 31 March 2023</b>	-	-	-	(4,593)	(144)	(72)	-	(4,810)
<b><u>Net Book Value</u></b>								
<b>At 31 March 2023</b>	<b>7,502</b>	<b>158,749</b>	<b>42,980</b>	<b>3,413</b>	<b>372</b>	<b>208</b>	<b>445</b>	<b>213,667</b>
<b><u>Nature of asset holding</u></b>								
Owned	7,502	158,749	42,980	1,432	372	207	445	211,686
Subject to Finance Leases	-	-	-	1,981	-	-	-	1,981

## 23 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

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. Examples of this would include financial assistance towards capital investment incurred by other parties and works on properties not owned by the Council.

Description	Balance at 1 April 2022	Expenditure	Amount Financed or Written Off	Balance at 31 March 2023	Expenditure	Amount Financed or Written Off	Balance at 31 March 2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Private Sector Housing Grants & Disabled Facilities Grants	-	421	(421)	-	659	(659)	-
Cullompton Town Centre Relief Road (HIF bid)	-	402	(402)	-	(2)	2	-
Tiverton EUE A361 Junction Phase 2 (HIF bid)	-	133	(133)	-	-	-	-
Shared Prosperity & Rural Prosperity Grants	-	133	(133)	-	280	(280)	-
<b>Total</b>	-	<b>956</b>	<b>(956)</b>	-	<b>938</b>	<b>(938)</b>	-



## 24 Summary of Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital is to be financed in future years by charges to revenue as assets 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.

<b>Summary of Capital Expenditure and Financing</b>		<b>2022/23</b>	<b>2023/24</b>
		<b>£'000</b>	<b>£'000</b>
<b>Opening Capital Financing Requirement</b>		<b>61,127</b>	<b>64,592</b>
<b>Capital Investment</b>			
Property, plant and equipment		10,910	26,807
Other capital expenditure		-	-
Revenue Expenditure Funded from Capital under Statute (REFCUS)		956	938
Loans to third parties (net of repayments)		5,288	(13,809)
<b>Sources of Finance</b>			
Capital receipts applied		(865)	(4,445)
Use of Major Repairs Allowance (MRA) to finance HRA new capital expenditure		(2,770)	(2,684)
Government grants and contributions		(4,967)	(3,757)
Direct revenue contributions		(1,248)	(3,201)
Statutory provision for the financing of capital investment		(3,840)	(2,208)
<b>Closing Capital Financing Requirement</b>		<b>64,592</b>	<b>62,234</b>
<b>(Decrease)/Increase in Capital Financing Requirement</b>		<b>3,465</b>	<b>(2,358)</b>

## 25 Heritage Assets

How the Council recognises and measures Heritage Assets is set out in the Council's summary of Accounting Policies.

	2022/23	2023/24
Heritage Assets Movements	£'000	£'000
<b>Cost or Valuation</b>		
<b>At 1 April 2023</b>	<b>330</b>	<b>330</b>
Additions	-	-
Donations	-	-
Disposals	-	-
Revaluation increases/(decreases)	-	-
<b>Total</b>	<b>330</b>	<b>330</b>

The Council is the owner of some paintings, which are on loan to Tiverton Town Council and remain at the Town Hall, Tiverton. The paintings were valued by Bearnese Hampton and Littlewood Auctioneers and Valuers as at December 2016.

The civic regalia was valued by G W Pack Jewellers on 23 May 2013.

On the 1 June 2019, Tiverton Town Council donated a memorial stone to the Council. As there is no readily available information about sales prices for such items, the asset is included at nil value in the Balance Sheet.

The collection is relatively static and acquisitions and donations are rare. Purchases would be initially recognised at cost and donations recognised at valuations provided by the external valuers, with reference to the most relevant and recent information from sales at auctions and other commercial markets.

### Heritage Assets of Particular Importance

The most significant item identified within the collection is an oil painting on canvas being a full length portrait of George III by Sir Joshua Reynolds (British, 1723 – 1792) in an ornate giltwood and plaster frame with a valuation of £250k.

### Preservation and Management

The Council's Property Management Team are responsible for the ongoing maintenance and security of these assets.

## 26 Commitments under Capital Contracts

This note details Capital contracts of an individual value greater than £250k committed as at 31 March 2024.

<b>Commitments under Capital Contracts</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Various Major Repairs Allowance works to maintain council housing stock	1,350	1,741
Queensway, Beech Road development project	232	-
Property lease contracts	540	378
Vehicle lease contract	1,882	1,961
Modular housing development projects	1,521	371
<b>Total</b>	<b>5,525</b>	<b>4,451</b>

Contracts relating to Major Repairs Works to Council Housing stock include 2024/25 planned maintenance spend: roofing £615k, modernisation of kitchens and bathrooms 222k, Flooring and structural works £500k and window replacement £404k. Lease contracts were included in the Capital programme from 2023/24, prior year figures have been included for comparison.

## 27 Non-Current Asset Valuation

The Council instructed the District Valuer to complete a full property valuation exercise for one fifth of its freehold properties and a review of all other freehold properties. Where applicable property assets are therefore included in the accounts at their 31 March 2024 valuation. The Valuation Office Agency have made their valuation in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

A MRICS qualified Principal Surveyor with the Valuation Office Agency also undertook a valuation exercise to reassess the value of the housing stock as at 31 March 2024. These revised values have been incorporated into the Council's Balance Sheet. This valuation was undertaken based on a Beacon Basis (with one fifth of these having had a full valuation and a review of all other Beacons); where a standard valuation has been applied across the Council's housing stock against similar groups of property. The adjustment factor of 65% to adjust the value of Council House values to Existing Use Value – Social Housing has been used as the discount factor for the year.

Properties regarded by the Council as operational were valued based on Current Value in existing use (Current Value has regard to the service potential that an asset provides in support of the entity's service delivery); where this could not be assessed because there was no market for the asset; the Depreciated Replacement Cost method has been applied. Properties regarded by the Council as non-operational have been valued on the basis of Open Market Value. The Valuation Office has also undertaken a comprehensive impairment review of the Council's assets as at the 31 March 2024.

## 28 Short-Term and Long-Term Borrowing

As at the 31 March 2024 the Council had two long-term loans outstanding from the Public Works Loan Board (PWLB) with an outstanding balance of £31,373k.

- 1 - £28,403k to fund the Housing Revenue Account stock purchase - 25 year loan @ 2.94% maturing 28 March 2037;
- 2 - £2,971k to fund the purchase of properties at Market Walk Tiverton and 32-34 Fore Street Tiverton - 25 year loan @ 2.61% maturing 27 March 2040.

The overall maturity profile for these loans is shown in the table below:

Lender	Maturity date	Balance at	Balance at
		31/3/2023	31/3/2024
		£'000	£'000
Public Works Loan Board	< 1 year	1,937	1,975
	2 - 5 years	8,254	8,496
	Over 5 years	23,120	20,903
<b>Total loan value outstanding</b>		<b>33,310</b>	<b>31,373</b>

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## 29 Trusts for which the Council is the Sole Trustee

The Council is the sole trustee for the People's Park and Recreation Grounds charity. The purpose of the Trust is to provide recreational open space for the people of Tiverton. The net assets of the trust were £316k as at 31 March 2024 and comprised of land and buildings. The reason for this increase is due to increase in residential rental values in this location.

Peoples Park Land & Buildings	2022/23	2023/24
	£'000	£'000
Park Lodge - Land	95	95
Park Lodge - Building	175	221
<b>Total</b>	<b>270</b>	<b>316</b>

### 30 Financial Instruments

#### Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at Amortised Cost. Their Fair Value can be 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:

Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate the Fair Value. 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. The Council only deals in these kinds of instruments.

The fair values calculated are as follows:

	2022/23		2023/24	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
<b>Financial Assets</b>				
<b>Financial Assets</b>				
Long term investment	4,639	4,639	4,458	4,458
Short term investment	16,000	16,000	12,000	12,000
Cash and cash equivalents	3,631	3,631	3,401	3,401
Loans and trade receivables	18,764	18,764	3,776	3,776
<b>Total</b>	<b>43,034</b>	<b>43,034</b>	<b>23,635</b>	<b>23,635</b>
<b>Financial Liabilities</b>				
Long term borrowing	(33,310)	(32,385)	(31,373)	(29,855)
Finance leases	(1,981)	(1,981)	(2,017)	(2,017)
Trade payables	(2,377)	(2,377)	(1,311)	(1,311)
<b>Total</b>	<b>(37,668)</b>	<b>(36,743)</b>	<b>(34,701)</b>	<b>(33,183)</b>

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

2023/24	Financial liabilities measured at amortised cost £'000	Finance lease assets £'000	Loans and receivables £'000	Financial assets measured at fair value through Profit or Loss £'000	Total £'000
Interest payable	1,077	-	-	-	1,077
Interest payable on finance leases	-	186	-	-	186
<b>Interest payable and similar charges</b>	<b>1,077</b>	<b>186</b>	<b>-</b>	<b>-</b>	<b>1,263</b>
Interest income	-	-	(2,197)	-	(2,197)
<b>Interest and investment income</b>	<b>-</b>	<b>-</b>	<b>(2,197)</b>	<b>-</b>	<b>(2,197)</b>
Fair Value adjustment	-	-	-	181	181
<b>Net (gain)/loss for the year</b>	<b>1,077</b>	<b>186</b>	<b>(2,197)</b>	<b>181</b>	<b>(753)</b>

2022/23	Financial liabilities measured at amortised cost £'000	Finance lease assets £'000	Loans and receivables £'000	Financial assets measured at fair value through Profit or Loss £'000	Total £'000
Interest payable	1,011	-	-	-	1,011
Interest payable on finance leases	-	164	-	-	164
<b>Interest payable and similar charges</b>	<b>1,011</b>	<b>164</b>	<b>-</b>	<b>-</b>	<b>1,175</b>
Interest income	-	-	(1,470)	-	(1,470)
<b>Interest and investment income</b>	<b>-</b>	<b>-</b>	<b>(1,470)</b>	<b>-</b>	<b>(1,470)</b>
Fair Value adjustment	-	-	-	916	916
<b>Net (gain)/loss for the year</b>	<b>1,011</b>	<b>164</b>	<b>(1,470)</b>	<b>916</b>	<b>621</b>

## **Disclosure of Nature and Extent of Risks Arising from Financial Instruments**

### **Liquidity Risk**

This is the possibility that the Council might not have funds available to meet its commitments to make payments. The Council manages its liquidity position through stringent risk management procedures (the setting and approval by Full Council of Treasury and Investment Strategy reports that include Prudential Indicators), as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed.

The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

### **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 applied by the Treasury Accountant when making decisions on placing any surplus funds (i.e. to whom, for how long, for how much, etc.). This Treasury Strategy can be found on the Council's website.

### **Credit Risk**

Credit risk arises from deposits with banks and building societies as well as credit exposure to the Council's customers. The treasury policy for the year allowed the Council to invest with the main UK Banks and Building Societies, with a FITCH credit rating of F1 or higher, up to a maximum value of £5,000k with any one institution. Once again this evidences our prudent approach to lending of surplus funds. During 2020/21, approval was given by Full Council to maintain a flexible limit on balances held with the Council's bank (NatWest) to equal that of £5,000k plus the balance of any emergency grant funds being administered.

### **Fair Value Disclosure of PWLB Loans**

The Fair Value of Public Works Loan Board (PWLB) loans of £29,855k represents what the Council would need to pay in order to settle the outstanding loans with PWLB. The difference between the carrying amount and the fair value (£1,518k) measures the discount on early settlement due to the rise in interest rates since the loan was taken out.

### **Fair Value Disclosure of Long Term Investments (CCLA)**

With the introduction of IFRS 9 the Council has designated the equity at 31 March 2024 as fair value through Profit and Loss on the Comprehensive Income and Expenditure Statement.

### **Loans and Trade Receivables**

Within the Loans and Trade Receivables figure are the loans between ourselves and our subsidiary company and other parties. The Fair Value of short-term financial assets which are held at Amortised Cost, including Trade Receivables, is assumed to approximate to the carrying amount.

### 31 Long Term Investments

<b>Long Term Investments</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
CCLA Property Fund	4,639	4,458
<b>Total</b>	<b>4,639</b>	<b>4,458</b>

At the 31 March 2024, the Council held 1,634,480 units in the CCLA Local Authorities' Mutual Investment Trust Commercial Property Fund. During 2023/24, the income received amounted to £234k, a 4.68% return for the year. The carrying value of the investment in the Balance Sheet at 31 March 2024 based upon the Fair Value amounted to £4,458k.

### 32 Long Term Debtors (amounts due in more than 12 months)

Income is recognised in the accounts when it becomes due. Income that is due but has not been received at the end of the financial year is carried under the debtors heading in the Balance Sheet.

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This debtor balance is reviewed at each-year end to assess the recoverability of the sums due and where it is doubtful that debts will be settled the balance of debtors is written down and an impairment charge made to the relevant account for the income that might not be collected. This assessment is carried out using the Council's experience and current knowledge of collection rates for different groups of debtors.

<b>Long Term Debtors (amounts due in more than 12 months)</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Other entities and individuals	2,982	2,143
<b>Total</b>	<b>2,982</b>	<b>2,143</b>



### 33 Short Term Investments

Below are the temporary investments that the Council held at the end of the financial year:

Bank/Building Society/Local Authority/PCC	Term		Fixed Interest Rate %	2022/23	2023/24
	From	To		£'000	£'000
Thurrock Council	25/10/2022	24/10/2023	3.55%	2,000	
Thurrock Council	14/07/2022	14/04/2023	2.00%	2,000	
London Borough of Croydon	24/10/2022	24/04/2023	4.00%	3,000	
West Dunbartonshire Council	25/10/2022	25/07/2023	3.90%	2,000	
NBK International PLC	15/11/2022	15/05/2023	3.92%	1,500	
Santander	01/12/2022	01/06/2023	3.90%	2,500	
Aberdeen City Council	26/01/2023	26/05/2023	3.60%	3,000	
City of Liverpool	29/09/2023	31/05/2024	5.70%		2,000
Surrey County Council	26/10/2023	26/04/2024	5.55%		2,500
NBK International PLC	02/11/2023	02/05/2024	5.55%		2,000
Surrey County Council	15/11/2023	15/05/2024	5.55%		2,500
Eastleigh Borough Council	20/11/2023	20/05/2024	5.55%		3,000
<b>Total</b>				<b>16,000</b>	<b>12,000</b>

This table excludes a £2,000k loan to Central Bedfordshire Council placed for a period of 3 months on 19/01/2024 at an interest rate of 5.55%. Due to the duration of this loan being no more than 3 months, it is treated as a cash equivalent instead (see Note 38).

### 34 Assets Held for Sale

Assets classified as held for sale:

<b>Assets Held for Sale</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening Balance</b>	<b>470</b>	<b>30</b>
Additions	-	3,135
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	-
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Sen	-	(31)
Derecognition - Disposals	(25)	(30)
Reclassification	(415)	-
<b>Net Book Value</b>	<b>30</b>	<b>3,104</b>

The Council has disposed of the Land at Culm Valley Sports Centre, Meadow Lane during 2023/24 and has purchased from 3Rivers the five unsold newly built houses at Haddon Heights (Elizabeth Penton Way) which are being marketed for sale via Seddon's estate agents.

### 35 Inventories

The Council holds stock of fuel for its fleet vehicles and materials (such as recycling boxes and maintenance supplies) for its services. At the end of the year, that stock was valued at £339k:

<b>Inventories</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Raw materials	367	339
<b>Total</b>	<b>367</b>	<b>339</b>

### 36 Short Term Debtors (amounts due in less than 12 months)

Debtors are amounts owed to the Council as at 31 March 2024.

<b>Short Term Debtors (amounts due in less than 12 months)</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Trade Receivables	1,117	640
Central Government Bodies	5,598	2,509
Other Local Authorities	995	1,324
NDR Preceptors	504	500
Council Tax Preceptors	2,394	2,139
Housing Benefits	404	417
Other Receivable Amounts	15,797	2,367
Prepayments	680	290
Less Impairment Allowances	(1,866)	(1,893)
<b>Total</b>	<b>25,623</b>	<b>8,292</b>

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The main debtors outstanding as at 31 March 2024 are:

- Other Receivable Amounts – £1,030k of this is loan repayments due to Council within 12 months of the balance sheet date. Also included is £870k of outstanding HRA rents and £105k of investment dividends and interest owed.
- Central Government Bodies – these figures largely relate to £1,556k of VAT reclaimed from HMRC, £345k prepaid Housing Benefits payments, £178k Homes England grant funds, £129k of DLUHC grant funding and £105k of Heritage England grant funding.
- Council Tax Preceptors – Please see note 48 for more information
- Trade Receivables – these are amounts outstanding on our sales ledgers and vary due to timing differences in when invoices are raised.
- Other Local Authorities – this amount includes £84k Household Support Fund 3 (HSF3) grant, £520k Waste Shared Savings Scheme and £130k Recycling credits from Devon County Council, £251k accrued temporary investment interest, and £226k for the Dual Use Agreement with Cullompton Community College.

### 37 Debtors for Local Taxation

The outstanding debt for local taxation (NDR and Council Tax) can be analysed by age in the table below, the figures for which are included in Notes 36.

Debtors for Local Taxation	Non-Domestic Rates		Council Tax Precepts	
	2022/23	2023/24	2022/23	2023/24
	£'000	£'000	£'000	£'000
<b>Up to one year</b>	<b>198</b>	<b>198</b>	<b>504</b>	<b>478</b>
Less impairment allowance	(34)	(77)	(116)	(93)
Up to one year	164	121	388	385
<b>One to three years</b>	<b>221</b>	<b>236</b>	<b>357</b>	<b>336</b>
Less impairment allowance	(184)	(192)	(209)	(200)
One to three years	37	44	148	136
<b>Over 3 years</b>	<b>85</b>	<b>66</b>	<b>120</b>	<b>122</b>
Less impairment allowance	(84)	(65)	(119)	(121)
Over 3 years	1	1	1	1
<b>Total Debtors for Local Taxation</b>	<b>504</b>	<b>500</b>	<b>981</b>	<b>936</b>
Total Debtors for Local Taxation less impairment allowance	202	166	537	522

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### 38 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 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.

Cash and Cash Equivalents	2022/23	2023/24
	£'000	£'000
Cash held by the Authority	1	1
Bank current accounts	3,630	1,400
Short-term deposits with financial institutions	-	2,000
<b>Total</b>	<b>3,631</b>	<b>3,401</b>

### 39 Short Term Creditors (amounts due in less than 12 months)

Creditors are amounts owed by the Council as at 31 March 2024.

<b>Short Term Creditors (amounts due in less than 12 months)</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Central Government Bodies	(2,914)	(2,091)
NDR Preceptors	(1,857)	(2,336)
Council Tax Preceptors	(195)	(171)
Other Local Authorities	(471)	(287)
Trade Payables	(3,694)	(1,936)
Other Payables	(1,360)	(1,186)
<b>Total</b>	<b>(10,491)</b>	<b>(8,008)</b>

The main creditors outstanding as at 31 March 2024 are:

- Central Government Bodies – Includes £845k of Business Rate relief s31 for 2022/23, £334k of HFU and LAHF funding, £307k of Capital Receipts, £194k of PCC Election funding, £146k of Covid related grants, £136k of 2023/24 Subsidy grant and some other small grants due to be repaid in 2024/25.
- Trade Payables - These figures relate to amounts payable to our suppliers for goods or services received but not yet paid, in the main because invoices had not been received or the pay terms were not due as at 31 March 2024.
- Council Tax Preceptors – The movement relates to the Precepting Authorities (Devon County Council, Devon & Cornwall Police & Crime Commissioner and Devon & Somerset Fire & Rescue) share of the Collection Fund deficit.
- NDR Preceptors – The movement relates to the Precepting Authorities (Devon County Council, Devon & Somerset Fire & Rescue and the Department for Levelling Up, Housing & Communities) share of the Collection Fund deficit.

#### 40 Long Term Creditors (amounts due in more than 12 months)

Long Term Creditors (amounts due in more than 12 months)	2022/23	2023/24
	£'000	£'000
Finance Lease Liability	(1,597)	(1,568)
S106 Contributions	(93)	(84)
Other Payables	(45)	(35)
<b>Total</b>	<b>(1,735)</b>	<b>(1,687)</b>

Monies advanced as S106 contributions, for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the contribution is credited to the relevant service line (attributable revenue grants and contributions) in the Comprehensive Income and Expenditure Statement. Note 57 gives more details on the finance lease liability.

#### 41 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.

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.

Provisions	2022/23	2023/24
	£'000	£'000
Various General Fund	(200)	-
Non Domestic Rates (NDR) Appeals	(676)	(640)
<b>Total</b>	<b>(876)</b>	<b>(640)</b>

#### Various General Fund

The Provision in 2022/23 related to an ongoing appeal provision, which has been removed and placed into an Earmarked Reserve in 2023/24.

## Non Domestic Rates Appeals

The Local Government Finance Act 2012 introduced changes to the accounting arrangements for Non Domestic Rates. These changes require the Council to make a Provision for Appeals for refunding ratepayers who have appealed against the rateable value of their properties on the rating list. The Council has used its best estimate of the expenditure required to settle the present obligation which totals £1,600k in respect of the Non Domestic Rates Collection Fund. The Council's 40% share of this being £640k. The Council continues to take a prudent approach to evaluating the risk.

## 42 Usable Reserves

Reserves are reported in two categories:

1. Usable Reserves – those 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 that may only be used to fund capital expenditure or repay debt).
2. Unusable Reserves – those that the Council is not able to use to provide services. This includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments Between Accounting Basis and Funding Basis Under Regulations'. See note 43 for Unusable 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.

The categories of reserves are:

- General Fund – the primary fund of the Council. It records all assets and liabilities of the Council that are not assigned to a special purpose fund. It provides the resources necessary to sustain the day-to-day activities and thus pays for all administrative and operating expenses. The S151 Officer recommends that a minimum balance of £2,000k is held;
- Housing Revenue Account – the primary fund for the Council's social and affordable housing function.
- Earmarked Reserves – the Council has a number of earmarked reserves, split for use between the General Fund and the HRA, the overall balances are shown below with more detail shown in Note 6;
- Capital Receipts Reserve – represents the capital receipts available to finance capital expenditure in future years, after setting aside any statutory amounts for the repayment of loans. The receipt arising from the disposal of an asset will be classed as a capital receipt, to be used to finance capital expenditure, if it is greater than £20k. If the receipt falls below this threshold it will fall to the Comprehensive Income and Expenditure Statement, in accordance with the Local Government Act 2003;
- Capital Grants Unapplied Reserve – where a capital grant or contribution has been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution shall be transferred to the Capital Grants Unapplied Reserve. These balances are a capital resource available to finance expenditure.

Movements in the Council's Usable Reserves are detailed below and in the Movement in Reserves Statement.

Usable Reserves	Balance at	Movement	Balance at	Movement	Balance at
	1/4/2022		31/3/2023		31/3/2024
	£'000	£'000	£'000	£'000	£'000
General Fund Balance	(2,215)	190	(2,025)	-	(2,025)
Earmarked General Fund Reserves	(20,655)	2,495	(18,160)	1,532	(16,628)
<b>General Fund Total</b>	<b>(22,870)</b>	<b>2,685</b>	<b>(20,184)</b>	<b>1,532</b>	<b>(18,653)</b>
Housing Revenue Account	(2,000)	-	(2,000)	-	(2,000)
Earmarked HRA Reserves	(21,233)	(957)	(22,190)	860	(21,330)
Capital HRA Reserves	(1,417)	42	(1,375)	(147)	(1,522)
<b>HRA Total</b>	<b>(24,650)</b>	<b>(915)</b>	<b>(25,565)</b>	<b>713</b>	<b>(24,852)</b>
Capital Receipts Reserve	(6,529)	(780)	(7,309)	3,492	(3,817)
Capital Grants Unapplied	(2,697)	132	(2,565)	538	(2,027)
<b>Capital Total</b>	<b>(9,226)</b>	<b>(648)</b>	<b>(9,874)</b>	<b>4,030</b>	<b>(5,844)</b>
<b>Total Usable Reserves</b>	<b>(56,745)</b>	<b>1,122</b>	<b>(55,624)</b>	<b>6,275</b>	<b>(49,349)</b>

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### Unusable Reserves

This note shows the total of the Council's unusable reserves. Please see the individual notes for more information on the make up of the balances.

Unusable Reserves	Note	2022/23	2023/24
		£'000	£'000
Revaluation Reserve	44	(18,124)	(18,939)
Capital Adjustment Account	45	(147,659)	(159,406)
Deferred Capital Receipts Reserve	46	(157)	(148)
Pensions Reserve	47	16,077	10,166
Collection Fund Adjustment Account	48	141	(124)
Accumulating Compensated Absences Adjustment Account	49	204	135
Financial Instruments Adjustment Account	9	361	542
<b>Total</b>		<b>(149,157)</b>	<b>(167,774)</b>



#### 44 Revaluation Reserve

The Revaluation Reserve contains the net gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The Revaluation Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the Capital Adjustment Account.

<b>Revaluation Reserve</b>		<b>2022/23</b>	<b>2023/24</b>
		<b>£'000</b>	<b>£'000</b>
<b>At 1 April</b>		<b>(15,985)</b>	<b>(18,124)</b>
Upward revaluation of assets		(3,108)	(2,249)
Downward revaluation of assets and impairment losses not posted to the Surplus or Deficit on the Provision of Services		400	773
<b>Total of revaluations (surplus)/deficit</b>		<b>(2,708)</b>	<b>(1,476)</b>
<b>Surplus/deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>		<b>(18,693)</b>	<b>(19,600)</b>
Accumulated gains on assets sold		-	72
Difference between fair value depreciation and historical cost depreciation		570	589
<b>Amount written off to Capital Adjustment Account</b>		<b>570</b>	<b>661</b>
<b>At 31 March</b>		<b>(18,124)</b>	<b>(18,939)</b>

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#### 45 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from 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 the 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 or enhancement.

The account contains revaluation gains and losses on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

<b>Capital Adjustment Account</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 April</b>	<b>(137,202)</b>	<b>(147,659)</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>		
Charges for depreciation and impairment of Non-Current Assets	4,755	5,026
Revaluation gains on Property, Plant and Equipment (PPE)	(4,825)	(2,395)
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	956	938
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	730	1,154
Adjusting amounts written out of the Revaluation Reserve	(570)	(589)
<b>Net written out amount of the cost of non current assets consumed in the year</b>	<b>(136,156)</b>	<b>(143,525)</b>
<b>Capital financing applied in the year</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(865)	(4,445)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,770)	(2,684)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(4,058)	(3,032)
Application of grants to capital financing from the Capital Grants Unapplied Account	(910)	(725)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(3,840)	(2,208)
Capital expenditure charged against the General Fund and HRA balances	(1,248)	(3,201)
Impairment of financial instruments classified as capital transactions	2,186	414
<b>At 31 March</b>	<b>(147,659)</b>	<b>(159,406)</b>

#### 46 Deferred Capital Receipts Reserve

This Deferred Capital Receipts Reserve relates to the rent to mortgage scheme that operated some time ago. Under the scheme, homeowners were able to buy a share in their property; in the future, they are able to buy part or the entire remaining share. There are two remaining properties under this scheme; these have been revalued during 2023/24 to give up-to-date figures of the amount that would be received if the remaining Council share were to be sold to the homeowner.

<b>Deferred Capital Receipts Reserve</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 April</b>	<b>(39)</b>	<b>(157)</b>
Revaluations	(187)	9
Transfer to the Capital Receipts Reserve upon receipt of cash	69	-
<b>At 31 March</b>	<b>(157)</b>	<b>(148)</b>

#### 47 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements in 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 the employees' accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible. The debit 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.

<b>Pensions Reserve</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 April</b>	<b>56,988</b>	<b>16,077</b>
Remeasurement of net defined liability	(45,072)	(5,763)
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	7,224	3,268
Employer's pension contributions and direct payments to pensioners payable in the year	(3,063)	(3,416)
<b>At 31 March</b>	<b>16,077</b>	<b>10,166</b>

Pension reserve balance includes £725k relating to the secondary rate contribution for 2023/24.

## 48 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of the Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

<b>Collection Fund Adjustment Account - Council Tax</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 April</b>	<b>(303)</b>	<b>73</b>
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	376	(31)
<b>At 31 March</b>	<b>73</b>	<b>42</b>

The balance of £42k represents MDDC's share (13.22%) of the overall Council Tax Collection Fund deficit of £320k at 31 March 2024 (£553k deficit at 31 March 2023) (see the Collection Fund income and expenditure account).

The NDR Adjustment Account manages the differences arising from the recognition of the NDR income in the Comprehensive Income and Expenditure Statement as it falls due from NDR taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

<b>Collection Fund Adjustment Account - Non Domestic Rates</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 April</b>	<b>1,715</b>	<b>67</b>
Amount by which NDR income credited to the Comprehensive Income and Expenditure Statement is different from the NDR income calculated for the year in accordance with statutory requirements	(1,648)	(233)
<b>At 31 March</b>	<b>67</b>	<b>(166)</b>

The balance of £166k represents MDDC's share (40%) of the overall NDR Collection Fund surplus of £487k at 31 March 2024 (£267k deficit at 31 March 2023), which is £195k; reduced by the element owed from Renewable Energy Schemes of £29k.

## 49 Accumulated Compensating Absences Adjustment Account

Accumulating Compensating Absences Adjustment Account	2022/23	2023/24
	£'000	£'000
<b>At 1 April</b>	<b>258</b>	<b>204</b>
Settlement or cancellation of accrual made at the end of the preceding year	(258)	(204)
Amounts accrued at the end of the current year	204	135
<b>At 31 March</b>	<b>204</b>	<b>135</b>

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund and HRA 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 and HRA balance is neutralised by transfers to or from the Accumulated Absences Account. The reduction in this year's accrual is due to improvements in the management of annual leave balances across the Council and flexi balances no longer being centrally recorded.

## 50 Cash Flow – Non-Cash Items

The surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement has been adjusted for the following non-cash movements:

Cash Flow	2022/23	2023/24
	£'000	£'000
Depreciation	4,754	5,026
Impairment	(4,825)	(2,395)
Increase/(Decrease) in Impairment for Bad Debt	127	27
Increase/(Decrease) in Creditors	(2,331)	(1,717)
Increase/(Decrease) in Provisions	20	(236)
(Increase)/Decrease in Debtors	(8,470)	18,143
(Increase)/Decrease in Inventories	(45)	28
Carrying Amount of Non-Current Assets Sold	730	1,226
Pension Liability Reversal	4,161	(148)
Fair Value Equity Instrument Revaluation	916	181
Other Adjustments	1	(162)
<b>Total</b>	<b>(4,962)</b>	<b>19,973</b>

The large decrease in the Council's Debtors for 2023/24 relates mainly to the repayment and impairment of loans to 3Rivers.

## 51 Cash Flow – Adjustment for Items in the Net Surplus or Deficit on the Provision of Services that are Investing or Financing Activities

The surplus or deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement has been adjusted to remove the following investing and financing activities, leaving just cash flows from operating activities:

<b>Cash Flow - Adjustment</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Other receipts from financing activities	(3,879)	(2,671)
REFCUS adjustment	956	938
Proceeds from the sale of Property, Plant and Equipment & Investment Property	(1,778)	(957)
Interest Paid	1,175	1,263
Interest received	(1,671)	(2,431)
<b>Total</b>	<b>(5,198)</b>	<b>(3,858)</b>

## 52 Cash Flow – Operating Activities on the Balance Sheet

The cash flows from operating activities include the following items through the Balance Sheet:

<b>Cash Flow Statement - Operating Activities on the Balance Sheet</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>
<b>Grant Funds Received</b>		
Self Isolation Payments	16	-
Restart Grants	81	-
Council Tax Energy Rebate	144	-
Alternative Fuel Payment £400	331	-
Alternative Fuel Payment £200	146	-
Homes for Ukraine	1,200	273
<b>Grant Funds Paid to Businesses/Beneficiaries</b>		
NDR Business Support Grant	2	-
National Scheme (LRSG)	(272)	-
Tier 2 Open	(4)	-
Tier 2 Closed	(30)	-
Lockdown 3 Closed	(718)	-
Lockdown 3 Addendum	(660)	-
Restart Grants	7	-
Omicron Grants	(593)	-
Council Tax Energy Rebate	(4,326)	(47)
Alternative Fuel Payment £400	(56)	(275)
Alternative Fuel Payment £200	(23)	(123)
Homes for Ukraine	(462)	(426)
Forward Funding of Pension Fund Deficit Contribution	890	-
<b>Increase/(Decrease) in Grant Funds held on the Balance Sheet</b>	<b>(4,327)</b>	<b>(598)</b>

The items listed in the above table mainly relate to various Government grant schemes that the Council has administered. These schemes provided support during the Covid-19 pandemic and the Cost of Living Crisis, and are gradually reducing in number and monetary value.

### 53 Cash Flow – Investing Activities

Investing activities included within the Cash Flow Statement are as follows:

<b>Cash Flow Statement - Investing Activities</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Purchase of Property, Plant and Equipment (PPE) & Investment Property	(10,752)	(26,348)
Other cash payments (REFCUS)	(956)	(938)
Proceeds from the sale of Property, Plant and Equipment & Investment Property	1,778	957
Capital grants received	3,879	2,671
Purchase of temporary investments	11,000	4,000
Interest received	1,671	2,431
Interest paid	(1,175)	(1,263)
<b>Net cash flows from investing activities</b>	<b>5,445</b>	<b>(18,490)</b>

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The large increase in the purchase of PPE for 2023/24 is the acquisition of properties from 3Rivers to provide social housing and facilitate the soft closure of the company.

### 54 Cash Flow – Financing Activities

Financing activities included within the Cash Flow Statement are as follows:

<b>Cash Flow Statement - Financing Activities</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(366)	(423)
PWLB debt repayment	(1,924)	(1,937)
<b>Net cash flows from financing activities</b>	<b>(2,291)</b>	<b>(2,360)</b>



## 55 Grant Income

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 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.

The Council credited the following Grants, Contributions, Donations and Other Taxation Income to the Comprehensive Income and Expenditure Statement during the year.

### Within Taxation and Non-Specific Grants (also see Note 10)

Credited to Taxation and Non Specific Grant Income		2022/23	2023/24
		£'000	£'000
New Homes Bonus		(719)	(320)
Revenue Support Grant		-	(98)
Rural Services Delivery Grant		(490)	(547)
Lower Tier Service Grant		(101)	-
Services Grant		(153)	(82)
Covid Income Compensation Scheme		-	(109)
Council Tax Support Scheme New Burdens		-	(10)
Funding Guarantee Grant		-	(493)
Other Non-Ring Fenced Government Grants		(28)	(8)
<b>Total</b>		<b>(1,490)</b>	<b>(1,667)</b>

## Credited to Services

Credited to Services	2022/23	2023/24
	£'000	£'000
Business Rates - Cost of Collection Grant	(118)	(121)
Contain Outbreak Management Fund	(55)	-
Council Tax Rebate Scheme New Burdens	(137)	-
Council Tax Support Scheme	-	(95)
*Disabled Facilities Grant	(217)	(270)
Homelessness Prevention Grant (HPG) (Previously known as Flexible Housing & Homelessness Grant)	(229)	(362)
Garden Communities Programme (Previously known as Garden Village Grant - Capacity Funding)	-	(145)
Gardens Communities Programme - J28 Feasibility Work	(800)	-
Historic England	(227)	(588)
Housing Benefit & Council Tax Benefit Admin Grant	(228)	(156)
Housing Benefit Subsidy	(10,739)	(10,896)
Household Support Fund	(508)	(482)
Homes For Ukraine - Service funding & staffing costs	(124)	(251)
*Housing Infrastructure Fund	(536)	-
Shared Prosperity Fund (Revenue)	-	(318)
NDR New Burdens	(66)	-
Rough Sleeping Initiative	(129)	(102)
Rural England Prosperity Fund	-	(145)
Salix - Decarbonisation Funding	(112)	-
Section 106s	(1,323)	(21)
Other Grants & Contributions	(564)	(643)
<b>Total</b>	<b>(15,359)</b>	<b>(14,595)</b>

\* Revenue Expenditure Funded from Capital Under Statute (REFCUS)

## Capital Grants applied to the Income and Expenditure Account

Capital Grants Receipts Applied to the Income and Expenditure Account	2022/23 £'000	2023/24 £'000
Affordable Housing	(130)	-
Disabled Facilities Grants	(227)	-
One Public Estate Funding	(280)	(607)
Homes and Communities Agency Grant	(519)	(173)
Homes For Ukraine Scheme	-	(788)
Salix Grant	(2,723)	-
Changing Places Grant	-	(62)
Local Authority Housing Fund	-	(1,124)
Repaid Private Sector Housing Grants	-	84
<b>Total</b>	<b>(3,879)</b>	<b>(2,671)</b>

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### 56 Contingent Assets and Liabilities

The Council has no Contingent Assets or Contingent Liabilities at the 31 March 2024.

### 57 Leases

Leases are classified as Finance Leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as Operating Leases.

#### Authority as Lessee

##### Finance Leases

Vehicles, Plant and Equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at their fair value measured at the lease's inception. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Lease payments are apportioned between:

- A charge for the acquisition of the interest in the vehicle, plant or equipment – applied to write down the lease liability; and
- A finance charge debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

During 2019/20 the Council entered into a fleet contract, meaning any new vehicle is now supplied under a Finance Lease agreement. The assets acquired under these leases are carried as Vehicles, Plant and Equipment in the Balance Sheet at the net amounts below.

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the asset acquired by the Council and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

The minimum lease payments will be payable over the following periods:

### Future Minimum Lease Payments

<b>Finance Leases - Future Minimum Lease Payments</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year - Vehicles	334	398
Not later than one year - Equipment	49	51
	<b>383</b>	<b>449</b>
Later than one year and not later than five years - Vehicles	1,126	1,225
Later than one year and not later than five years - Equipment	49	5
	<b>1,175</b>	<b>1,230</b>
Later than five years - Vehicles	422	338
Later than five years - Equipment	-	-
	<b>422</b>	<b>338</b>
<b>Total</b>	<b>1,980</b>	<b>2,017</b>

## Operating Leases

Rentals paid under Operating Leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased Property, Plant or Equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease). The reason for reduction in rental income is that some operating leases are due to expire in future years.

The future minimum lease payments due in future years are:

<b>Operating Leases - Future Minimum Lease Payments</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year - Land & Buildings	180	190
Later than one year and not later than five years - Land & Buildings	360	189
Later than five years - Land & Buildings	-	-
<b>Total</b>	<b>540</b>	<b>379</b>

## Lease Payments incurred during the year

<b>Lease Payments incurred during the year</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Operating Leases for Land and Buildings	180	189
Hire payments for Vehicles, Plant and Equipment	89	49
<b>Total</b>	<b>269</b>	<b>238</b>

## Authority as Lessor

### Finance Leases

The Council holds no finance leases as lessor.

### Operating Leases

The Council leases out Land and Buildings under operating leases for the following purposes:

- the provision of community services, such as sports facilities, tourism services and community centres; and
- economic development purposes to provide suitable affordable accommodation for local businesses.

## Future Minimum Lease Payments Receivable

Future Operating Leases	2022/23 £'000	2023/24 £'000
Not later than one year - GF Land & Buildings	284	372
Not later than one year - Industrial Units	7	19
Not later than one year - HRA Commercial Units	57	34
	<b>348</b>	<b>425</b>
Later than one year and not later than five years - GF Land & Buildings	771	987
Later than one year and not later than five years - Industrial Units	20	63
Later than one year and not later than five years - HRA Commercial Units	52	84
	<b>843</b>	<b>1,134</b>
Later than five years - GF Land & Buildings	530	570
Later than five years - Industrial Units	-	21
Later than five years - HRA Commercial Units	-	22
	<b>530</b>	<b>613</b>
<b>Total</b>	<b>1,721</b>	<b>2,172</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. For HRA income from council dwellings and garage rents please see the HRA Income and Expenditure Account. The reason for the increase in rental income is due to a number of lease renewals entered into during 2023/24.

## 58 Revaluation Losses and Revaluation Reversals

Where property valuations fall and there is no revaluation reserve, the drop in value is charged to the relevant service in the Comprehensive Income and Expenditure Statement. This is then reversed out in the Adjustments between Accounting Basis and Funding Basis under Regulations so that the Council Tax payer is not charged. Where property prices subsequently rise in later years then the Comprehensive Income and Expenditure Statement can only be credited to the sum of the maximum charged to the Comprehensive Income and Expenditure Statement in earlier years, with any excess then being credited to the revaluation reserve (see note 44).

If there is a revaluation reserve in relation to the property, this reserve is used as a first “call” to mitigate a downward valuation.

The following amounts have been charged or credited (negative figures represent revaluations following a decrease in value) to the Comprehensive Income and Expenditure Statement following the revaluation of certain properties. See Note 27 for further details of the Non-Current Asset Valuation.

Impairment Losses and Reversals	2022/23	2023/24
	£'000	£'000
Council Dwellings	5,581	4,405
Other Land & Buildings	(756)	576
Surplus Assets	-	(2,554)
Assets Held For Sale	-	(31)
<b>Total</b>	<b>4,825</b>	<b>2,395</b>

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The main movements affecting net revaluation increase of £2,395k are an increase in house prices during 2023/24; which has resulted in an increased value of council dwellings, the new ZedPod development at St Andrews, Cullompton being revalued to Existing Use Value – Social Housing; a discount of 65%, and the revaluation of land at Braid Park and Knowle Lane.

## 59 Non-Adjusting Post Balance Sheet Events

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 the Statement of Accounts is authorised for issue. There are two distinct types: those that existed at the balance sheet date where the accounts should be adjusted to reflect these; and those which arose after the balance sheet date which require disclosure in the notes to the accounts if material.

The Deputy Chief Executive (S151) authorised the Unaudited Statement of Accounts for issue on 14 June 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There were no adjusting or non-adjusting events after the Balance Sheet date.

## 15 Housing Revenue Account (HRA) Income and Expenditure Account

This section is a summary of our spending on housing services and where we got the money from to do so.

HRA Income and Expenditure Account		2022/23	2023/24
	Note	£'000	£'000
<b>Expenditure</b>			
Repairs and maintenance		3,920	4,038
Supervision and management		3,724	3,763
Depreciation and impairment/(revaluation) of Non-Current Assets		(2,295)	(1,021)
Rents, rates, taxes and other charges		75	77
Increase/(decrease) in bad debt provision		134	142
<b>Total Expenditure</b>		<b>5,558</b>	<b>6,999</b>
<b>Income</b>			
Dwelling rents	72	(12,769)	(13,630)
Non-dwelling rents		(513)	(506)
Other chargeable services and facilities		(360)	(511)
<b>Total Income</b>		<b>(13,642)</b>	<b>(14,647)</b>
HRA services share of corporate and democratic core		153	165
HRA share of other amounts included in the Council's net expenditure of continuing operations but not allocated to specific services		175	296
<b>Net Income or Expenditure of HRA Services as included in the Council's Comprehensive Income and Expenditure Statement</b>		<b>(7,756)</b>	<b>(7,187)</b>
(Gain)/loss on sale of HRA fixed assets		(1,058)	317
Interest payable and similar charges - see note below	74	974	1,045
Interest and investment income		(272)	(598)
Capital grants and contributions receivable		(799)	(780)
<b>(Surplus) for the year on HRA Services</b>		<b>(8,912)</b>	<b>(7,203)</b>

The amounts shown above are net of debit adjustments on income codes, and credit adjustments on expenditure codes. These sum to £154k and contra out between income and expenditure.



## Movement on the HRA Statement

This summarises the income and expenditure on HRA services included in the Council's Comprehensive Income and Expenditure Statement.

<b>Movement on the HRA Statement</b>		<b>2022/23</b>	<b>2023/24</b>
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance on the HRA at the end of the previous year</b>		<b>(2,000)</b>	<b>(2,000)</b>
Deficit / (Surplus) for the year on the HRA Income and Expenditure Account		(8,912)	(7,203)
Adjustments between accounting basis and funding basis under statute	60	7,954	8,063
<b>Net (increase) or decrease before transfers to or from reserves</b>		<b>(958)</b>	<b>860</b>
Transfers (to) or from reserves		958	(860)
<b>(Increase) or decrease in year on the HRA</b>		<b>-</b>	<b>-</b>
<b>Balance on the HRA at the end of the year</b>		<b>(2,000)</b>	<b>(2,000)</b>

## 60 Adjustments between Accounting Basis and Funding Basis under Regulations – HRA

This section shows the statutory adjustments we have to make to arrive at the final charge for Council Housing.

Adjustments	Usable Reserves					Total Usable Reserves	Unusable Reserves	
	2023/24	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied			Movement in Unusable Reserves
		£'000	£'000	£'000	£'000			
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>								
<b>Adjustments involving the Capital Adjustment Account</b>								
Charges for depreciation and impairment of non current assets	(2,831)	-	-	-	-	2,831		
Revaluation (losses)/gains on Property, Plant and Equipment	3,852	-	-	-	-	(3,852)		
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	(1,184)	-	-	-	-	1,184		
Capital grants and contributions applied	780	-	-	-	-	(780)		
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>								
Statutory provision for the financing of capital investment	991	-	-	-	-	(991)		
Capital expenditure charged against the General Fund and HRA balances	2,568	-	-	-	-	(2,568)		
<b>Adjustments involving the Capital Receipts Reserve</b>								
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	876	(876)	-	-	-	-		
Use of the Capital Receipts Reserve to finance new capital expenditure	-	3,704	-	-	-	(3,704)		
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(13)	13	-	-	-	-		
<b>Adjustments involving the Deferred Capital Receipts Reserve</b>								
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(9)	-	-	-	-	9		
<b>Subtotal</b>	<b>5,030</b>	<b>2,841</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,871)</b>		

Adjustments  2023/24	Usable Reserves				Total Usable Reserves £'000	Unusable Reserves Movement in Unusable Reserves £'000
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied		
	£'000	£'000	£'000	£'000		
<b>Balance Brought Forward</b>	5,030	2,841	-	-	-	(7,871)
<b>Adjustment involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA	2,831	-	(2,831)	-	-	-
Use of the Major Repairs Allowance to finance new capital expenditure	-	-	2,684	-	-	(2,684)
<b>Adjustment involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	192	-	-	-	-	(192)
<b>Adjustment involving the Accumulated Absences Account</b>						
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	11	-	-	-	-	(11)
<b>Total Adjustments</b>	<b>8,063</b>	<b>2,841</b>	<b>(147)</b>	<b>-</b>	<b>-</b>	<b>(10,757)</b>

Adjustments	Usable Reserves				Total Usable Reserves	Unusable Reserves		
	2022/23	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve			Capital Grants Unapplied	Movement in Unusable Reserves
		£'000	£'000	£'000			£'000	
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>								
<b>Adjustments involving the Capital Adjustment Account</b>								
Charges for depreciation and impairment of non current assets	(2,727)	-	-	-	-	2,727		
Revaluation (losses)/gains on Property, Plant and Equipment	5,022	-	-	-	-	(5,022)		
Amortisation of intangible assets	-	-	-	-	-	-		
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	(684)	-	-	-	-	684		
Capital grants and contributions applied	799	-	-	-	-	(799)		
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>								
Statutory provision for the financing of capital investment	972	-	-	-	-	(972)		
Capital expenditure charged against the General Fund and HRA balances	666	-	-	-	-	(666)		
<b>Adjustments involving the Capital Receipts Reserve</b>								
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,515	(1,515)	-	-	-	-		
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(16)	16	-	-	-	-		
<b>Adjustments involving the Deferred Capital Receipts Reserve</b>								
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	228	-	-	-	-	(228)		
Transfer of deferred capital receipts realised in year to the Capital Receipts Reserve	-	(110)	-	-	-	110		
<b>Subtotal</b>	<b>5,775</b>	<b>(1,609)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,166)</b>		

Adjustments	Usable Reserves					Unusable Reserves
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Movement in Unusable Reserves
						2022/23
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance Brought Forward</b>	5,775	(1,609)	-	-	-	(4,166)
<b>Adjustment involving the Major Repairs Reserve</b>						
Reversal of Major Repairs Allowance credited to the HRA	2,727	-	(2,727)	-	-	-
Use of the Major Repairs Allowance to finance new capital expenditure	-	-	2,770	-	-	(2,770)
<b>Adjustment involving the Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(560)	-	-	-	-	560
<b>Adjustment involving the Accumulated Absences Account</b>						
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	12	-	-	-	-	(12)
<b>Total Adjustments</b>	<b>7,954</b>	<b>(1,609)</b>	<b>42</b>	<b>-</b>	<b>-</b>	<b>(6,387)</b>

## 61 Housing Stock

The Housing Revenue Account owned and managed the following property:

<b>Housing Stock</b>	<b>Council Housing No. of Units</b>	<b>Other Land &amp; Buildings No. of Units</b>	<b>Total No. of Units</b>
<b>At 1 April 2023</b>	<b>2,960</b>	<b>1,255</b>	<b>4,215</b>
Additions	6	-	6
Sales	(10)	(1)	(11)
Written Out	(19)	(30)	(49)
Reclassified	-	1	1
<b>At 31 March 2024</b>	<b>2,937</b>	<b>1,225</b>	<b>4,162</b>

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## 62 Number of Dwellings by Type

<b>Type Of Dwelling</b>	<b>2022/23 No. of Units</b>	<b>2023/24 No. of Units</b>
Houses	1,363	1,347
Bungalows	1,005	1,003
Flats	592	587
<b>Total</b>	<b>2,960</b>	<b>2,937</b>

### 63 HRA Dwelling Valuation

The vacant possession value of dwellings in the HRA is £469,572k as at the 1 April 2024, up by £16,004k from the previous year. This definition assumes that vacant possession would be provided on completion of the sale of all the dwellings. A second value of £164,350k represents the value of the property portfolio as Social Housing. The difference between these two figures reflects the economic costs to the sector of providing Social Housing at less than market rents. For 2023/24, the discount applied to determine this second valuation is 65%.

<b>HRA Dwelling Valuation</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Vacant Possession Value	453,568	469,572
Existing Use Value for Social Housing (EUV-SH) @ 35%	158,749	164,350

### 64 HRA Non-Current Asset Values

<b>HRA Non-Current Asset Values</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Dwellings	158,749	164,350
Other land and buildings	7,159	7,198
Vehicles, plant and equipment	158	227
Surplus sites	-	1,000
Infrastructure assets	144	136
Assets under construction	4,079	15,104
<b>Total</b>	<b>170,288</b>	<b>188,015</b>

Assets under construction includes costs to date for the additional units at St George's Court and the wider development programme.

## 65 Capital Expenditure

Capital expenditure within the HRA for 2023/24 and how it has been funded is shown below:

<b>Expenditure</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Improvements to dwellings	3,415	3,117
Construction of dwellings & Right To Buy buybacks	256	480
Assets under construction	3,223	12,950
Vehicle leasing	-	106
<b>Total</b>	<b>6,894</b>	<b>16,653</b>

<b>Funding</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Major repairs reserve	2,770	2,684
Capital grants	799	846
Revenue contribution	666	2,568
Borrowing	1,859	6,305
Usable capital receipts	800	4,250
<b>Total</b>	<b>6,894</b>	<b>16,653</b>

## 66 Major Repairs Reserve

The Council is required to hold a Major Repairs Reserve, which ensures a sufficient element of the HRA's resources are being used on capital expenditure to maintain and upgrade the standard of the Council's HRA dwellings. This account is credited with a value equal to depreciation charged on fixed assets (excluding leases) for the year. The idea being that if an amount equal to depreciation for the year is spent on upgrading the properties, their value should be maintained at a consistent level.

<b>Major Repairs Reserve</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
<b>At 1 April</b>	<b>1,417</b>	<b>1,375</b>
Amount transferred from Housing Revenue Account	2,727	2,831
Capital expenditure incurred during the year	(2,770)	(2,684)
<b>At 31 March</b>	<b>1,375</b>	<b>1,523</b>



## 67 Capital Receipts

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

<b>Capital Receipts</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Sale of council houses	1,515	851
Sale of land	-	25
<b>Total</b>	<b>1,515</b>	<b>876</b>

## 68 Pension Liability: Current Year Costs

Each year the HRA Income and Expenditure Account is charged with an amount to reflect the true cost of pension contributions in relation to that year. Since this is not an actual cost in year, it is reversed out again in Note 60.

<b>Pension Liability: Current Year Costs</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Net interest on the defined benefit liability	(560)	192
<b>Total</b>	<b>(560)</b>	<b>192</b>

## 69 HRA Arrears

At 31 March 2024, the total arrears as a proportion of gross dwelling rent income (£13,630k) totalled 6.7% (5.7% at 31 March 2023). Rent written off during 2023/24 amounted to £28k (£16k in 2022/23). The breakdown of the total arrears is shown below.

<b>HRA Arrears</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Rent (dwellings & garages)	525	614
Housing benefit overpayments	20	22
Court costs	16	19
Rechargeable Repairs	141	212
Other	29	43
<b>Total</b>	<b>732</b>	<b>911</b>

## 70 Bad Debt Provision

The provision for bad debt for the HRA stands at £756k as at 31 March 2024 (£614k as at 31 March 2023). The uncertainties around future cost of living pressures has been a consideration in the increased level of provision. Current tenant arrears are being provided for at 78%.

## 71 Rents Paid in Advance

<b>Rents Paid in Advance</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Dwellings rental income paid in advance	188	217

## 72 Dwelling Rents

This represents the total rent income due for the year after allowing for a forecast of voids and other adjustments. The rents set averaged at £89.81 per week based on a 52 week year (2022/23 £83.92).

## 73 Depreciation of Fixed Assets

### Depreciation

<b>Operational Assets</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Dwellings	2,482	2,548
Other land and buildings	216	238
Infrastructure	8	8
Vehicles, plant and equipment	21	36
<b>Total</b>	<b>2,727</b>	<b>2,831</b>

### Revaluation Losses and Revaluation Reversals – Please also see comments on Note 58.

The net revaluation increase of £3,852k is primarily attributable to an increase in house prices during 2023/24; which has resulted in an increased value of Council Dwellings.

	2022/23	2023/24
Operational Assets	£'000	£'000
Dwellings	(5,581)	(4,405)
Other land and buildings	559	(4)
Surplus sites	-	556
<b>Total (Increase)/Decrease in Valuation</b>	<b>(5,022)</b>	<b>(3,852)</b>

#### 74 Interest Payable and Similar Charges

Interest payable and similar charges	2022/23	2023/24
	£'000	£'000
Interest charges on finance leases	7	12
PWLB loan interest - HRA self financing	925	874
Interest on S106 charges Post Hill	-	119
Internal self financing - General Fund (Wells Park, Crediton)	42	40
<b>Total</b>	<b>974</b>	<b>1,045</b>

#### 75 Self Financing Settlement Payment

As part of the replacement of the HRA subsidy system in 2012, Mid Devon District Council made a one-off settlement payment of £46,590k. The size of this is based on a valuation of the Council's housing service over the 30 years from 2012-2042. In order to fund it, the Council have taken on a loan from the Public Works Loan Board (PWLB) and will be required to make payments of £2,645k per annum (made up of £874k interest and £1,771k principal in 2023/24).

Self Financing Settlement Payment	2022/23	2023/24
	£'000	£'000
<b>Opening Balance</b>	<b>(31,893)</b>	<b>(30,173)</b>
Repaid in Year	1,720	1,771
<b>Closing Balance</b>	<b>(30,173)</b>	<b>(28,402)</b>

## 16 The Collection Fund Income and Expenditure Account

The Collection Fund Statement is a record of revenue expenditure and income relating to the Council's role as a Billing Authority for Council Tax and Non-Domestic Rates (NDR) in accordance with the requirements of Section 89 of the Local Government Finance Act 1988. Its primary purpose is to show the transactions of the Billing Authority in relation to the collection from taxpayers of tax due and its distribution to other local authorities, major preceptors and the Government. Collection Fund Statement items are only included within the Comprehensive Income and Expenditure Account and Balance Sheet when they relate to the Council's own entitlements or commitments as distinct from those of Local Government or Central Government partners. Amounts owed to or owing by taxpayers at the Balance Sheet date are therefore not shown in the Council's Balance Sheet with the exception of the proportion of Council Tax to which the Council itself is entitled.

It also shows how the Council Tax income is distributed between Mid Devon District Council, Devon County Council, Devon & Cornwall Police & Crime Commissioner and Devon & Somerset Fire & Rescue Authority, and the Non-Domestic Rates (NDR) income is distributed between Mid Devon District Council, Devon County Council and Devon & Somerset Fire & Rescue Authority.

Billing authorities in England are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (NDR). The fund key features relevant to accounting for Council Tax in the core financial statements are:

- While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the Billing Authority or paid out of the Collection Fund to major preceptors.
- Council Tax income included in the Comprehensive Income and Expenditure Account for the year shall be the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Account and the amount required by regulation to be credited to the Collection Fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

Since the collection of Council Tax and Non-Domestic Rates Income is in substance an agency arrangement:

- Cash collected by the Billing Authority from Council Tax debtors belongs proportionately to the Billing Authority and the major preceptors. There will be therefore a debtor/creditor position between the Billing Authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of the cash collected from Council Tax taxpayers.
- Cash collected from NDR taxpayers by Billing Authorities (net of the cost of collection allowance) belongs to the Government and major preceptors and the amount not yet paid to them at the Balance Sheet date shall be included in the Balance Sheet as a creditor; similarly, if cash paid to the Government and major preceptors exceeds the cash collected from NDR taxpayers (net of the Billing Authority's cost of collection allowance), the excess shall be included in the Balance Sheet as a debtor.

## Council Tax

This section summarises how the money we collected through Council Tax is distributed between the major precepting authorities.

<b>The Collection Fund Income and Expenditure Account - Council Tax</b>		<b>2022/23</b>	<b>2023/24</b>
	<b>Notes</b>	<b>£'000</b>	<b>£'000</b>
<b>Income</b>			
Council Tax receivable		(66,030)	(69,185)
Transfer for Transitional Relief, S13A Reliefs and discount for prompt payment		9	(101)
<b>Total Income</b>		<b>(63,512)</b>	<b>(69,286)</b>
<b>Expenditure</b>			
<b>Precepts, Demands and Shares</b>	79		
- Devon County Council		46,400	48,751
- Mid Devon District Council		6,524	6,724
- Devon & Cornwall Police & Crime Commissioner		7,350	7,803
- Devon & Somerset Fire & Rescue Authority		2,736	2,888
- Parish Precepts		2,145	2,310
		<b>65,155</b>	<b>68,476</b>
<b>Charges to Collection Fund</b>			
- Change in allowance for impairment		686	386
		<b>686</b>	<b>386</b>
<b>Apportionment of previous year's surplus/(deficit)</b>			
- Devon County Council		2,143	136
- Mid Devon District Council		401	25
- Devon & Cornwall Police & Crime Commissioner		336	23
- Devon & Somerset Fire & Rescue Authority		127	7
		<b>3,007</b>	<b>191</b>
<b>Total Expenditure</b>		<b>68,848</b>	<b>69,053</b>
<b>(Surplus) / Deficit for the year</b>		<b>2,827</b>	<b>(233)</b>
<b>Opening Balance at 1st April</b>		<b>(2,274)</b>	<b>553</b>
<b>Closing Balance at 31 March</b>	48	<b>553</b>	<b>320</b>

The £320k represents the overall deficit on the Council Tax element of the Collection Fund at 31 March 2024 (2022/23 £553k deficit). Of this 13.22% is attributable to MDDC, which equates to £42k (2022/23 £73k – see Note 48).

## Non-Domestic Rates

This section summarises how the money we collected through our share of Non-Domestic Rates is distributed between the major precepting authorities.

The Collection Fund Income and Expenditure Account - NDR		2022/23	2023/24
	Notes	£'000	£'000
<b>Income</b>			
NDR receivable	77	(14,849)	(15,437)
Transitional Protection Payments		-	(2,383)
<b>Total Income</b>		<b>(14,849)</b>	<b>(17,820)</b>
<b>Expenditure</b>			
<b>Payments of NNDR1 proportionate shares</b>			
- Central Government		7,199	8,461
- Devon County Council		1,296	1,523
- Mid Devon District Council		5,759	6,769
- Devon & Somerset Fire & Rescue Authority		144	169
		<b>14,398</b>	<b>16,922</b>
<b>Charges to Collection Fund</b>			
- Write offs / (Write ons) charged to Collection Fund		(6)	(17)
- Change in allowance for impairment		80	232
- Appeals and list alterations charged to Collection Fund		(187)	(51)
- Change in provision for alteration of lists & appeals		238	(38)
- Transitional Protection Payments		26	-
- Allowance for cost of collection		117	121
- Disregarded amounts - renewable energy		247	343
		<b>515</b>	<b>590</b>
<b>Apportionment of previous year's Surplus/(Deficit)</b>			
- Central Government		(2,073)	(224)
- Devon County Council		(373)	(40)
- Mid Devon District Council		(1,658)	(179)
- Devon & Somerset Fire & Rescue Authority		(41)	(4)
		<b>(4,145)</b>	<b>(447)</b>
<b>Total Expenditure</b>		<b>10,768</b>	<b>17,065</b>
<b>(Surplus) / Deficit for the year</b>		<b>(4,081)</b>	<b>(755)</b>
<b>Opening Balance at 1st April</b>		<b>4,348</b>	<b>267</b>
<b>Closing Balance at 31 March (Surplus) / Deficit</b>	48	<b>267</b>	<b>(487)</b>

The £487k represents the overall surplus on the NDR element of the Collection Fund at 31 March 2024 (2022/23 £267k deficit). Of this 40% is attributable to MDDC, which equates to a surplus of £195k. (2022/23 £107k deficit – see Note 48).

## Notes to the Collection Fund

### 76 General

These accounts represent the transactions of the Collection Fund, which is a statutory fund separate from the main accounts of the Council. The accounts are, however, consolidated with the Council's balance sheet. The accounts have been prepared on the accruals basis.

### 77 Income from Non-Domestic Rates (NDR)

The Council collects Non-Domestic Rates for its area, which are based on local rateable values (£54,180k at 31 March 2024) multiplied by a uniform rate (51.2p or 49.9p for those receiving small business relief for 2023/24) The total amount receivable; less certain reliefs and other deductions is distributed between Central Government, Devon County Council, Devon & Somerset Fire & Rescue Authority and Mid Devon District Council. The Council is also a member of the Devon Business Rates Pool administered by Plymouth City Council, which helps to minimise the risk of financial loss on appeals or reductions in our overall rateable value. The total income detailed on the Non-Domestic Rates statement takes into account £8,488k awarded in various discretionary and mandatory reliefs.

### 78 Calculation of Council Tax Base

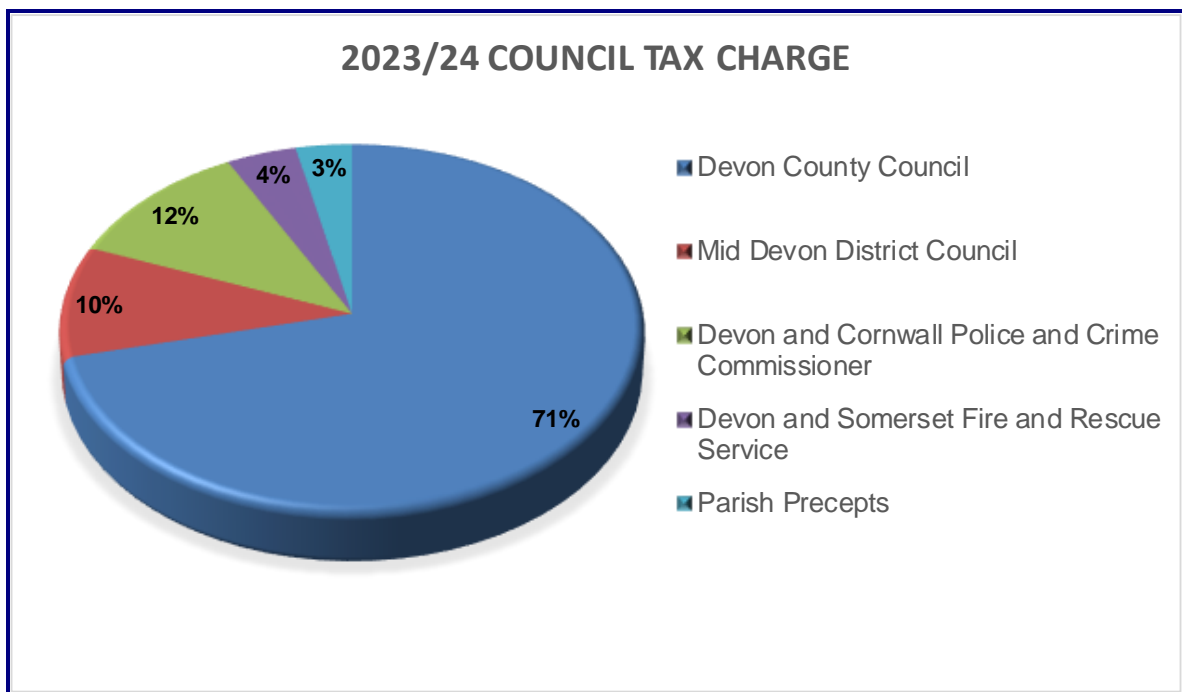
The Council Tax base is calculated by taking the number of chargeable dwellings in each valuation band (adjusted for discounts as necessary) and converted into the number of Band D equivalent properties.

Band	Number of Dwellings		
	Chargeable Dwellings	Multiplier	Band D Equivalent
A	4,206.3	6/9	2,801.2
B	7,528.8	7/9	5,853.7
C	6,366.0	8/9	5,657.3
D	6,028.5	9/9	6,028.6
E	4,545.0	11/9	5,555.7
F	2,375.3	13/9	3,431.4
G	889.8	15/9	1,483.2
H	52.0	18/9	103.9
<b>Total</b>	<b>31,991.5</b>		<b>30,915.0</b>

## 79 Precepting Authorities

The total income is generated by multiplying the total Band D equivalent by the Council Tax charge for Band D properties.

Authority	2022/23 £'000	2023/24 £'000
Devon County Council	46,400	48,751
Mid Devon District Council	6,524	6,724
Devon and Cornwall Police and Crime Commissioner	7,350	7,803
Devon and Somerset Fire and Rescue Service	2,736	2,888
Parish Precepts	2,145	2,310
<b>Total</b>	<b>65,155</b>	<b>68,476</b>





## 17 Group Accounts

These Group Accounts, which consist of Primary Statements and Notes, are provided in addition to the Notes to the Accounting Statements within the single entity Statement of Accounts.

Mid Devon District Council owns one company, 3 Rivers Developments Ltd, as a wholly owned subsidiary with all the voting rights and has been consolidated into the Group Accounts.

3 Rivers Developments Ltd was incorporated on 28 April 2017 as a development company to support the Council's Corporate Plan. During the year, the Council agreed to soft close the company with all assets being realised and a commitment to paying all contractors, suppliers and tradesmen in full. The company sold all asset held and repaid all outstanding loans to the Council. At 31 March 2024, the company was dormant awaiting voluntary strike off at Companies House. Therefore 3Rivers accounts and the Council's Group Accounts have been prepared on a non-going concern basis.

During the year, the Board consisted of Mr Nick Sanderson Managing Director (resigned 31 March 2024), former Councillor Ray Stanley (resigned 9 May 2024), Mr Paul Neilson Finance Director (resigned 31 March 2024) and a Non-Executive Director, Mr William Yardley (resigned 31 March 2024). Mr Paul Neilson was appointed as Secretary and Mr Paul Deal was appointed Director on 29 March 2024.

The Financial Statements of the company are available from:

3 Rivers Developments Ltd, Phoenix House, Phoenix Lane, Tiverton, Devon. EX16 6PP.

The Group Accounts have been prepared using the Group Accounts requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. As a small company in accountancy terms, 3Rivers complete their accounts under Financial Reporting Standard (FRS) 102. This is a different standard than the Code of Practice the Council must follow but follows the same accountancy principles. The accounting policies are therefore in line with that of the Council which makes consolidation easier at year end.

Companies or other reporting entities that are under the ultimate control of the Council have been included in the Council's Group Accounts, to the extent that they are material to the users of the financial statements in relation to their ability to see the complete economic activities of the Council and its exposure to risk through interests in other entities and participation in their activities. The Group Accounts have been prepared by combining 3 Rivers' income and expenditure and assets and liabilities with those of the Council on a line-by-line basis, eliminating inter-organisation transactions. Notes have been omitted if there are no material differences to the disclosure already made.

## Group Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. It also contains the Reserve of the Council's wholly owned subsidiary, 3 Rivers Developments Ltd.

2023/24	USABLE RESERVES									Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiary	Total Group Reserves
	REVENUE RESERVES						CAPITAL RESERVES							
	General Fund Balance	Earmarked General Fund Reserves	General Fund Total	Housing Revenue Account	Earmarked HRA Reserves	HRA Total	Capital Receipts Reserve	Capital Grants Unapplied						
Movement	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2023	(2,338)	(18,160)	(20,497)	(2,000)	(23,565)	(25,565)	(7,309)	(2,565)	(55,937)	(152,034)	(207,971)	6,310	(201,661)	
<b>Movement in Reserves during 2023/24</b>														
(Surplus) or deficit on the provision of services	2,100	-	2,100	(7,203)	-	(7,203)	-	-	(5,103)	-	(5,103)	(6,486)	(11,589)	
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(7,239)	(7,239)	-	(7,239)	
<b>Total Comprehensive Income and Expenditure</b>	<b>2,100</b>	<b>-</b>	<b>2,100</b>	<b>(7,203)</b>	<b>-</b>	<b>(7,203)</b>	<b>-</b>	<b>-</b>	<b>(5,103)</b>	<b>(7,239)</b>	<b>(12,342)</b>	<b>(6,486)</b>	<b>(18,828)</b>	
Adjustment between Group Accounts & Authority Accounts	(135)	-	(135)	-	-	-	-	-	(135)	(5)	(140)	4,164	4,024	
<b>Net (Increase)/Decrease before Transfers (Group A/c's)</b>	<b>1,965</b>	<b>-</b>	<b>1,965</b>	<b>(7,203)</b>	<b>-</b>	<b>(7,203)</b>	<b>-</b>	<b>-</b>	<b>(5,238)</b>	<b>(7,244)</b>	<b>(12,482)</b>	<b>(2,322)</b>	<b>(14,804)</b>	
Adjustments between accounting basis and funding basis under regulations	(568)	-	(568)	8,063	(147)	7,916	3,492	538	11,378	(11,932)	(554)	-	(554)	
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>1,397</b>	<b>-</b>	<b>1,397</b>	<b>860</b>	<b>(147)</b>	<b>713</b>	<b>3,492</b>	<b>538</b>	<b>6,140</b>	<b>(19,176)</b>	<b>(13,036)</b>	<b>(2,322)</b>	<b>(15,358)</b>	
Transfers (to) / from Earmarked Reserves	(1,532)	1,532	-	(860)	860	-	-	-	-	-	-	-	-	
<b>(Increase)/Decrease in 2023/2024</b>	<b>(135)</b>	<b>1,532</b>	<b>1,397</b>	<b>-</b>	<b>713</b>	<b>713</b>	<b>3,492</b>	<b>538</b>	<b>6,140</b>	<b>(19,176)</b>	<b>(13,036)</b>	<b>(2,322)</b>	<b>(15,358)</b>	
<b>Balance at 31 March 2024 Carried forward</b>	<b>(2,473)</b>	<b>(16,628)</b>	<b>(19,100)</b>	<b>(2,000)</b>	<b>(22,852)</b>	<b>(24,852)</b>	<b>(3,817)</b>	<b>(2,027)</b>	<b>(49,797)</b>	<b>(171,210)</b>	<b>(221,007)</b>	<b>3,988</b>	<b>(217,019)</b>	
<b>Held for Revenue Purposes</b>	<b>(2,473)</b>	<b>(16,628)</b>	<b>(19,100)</b>	<b>(2,000)</b>	<b>(21,330)</b>	<b>(23,330)</b>	<b>-</b>	<b>-</b>	<b>(42,430)</b>					
<b>Held for Capital Purposes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,522)</b>	<b>(1,522)</b>	<b>(3,817)</b>	<b>(2,027)</b>	<b>(7,367)</b>					

2022/23  Movement	USABLE RESERVES						Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000	Authority's Share of Subsidiary £'000	Total Group Reserves £'000		
	REVENUE RESERVES					CAPITAL RESERVES							
	General Fund Balance £'000	Earmarked General Fund Reserves £'000	General Fund Total	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	HRA Total						Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Balance at 31 March 2022 Carried forward	(1,072)	(20,655)	(21,727)	(2,000)	(22,650)	(24,650)	(6,529)	(2,697)	(55,602)	(95,817)	(151,419)	2,618	(148,801)
<b>Movement in Reserves during 2022/23</b>													
(Surplus) or deficit on the provision of services	3,779	-	3,779	(8,912)	-	(8,912)	-	-	(5,133)	-	(5,133)	3,803	(1,330)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(47,780)	(47,780)	-	(47,780)
<b>Total Comprehensive Income and Expenditure</b>	<b>3,779</b>	<b>-</b>	<b>3,779</b>	<b>(8,912)</b>	<b>-</b>	<b>(8,912)</b>	<b>-</b>	<b>-</b>	<b>(5,133)</b>	<b>(47,780)</b>	<b>(52,914)</b>	<b>3,803</b>	<b>(49,111)</b>
Adjustment between Group Accounts & Authority Accounts	(1,456)	-	(1,456)	-	-	-	-	-	(1,456)	-	(1,456)	(111)	(1,567)
<b>Net (Increase)/Decrease before Transfers (Group A/c's)</b>	<b>2,323</b>	<b>-</b>	<b>2,323</b>	<b>(8,912)</b>	<b>-</b>	<b>(8,912)</b>	<b>-</b>	<b>-</b>	<b>(6,589)</b>	<b>(47,780)</b>	<b>(54,370)</b>	<b>3,692</b>	<b>(50,678)</b>
Adjustments between accounting basis and funding basis under regulations	(1,093)	-	(1,093)	7,954	42	7,996	(780)	132	6,255	(8,437)	(2,182)	-	(2,182)
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>1,230</b>	<b>-</b>	<b>1,230</b>	<b>(958)</b>	<b>42</b>	<b>(916)</b>	<b>(780)</b>	<b>132</b>	<b>(334)</b>	<b>(56,217)</b>	<b>(56,552)</b>	<b>3,692</b>	<b>(52,860)</b>
Transfers (to) / from Earmarked Reserves	(2,496)	2,496	-	958	(958)	-	-	-	-	-	-	-	-
<b>(Increase)/Decrease in 2022/23</b>	<b>(1,266)</b>	<b>2,496</b>	<b>1,230</b>	<b>-</b>	<b>(915)</b>	<b>(915)</b>	<b>(780)</b>	<b>132</b>	<b>(334)</b>	<b>(56,217)</b>	<b>(56,552)</b>	<b>3,692</b>	<b>(52,860)</b>
Balance at 31 March 2023 Carried forward	(2,338)	(18,160)	(20,497)	(2,000)	(23,565)	(25,565)	(7,309)	(2,565)	(55,937)	(152,034)	(207,971)	6,310	(201,661)
Held for Revenue Purposes	(2,338)	(18,160)	(20,497)	(2,000)	(22,190)	(24,190)	-	-	(44,686)				
Held for Capital Purposes	-	-	-	-	(1,375)	(1,375)	(7,309)	(2,565)	(11,249)				

## Group Comprehensive Income and Expenditure Statement

This section is a summary of our spending on services and where we got the money from to do so, having incorporated the spending of the Council's wholly owned subsidiary, 3 Rivers Developments Ltd.

Service Area	2022/23			2023/24		
	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
Community Development	347	(93)	253	412	(91)	321
Corporate Management	3,985	(3,108)	877	2,007	(104)	1,903
Car Parks	801	(845)	(43)	843	(1,000)	(156)
Customer Services	106	-	106	-	(35)	(35)
Environmental Services	2,821	(1,034)	1,786	3,014	(799)	2,215
Finance & Performance	86	(3)	84	(26)	(2)	(28)
Ground Maintenance	147	(56)	91	52	(76)	(24)
General Fund Housing	1,356	(1,040)	315	1,662	(1,209)	452
Housing Revenue Account	5,885	(13,641)	(7,756)	7,614	(14,801)	(7,187)
Human Resources	103	(21)	82	7	(13)	(7)
I.T. Services	375	(10)	365	162	(3)	159
Legal & Democratic Services	1,486	(307)	1,179	1,435	(141)	1,295
Planning & Regeneration	5,043	(4,221)	823	5,209	(2,588)	2,620
Property Services	1,387	(737)	650	2,512	(719)	1,793
Revenues & Benefits	12,779	(12,025)	755	12,993	(12,178)	814
Recreation & Sport	5,953	(2,692)	3,261	5,389	(3,324)	2,065
Waste Services	7,644	(3,097)	4,547	6,801	(3,400)	3,401
Subsidiary Company	3,713	(21)	3,692	179	(2,501)	(2,322)
<b>Costs of Services</b>	<b>54,020</b>	<b>(42,951)</b>	<b>11,067</b>	<b>50,268</b>	<b>(42,984)</b>	<b>7,280</b>
Other Operating Expenditure			1,097			2,579
Financing and Investment Income and Expenditure			2,754			536
Taxation and Non-Specific Grant Income			(17,815)			(17,955)
<b>(Surplus) or Deficit on Provision of Services</b>			<b>(2,897)</b>			<b>(7,560)</b>
Tax Expenses			-			-
<b>Group (Surplus) or Deficit</b>			<b>(2,897)</b>			<b>(7,560)</b>
Remeasurements of the Net Defined Benefit Liability			(45,072)			(5,763)
(Surplus)/Deficit on Revaluation of Property, Plant and Equipment			(2,708)			(1,481)
<b>Other Comprehensive Income and Expenditure</b>			<b>(47,780)</b>			<b>(7,244)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>(50,677)</b>			<b>(14,804)</b>

## Group Balance Sheet

This section shows our financial position at the end of the financial year, having incorporated the Council's wholly owned subsidiary, 3 Rivers Developments Ltd.

Consolidated 31 March 2023 £'000	Service Area	Notes	Consolidated 31 March 2024 £'000
213,623	Property, Plant & Equipment		234,885
175	Investment Properties		-
330	Heritage Assets		330
4,639	Long-term Investments		4,458
2,982	Long-term Debtors	2	2,143
<b>221,749</b>	<b>Non-Current Assets</b>		<b>241,816</b>
16,000	Short-term Investments		12,000
30	Assets held for sale		3,104
11,632	Work In Progress	4	-
367	Inventories		339
10,645	Short-term Debtors	3	8,106
4,281	Cash and Cash Equivalents		3,968
<b>42,956</b>	<b>Current Assets</b>		<b>27,516</b>
(11,046)	Short-term Creditors		(8,446)
(876)	Provisions		(640)
(1,937)	Short-term Borrowing		(1,975)
<b>(13,859)</b>	<b>Current Liabilities</b>		<b>(11,060)</b>
(1,735)	Long-term Creditors		(1,687)
(31,373)	Long-term Borrowing		(29,398)
(16,077)	Other Long Term Liabilities		(10,166)
-	Capital Grants Receipts in Advance		-
<b>(49,185)</b>	<b>Long Term Liabilities</b>		<b>(41,251)</b>
<b>201,661</b>	<b>Net Assets</b>		<b>217,019</b>
49,627	Usable Reserves		45,809
152,034	Unusable reserves		171,210
<b>201,661</b>	<b>Total Reserves</b>		<b>217,019</b>

## Group Cash Flow Statement

This section shows what cash we spend and receive, having incorporated the spending of the Council's wholly owned subsidiary, 3 Rivers Developments Ltd.

Cash Flow	Consolidated	
	2022/23	2023/24
	£'000	£'000
Net Surplus or (Deficit) on the Provision of Services	2,897	7,565
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(2,621)	(3,165)
Adjustments for items included in the net Surplus or Deficit on the Provision of Services that are investing and financing activities	(4,342)	3,724
Adjustments for Operating activities processed through the Balance Sheet	(4,327)	(598)
<b>Net cash flows from Operating Activities</b>	<b>(8,393)</b>	<b>7,526</b>
Investing Activities	4,589	(5,478)
Financing Activities	(2,290)	(2,361)
<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>(6,095)</b>	<b>(313)</b>
Cash and cash equivalents at the beginning of the reporting period	10,376	4,281
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>4,281</b>	<b>3,968</b>

## Notes to the Group Accounts

### 1 Group Officers' Emoluments - Senior Officers Earning in Excess of £50,000

Post Title	Financial Year	Salary	Compensation	Total	Pension	Total
		(Including Allowances)	for Loss of Employment	Remuneration exc pension contributions	Contributions	Remuneration inc pension contributions
		£	£	£	£	£
<b>Chief Executive</b>	<b>2023/24</b>	121,660	-	121,660	23,115	144,776
	<b>2022/23</b>	118,228	-	118,228	19,626	137,853
<b>Deputy Chief Executive (S151)</b>	<b>2023/24</b>	97,834	-	97,834	18,588	116,422
	<b>2022/23</b>	86,545	-	86,545	14,367	100,912
<b>Director of Corporate Affairs &amp; Business Transformation<sup>3</sup></b>	<b>2023/24</b>	17,057	-	17,057	3,241	20,297
	<b>2022/23</b>	84,877	-	84,877	14,351	99,228
<b>Director of Place</b>	<b>2023/24</b>	89,762	-	89,762	17,055	106,817
	<b>2022/23</b>	83,613	-	83,613	13,880	97,492
<b>District Solicitor and Monitoring Officer<sup>4</sup></b>	<b>2023/24</b>	-	-	-	-	-
	<b>2022/23</b>	43,872	1,652	45,523	4,497	50,020
<b>Director of Legal, HR &amp; Governance (Monitoring Officer)<sup>5+6</sup></b>	<b>2023/24</b>	80,226	-	80,226	15,199	95,426
	<b>2022/23</b>	61,950	-	61,950	10,247	72,197
<b>Managing Director, 3 Rivers Developments Ltd<sup>7</sup></b>	<b>2023/24</b>	83,364	66,839	150,203	76,425	226,628
	<b>2022/23</b>	80,862	-	80,862	7,983	88,845

Notes:

1. The amounts included in the two previous tables are shown gross of any related tax which would be levied.
2. The primary pension rate of 19% has been used for the 2023/24 pension contribution figures.
3. The Director of Corporate Affairs & Business Transformation left the Council on 5 June 2023, resulting in earnings below the £50k threshold.
4. The District Solicitor and Monitoring Officer left the Council on 11 August 2022.
5. The District Solicitor and Monitoring Officer post changed title to Director of Legal, HR & Governance (Monitoring Officer) on 1 January 2024.
6. The replacement District Solicitor and Monitoring Officer (now Director of Legal, HR & Governance [Monitoring Officer]) transferred from another role within the Council on 27 October 2022.
7. Following the Council's decision to soft close 3 Rivers Development Ltd, the Managing Director was made redundant on 31 March 2024 and received the redundancy package commensurate with the length of service given.

## 2 Long Term Debtors (amounts due in more than 12 months)

Long Term Debtors	2022/23 £'000	2023/24 £'000
Other entities and individuals	2,982	2,143
<b>Total</b>	<b>989</b>	<b>2,143</b>

## 3 Short Term Debtors (amounts due in less than 12 months)

Short Term Debtors	2022/23 £'000	2023/24 £'000
Other Receivable amounts	11,585	9,345
Trade Receivables	925	654
Less Impairment Allowances	(1,866)	(1,893)
<b>Total</b>	<b>10,645</b>	<b>8,106</b>

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### NB. Expected Credit Loss Model

The Council recognises expected credit losses under IFRS 9 on all of its financial assets (this includes its loans to 3 Rivers Developments Ltd), either on a 12-month or lifetime basis. 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.

As part of the soft closure of 3Rivers, the unpaid balances of any loans made by the Council were impaired down to £0 to reflect the expected credit loss as per the guidance set out in IFRS 9. The impairments required in 2023/24 amounted to £1,483k, split between St George's Court (£816k) and Working Capital (£667k).

## 4 Work in Progress (WIP)

Work In Progress	2022/23 £'000	2023/24 £'000
Work in Progress	11,632	-
<b>Total</b>	<b>11,632</b>	<b>-</b>

2022/23 Work in Progress related to on-going construction projects.



## 18 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**

Sums included in the final accounts to recognise revenue and capital income and expenditure attributable to the accounting period, but for which payment has not been received or made by 31 March.

### **Accumulated Compensated Absences Adjustment Account**

This account represents the value of any unused holiday, time off in lieu or flexi hours which have not been taken by officers as at the 31 March.

### **Actual**

The actual, rather than budgeted, expenditure or income attributable to the accounting period. Sometimes referred to as "Actuals".

### **Actuary**

An expert on rates of death and insurance statistics who assesses whether we have enough money in our pension fund.

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

### **Appointed Auditors**

Public Sector Audit Appointments Limited (PSAA) appoints external auditors from one of the major firms of registered auditors for each local authority that opted into their national scheme, which comprised of 98% of all authorities. The PSAA also set the fees the auditors can charge.

Our external auditor is Bishop Fleming LLP.

## 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 stock).
- **Fixed assets (non current)** provide benefits over their useful life for more than one year (e.g. buildings).
- **Community assets** are assets that the local authority intends to hold in perpetuity, that have no determinable useful life and may have restrictions on their disposal (e.g. town squares 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).
- **Operational assets** are fixed assets held and occupied by a local authority and used in the direct delivery of services.
- **Non Operational assets** are fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services (e.g.: buildings under construction and surplus assets).
- **Assets under Construction** details capital expenditure to date on work in progress.
- **Available for Sale** are assets actively being marketed at the Balance Sheet date.

## Audit Committee

A Committee of the Council who consider financial matters and reports from Internal Audit, and approve and monitor our Financial Regulations and risk management. The Committee is also delegated to approve the Accounts following External Audit review.

## Audit of Accounts

An independent examination of the Council's financial affairs.

## Authorised Limit

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

## Balances

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

## Balance Sheet

A statement of all of our assets, liabilities and balances at the end of the financial year, 31 March.

## Budget

The forecast of net revenue and capital expenditure over the accounting period.

## Cabinet

The Cabinet comprises the executive Members of the Council (including the Leader), who are responsible for making most of the essential decisions about running the Council. Each member of the Cabinet is responsible for specific service areas.

### **Capital Adjustment Account**

This records the timing difference between the costs of fixed assets 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 Charges**

This is a general term used for the notional charges made to service revenue accounts for the use of fixed assets. The term covers the following:

Depreciation, Impairment charges and Amortisation of Deferred Charges (included in gross expenditure) offset by the Amortisation of government grants deferred (included in income).

### **Capital Financing Costs**

These are costs, such as interest, which we charge because we have spent money on Non-Current Assets.

### **Capital Receipts**

Proceeds received from the sale of property and other fixed assets.

### **Carrying Amount**

The Balance Sheet value recorded of either an asset or a liability.

### **Cash-flow Statement**

This is a statement that shows the changes in our cash and bank balances during the year.

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

### **CIPFA/LASSAC**

The Chartered Institute of Public Finance and Accountancy / The Local Authority (Scotland) Accounts Advisory Committee is responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom (the code).

### **Collection Fund**

A separate fund that records the income and expenditure relating to Council Tax and Non-Domestic Rates.

### **Community Assets**

These are fixed assets that the Council intends to hold in perpetuity which have no determinable finite useful life and in addition, may have restrictions on their disposal. An example is a park.

## **Comprehensive Income and Expenditure Statement (CIES)**

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.

## **Contingency**

This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in budgets.

## **Contingent Liabilities or Assets**

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

## **Council Tax**

This is the main source of local taxation to local Authorities. Council Tax is levied on households within its area by the Billing Authority and the proceeds are paid into its Collection Fund for distribution to precepting Authorities and for use by its own General fund.

## **Council Tax Requirement**

This is the estimated revenue expenditure on General fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

## **Creditor**

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at 31 March.

## **Current Assets**

These are the short-term assets we have at date of the balance sheet which we can use in the following year.

## **Current Liabilities**

These are the short-term liabilities we have at date of the balance sheet which we will pay in the following year.

## **Current Service Cost**

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

## **Curtailment**

Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

## **Debtor**

Sums of money due to the Council but unpaid at the balance sheet date.

**Deferred Capital Receipts**

These represent capital income still to be received after disposals have taken place and wholly consist of principal outstanding from the sale of council houses.

**Defined Benefit Scheme**

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

**Deposit and Rent Scheme**

Financial assistance to help those who meet the eligibility criteria with an interest free loan to secure the property with a deposit and cover the first month's rent subject to an affordability check.

**Depreciation**

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

**Derecognition**

Financial assets and liabilities needed to be removed from the balance sheet once performance under a contract is complete or the contract is terminated.

**Earmarked Reserves**

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

**Employee Costs**

Those costs incurred employing staff including Salaries, Employer's National Insurance, Pension Contributions, and Training.

**Exceptional Items**

Material items deriving from events or transactions that will fall within the ordinary activities of the Council, but which need to be separately disclosed by virtue of their size and/or incidence to give a fair presentation of the accounts. We have none in this year's accounts.

**Expenditure**

This refers to amounts paid by the Council for goods and services rendered of either capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods and services have been received even if they have not been paid for.

**External Audit**

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

**Fair value**

Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

## **Fees and Charges**

The Council's charges for certain services e.g. car parking.

## **Finance Lease**

A lease whereby all the risks and rewards of ownership of a fixed asset are with the lessee. In substance the asset belongs to the lessee.

## **Financial Instruments**

A financial instrument is any contract that gives to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives.

## **Financial Regulations**

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

## **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 are met.

## **Government Grants**

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

## **Government Grants Deferred**

Grants or contributions received which have supported wholly or in part the acquisition of fixed assets, net of the appropriate share of depreciation on those assets for which a depreciation charge is made.

## **Heritage Assets**

An asset with a historical, artistic, scientific, technological, geophysical or environmental quality that is held and maintained principally for its contribution to knowledge and culture.

## **Housing Benefit**

This is an allowance to persons on low income (or none) to meet, in whole or in 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 rebate and that paid to private tenants as rent allowance.

## **Housing Revenue Account (HRA)**

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**

These are amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Council).

## **Infrastructure**

Non-Current Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

## **Interest**

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

## **International Financial reporting Standard (IFRS)**

Defined accounting standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of other entities.

## **Inventories (previously Stock)**

Items of raw materials, work in progress or finished goods held at the financial year end, valued at the lower of cost or net realisable value.

## **Leasing Costs**

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases. Operating leases are those where the risks of ownership rest with the owner of the asset whereas in the case of finance leases the asset appears in our Balance Sheet.

## **LGPS (Local Government Pension Scheme)**

The fund that manages and pays our staff pensions. Our LGPS scheme is now managed by Peninsula Pensions.

## **Liabilities**

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

## **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.

## **Local Development Plan**

A plan which includes documents that establishes the local policy towards the use of land and the vision for involving communities in the plan making process.

**Long Term Borrowing**

Amounts borrowed in excess of one year.

**Long-Term Contract**

A contract entered into for the design, manufacture or construction of a single substantial asset, or the provision of a service (or a combination of assets and services which together constitute a single project), where the project falls into more than one accounting period.

**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.

**Medium Term Financial Strategy/Plan (MTFS/MTFP)**

This is a financial planning document that sets out the future years financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA. It usually covers a four year time frame.

**Member**

An elected councillor of the Council.

**Minimum Revenue Provision (MRP)**

MRP is the minimum amount which must be charged to the Council's revenue account each year and set aside as provision for credit liabilities as required by the Prudential Code.

**Net Book Value**

The value of fixed assets included on the balance sheet, being the historical cost or a current revaluation less the cumulative amounts of depreciation.

**Net Debt**

Net debt is the Council's borrowings less cash and liquid resources.

**Net Realisable Value (NRV)**

NRV is the open market value of an asset in its existing use less any costs to be incurred in selling the asset.

**Non-Current Assets**

Assets that yield benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

**Non-distributed Costs**

In the main this represents support service area charges. E.g.: Corporate Management, Finance, Legal, ICT, HR services, etc. In addition to this a number of non-service specific corporate fees are included as well as any extra payments made to maintain the value of the pension fund.



### **Non-Domestic Rates (NDR)**

NDR is the levy on business property, based upon a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year, which is applicable to all Local Authorities. Mid Devon is a member of the Devon NDR Pool of Local Authorities whose share of the NDR is allocated between the members.

### **Operating Lease**

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

### **Operational Boundary**

This reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows.

### **Pension Strain**

Additional employers pension contributions as a result of an employee's early retirement.

### **Precept**

The amount levied by one authority which is collected by another. e.g.: the County Council is the Precepting Authority and the District Council is the collecting authority, also known as the Billing Authority.

### **Prior Period Adjustments**

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

### **Provision**

This is an amount which is put aside to cover future liabilities or losses which are considered to be certain or very likely to occur, but 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.

### **Rateable Value**

A value placed upon all properties subject to rating. The value is based on a national rent that property could be expected to yield after deducting the cost of repairs.

### **Related Parties**

Related parties comprise Central Government, other Local Authorities, precepting and levying bodies subsidiary and associated companies, elected Members, all senior officers and the Pension Fund. In respect of individuals identified as related parties the following are also presumed to be related parties:

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family, or the same household, has a controlling interest.

### **Revenue Contribution to Capital (RCCO)**

Capital spending that is directly paid for from revenue.

### **Revenue Expenditure**

Spending on the day-to-day running of services – mainly wages, operating expenses of buildings and equipment, and debt charges. These costs are met from the Council tax, government grants and our own fees and charges.

### **Reporting Standards**

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based upon International Financial reporting standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC), UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

### **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 of the Council. Some capital reserves such as the capital adjustment account cannot be used to meet current expenditure.

### **Restatement**

We normally show the amounts that were in last year's accounts as the same figure, but where there is a change in the accountancy rules, we have to change last year's figures to meet the current rules and ensure comparability.

### **Revaluation Reserve**

This 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, transport and equipment.

### **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of an asset that belongs to the Council.

### **Rural Services Delivery Grant**

Funding provided from Government in recognition of the additional costs of delivering services in sparsely populated areas.

### **Section 31 (S31) Grant**

Section 31 of the Local Government Act 2003 (LGA 2003) is a well-established statutory means by which central Government may disburse funds to local authorities for them to provide grants for a specified purpose while retaining control of the recipients, the quantum of the grants, and the terms and conditions upon which the grants can be provided.

### **Service Reporting Code of Practice (SeRCOP)**

SeRCOP replaced the previous Best Value Accounting Code of Practice (BVACOP). Its aim is to provide consistent financial reporting for services in England and Wales and is given legislative backing by “proper practices” under the Local Government Act 2003.

### **Settlements**

Generally this occurs where there is a bulk transfer out of the Pension Fund or from the employer’s share of the Fund to a new contractor’s share of the fund as a result of outsourcing a section of the Council. It reflects the difference between the IAS 19 liability and the assets transferred to settle the liability.

### **Tax Base**

The number of houses we can charge our Council Tax on.

### **Treasury Management**

This is the process by which the Council controls its cash flow and its borrowing and lending activities.

### **Treasury Management Strategy (TMS)**

A strategy, approved by Cabinet, prepared with regard to legislative and CIPFA requirements setting out the framework for treasury activity for the Council.

### **Trust Funds**

Funds administered by the Council for such purposes as prizes, charities and specific projects, on behalf of minors.

### **Unsupported (Prudential) Borrowing**

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

### **Value for Money**

The benefit obtained (not just in financial terms) for a given input of cash.

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## **Mid Devon District Council**

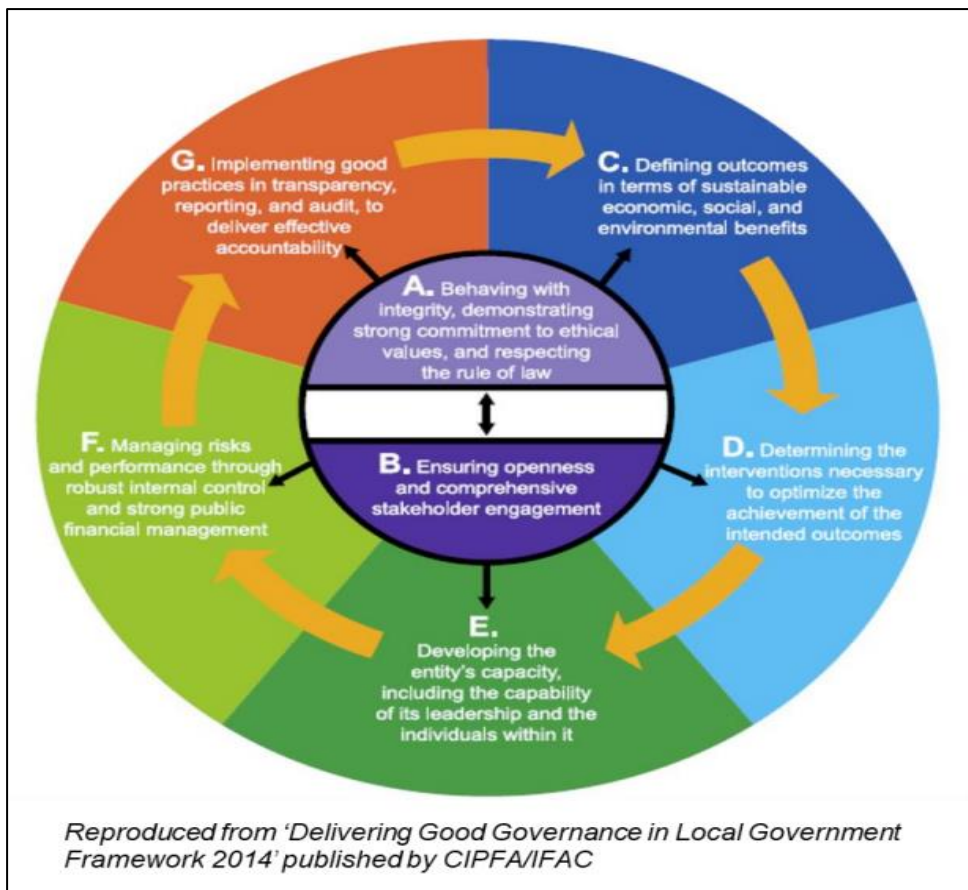
### **DRAFT Annual Governance Statement 2023/24**

**SUBJECT TO CONSIDERATION AND APPROVAL BY THE AUDIT COMMITTEE  
SUBJECT TO REVIEW AND SIGNING BY THE LEADER AND CHIEF EXECUTIVE**

#### **1. Introduction**

- 1.1. The governance framework generally refers to the culture, values, systems, and processes by which an organisation is directed, controlled and held to account. The Council's governance framework aims to ensure that in conducting its business it 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, maintains effective arrangements for the management of risk and secures continuous improvement in the way that it operates. Additionally, an effective governance framework enables the Council to monitor the achievement of its corporate objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 1.2. The Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control, and to include a statement, known as the Annual Governance Statement (AGS), reporting on the review with any published Statement of Accounts.
- 1.3. The following report provides members and senior officers with the results of our yearly assessment of how well we are identifying, assessing, managing, and controlling risks, achieving our aims, and meeting the responsibilities we have by law.
- 1.4. In England, the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement (AGS) must be "prepared in accordance with proper practices in relation to accounts". Therefore, for a local authority in England this requires the statement to be in accordance with Delivering Good Governance in Local Government: Framework (2016) and the CIPFA/LASAAC Code of Practice on Local Authority Accounting. In preparing and publishing this Statement, we therefore meet these statutory requirements.
- 1.5. The framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities. We have assessed our approaches below, against the following principles: -

- A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B: Ensuring openness and comprehensive stakeholder engagement
- C: Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D: Determining the interventions necessary to optimise the achievement of the intended outcomes
- E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F: Managing risks and performance through robust internal control and strong public financial management
- G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability



1.6. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Mid Devon District Council's (MDDC) policies, aims and objectives, to evaluate the likelihood of those

risks being realised and the impact should they be realised. It ensures they are managed efficiently, effectively and economically.

- 1.7. The review of internal controls provides assurance that supports the Statement of Accounts assessment on a true and fair view of the Authority's financial position at the reporting date and its financial performance during the year.
- 1.8. It should be noted that the governance framework needs to have operated for the entire financial year and up to the approval date of the Statement of Accounts. It is recognised that, during the year, new risks and challenges will present that management need to address. MDDC continually seeks to improve its governance arrangements and evidence of continued "best practice" is found within the governance review below. Arrangements are reviewed on a continual basis and where weaknesses have been found they are addressed as is demonstrated in the Action Plan (**Appendix A**).
- 1.9. In terms of governance arrangements, the Policy Development Groups (PDGs) are asked to feedback areas of concern to Cabinet; the Scrutiny Committee can, and does, challenge Cabinet decisions; and the Audit Committee can and does challenge management over areas of concern identified in audit reports (internal and external) throughout the year.
- 1.10. The more significant areas where improvements are required are highlighted in the Action Plan accompanying this AGS. The Action Plan (at **Appendix A**) includes reference to the lead officers for each action and the target date for completion.

## **2. Effectiveness of the Governance Framework**

- 2.1. The effectiveness of the governance framework is reviewed by the Deputy Chief Executive (s151), supported by the Senior Leadership Team. The review considered the following areas:
  - a) Adherence to the 2016 CIPFA / SOLACE framework, Delivering Good Governance in Local Government. Our self-assessment against the Code is included at **Appendix B**
  - b) The work of Internal Audit and their assurance opinion on the adequacy and effectiveness on the Council's internal control environment for the year to date., See section 6 below.
  - c) The external Auditors, Grant Thornton, concluded their 2022/23 accounts audit and their Value for Money conclusion report for 2022/23 to Audit Committee in April 2024. See section 6 below.

- d) The role played by Members, as accountable democratically elected representatives, in providing community leadership, delivering clear policy and financial direction, scrutinising decisions as well as fulfilling regulatory and quasi-judicial duties. **Appendix C** details the key governance impacts of Members' work.
- e) The work of the Senior Leadership Team who have responsibility for the development and maintenance of the control and governance environment. In particular:
  - 2.1.1. The Monitoring Officer has monitored the Council's compliance with the law and considers that, overall, high standards of conduct have been maintained by both officers and members. The Monitoring Officer has managed any amendments to the Constitution and has ensured the decision-making process has been transparent.
  - 2.1.2. The Council's Section 151 Officer has had in place an appropriate internal control framework that has ensured financial transactions have been properly accounted for and ensured financial implications are considered in the delivery of corporate objectives and overseen the effectiveness of the overarching strategic financial processes (e.g., budget setting, financial planning, revenue and capital expenditure monitoring, treasury management).
- f) As part of their business-as-usual operations, Service Managers frequently review and amend their risk registers. The Corporate Risk Register was reported to every Audit Committee during 2023/24. The Audit Committee also considered the effectiveness of the risk management framework in March 2022 and approved a revised Risk Management Policy to be applied from 2023/24.
- g) The provision of regular management and performance information, to Cabinet, Scrutiny and Policy Development Committees.
- h) The ongoing review throughout the year of policies and procedures that underpin the delivery of services alongside new initiatives introduced to enhance governance and/or service delivery.



### **3. Significant operational event's in 2023/24**

- 3.1. The District Election held in May 2023 saw a significant swing political control, moving from no overall control to a heavily dominant Liberal Democrat administration. This has helped stable decision making and enable focus on the council's financial position as previously covered.
- 3.2. The senior management structure of the organisation downsized in order to prioritise expenditure on service delivery. Both the top-tier and second tier management teams have had a post removed in the last year, reducing the Council's senior management to 9 officers (from 11).
- 3.3. On 6 September 2023, Mid Devon District Council agreed to "soft close" the Council's subsidiary company, 3 Rivers Developments Ltd (3Rivers), with all assets being realised and a commitment to paying all contractors, suppliers and tradesmen in full.
- 3.4. The 2022/23 Value for Money opinion was considered by the Audit Committee on 26 March 2024. It identified two significant weaknesses in arrangements:
  - The first was in relation to governance and the impact that debate on the 3 Rivers Developments Limited's business plan and the impact that had on the 2023/24 budget setting process; and
  - The second was in relation to the council not exercising its shareholder role effectively.

Given the closure of 3Rivers, these weaknesses no longer exist.

No significant weaknesses were noted in relation to financial sustainability.

### **4. CIPFA Financial Management Code**

- 4.1. In December 2019, CIPFA introduced their Financial Management Code (FM Code) to reflect exceptional financial circumstances faced by local authorities. Previous CIPFA work had revealed fundamental weaknesses in financial management at some councils (not Mid Devon), particularly in relation to organisations that may be unable to maintain services in the future. The FM Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. Each local authority must demonstrate that the requirements of the code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of Elected Members, the Chief Finance Officer (S151) and their professional colleagues in the Leadership Team.

4.2. The Authority has carried out a self-assessment against the 17 Standards of the FM Code and has identified no areas of concern with regard to compliance with the FM Code.

## 5. Risk Management

5.1. The risk management system and process of the Council continue to be developed and refined. Our aim is to promptly identify and score new and current challenges and risks, so that we have good visibility of these, and to ensure that the action we take to limit exposure is recorded, understood and communicated. The Committee reviewed and agreed the Annual Risk Management Policy covering the financial year in March 2023.

5.2. The Audit Committee provide oversight over the risk management process, ensuring that the Council gives due regard to the risks identified. As expected, the higher risks to the Council change over time, and so it is important to consider the most recent report prepared by managers and considered by members. However, and as context for the risks affecting the Council at time of writing this report, key corporate risks as at 31 March 2024 were: -

Ref	Risk Name	Risk Owner	Risk Rating
CR1a	Culm Garden Village – Loss of Capacity Funding	Adrian Welsh	25
CR1b	Culm Garden Village – Delay / impact to project arising from infrastructure delays	Adrian Welsh	20
CR2	Cyber Security	Brian Trebilcock	20
CR3	Failure to meet Climate Change Commitments by 2030	Paul Deal	15
CR4	Homes for Ukraine Scheme	Simon Newcombe	9
CR5	Information Security	Lisa Lewis	8
CR7	Financial Sustainability	Paul Deal	16
CR8	Quality of Planning Committee Decisions	Angharad Williams	12
CR9	3 Rivers – Delivery of closedown plan	Paul Deal	8
CR9a	Reputational Impact of 3 Rivers	Stephen Walford	8
CR10	Cullompton Town Centre Relief Road	Adrian Welsh	25
CR11	Cost of Living Crisis	Dean Emery	16
CR12	Housing Crisis	Simon Newcombe	12
CR13	Operation of a Waste Management Service	Matthew Page	8
CR14	Workforce Shortage	Matthew Page	6
CR15	Corporate Property Fire Safety	Stephen Walford	9
CR16	Building Control Service Viability	Andrew Howard	9
CR17	Severe Weather Emergency Recovery	Simon Newcombe	12

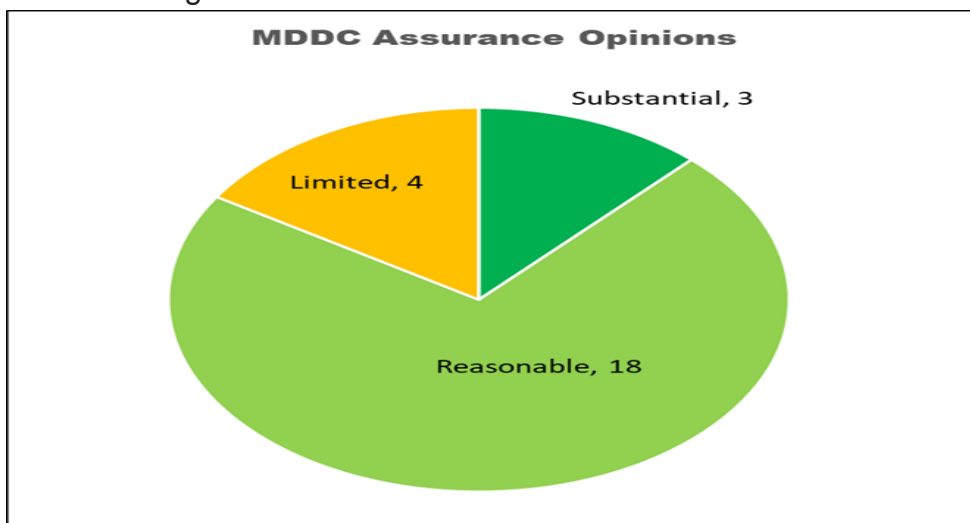
↑ Risk Severity ↓	5	5	10	15	20	25		
	4	4	CR9; CR13	8	CR8; CR12; CR17	12	16	20
	3	3	CR14	6	CR4; CR15; CR16	9	12	15
	2	2	4	6	CR5; CR9a	8	10	
	1	1	2	3	4	5		
		1	2	3	4	5		
	↓ Risk Likelihood →							

## 6. Independent Assurance Reports

### 6.1. Internal Audit Reports

6.1.1. Our internal audit plan is designed to review those areas carrying the greatest risk and those areas where we require independent assurance. During the year the work of Internal Audit (via Devon Audit Partnership (DAP)) is reported to the Audit Committee.

6.1.2. Overall, based on work performed during 2023/24 and DAP’s experience from previous years audit, the Head of Internal Audit’s Opinion is “Reasonable Assurance” on the adequacy and effectiveness of the internal control framework, underpinned by the following assurance levels on these service areas:



No area reviewed was classified as having ‘no’ assurance.

Substantial assurance	Reasonable assurance	Limited assurance
Housing Benefits	Main Accounting System	Exe Valley Leisure Centre
Waste & Recycling	Creditors	Information Governance – Follow up
Street Care	Debt Recovery	Void Management (General Fund)
	Climate Change	Building Control
	Contract Management	
	Income Management	
	Council Tax and Business Rates (NDR)	
	Trade Waste	
	Cyber Security – follow up	
	Member Allowances	
	Community Engagement and Consultation	
	Corporate Health & Safety	
	Performance Management	
	Travel and Subsistence	
	Emergency Planning	
	Voids Management (HRA)	
	Housing Options	
	Housing Property (Health & Safety)	
	Tiverton Pannier Market	
	Safeguarding	

This year's mix of opinions compares to the 5 Substantial, 19 Reasonable and 5 Limited Assurance audit opinions provided for 2022/23.

- 6.1.3. From the work completed, there are some areas that we consider it is appropriate to refer to in this Annual Governance Statement. These areas were: -
- a) Exe Valley Leisure Centre: Following changes in key staff, the completion and audit trail related to statutory Health & Safety checks needs improvement. Also, maintenance was too heavily focused on reactive maintenance and impact of asset availability.
  - b) Voids Management – General Fund: Clarity is required on the underlying reasons for holding these commercial properties, considering whether value or benefits from these properties outweigh the risk and cost of owning them. The lack of strategy, purpose and sufficient resource for managing these properties results in this Limited Assurance Opinion.
  - c) Building Control: The main issues related to having sufficient building control officers, which has been addressed.

- d) Information Management Follow Up: Although progress has been made against the previous recommendations, the departure of the Data Protection Officer has delayed the reassessment of some areas.

6.1.4. In addition, progress has been made in the following areas that were previously given a limited assurance opinion:

- e) Cyber Security, Response and Recovery: High priority recommendations were made in relation to offsite backup facility, incident response testing and the need for formal testing of backups arrangements. Sufficient work has been undertaken to allow DAP to increase their opinion to Reasonable Assurance. However, the limited capacity of the ICT team results in risk related to effective support to business areas.
- f) Repairs and Maintenance: DAP found the service to be too heavily focused on reactive maintenance. and does not have an effective system to manage repairs, supported by a range of key performance measures. The audit trail related to Statutory checks also needs improvement. Work continues to implement new asset management systems and condition surveys to enable the move to planned maintenance following failed attempts to recruit a surveyor. Therefore, the follow up audit has been postponed.
- g) Emergency Planning and Business Continuity. The Council currently lacks any operational resource or role dedicated to either emergency planning or business continuity following departures in 2022. Following the recruitment of a new Resilience Officer and the improves they are making, DAP have increased their opinion to Reasonable Assurance.

6.1.5. At the year end, there were a total of 70 recommendations outstanding; 1 High, 41 Medium, 19 Low and 9 are opportunities.

6.1.6. DAP's Counter Fraud Resilience and Assessment report, which it completed on all Devon District partners in support of the Councils Counter Fraud processes and capability, found improvement moving towards an ever-stronger assurance position. The benchmarking against best practice exercise is encouraging and supports the opinion that the Council is committed to reducing fraud losses to the minimum level possible.

## 6.2. External Audit

6.2.1. Grant Thornton (GT), the Council's External Auditors provided their Annual Audit Report for the 2022/23 financial year on 30 April 2024. The report confirmed that they had not identified any significant adjustments to the financial statements. However, within the Value for Money report weaknesses, two significant weaknesses in arrangements were identified:

1. The first was in relation to governance and the impact that debate on 3Rivers Development Limited's business plan and the impact that this had on the 2023/24 Budget setting process, and
2. The second was in relation to the Council not exercising its shareholder role effectively.

No significant weaknesses were noted in relation to the financial sustainability.

- 6.3. There were no external inspections undertaken during the year.

## **7. Monitoring Actions**

- 7.1. It is important that we monitor progress against previous years Annual Governance Statements, ensuring that the actions we set are achieved.
- 7.2. During the year regular reports were provided to the Audit Committee in this regard. The updated 2022/23 Annual Governance Statement was approved, alongside the 2022/23 Accounts.
- 7.3. The Action Plan arising from this years review is shown at **Appendix A**.

## **8. Conclusion**

- 8.1. Overall it is considered that the Authority has a robust Governance Framework and welcomes scrutiny as it further enables the Council to be assured that its governance arrangements are sound but also treated as a live and evolving framework which can adapt and respond to changes in the environment in which it operates.
- 8.2. Following a review of the sources of assurance and evidence to support this AGS, it is our opinion that the Council's control environment operated effectively and provided an adequate level of control over identified risks in the 2023/24 financial year.
- 8.3. As always, we continue to look for ways of how we can improve. There are agreed action plans in place resulting from our Internal Audit, External Audit and Independent Assessment process – progress on these reports is provided to the Audit Committee on a regular basis.

## **9. Approval**

- 9.1. The undersigned are satisfied that the assessment is accurate and indicates that appropriate governance arrangements are in place at Mid Devon District Council.

- 9.2. We will ensure that steps to address matters raised in the assessment to further enhance our governance arrangements will be taken over the coming year

**Approved by the Leader of the Council**

Cllr Luke Taylor

Date

**Approved by the Chief Executive**

Stephen Walford

Date

**Appendix A****Action Plan for issues arising from the 2023/24 Annual Governance Statement process**

Ref	Action Arrising	Responsible Officer	Date
1	<p>Ensure the agreed action in Internal Audit reports are fully completed. This includes the following internal audit reviews where Limited assurance was provided: -</p> <ul style="list-style-type: none"> <li>a) Exe Valley Leisure Centre</li> <li>b) Voids Management – General Fund</li> <li>c) Repairs and Maintenance – follow up</li> <li>d) Emergency Planning and Business Continuity – follow up</li> <li>e) Information Management – follow up</li> </ul>	<ul style="list-style-type: none"> <li>(a) Head of: Revenues, Benefits, Corporate Recovery, Corporate Fraud, Welfare &amp; Leisure</li> <li>(b) Head of Finance, Property and Climate Resilience</li> <li>(c) Head of Finance, Property and Climate Resilience</li> <li>(d) Head of Housing and Health</li> <li>(e) Hea of Digital Transformation &amp; Customer Engagement</li> </ul>	As per the individual internal audit reports



## Appendix B

## Self Assessment against the 2016 CIPFA / SOLACE Framework.

## Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

How We Meet these Principles	Where You Can See Governance in action
<b>Behaving with integrity</b>	
<ul style="list-style-type: none"> <li>We operate an appraisal scheme for all staff to identify development and skills needs and assess performance.</li> </ul>	This is now being monitored via the Learning Management System on-line
<ul style="list-style-type: none"> <li>We have Codes of Conduct for Staff</li> </ul>	Officers code of conduct The <a href="#">Code of Conduct for Councillors</a> and Co-opted Members was approved by Full Council. Members Code of Conduct training is carried out by the Monitoring Officer.
<ul style="list-style-type: none"> <li>We provide new Members and staff with induction training on appointment.</li> </ul>	New Councillors Induction Programme Staff Induction Policy Following the District Election in May 2023, a new Councillor Induction Programme was developed and delivered. New staff members are required to complete a comprehensive suite of courses related to H&S and other related areas such as manual handling.
<ul style="list-style-type: none"> <li>Our constitution sets out how the Council and committee meetings operate.</li> </ul>	<a href="#">Constitution</a>
<ul style="list-style-type: none"> <li>Declarations of interest made at meetings are published with minutes and on our website.</li> </ul>	For members, this is recorded against each individual members website record.
<ul style="list-style-type: none"> <li>We have Registers of Interests (ROI) and gifts &amp; hospitality for Members and Staff.</li> </ul>	<a href="#">Your Councillors - MIDDEVON.GOV.UK</a> Each Council has their own ROI available via the above link. Gifts & Hospitality and Declarations are audited periodically by Internal Audit.

How We Meet these Principles	Where You Can See Governance in action
<ul style="list-style-type: none"> <li>Our Whistleblowing policy was reviewed in March 2021.</li> </ul>	<a href="#">Whistleblowing policy</a>
<ul style="list-style-type: none"> <li>We have a clear complaints procedure on our website and an up-to-date Customer Care Policy.</li> </ul>	<a href="#">Complaints Procedure</a> <a href="#">Customer Care Policy</a> A staff survey was undertaken in autumn 2023 to help identify if staff had any concerns or issues. An action plan to address the matters raised has been developed and is being implemented.
<ul style="list-style-type: none"> <li>We take the Health and Safety of our Staff extremely seriously.</li> </ul>	We hold regular internal Health and Safety Committee meetings
<ul style="list-style-type: none"> <li>We evaluate the training needs of Members and run briefings on key topics to ensure they have the knowledge and information to make effective decisions.</li> </ul>	<a href="#">Member Development Policy</a>
<ul style="list-style-type: none"> <li>We operate a protocol to govern the relationship between Members and officers that ensures access to appropriate information.</li> </ul>	<a href="#">Protocol on Member/Officer Relations</a> In the Constitution – Part 5 – Codes and Protocols See the Constitution
<b>Demonstrating strong commitment to ethical values</b>	

How We Meet these Principles	Where You Can See Governance in action
<p>The Council has the following documents which are relevant:</p> <ul style="list-style-type: none"> <li>• Officers' Code of Conduct</li> <li>• Members' Code of Conduct</li> <li>• Protocol on Member/Officer Relations</li> <li>• Guidance for Members and staff on hospitality and gifts</li> <li>• Protocol of good practice for councillors dealing in planning matters</li> <li>• Staff Charter to communicate expected values and behaviours.</li> <li>• Financial regulations</li> </ul>	<p>All of these are considered within our Constitution</p> <ul style="list-style-type: none"> <li>• <a href="#">Cllrs code of conduct</a></li> <li>• <a href="#">Staff Charter</a></li> <li>• Our <a href="#">Financial Regulations</a> were updated in February 2024.</li> </ul>
<b>Respecting the rule of law</b>	
<ul style="list-style-type: none"> <li>• The Constitution is under continuous review any significant changes are taken through the Standards Committee.</li> </ul>	<a href="#">Constitution</a>
<ul style="list-style-type: none"> <li>• We ensure we comply with Statutory Provisions.</li> </ul>	Adherence to legislation is confirmed in each audit review undertaken
<ul style="list-style-type: none"> <li>• Compliance with CIPFA's <i>Statement on the Role of the Chief Financial Officer in Local Government</i> (CIPFA, 2015)</li> </ul>	<a href="#">The role of the Chief Financial Officer in local government</a>
<ul style="list-style-type: none"> <li>• We have effective and up-to-date anti-fraud and corruption policies and procedures</li> </ul>	See our <a href="#">Fraud and Corruption</a> pages
<ul style="list-style-type: none"> <li>• Legal advice is given either as a stand-alone piece of advice or in relation to a case on which Legal Services are instructed to advise.</li> </ul>	The Council has its own internal legal function, but also commissions legal advice externally where it does not have the expertise or capacity internally.

<b>How We Meet these Principles</b>	<b>Where You Can See Governance in action</b>
<ul style="list-style-type: none"><li>• We recognised the importance of having effective arrangements in place for the Monitoring Officer function by updating and strengthening the role of the Monitoring Officer in the Council and recruiting a suitably qualified person for the post.</li></ul>	The Director of Legal, HR & Governance (Monitoring Officer) is a qualified solicitor.

**Principle B: Ensuring openness and comprehensive stakeholder engagement**

<b>How We Meet these Principles</b>	<b>Where You Can See Governance in action</b>
<b>Openness</b>	
<ul style="list-style-type: none"> <li>We publish agendas and minutes for all our meetings on our website.</li> </ul>	<a href="#">Browse Meetings, MIDDEVON.GOV.UK</a> We publish recordings of all our meetings on the website (with the exception of Part 2 business and in certain other limited circumstances on an exceptional basis).
<ul style="list-style-type: none"> <li>We publish key decisions on the website</li> </ul>	<a href="#">Forthcoming Decisions</a>
<ul style="list-style-type: none"> <li>We have a FOI publication scheme</li> </ul>	<a href="#">Publication Scheme - MIDDEVON.GOV.UK</a>
<ul style="list-style-type: none"> <li>We have a calendar of dates for public meetings, and internally for submitting, publishing and distributing timely reports.</li> </ul>	<a href="#">2023/24 Schedule of meetings</a>
<ul style="list-style-type: none"> <li>Procurements are competed through Pro Contract, and details of all our contracts are held on that system.</li> </ul>	The DAP Internal Audit report on procurement provided a 'Reasonable Assurance' opinion.
<b>Engaging comprehensively with institutional stakeholders</b>	
<ul style="list-style-type: none"> <li>We meet with our local colleges of FE and key local employers to discuss how the Council can support their work</li> </ul>	<a href="#">Communication and Engagement Strategy</a> and <a href="#">Media and Social Media Policy</a> were recommended for approval by Community PDG in June 2023 DAP reviewed the new Engagement Strategy and Policy and confirmed it mitigates the risk of inappropriate use of Social Media by officers.
<b>Engaging with individual citizens and service users effectively</b>	
<ul style="list-style-type: none"> <li>We publish details of consultations and petitions on our website</li> </ul>	<a href="#">Consultation &amp; Involvement</a>
<ul style="list-style-type: none"> <li>We have a strategy and policies for communication and Social Media</li> </ul>	<a href="#">Communication and Engagement Strategy</a>

<ul style="list-style-type: none"> <li>We have an active Tenant involvement group – Tenants Together which produces regular newsletters</li> </ul>	Tenants Survey
<ul style="list-style-type: none"> <li>We have a Customer Engagement Officer to assist us in our work.</li> </ul>	Customer Engagement Officer – HS25
<ul style="list-style-type: none"> <li>Mid Devon Gypsy and Travelling Showpeople Forum established</li> </ul>	The Forum will usually take place twice a year, to enable the travelling community to find out more about planning, housing, and other matters in Mid Devon.

### Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

How We Meet these Principles	Where You Can See Governance in action
<b>Defining outcomes</b>	
<ul style="list-style-type: none"> <li>We have an agreed Corporate Plan for 2020-2024</li> </ul>	<p>The <a href="#">Corporate Plan for 2020-2024</a> was recommended to Council for adoption by Cabinet and was duly adopted on 26 February 2020.</p> <p>It had a <a href="#">Mid Term Review</a> and the updated Corporate Plan was approved by Cabinet on 12 July 2022.</p> <p>Corporate plan priorities and targets are cascaded throughout the Council.</p> <p>The draft <a href="#">Corporate Plan 2024 – 2028</a> was provisionally agreed by Cabinet on 4 June 2024 – subject to consideration and feedback from the various Policy Development Groups.</p>
<b>Sustainable economic, social, and environmental benefits</b>	
<ul style="list-style-type: none"> <li>We have a capital asset management group which aims to maximise the return on our capital assets</li> </ul>	<a href="#">Asset Management &amp; Capital Strategy Plan</a>
<ul style="list-style-type: none"> <li>Optimising sustainability and taking a long-term view</li> </ul>	<a href="#">10 Year Management Plan for Open Spaces</a> <a href="#">Medium Term Financial Plan</a>
<ul style="list-style-type: none"> <li>We treat everyone fairly and equally.</li> </ul>	<a href="#">Equality and Diversity</a>

	The Equality Forum is chaired by the Corporate Performance and Improvement Manager and meets quarterly - check
<ul style="list-style-type: none"> <li>Climate Change Declaration made at Full Council on 26 June 2019</li> </ul>	<p><a href="#">The Climate Change Strategy and Action Plan were approved by Cabinet on 1 October 2020</a></p> <p><a href="#">Climate And Sustainability Update</a></p> <p><a href="#">Mid Devon Air Quality Supplementary Planning Document (SPD)</a></p> <p><a href="#">Non-Statutory Interim Planning Policy Statement: Climate Emergency</a></p> <p>Regular progress reports are provided to the Environment Policy Development Group.</p>

#### Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

How We Meet these Principles	Where You Can See Governance in action
<b>Determining interventions</b>	
<ul style="list-style-type: none"> <li>Our governance structure is based on Leader and Cabinet, with Policy Development Groups (PDGs) and Scrutiny Committee providing robust challenge.</li> </ul>	The Councils governance system has been the subject of debate at a number of meetings over the last couple of years.
<ul style="list-style-type: none"> <li>There is a 'call in' process for Scrutiny Committee, and reviews of performance are undertaken by the PDGs.</li> </ul>	Committee Report Procedure
<ul style="list-style-type: none"> <li>3 Rivers (a separate company, but key to delivering MDDC's plans) is required to prepare a Business Plan. The Business Plan covers a period of 5 years and is updated annually</li> </ul>	Three different Business Plans presented to Cabinet, Audit Committee and Scrutiny between October 2022 – February 2023. All were ultimately rejected.
<b>Planning interventions</b>	
<ul style="list-style-type: none"> <li>We have a calendar of dates for aid our development; supporting plans and reports</li> </ul>	<a href="#">Issue - items at meetings - Schedule of Meetings 2023 - 2024 - MIDDEVON.GOV.UK</a>

are prepared for members, with reporting dates strictly adhered to.	
<ul style="list-style-type: none"> <li>We publish details of consultations and petitions on our website.</li> </ul>	<a href="#">Consultation &amp; Involvement</a>
<ul style="list-style-type: none"> <li>Key Performance Indicators have been established and approved for each service element; these are included in our service plan and are reported upon regularly to Committees</li> </ul>	Regular reports on progress against the Corporate Plan including a set of agreed standard measures to Councillors and staff.
<b>Optimising achievement of intended outcomes</b>	
<ul style="list-style-type: none"> <li>We have a financial strategy in place. Finances are controlled via an annual budget and medium-term financial plans</li> </ul>	<a href="#">Medium Term Financial Plan</a>
<ul style="list-style-type: none"> <li>Our budget setting and review process is all-inclusive, taking into account the full cost of operations over the medium and longer term</li> </ul>	<p>The budget and any options are taken through Cabinet, Scrutiny and the four Policy Development Groups.</p> <p>The Resident's survey includes a section on the upcoming Budget.</p>
<ul style="list-style-type: none"> <li>Risk management and performance monitoring are key measures to support interventions.</li> </ul>	Financial information is now regularly included in performance and risk reports
<ul style="list-style-type: none"> <li>The Audit Committee is supported by independent reports – for example Internal Audit assurance reports provided by Internal Audit (DAP), and the External Auditors' annual opinion on the statement of accounts.</li> </ul>	<p><a href="#">Audit Committee</a> meetings are held in a public forum</p> <p>The plans of work for both Internal and External Audit are considered and approved by the Committee.</p> <p>The Committee receives regular update reports from both sets of Auditors and will hold management to account for any correcting action that may be required</p> <p>Recommendations are tracked to completion to confirm control weaknesses are resolved.</p>



**Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

<b>How We Meet these Principles</b>	<b>Where You Can See Governance in action</b>
<b>Developing the entity's capacity</b>	
<ul style="list-style-type: none"> <li>We are committed to improving staff welfare; this in turn can have a positive effect on reducing our sickness absence, which is a direct cost to the Council.</li> </ul>	<a href="#">Staff Charter</a>
<ul style="list-style-type: none"> <li>All Managers have attended our Management Training Programme</li> </ul>	<p>A programme of training and briefing sessions for elected Members has been agreed to ensure Members remain up to date with current issues, are clear about their roles, and have sufficient information to make informed decisions.</p> <p>The qualifications, skills, behaviours and personal attributes required by staff in their roles are identified and documented, and reviewed regularly.</p> <p>Members have signed up to the Developing Your Leadership Potential Programme being run as part of a shared Member development service with other Devon and Somerset Authorities.</p> <p>The Workforce Data Report is presented to Leadership Team monthly and monitors key information about staff including turnover and vacancies by Directorate</p> <p>New staff members are required to complete a comprehensive suite of courses related to this and other related areas such as manual handling. There is a system to manage staff refresher training in these core modules.</p>
<b>Developing the capability of the entity's leadership and other individuals</b>	
<ul style="list-style-type: none"> <li>We provide all staff with job descriptions; these clearly set out their duties and</li> </ul>	<p>The current economic situation is likely to continue to cause a reduction in the number of staff employed by the Authority. We have identified that this presents a potential risk to our ability to retain the skills and experience needed.</p>

document the personal qualities and attributes required for each post.	
<ul style="list-style-type: none"> <li>We operate an appraisal scheme for all staff. This identifies development and skills needs and helps us assess performance.</li> </ul>	The annual appraisal process is completed through the Learning Management System – The Learning Hub - and follows a corporate process.
<ul style="list-style-type: none"> <li>We operate a protocol to govern the relationship between Members and officers which ensures good access to appropriate information.</li> </ul>	<a href="#">Constitution</a>
<ul style="list-style-type: none"> <li>We treat everyone fairly and equally.</li> </ul>	<a href="#">Equality, Diversity and Inclusion</a>
<ul style="list-style-type: none"> <li>We take the Health and Safety of our Staff extremely seriously.</li> </ul>	We hold regular internal Health and Safety Committee meetings
<ul style="list-style-type: none"> <li>We provide new Members with induction training on appointment.</li> </ul>	New Councillors Induction Programme Following the District Election in May 2023, a new Councillor Induction Programme was developed and delivered.
<ul style="list-style-type: none"> <li>We evaluate the training needs of Members and run briefings on key topics to ensure they have the knowledge and information to make effective decisions.</li> </ul>	Member Development Policy
<ul style="list-style-type: none"> <li>The Chief Executive has an annual appraisal and is set performance targets by the Cabinet.</li> </ul>	The Chief Executive has an annual appraisal by the Leader of the Council, with the Head of People, Performance and Waste in attendance.

**Principle F: Managing risks and performance through robust internal control and strong public financial management**

How We Meet these Principles	Where You Can See Governance in action
<b>Managing risk</b>	
<ul style="list-style-type: none"> <li>All reports to our Committees include a risk assessment; this is as part of the required components of our report template.</li> </ul>	Report Template The Leader's annual report to Scrutiny is mapped against the Corporate Plan priorities to make the link easier to see.
<ul style="list-style-type: none"> <li>Our Risk Management Policy was reviewed and approved by our Audit Committee.</li> </ul>	<a href="#">Risk Management Policy (March 2023)</a>
<ul style="list-style-type: none"> <li>Risks are identified and recorded on our risk register; these are allocated to appropriate named managers.</li> </ul>	<a href="#">Risk Report example</a> (April 2023)
<ul style="list-style-type: none"> <li>The Audit Committee actively monitors risks and controls at their meetings in accordance with guidance (i.e. Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013)).</li> </ul>	The Audit Committee received regular reports on the content of the corporate risk register to review and challenged the content.
<ul style="list-style-type: none"> <li>Our internal auditors (DAP) deliver a risk based internal audit service, providing assurance on control effectiveness against risks to delivery of business objectives.</li> </ul>	<a href="#">Devon Audit Partnership</a> The internal annual audit report and opinion supports this (see annual report presented to June 2023 Audit Committee).
<b>Managing performance</b>	
<ul style="list-style-type: none"> <li>Our Performance has been mapped to the Corporate Plan; all our Aims have performance measures.</li> </ul>	Performance is monitored through Cabinet, PDG and Scrutiny processes. (See <a href="#">April 2024 Cabinet Report</a> as an example).
<ul style="list-style-type: none"> <li>Benchmarking information is included where available; a Council –wide subscription to 'LG Inform Plus' is</li> </ul>	Performance is monitored through Cabinet, PDG and Scrutiny and Audit processes. (See <a href="#">April 2024 Cabinet Report</a> as an example).

improving the use of benchmarking and is regularly promoted at Corporate Manager Team meetings.	
<ul style="list-style-type: none"> <li>We have a calendar of dates for public meetings, and internally for submitting, publishing and distributing timely reports</li> </ul>	<a href="#">2023/24 Schedule of meetings</a>
<ul style="list-style-type: none"> <li>All agenda and minutes of Scrutiny Committee are published on our websites, including recordings of the meetings.</li> </ul>	<a href="#">Meetings, agendas, and minutes - MIDDEVON.GOV.UK</a>
<ul style="list-style-type: none"> <li>With regards 3 Rivers, the Managing Director attends meetings as required by the Council and provides information regarding 3 Rivers activities as reasonably requested.</li> </ul>	Whilst still operational, the Managing Director attended frequent meeting with senior officers and members.
<ul style="list-style-type: none"> <li>Performance and Risk Reports are provided to PDGs, Cabinet, Audit and Scrutiny Committees.</li> </ul>	Performance is monitored through Cabinet, PDG and Scrutiny and Audit processes. (See <a href="#">April 2024 Cabinet Report</a> as an example).
<ul style="list-style-type: none"> <li>Our Leadership Team is committed to the performance framework.</li> </ul>	Performance is monitored through Cabinet, PDG and Scrutiny and Audit processes. (See <a href="#">April 2024 Cabinet Report</a> as an example).
<b>Robust internal control</b>	
<ul style="list-style-type: none"> <li>Our Risk Management Policy is regularly reviewed and approved by Audit Committee.</li> </ul>	<a href="#">Risk Management Policy</a> (March 2023)
<ul style="list-style-type: none"> <li>We have effective and up-to-date anti-fraud and corruption policies and procedures</li> </ul>	<a href="#">Anti Fraud, Bribery and Corruption and Whistleblowing policies</a>

<ul style="list-style-type: none"> <li>We have entered a partnership to provide our Internal Audit Service via Devon Audit Partnership.</li> </ul>	<a href="#">Devon Audit Partnership</a> The internal annual audit report and opinion supports this (see annual report presented to June 2023 Audit Committee).
<ul style="list-style-type: none"> <li>Our Audit Committee attend training offered internally and externally</li> </ul>	Update training provided in Summer 2023
<b>Managing data</b>	
<ul style="list-style-type: none"> <li>We have Data Protection and Information Security Policies in place.</li> </ul>	Please see our <a href="#">website</a> .
<ul style="list-style-type: none"> <li>We have mandatory Data Protection and Information Security training for all staff, Members and contractors (with access to our computer network)</li> </ul>	Learning Management System – The Learning Hub
<ul style="list-style-type: none"> <li>We check performance information as part of every audit we do.</li> </ul>	DAP review and report relevant performance within their audit reports.
<b>Strong public financial management</b>	
<ul style="list-style-type: none"> <li>We publish a Medium-Term Financial Strategy covering 5 years each year.</li> </ul>	<a href="#">Medium Term Financial Plan</a>
<ul style="list-style-type: none"> <li>We publish Monitoring Reports from July to February each year</li> </ul>	Item 66 - <a href="#">Agenda for Cabinet on Tuesday, 14th November, 2023, 5.15 pm - MIDDEVON.GOV.UK</a>
<ul style="list-style-type: none"> <li>The budget book is published on the website</li> </ul>	<a href="#">Budgets - MIDDEVON.GOV.UK</a>

**Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

<b>How We Meet these Principles</b>	<b>Where You Can See Governance in action</b>
<b>Implementing good practice in transparency</b>	
<ul style="list-style-type: none"> <li>We publish our Statement of Accounts on our website.</li> </ul>	<a href="#">Statement of Accounts</a> Our 2022/23 statement of accounts was presented to, and agreed by, our Audit Committee on 30 April 2024 by our <a href="#">External Auditors</a> .
<b>Implementing good practices in reporting</b>	
<ul style="list-style-type: none"> <li>We report regularly on our performance to PDGs, Cabinet, Audit and Scrutiny Committees</li> </ul>	Performance is monitored through Cabinet, PDG and Scrutiny and Audit processes. See <a href="#">April 2023 Cabinet Report</a> as an example).
<ul style="list-style-type: none"> <li>We publish our Annual Governance Statement and Action Plan on our website and take Progress reports on the Action Plan to every audit Committee meeting.</li> </ul>	<a href="#">Annual Governance Statement</a>
<b>Assurance and effective accountability</b>	
<ul style="list-style-type: none"> <li>Our Internal Audit provider (Devon Audit Partnership (DAP)) comply with the CIPFA Statement on the Role of the Head of Internal audit.</li> </ul>	<a href="#">The Role of the Head of Internal Audit CIPFA</a>
<ul style="list-style-type: none"> <li>DAP have completed our annual self-assessment against the Public Sector Internal Audit Standards which has been externally validated. Our Internal Audit provider (Devon Audit Partnership (DAP)) comply with the CIPFA Statement on the Role of the Head of Internal audit</li> </ul>	<a href="#">Devon Audit Partnership External Validation of DAP</a>

## The Member Governance Framework

The Council operates and discharges its function via the Constitution which establishes the roles and responsibilities for Members of the Cabinet, Scrutiny Committee, Audit Committee and other Regulatory Committees.

In summary, the core functions of the main committees are described below.

### Full Council

- a. Received minutes of all other committees of the Council, including their annual reports
- b. Responded to regular questions from the public on a wide variety of issues.
- c. Approve the Constitution, key plans and strategies which together form the policy framework.
- d. Approved the annual budget including setting the annual Precept, Capital Programme and Prudential Indicators within the Treasury Management reports.
- e. Appoint to, and received updates from, members who represent the Council on outside bodies.
- f. Confirming the appointment of the Head of Paid Service; Chief Finance Officer and the Monitoring Officer and the taking of any disciplinary action against the these Officers.

### Cabinet

Cabinet carry out the role of the Executive as required by the Council's constitution. It is the main decision-making body. In terms of reviewing and monitoring the governance framework during 2023/24 Cabinet has:

- a) Received regular reports throughout the year on the Council's financial position, including the Medium Term Financial Strategy for 2023/24, the budget for 2023/24 and recommended to Council its approval.
- b) Reviewed and approved key strategies and policies through the year.
- c) Exercise all of the local authority functions that are not the responsibility of any other part of the Council, by law or under the constitution.
- d) May delegate executive functions to:
  - I. A Committee of the Cabinet (comprising executive members only);
  - II. An individual Cabinet Member;
  - III. A joint committee;
  - IV. Another local authority or the executive of another local authority;
  - V. A delegated Officer

Scrutiny

In terms of reviewing and monitoring the governance framework during 2023/24 the Scrutiny Committee has:

- a) Reviewed proposed strategy or policy documents and provided constructive comments to Cabinet.
- b) Received regular reports during the year on council performance.
- c) Received reports from each Cabinet Portfolio regarding their work over the last year.
- d) Received reports / updates on Complaints and Compliments, Whistleblowing, Regulation of Investigatory Powers Act (RIPA) and the staffing establishment,
- e) Received various motions put to the council.
- f) Reviewed and provided comment to Cabinet, on the draft budget for 2024/25 and medium-term financial strategy 2024/25 – 2028/29.
- g) Called in the decisions of Cabinet where members of the Committee have evidence which suggests that the Cabinet did not take the decision in accordance with their principles.
- h) Delivered a lessons learnt report on the experience of operating a Special Purpose Vehicle.
- i) Been kept properly informed of the Cabinet work programme and so allowed the Committee to fulfil its role of holding the Executive to account.

AUDIT COMMITTEE

The Audit Committee is responsible for providing effective assurance on the adequacy of the governance framework. In terms of reviewing the governance framework, the Audit Committee has:

- a) Received regular reports on the content of the corporate risk register to review and challenged the content.
- b) Reviewed and approved the annual Statement of Accounts
- c) Reviewed the Council's Annual Governance Statement, to confirm the content accurately reflects the council's governance framework.
- d) Received regular reports on the work carried out by the Council's External Auditors.
- e) Received regular reports on the work of Internal Audit. This has allowed the committee to monitor their work and ensure the service is able to substantially deliver the audit plan.
- f) Received the Annual Report of the Internal Audit Manager. This provides the committee with the Audit Managers opinion on the effectiveness of the Council's internal control framework.



# Internal Audit Annual Report 2023-24

## Report for: Mid Devon District Council Audit Committee

Paul Middlemass – Audit Manager  
Tony Rose – Head of DAP

25 June 2024



**Support, Assurance and Innovation**

Agenda Item 11.

## Introduction

The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities carry out an annual review of the effectiveness of their internal audit system, and to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2023-24 was presented and approved by the Audit Committee in March 2023. The following report and appendices set out the background to audit service provision, a review of work undertaken during the year and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report provides that opinion.

### Expectations of the Audit Committee from this annual report

Audit Committee members are requested to consider:

- the assurance statement within this report.
- the basis of our opinion and the completion of audit work against the plan.
- the scope and ability of audit to complete the audit work.
- audit coverage and findings provided.
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework (see appendix 5) and satisfy themselves from this assurance to support signing the Annual Governance Statement.

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## Opinion Statement

This statement of opinion is underpinned by:

### Internal Control Framework

The control environment comprises the Council's policies, procedures and operational systems including processes in place to establish and monitor the achievement of the Council's objectives; facilitate policy and decision making; ensure economical, effective and efficient use of resources, compliance with established policy, procedure, law and regulation; and safeguard the Council's assets and interests from losses of all kinds. Core financial and administrative systems were reviewed by us, and controls were found to be effective with some exceptions resulting in agreed management actions.

The Council's overall internal control framework is considered to have operated effectively during the year. Where we have highlighted weaknesses in compliance to key controls, none are considered to have had a material impact on operations. That said, the number of vacancies in the Finance Team are a concern as the team underpins financial monitoring and control.

### Risk Management

Risk Management processes at strategic and operational level are in place. There is good focus on risks reflected in updates to the Corporate Risk Register. Service specific risks have also been reviewed and updated to ensure greater understanding of risks against key business objectives and priorities.

### Governance Arrangements

There is an appropriate Governance framework including senior management and member review and approval of budgets. It is almost a year since the elections but a new Corporate Plan and priorities should soon be agreed by members. Vacancies in key finance posts results in risk related to financial monitoring and control.

### Performance Management

Performance is monitored at management and Council Committees. Performance Dashboards have been introduced for each corporate priority to support good focus on key performance. More work is needed to ensure all areas have appropriate performance measures for effective delivery and performance monitoring.

Overall, based on work performed during 2023-24 and our experience from previous years audit, the Head of Internal Audit's Opinion is "**Reasonable Assurance**" on the adequacy and effectiveness of the internal control framework.

*This opinion statement will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement see appendix 5.*

The Authority's internal audit plan for the year includes specific assurance, risk, governance, and value-added reviews which, with prior years audit work, provide a framework and background within which we assess the Authority's control environment. The Head of Internal Audit's Opinion is informed by the assurance conclusions obtained in the audits undertaken in year. Significant weaknesses identified should be considered by the Authority in preparing its Annual Governance Statement for 2023-24.

In carrying out reviews, Internal Audit assesses whether controls are operating satisfactorily and provide an overall opinion on the adequacy of controls to management within the audit report. Audit reports include an action plan with responsible officers and target dates to address control issues. While implementation of action plans rests with management, high priority recommendations are reviewed during subsequent audits or as part of specific follow-up.

Underpinning our overall Reasonable Assurance are the three Substantial and eighteen Reasonable Assurance opinion audits (with three Limited opinions).

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable Assurance	<b>There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.</b>	No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

## Summary Assurance Opinion

The diagram below shows our assurance opinions broken down by service area. Ratings are relevant at the time of the audit so may have subsequently improved with implementation of agreed management actions.

Assurance Opinion	Director Areas - Audit Coverage		
	Deputy Chief Executive / 151 officer	Legal, HR & Governance	Place & Economy
Substantial Assurance	<ul style="list-style-type: none"> <li>Housing Benefits</li> <li>Waste and Recycling</li> <li>Street Care</li> </ul>		
Reasonable Assurance	<ul style="list-style-type: none"> <li>Main Accounting System</li> <li>Creditors</li> <li>Debt Recovery</li> <li>Contract Management</li> <li>Income Management</li> <li>Council Tax &amp; NNDR</li> <li>Trade Waste</li> <li>Cyber Security - Follow Up</li> </ul>	<ul style="list-style-type: none"> <li>Member Allowances</li> <li>Community Engagment and Consultation</li> <li>Corporate Health and Safety</li> <li>Performance Management</li> <li>Travel and Subsistence</li> </ul>	<ul style="list-style-type: none"> <li>Emergency Planning</li> <li>Void Management (Housing)</li> <li>Housing Options</li> <li>Tiverton Pannier Market</li> <li>Safeguarding</li> </ul>
Limited Assurance	<ul style="list-style-type: none"> <li>Exe Valley Leisure Centre</li> <li>Information Governance - Follow Up</li> </ul>		

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**Partnership with North Devon**  
**North & Mid Devon Building Control**

## Audit Coverage and performance against plan

We delivered 90% of audits in the agreed plan for 2023/24 (to draft /final report stage). The remaining audits have been either cancelled, deferred by the client, or rolled over into 2024/25.

## Audit Assurances provided.

The chart opposite shows the breakdown of Substantial, Reasonable, and Limited Assurance opinions provided this year. The Summary Assurance Opinion on the proceeding page shows that we have undertaken audits across different areas of the Council to support an assurance opinion, along with all the Core audits.

The three Limited opinion audits related to:

- Exe Valley Leisure Centre. We note there has been significant management / officer changes in year which likely contributed to the weaknesses identified.
- NMD Building Control. This is a partnership shared with North Devon Council. We understand that appropriate action is now being taken to deal with the main issue related to having sufficient building control officers.
- Information Management Follow Up – See below.

Follow up audits will be undertaken in 2024-25 to confirm that management actions agreed in these audits have been addressed.

We also undertook follow up audits for two Limited Assurance areas from last year:

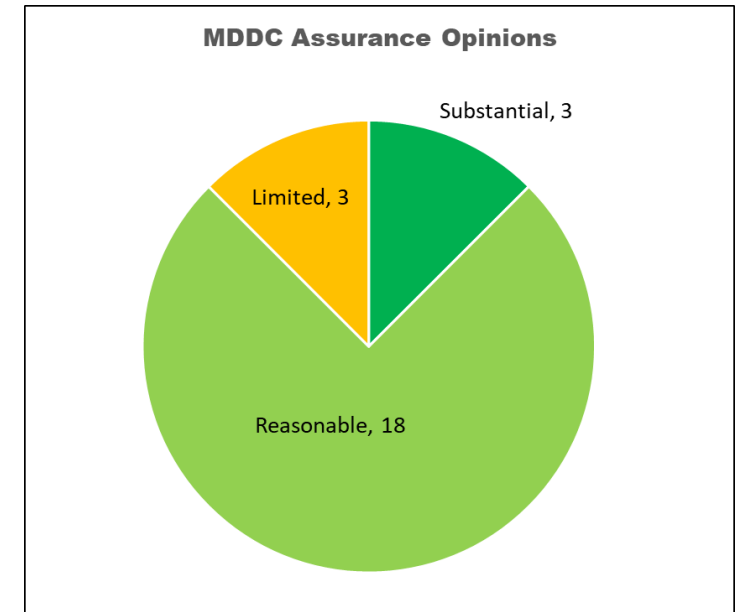
Cyber Security - Sufficient work has been undertaken to allow us to increase our opinion to Reasonable Assurance. That said, the limited capacity of the ICT team results in risk related to effective support to business areas. It also constrains their ability to support reviews such as our audits.

Information Management - While some work has been undertaken, the bulk of management actions remain to be implemented. We continue to assess this as Limited Assurance.

This year's mix of opinions compares to the 5 Substantial, 19 Reasonable and 5 Limited Assurance audit opinions provided for 2022-23.

We were not able to undertake follow up audits related to:

- Asset Management, and Repairs and Maintenance. The new asset management system that will address weaknesses we previously identified had not been introduced to make an audit beneficial.
- Planning Enforcement. Vacancies in the enforcement team meant they could not support this review; this will be done during 2024-25.



At **Appendix 1** we include a summary of the audits delivered since the Audit Committee of March 2024. Summaries of the completed audits prior to that meeting were included in previous reports to the Committee.

## Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can and we believe internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance.
- Undertaking a greater number of audits on the same subject in different partners to allow compare and contract activity and identify and communicate best practice.
- Supported recruitment of Independent members to District Audit Committees.
- Supported an exercise by an outside contractor, paid by Devon County Council, to review Single Person Discounts resulting in additional tax revenue.
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes. This includes providing advice and guidance on good practice related to Governance, Risk Management and Fraud.

We also actively worked with management to progress actions to reduce risk in areas such as on Housing Voids and Cyber Security.

Appendix 7 provides details of the specific feedback for Mid Devon and all our clients.

## Fraud Prevention and Detection

Overall, the risk of fraud at the Council is considered low. Our internal audit assignments consider the potential for fraud and how the Council prevents fraud from occurring. Work on the key financial systems (payroll, creditors, debtors etc) considered the suitability and robustness of the control framework to prevent, detect and address fraud.

We note the council has also been active to prevent and detect fraud, including:

- Fully reviewing Single Person Discounts – Using external partners to data match records. This resulted in an uplift of council tax receipts of approx. £150k.
- Fully reviewing Small Business Rates Relief - Using external partners to data match records.
- Undertaking checks for NFI matches with Electoral Roll.”

Our annual Counter Fraud Resilience and Assessment report in March 2024 assessed arrangements against CIPFA / CIFAS best practice. The assessment concluded that the Council continues to improve and move towards an ever stronger assurance position. Arrangements compared to best practice was encouraging and supports the opinion that it is committed to reducing fraud losses to the minimum level possible.

We also undertook a review on Three Rivers. We reported that we did not find evidence to support allegations of criminality or fraud.



## Appendix 1 – Summary of audit reports and findings since the March 2024 Audit Committee

Audit and Assurance Opinion	Summary, risk exposure and management actions
<p><b>Street Care</b></p> <p><b>Substantial Assurance</b></p> <p>Page 243</p>	<p>The Council operates a well organised and effective street sweeping and bin emptying service. Programme priorities are based on population density and footfall, with busier areas cleaned with greater frequency. This approach, and briefing of staff is aligned to DEFRA guidance as the governing authority for environmental cleaning.</p> <p>The district is arranged into areas, and staff are tasked to either sweep roads or empty bins with each team member being provided with a clear route and timing schedule for the working day. Every member of staff is subjected to a random quality assurance inspection by a manager at least once a week, and the three main towns in the district, Tiverton, CREDITON and CULLOMPTON are also checked by Environmental Services on a random basis. Details of staffing and equipment resources were reviewed. Staff retention is good with only two changes in recent years, and no vacant posts.</p> <p>Members of the public can complain about litter or report fly tipping via the Council’s website or by telephone. Customer Relation Management software is used to record feedback. We requested details of relevant feedback to assess public satisfaction with the service but did not receive it to inform the report.</p> <p>Fly tipping incidents are reported around 30 times each month, presenting a daily commitment for the team. The complaints are initially assessed to ensure they fall under the remit of the service, but if a potential hazard is identified it will be prioritised to safeguard public safety. When incidents of littering or fly-tipping occur on private property or areas within another authority, officers provide good support to the owner to address the problem.</p> <p>Staff are trained to remove minor asbestos incidents. Large scale asbestos removal is arranged via external contractor. This costs approximately £400 per incident and occurs about 3 to 4 times a year.</p> <p>The service conducts some revenue generating activity such as the cleaning of Market Walk and a multi-story car park, Bampton Fair which is held annually is now also a source of revenue. It receives about £20k in income each year.</p> <p>The teams’ time is running at capacity. The council has a Cleaning Barrow stored at Tiverton and transported where needed. Acquiring additional cleaning barrows for each town centre could significantly increase available time, potentially allowing pursuit of revenue-generating opportunities. Implementing a recording system would be advantageous to evaluate the benefits of initiatives compared to potential disruption of routine activities. Furthermore, using electric cleaning barrows would diminish the environmental footprint. This has been tried and tested by North Devon who report good performance and no issues with battery capacity.</p> <p><b>We agreed one Medium and one Low Priority Management Action.</b></p> <p>The Medium action related to considering the costs of asbestos removal.</p>

## Contract Management

### Reasonable Assurance

Based on review of some significant contracts, most were being appropriately managed. That said, there is no overall framework directing the measures managers should take to manage their contracts. The result is that managers do not have guidance on the basic contract management activities needed to ensure effective contract management. Provision of central guidance and a framework is needed to support effective contract management arrangements in the council. Other councils are adopting a Gold / Silver / Bronze approach to categorising their contracts in importance, and hence the attention required to manage them. Finally, there needs to be consideration on how to manage contract risk, at a corporate and service level.

The council has an Index of Current Contracts accessible via the council external website. It provides basic information relating to the contract place, the supplier, value, and term limits of the contract. Review of the Index of Current Contracts indicates most of the required data sets by the Local Government Transparency Regulations 2015 are provided, but there are some exceptions (for instance no detail on small or medium sized enterprises or voluntary or community sector organisations). It also does not address the "Recommended information", for instance, actual performance against contractual performance.

Review of council finance regulations shows there is appropriate direction relating to the procurement process. There is no similar direction for effective contract management. We reviewed several important contracts and note that officers appear to be undertaking essential contract management activities. These include regular meetings with the contractor, review of key performance indicators to measure performance, and access / understanding of the actual contract. On the whole managers considered the performance of the contractors to be very good or good. That said, there remains risk that some contracts may not get the attention they require with impact on the service secured from the contract.

The specific SFS Vehicle Maintenance contract for maintenance and leasing of Waste and Recycling vehicles had effective controls including regular management and senior contractor meetings with notes of meetings and action points. An Accountant was heavily involved in maintaining supplier contractor information and significant work was done to understand the financial aspects of the contract and to make good decisions, such as disposing of older vehicles in favour of leasing newer vehicles that have lower support costs.

Contract risk registers are considered an essential part of effective contract management. No risk register was held for any of the significant contracts we reviewed, although Service area risk registers also provide a mechanism where contract risks might be held and escalated. We also identified instances where risks / issues had been identified and escalated, such as for the Gym Equipment maintenance contract. That said, risk registers provide a mechanism to support identification and review of the contract risks and issues, as well as the opportunities. This includes risks related to supplier failure and subsequent impact on council services. No risk register was held for the SFS contract referred to above, despite the impact loss of service might have on council operations.

We did not undertake substantive testing of prompt payment of invoices given our previous creditor audits. Based on those audits the council has a very good record of paying within payment terms.

#### **We agreed six Medium Priority Management Actions.**

These related to:



1. Creation of Contract Management guidance.
2. Introduce a categorisation for suppliers and identify key contractors.
3. Include additional information on the website to meet the Transparency Regulations.
4. Ensure Insurance checks on contractors.
5. Consider how to manage and escalate contractor risk.
6. Ensure managers check the financial resilience of key contractors.

## Housing Voids

### Reasonable Assurance

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We give a Reasonable assurance opinion given improvements to monitoring and visibility of key housing indicators since our review in July 2022. Most recommendations have been fully implemented. The area is now keeping extensive and detailed management information to consider improvement requirements, and reduce the amount of Void properties.

Since April 2023 statistics for voids are produced to effectively monitor activity. The statistics have been split into void categories, and between Mid Devon Homes (HRA) properties and properties being rented by Homelessness (HO). The statistic for each void category shows the split between time with repairs and time with management (where they find a new tenant). Statistics for standard and major voids (HRA) show that they are currently not being completed within agreed performance targets. However, the end-to-end time to complete voids has improved this financial year. Compared to figures in April 23 of 604 (standard void (HRA)) and 974 (major void (HRA)), they now sit at 122 (standard void) and 818 (major void) in Jan 24. The service employed a contractor to reduce the number of voids, thereby improving performance. Ongoing management attention informed by the new performance information should help drive further improvements.

The data shows that the council is above the sector average for voids performance for housing options (properties used by homelessness) but below average for general needs HRA properties. The sector average for voids is 42.6 days (there is no distinction between void types in the sector data), Housing options voids for 2023/24 is 34.4 days which puts the council at quartile 1 performance. However, HRA general voids for 2023/23 is 74.5 days which puts the council at quartile 3 performance. This is due to factors such as tenant vulnerability leading to increased property issues at the time of the voi

Priority is placed on homelessness voids (HO) to avoid additional costs in temporary accommodation. The statistics for HO voids are good. Major voids are completed on average in 39.5 days against a target of 55 days. Standard voids are taking on average, 36.05 days against a target of 35 days so marginally longer than the target.

New category targets have been introduced following a management review. There is a target of 35 (standard void) and 55 (major void) days to complete the work. This might not always be realistic. A cost benefit analysis to identify whether the cost of additional resource could be offset by an increase in rental income may be helpful in identifying whether additional resource would be advantageous. The Housing team are currently reviewing resource. The split between repairs and time with management shows both areas find it challenging to complete the void and re-let within the target.

The repair team is now at full complement and the voids repairs team is no longer used for tenant repairs. Some long-term sickness in the voids repair team resulted in reduced capacity during the year.

The split between Mid Devon Housing (HRA) properties and Housing Options (Homelessness) properties shows that HRA properties have remained over the target from the start of this financial year. The HO properties are let on a more frequent, revolving basis with each void period between new occupants requiring safety checks before re-let. There may

also be periods where the accommodation does not meet the specific needs of families in other temporary accommodation. Consequently, these will not hit the target as a small sub-group of the overall stock but are included in the overall occupancy performance. Also one of the HO properties is a designated safe space property for victims fleeing domestic abuse. This property cannot be utilised on a long-term basis as it is required for emergency accommodation on this basis with times when it is not in use. It would be helpful to report on this property separately as it could impact on the overall statistics.

**We did not make any additional management actions within this audit.**

## Main Accounting System

## Reasonable Assurance

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Financial performance monitoring in Mid Devon is strong. Leadership team, corporate managers and the finance team are involved and engage fully regarding the financial budgets of the council and the requirements to work to budget and find ongoing savings year on year to set a balanced budget. Using the information provided from the MAS, Members are given verbal and written reports through the various PDGs and committees regarding financial performance through the year.

Different accountants are assigned to individual budget holders providing them with monthly budget reports along with meetings to discuss and review budgets line by line if required. Performance to date against approved budgets is recorded and potential future impacts to the budget discussed. As a result of having accurate up to date financial information, year to date expenditure and income is provided to budget holders and variances investigated, and corrective action taken.

Access to MAS was appropriately restricted with only a small number of users on the system. The issue previously reported of certain officers having system administration rights alongside of having operational access rights continues. It is acknowledged that within an extremely small team full separation of duties is difficult.

The issue previously raised regarding individual staff raising and posting journals has also not changed since our previous audit review. Grant Thornton also commented on journals in their recent report to Audit Committee (5 December 2023) to which management responded they would ensure that the control operates as designed. The control in question is a mitigating detective control whereby retrospective checking of all journals >£25k posted in a month are reviewed the following month. Unfortunately, this control had not been operating as the two principal accountants reviewing such journal reports were either on long term sick or had left the council. Furthermore, the Systems Accountant had identified an issue where the journal report picked up the wrong date leading to the possibility previous reports could have omitted some journal transactions. A new report has been developed; going forward the mitigating detective control should work as new officers have been assigned to undertake the monthly task.

The finance team is currently running significantly under resourced with capacity issues. Where three Principal Accountants were previously in post, currently there is only one; furthermore, the Systems Accountant who left last summer has been replaced in the interim by a Finance Assistant. The structure of the team is currently being reviewed in advance of recruitment action. In the meanwhile the team has to be realistic in what it can undertake. Unfortunately, the issue around raising and posting of journals has taken a back seat.

Previous internal audit reports have raised the issue of the Systems Accountant and a further member of the team having System Administration rights alongside their operational access rights due to an increased risk of fraud and error through

	<p>system manipulation existing. As in previous years, management continue to accept the level of risk to maintain a good service through this increased flexibility.</p> <p><b>We agreed one Medium priority management action.</b> This was to accept the risk that officers raise and post the same journal.</p>
<p><b>Income Management</b></p> <p><b>Reasonable Assurance</b></p> <p>Page 247</p>	<p>The control framework to raise and manage debtor accounts continues to be effective. We continue to provide a Reasonable Assurance opinion as per our March 2023 assessment due to the same issue.</p> <p>Work has been undertaken to identify duplicate customers on the debtors Masterfile and mark them for deletion meaning they cannot be used to raise invoices. However, the issue of old, no longer used records, and therefore non-compliance with GDPR still exists. A GDPR anonymisation function exists in eFin. Whilst the function is available within the eFin menus, this has not been enabled for Mid Devon and extra costs would have to be paid to the software supplier for this to occur. As the contract for eFin has come to an end, a decision is required in the next few months on whether to remain with eFin, or to transit to another accounting system. This will then influence the approach to remove old records.</p> <p>Accountants perform the reconciliations of the Sales Ledger, and the Sales Ledger Interface, with one accountant performing the reconciliations and second signing them off. In a change to procedure from that previously in place, the Corporate Manager for Finance, Property and Climate Change, has agreed that Income Management suspense reconciliations no longer need sign off as members of the Accounts Payable &amp; Receivable team (Creditors / Debtors) carry out daily management of the suspense account. The accountant then reconciles the account monthly to check for anomalies and ensuring where possible items are cleared in a timely manner and liaising with AP&amp;R staff as necessary. We assess this approach as appropriate.</p> <p><b>We agreed one Medium priority management action.</b> This was to resolve the issue of old debtor records being held on the finance system.</p>
<p><b>Safeguarding</b></p> <p><b>Reasonable Assurance</b></p>	<p>The Safeguarding service provided by MDDC continues to be generally effective, with some areas where improvements are necessary to continue to meet its statutory obligations. Significant activity has been undertaken in the last nine months to update and improve procedures and policies. This includes a recent update of the Corporate Safeguarding Policy which sets out the high-level responsibilities of the authority. This work has been supported by the Corporate Manager for Public Health, Regulation and Housing taking the lead for this area, and also the arrival of a new Specialist Lead for Community Safety and Safeguarding. Relevant members have been involved and support this work. More work is planned to further embed the responsibilities outlined in the policy.</p> <p>The new Safeguarding Policy was developed in consultation with the Districts' Safeguarding Leads across Devon, internal Safeguarding leads and members such as the Portfolio Holder for Community and Leisure. It details the high-level responsibilities of the authority for Safeguarding and a useful summary diagram guide of what to do if staff and members have concerns. It was also reviewed by an external consultant with national experience who was also undertaking work for Mid Devon Housing. The Policy went through the Community Policy Development Group with minor amendments. It has been shared by Devon Leads in Devon councils as good practice.</p>

Further work is needed to ensure all members and officers have attended basic Safeguarding training. For instance, introductory training on Safeguarding was delivered to Members in December 2023, and a follow-up session in March had a lower than hoped for attendance (25 out of 41 Members including online). 24% (144 out of 595) of total users were not marked as 'certified' on the Learning Management System (LMS).

All officers are subject to a Disclosure and Barring Services (DBS) check when commencing employment, with no periodic refresh of their check thereafter. Specific officers receive enhanced checks appropriate for their roles. This is not the case for members. Work is being undertaken to create a DBS Policy to define the approach for members and officers, including that related to follow on checks. In our last report we highlighted an issue on Member safeguarding checks, as there is no legal or council requirement for them to have a DBS check to fulfil their role.

In March 2024, the Community PDG recommended to the Standards Committee the establishment of a Member working group to review the future inclusion of DBS checks for Members within the Corporate Safeguarding Policy and related DBS Policy. Encouraging members to take this forward is a good approach; other councils are grappling with this issue given there is no legal requirement in this area.

Reporting of safeguarding incidents continues to go via a Service Designated Officer, copying in the Community Safety Officer (CSO). However, there is no collation of this data being reported to Members and Senior Management. Member oversight of referral numbers is important and beneficial to the service and broader authority.

The CSO has relaunched 'Safeguarding Champions' across different service areas, meeting regularly to discuss and address safeguarding related matters. This is an excellent way to promote awareness and cascade knowledge across different service areas.

The statutory requirement of the Children Act 2004 Section 11 annual Assurance statement was produced in 2023, this is an improvement since the last audit and representative of a more functional Devon Safeguarding Adults Partnership now.

We agreed four Medium and one Low management action.

The four Medium management actions related to:

1. Central collation of Safeguarding data.
2. Visibility of Safeguarding referrals.
3. Encouraging members to undertake Safeguarding training.
4. Monitoring officer attendance on Safeguarding training.

## **Tiverton Pannier Market**

Based on our review of the operational management for Tiverton Pannier Market we provide an overall Reasonable Assurance. Occupancy rates of the market are high at about 80-90%. Appropriate market regulations are in place and trader rent records are accurate. Rent arrears are low (currently £3k), and budget / actual figures are regularly monitored. The two Market Managers responsible for operational management are experienced, knowledgeable, competent and have built a good rapport with traders.

In 2023-24 the Council incurred costs of £235k and income of £93k leading to a net cost of £142k, against a forecast budget of £134.5k, an overspend of £8k with rounding's. Of these costs, £60k are property service costs for Maintenance,

## Reasonable Assurance

including £51k service charges (e.g. Electricity, water, etc). Some of these costs also include two other District Council assets within the vicinity not related to the operation of the market.

Traders are encouraged to set up Direct Debits; these are approximately 60% of the total payments. Traders can also pay cash on the market day for a pitch (but not by card payment). While providing flexibility for market traders it can lead to lost income if they don't turn up, and additional risk and effort related to cash management. For instance, the adopted cash collection process is missing a step. Each market day (Tuesday, Friday or Saturday) a toll sheet is completed which records the traders that are paying for their pitch by cash. Currently one of the Market team collects, records and transfers cash and there are no secondary checks of that process. Checks are needed to protect officers from any claim of misappropriation of funds. We note that some markets provided by other councils (i.e. Totnes Pannier Market in South Hams have gone cashless, eliminating this risk.

A manual process is undertaken to confirm traders have up to date insurance and have completed their statutory H&S checks. Our tests indicate that some traders may not be meeting these requirements. As of March 2024 there are 23 traders who need to provide evidence that they hold public liability insurance. After discussing these findings with Management we have been informed that the 23 traders have booked a pitch in advance and will be un-able to trade until they have provided their insurance details.

**We agreed one Medium and four Low Priority Management Action.**

The Medium action related to Segregation of duties when collecting / recording cash.

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## Cyber Security Follow Up

Since our original audit in February 2023, progress has been made to complete the agreed management actions to improve the key mitigating controls. The overall assurance opinion has been increased to Reasonable Assurance given the progress against the high and medium observations originally made. Out of the original 35 management actions, 19 have been completed, 13 being in progress and 3 not yet started. That said, further work is needed to address weaknesses and reduce risk in some areas. Our Cyber audit work planned for 2024-25 will continue to focus on helping the council manage the Cyber risk.

## Reasonable Assurance

We have placed some reliance on the management update provided by the Corporate Manager for Digital Transformation and Customer Engagement for this assessment. This was agreed given current capacity issues in the IT department (advised they are currently 1.5 FTE down). We also subsequently focused on obtaining evidence for risk areas Six to Ten which previously received Limited Assurance. We sought evidence for the highest impact observations (e.g., High and Medium impact) and those covering multiple observations to reduce the impact of our follow-up work on the IT department.

Positive actions include:

- A IT and Information Governance Board has been established (alongside appropriate supporting documentation).
- A high level change process document has been created.
- An Information Security (cyber / Data Protection) questionnaire is completed as part of the procurement process to gain assurance that a supplier meets the required minimum standards of the Council.
- The completion of the cyber training is now at 91% for the organisation.



	<p>We identified some actions that are in progress or have not been progressed.</p> <p><b>We did not agree any additional Management Actions.</b></p>
<p><b>Information Governance Follow Up</b></p> <p><b>Limited Assurance</b></p> <p>Page 250</p>	<p>Some progress has been made to complete the agreed management actions to improve the key mitigating controls since our April 2023 audit. However, the overall assurance opinion remains at Limited Assurance as completion of many of the agreed actions are to be re-assessed by management due to the recent departure of the Data Protection Officer and team capacity issues. Out of the 15 outstanding original observations, we consider four to be complete; eleven remain in progress.</p> <p>The Corporate Manager for Digital Transformation and Customer Engagement provided the management updates and told us that work to fully implement the management actions needs review with the departure of the DPO. The management actions have been given a revised target date of December 2024.</p> <p>We highlight the following from our assessment:</p> <ul style="list-style-type: none"> <li>• We reviewed a working copy of the Records of Processing Activity (RoPA) and internal RACI (Responsible, Accountable, Consult, Inform) matrix. We consider they are good practice, and show good progress in establishing robust versions of these documents.</li> <li>• An IT and Information Governance Board has been formed and meets quarterly to discuss IM and Cyber Security. Their remit includes review of the IM Policy Framework.</li> <li>• An Information Asset Register (IAR) has been started, but is still to be completed with the risk that the organisation does not understand how their systems meet the information demands of the organisation. Work is planned around business as usual tasks to further develop it.</li> <li>• Policy relating to managing information risk is still to be finalised. We noted in our recent Follow Up report on Cyber Security that there was no specific risk register relating to Cyber Security which has specific linkages to this area.</li> <li>• The Information Management pages on the Intranet includes a link to the RoPA thereby meeting that legal requirement. Our review on contract management noted that further information is required for the council to fully meet the Local Government Transparency Code.</li> </ul> <p><b>We did not agree any additional Management Actions.</b></p>
<p><b>Leisure Centre – Exe Valley</b></p> <p><b>Limited Assurance</b></p>	<p>We consider the Leisure Centre provides good facilities and a wide programme of activities which is evidenced by the good level of income achieved in for 2023/24. That said, recent departures of key personnel have impacted on key legal requirements such as annual testing of fire evacuation procedures, review of risk assessments and maintenance of accident logs. Condition surveys are also not being undertaken which will likely result in higher maintenance costs and impact on asset availability. Many of the weaknesses identified can be resolved quickly and improve our overall assurance rating.</p> <p><b>Performance Management</b> - Leisure management have a good oversight of class/member numbers through dashboard reporting. Class/member number targets are set internally and are monitored through the fitness/swimming dashboards</p>

that are in place. From a business perspective, targets set are maintained well. However, Corporate Key Performance Indicators have not been identified to monitor and drive performance.

Our previous reviews have identified the absence of a Leisure Service business plan or strategy to provide focus on performance and delivery. A Leisure Business Plan was subsequently developed for 2023-24. Since it was agreed the document has not been updated in year for instance on progress to implement actions.

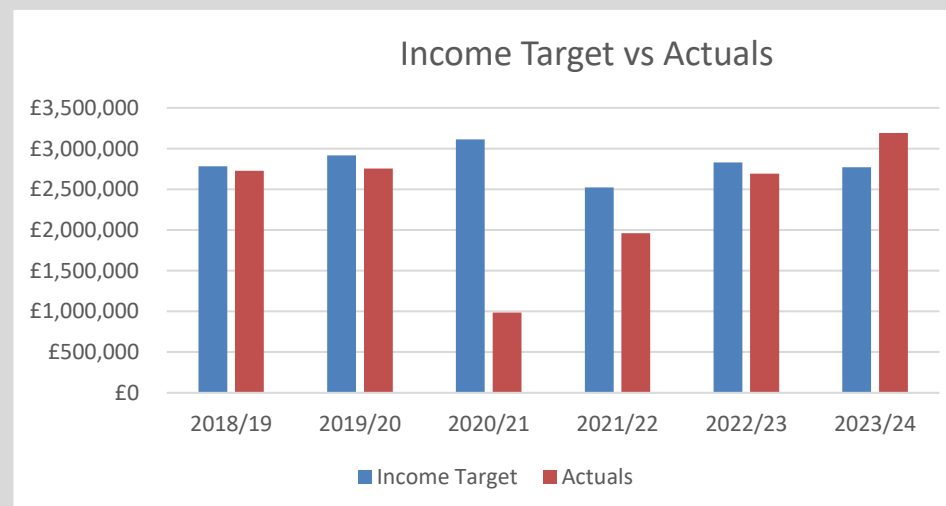
**Health and Safety** - Emergency Action Procedures state that fire evacuation procedures are to be tested every year, and for regular tests of fire alarms. Records show that the last recorded drill was in May 2022 and fire alarms are only tested monthly.

Risk assessments across the whole of Leisure require review. Leisure have unfortunately lost experienced staff over recent years which include qualified H&S officers. It was the previous H&S Officer's duty to review risk assessments which is why they are now out of date.

There is no control over who can use the facilities. Without the use of swipe cards or access gates non-members can access the building unless they are challenged by Centre staff.

Accurate maintenance of Accident Books is an important tool in ensuring the council is discharging its legal responsibility to record accidents and injuries. Improvements to record accidents can be made for Exe Valley for instance in ensuring an incident form is attached to each record to maintain the complete audit trail of events. We also note that accidents at the other two sites (CVLC and LMLC) are not likely being recorded appropriately in their Accident Books.

**Financial Management** - Income is suitably controlled with support from an experienced Leisure Accountant. The graph below shows income targets vs actuals from 2018/19 – 2023/24. Each of the three sites have overachieved their targets with an additional £419k over budget.



Income is mainly driven by memberships. Adult Membership levels are increasing towards pre-covid levels (and junior memberships exceeding them). However, the level of expenditure is still a challenge with increases in costs including for pay and utility bills

**Asset Management** - Whilst statutory inspections are up to date, a condition survey has not been undertaken at EVLC. Failure to undertake these surveys reduce their ability to undertake proactive maintenance to fix asset problems before they escalate in cost and impact. Funding may need to be made available to carry out surveys through a third-party.

28 building faults assigned to Property Services had not been actioned by their deadline date.

EVLC and Tiverton High School have an agreement to share the use of the artificial turf pitch (ATP). This has not been reviewed since 1995.

**HR Management** - The mandatory e-learning report shows that 26.3% of training across EVLC is either in progress, not certified or expired. 304 due dates for when training is to be refreshed is also inaccurate.

Timesheets are completed manually before being sent to Payroll for processing. Manual processing of timesheets opens a risk of human error. 98.3% of timesheets completed in January do not contain management authorisation. 21.6% of overtime payments made in January 2024 have been inaccurate resulting in over/under payments to staff.

**We agreed four High, eight Medium and eleven Low Priority Management Actions.**

The High management actions related to:

1. Schedule and undertake fire drills;
2. Control access to the Leisure Centre;
3. Undertake the required risk assessments;
4. Manager authorisation of timesheets, and review of over / under payments.



## Appendix 2 – Assurance Map

The Institute of Internal Auditors provides a summary of the benefits of Assurance Mapping:

- An assurance map brings an organisations risk appetite to life. At the same time as highlighting assurance gaps, it also shows where there is duplication or too much assurance. It is a simple way of aligning assurance resource, risk and internal control.
- It improves awareness of the control environment by looking across the organisation rather than at individual reports which can lead to siloed thinking.
- It drives positive behaviours by enabling robust discussions about risk, educating on the value of assurance and aiding collaboration between functions.
- Collectively, the assurance community of an organisation often has a more powerful voice when it works together; an assurance map is a practical platform benefiting all parties.

We have maintained and updated the assurance map to reflect audit work and input from management including the Council's risk register, and cumulative audit knowledge of the Council. The completion of the summary and individual maps provides us with a base from which we can concentrate our audit fieldwork on key risks and areas marked as 'Improvements required' (Amber) or Fundamental Weaknesses (Red) rather than 'High / Good' (Green). Further work is needed to identify the 3<sup>rd</sup> line assurances the Council is obtaining in these areas.

The assurance map was used to support creation of the audit plan for 2024-25.

We highlight the following based on the assessment:

- **Performance and Financial Management reports.** We continue to note in some of our audits that performance measures including Key Performance Indicators need improvement to support effective management and monitoring of delivery.
- **Authorisations, supervision and segregation.** We noted in some audits that the audit trail needed improvement to support key decisions.
- **Governance Structures and Processes.** In some audits we noted that central strategies, policies and procedures needed review or issue to ensure clear direction.
- **Exe Valley Leisure Centre.** We provide a second consecutive Limited Assurance report for a Leisure Centre (we gave a Limited Assurance for Culm Valley Centre in Jan 23). Weaknesses related to Health and Safety are of enhanced concern given these are public facilities.
- **Finance - segregation of duties, journals, reconciliations.** Some of our finance audits note that the council accepts risk in areas such as allowing officers to raise and post journals. Compensating controls are put forward to reduce risk in these areas, such as checks of significant journals after they have been posted. We are aware the finance team has lost accountants over the year. This means the ability of remaining finance officers to undertake these compensating controls will be reduced. It also impacts on the financial management support they provide.
- **Health and Safety.** Our overall health and safety audit provided a Reasonable Assurance. That said, audits in some areas (Leisure Centre, Pannier Market, Contract Management) indicate that more attention is needed to ensure controls are operating effectively).

Assurance Map assessments from our reviews dating from February 2023 are detailed below.

Risk / Key Objective / Key Service	Business Operation - 1st line defence							Financial, Corporate and Governance - 2nd line defence							Independent Assurance - 3rd line defence						
	Identifying risks and improvement actions. Implementing controls. Reporting on progress. Management assurance							Assurance oversight, management and financial policies, setting direction, risk management, ensuring compliance.							Independent challenge & audit. Reporting on assurance. Audit of assurance providers. Entity level assurance.						
	Internal Control Measures				Management controls																
	Core systems controls inc. IT system, parameters	Input processing and output controls	Fraud and Error prevention	Authorisation, supervision and segregation	Performance & Financial management reports	3rd Party and Business continuity, Disaster recovery	Strategies and business plans inc. Benchmarking	Financial / Monitoring, reconciliation, reporting, Statutory Returns	Functional & Service compliance reviews	Quality control checks (H&S, Info Governance)	Security inc IT systems & physical	Governance structures and processes (inc. financial & other policy)	Corporate risk management/assurance	External accreditation/Certification (ISO 27001)	External compliance testing - e.g. security, resilience, quality	3rd Party assurance letters	Consultant reviews	Strategic partners assurance reports inc. Peer review	Internal Audit Assignments	Report date	Weaknesses related to Red / Amber assessments
Page 254 Cyber Security Follow Up	A	G	G	G	G	A	G	G	G	G	G	A						Reasonable	May-24	Completion of Information Asset Register, Critical systems / Priority list, specific risk register.	
Information Governance Follow Up	G	G	G	G	G	A	G	G	A	G	G	A						Limited	May-24	Completion of Information Asset Register, Policy on Information Risk, adherence of Transparency Code.	
Safeguarding	G	G	G	G	G	G	G	A	G	G	A	G						Reasonable	Apr-24	DBS Policy, training, high level visibility of cases.	
Tiverton Pannier Market	G	G	G	G	A	G	G	G	A	G	G	G						Reasonable	May-24	Cash collection; proof of trader public liability insurance and electrical testing.	
Income Management	G	G	G	G	G	G	G	G	A	G	G	G						Reasonable	Apr-24	Retention of old Debtor information.	
Leisure Centre - Exe Valley	G	G	A	A	G	G	A	G	A	G	G	G						Limited	May-24	Business Plan and KPIs; Fire drills and risk assessments; Asset Condition surveys; Pay.	
Main Accounting	G	A	G	G	G	G	G	G	G	G	G	G						Reasonable	Apr-24	Raising and posting of journals.	
Void Management - Housing	G	G	G	G	A	G	G	G	G	G	G	G						Reasonable	Apr-24	Management Information improved, but corporate targets not yet met.	
Contract Management	G	G	G	G	A	G	G	G	A	G	A	A						Reasonable	Mar-24	Corporate direction & guidance, reporting on key contractor performance and key contract risks, Contractor insurance	
Street Care	G	G	G	G	G	G	G	G	G	G	G	G						Substantial	Mar-24		

Emergency Planning	G	G	G	G	G	A	G	G	G	G	G	G	G						Reasonable	Mar-24	Update and testing of EP and BC plans at Corporate and Service level
Housing Benefits	G	G	G	A	G	G	G	G	G	G	G	G	G						Substantial	Feb-24	Audit trail on write off forms
NMD Building Control	G	G	G	G	A	G	A	G	G	G	G	A	G						Limited	Feb-24	Corporate oversight, manpower issues, financial loss, business planning.
Member Allowances	G	G	G	G	G	G	G	G	G	G	G	G	G						Reasonable	Oct-23	Part Payment Responsibility Allowances
Debt Recovery	G	G	G	G	G	G	G	A	G	G	G	G	G						Reasonable	Oct-23	Monitoring of cases with legal and other services.
Community Engagement and Consultation	G	G	G	G	A	G	G	G	G	G	G	G	G						Reasonable	Oct-23	Feedback on council survey and engagement exercises
Trade Waste	G	G	G	G	A	G	G	G	G	G	G	G	G						Reasonable	Oct-23	Customer feedback, Budget management
Housing Options	G	G	G	G	A	G	G	G	G	G	G	G	G						Reasonable	Sep-23	Monitoring and reporting of Housing Option costs, interfact with Mid Devon Homes
Performance Management	G	G	G	G	A	G	G	G	G	G	G	G	G						Reasonable	Sep-23	Service plans, staff objectives, financial objectives
Waste and Recycling	G	G	G	G	G	G	G	G	G	G	G	G	G						Substantial	Aug-23	
Travel and Subsistence	G	G	G	G	G	G	G	G	G	G	G	G	G						Reasonable	Aug-23	Review of T&S Policy, claimant declaration
Council Tax and NNDR	G	A	G	G	G	G	G	G	G	G	G	G	G						Reasonable	Aug-23	Quality checks, Monitoring of arrears.
Corporate Health & Safety	G	G	G	A	G	G	G	G	G	G	G	A	G						Reasonable	Jul-23	Mandatory H&S training, Evacuation of mobility impaired individuals, H&S delegations
Leavers Housing Company			G	A															Reasonable	Jun-23	Audit trail related to significant decisions
Culm Garden Village Project	G	G	G	G	G	G	G	G	G	G	A	A	G						Reasonable	Apr-23	Project risk register, council member governance.
Corporate Management Information	G	A	G	G	G	G	G	G	G	A	G	A	G						Limited	Apr-23	Information Asset Register, Information Management Strategy, consideration of IM in new systems.
KFS Creditors	G	G	G	A	G	G	G	G	G	A	G	G	G						Reasonable	Apr-23	Raising of GRNs after invoice, Purchase Order detail, supplier deletion from Masterfile
Procurement and Contract Management	G	G	G	G	G	G	A	G	G	G	G	G	G						Reasonable	Mar-23	Action plan to accompany Strategy, VFM from arrangement with DCC.
Payroll	G	A	G	G	G	G	G	G	G	G	G	G	G						Reasonable	Apr-23	Payroll system processing of leavers / joiners.
IR35 Off Payroll Working	G	G	G	G	G	G	G	G	G	G	G	G	G				PS Tax		Reasonable	Mar-23	
Housing Rents	G	G	G	G	G	G	G	A	G	G	G	G	G						Substantial	Mar-23	Reconciliations, management of debt.
Environmental Health - Water Supplies	G	A	G	G	A	G	G	G	G	G	G	G	G						Limited	Feb-23	Effective use of Uniform system, procedures need formalising, lost revenue
Equality and Diversity	G	G	G	G	G	G	A	G	G	A	G	A	G						Reasonable	Feb-23	Equality Impact Assessments, content on website, ED&I Strategy, Working Group
Local Land Charges	G	G	G	G	G	G	G	G	G	G	G	G	G						Substantial	Feb-23	
Electoral Registration and Elections	G	G	A	G	G	G	G	G	G	G	G	G	G						Reasonable	Feb-23	Training of Presiding officers and Poll Clerks, Photo IDs

Page 2 of 25

## Appendix 3 - Professional Standards and Customer Service

**Public Sector Internal Audit Standards (PSIAS) Conformance** - Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in March 2023. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government CIPFA requirements.

The Institute of Internal Audit (IIA) is the key body involved in setting out the global standards for the profession which form the basis for the Public Sector Internal Audit Standards and are undergoing review and revision. The Standards have recently been revised and take effect in 2024. The document via the link helps clarify and raise awareness of the audit committee's governance roles and responsibilities in respect of this. [IIA Document – Updating the Standards](#).

**Quality Assessment** – The Head of Devon Audit Partnership maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.

**External Assessment** - The PSIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An external assessment must be conducted at least once every five years by a suitably qualified, independent assessor. For DAP this was conducted at the end of 2021 by the Head of Southwest London Audit Partnership, and the Chief Internal Auditor of Orbis (a partnership organisation covering Brighton and Hove, East Sussex, and Surrey County Council).

The assessment result was that *“Based on the work carried out, it is our overall opinion that DAP **generally conforms**\* with the Standards and the Code of Ethics”*. The report noted that *“As a result of our work, a small number of areas where partial conformance was identified. These were minor observations, none of which were significant enough to affect the overall opinion”*. DAP is actively addressing these improvement areas.

\* **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

**Improvement Programme** – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated, and a status report reported to the DAP Management Board.

**Customer Service Excellence** - DAP was successful in re-accreditation by G4S Assessment Services of the CSE standard during January 2023. This accreditation is a UK-wide quality mark which recognises organisations the prioritise customer service and are committed to continuous improvement.

During the year we have issued client survey forms for some of our reports, and the results of the surveys returned were very good / positive. The overall result is very pleasing, with near 98% being "satisfied" or better across our services (see Appendix 6). It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

## Appendix 4 - Audit Authority



## Appendix 5 - Annual Governance Framework Assurance

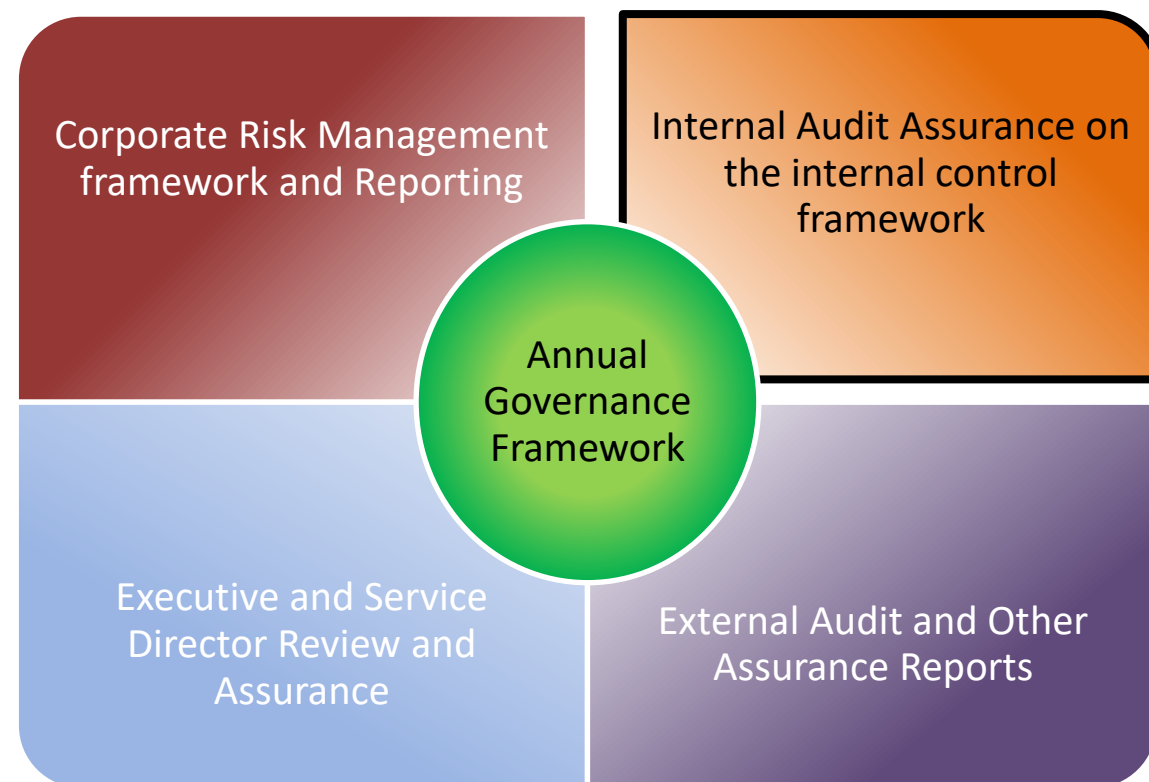
***The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.***

The Annual Governance Statement provides assurance that

- Authority's policies have been complied with in practice.
- High quality services are delivered efficiently and effectively.
- Ethical standards are met.
- Laws and regulations are complied with.
- Processes are adhered to.
- Performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:

- Be prepared by senior management and signed by the Chief Executive and Chair of the Audit Committee.
- Highlight significant events or developments in the year.
- Acknowledge the responsibility on management to ensure good governance.
- Indicate the level of assurance that systems and processes can provide.
- Provide confirmation the Authority complies with CIPFA / SOLACE Framework Delivering Good Governance in Local Government. If not, a statement is required stating how other arrangements provide the same level of assurance.
- Provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This includes comment on:
  - The Authority.
  - Audit Committee.
  - Risk Management.
  - Internal Audit.
  - Other reviews / assurance.



The AGS needs to be presented to, and approved by, the Governance Committee, and then signed by the Chief Executive and Leader of the Council.

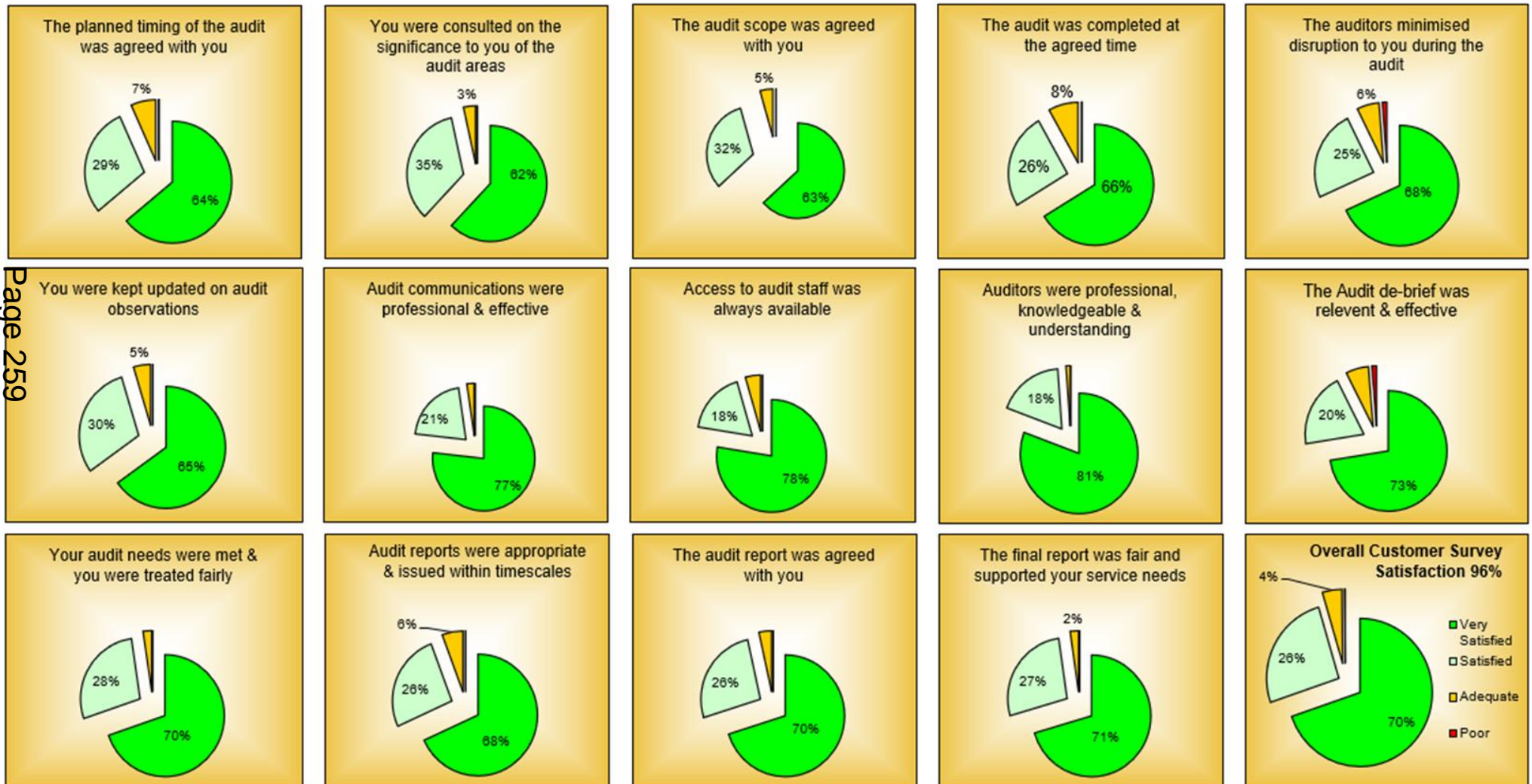
The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Group, Executive and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.



## Appendix 6 - Customer Service Excellence

For each audit we issue a customer feedback form. The results we receive help us shape our service; it helps to identify possible training needs for staff and helps us understand the areas of our process that are more challenging for the auditee. The detail below relates to all CSQs received by DAP.

### Customer Survey Results April 2023 - March 2024



## Appendix 7 - Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council. In giving our opinion, it should be noted that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a statement on the effectiveness of the system of internal control in meeting the Council's objectives;
- a comparison of internal audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

The extent to which our work has been affected by changes to audit plans has not been notable this year and we have been able to accommodate the changes required within planned resources and completed the work.

In assessing the level of assurance, the following have been taken into account:

All audits completed during 2023/24, including those audits carried forward from 2022/23;

Any follow up action taken in respect of audits from previous periods;

Any significant recommendations not accepted by management and the consequent risks;

The quality of internal audit's performance;

The proportion of the Council's audit need that has been covered to date;

The extent to which resource constraints may limit this ability to meet the full audit needs of the Council;

Any limitations that may have been placed on the scope of internal audit.





devon **audit** partnership

# Internal Audit Recommendations Update Report

## Mid Devon District Council Audit Committee

15 June 2024

Pony Rose  
Head of Audit Partnership

Ken Johnson  
Audit Manager

CUSTOMER  
SERVICE  
EXCELLENCE



CSE



Auditing for achievement

Agenda Item 12.

## Introduction

The Audit Committee, under its Terms of Reference contained in Mid Devon District Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit. The Annual Report for 2023-24 are contained in the papers for this June 2024 meeting of the Committee.

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities carry out an annual review of the effectiveness of their internal audit system and incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion for use by the organisation to inform its governance statement.

Our normal Audit Committee reports progress to deliver our audit plan. For this meeting, audit reports are included in our Annual Audit Report. **This paper therefore just concentrates on clearance of internal audit recommendations.**

## Expectations of the Audit Committee from this progress report

Audit Committee members are requested to consider:

- Progress made by officers to complete and close agreed management actions.
- Overdue management actions yet to be completed that pose unacceptable risk.

## Current and overdue audit recommendations

There are currently 1 High and 20 Medium priority management actions overdue against agreed target dates. This compares to the 21 Medium recommendations reported at the last Audit Committee.

The policy is that only High priority recommendations require Audit Committee agreement to extend target dates and that management can decide to extend Medium and Low recommendation target dates. We provide appropriate challenge if we have any concerns that the weakness has not been addressed.

Audit references	High Not Due	High Overdue	Medium Not Due	Medium Overdue	Low Not Due	Low Overdue	Total (Due and Overdue)
Building Control	0	0	2	0	0	0	2
Capital Asset Management	0	0	1	0	1	2	4
Care Services	0	0	1	0	0	0	1
Cemeteries and Bereavement Services	0	0	0	1	0	0	1
Contact Management	0	0	6	0	0	0	6
Corporate Health and Safety	0	0	0	1	0	1	3
Corporate Repairs and Maintenance	0	0	2	0	0	1	3
Culm Valley Leisure	0	0	3	2	0	0	5
Cyber Security	0	1	4	0	4	0	9
Environmental Health	0	0	0	0	0	1	1
Equality and Diversity	0	0	1	1	0	0	2
Homelessness - Housing Options	0	0	1	0	0	0	1
Housing Benefit	0	0	0	0	0	1	1
Housing Health & Safety	0	0	1	0	0	0	1
Housing rents	0	0	0	1	0	0	1
Income Management	0	0	1	0	0	0	1
Information Governance	0	0	0	7	0	0	7
IR35	0	0	0	1	0	0	1
Leisure Centre	0	0	1	1	1	0	3
Main Accounting System	0	0	1	0	0	1	3

Payroll	0	0	0	2	0	0	2
Performance Management	0	0	4	0	0	1	5
Procurement	0	0	0	2	1	1	4
Recruitment, Selection & Succession Planning	0	0	0	1	0	0	1
Risk Management	0	0	1	0	0	0	1
Service charges	0	0	0	0	1	0	1
Travel and Subsistence	0	0	0	0	0	1	1
<b>Total</b>	<b>0</b>	<b>1</b>	<b>30</b>	<b>20</b>	<b>8</b>	<b>10</b>	<b>69</b>

The table below provides more detail on the **overdue High and Medium Management Actions**.

Audit	Priority	Title	Management Objective	Target Date	Managers comment
Page 264 Cyber security	H	NCSC guidance and liaise	Will review NCSC guidance and liaise with Devon County and internal procurement to define best practice.	31/03/2024	Lack of capacity in ICT to move forward. Head of Service to determine resources required to complete. Much of the ecosystem remains on prem which mitigates risk somewhat. All new contracts/contract renewals are providing Cyber/DP details as part of process.
Cemeteries and Bereavement Services	M	Database - review processes and budget to upgrade system	Undertake an independent lean process review to eradicate any duplication of work and to investigate the possibility of having a full digitised Cemeteries System.	30/04/2024	Local peer enquiry as to software used has been undertaken. Software providers are to be engaged to investigate opportunity and select appropriate product.
Corporate Health and Safety	M	Monitoring of induction forms	New induction process to be rolled out. Induction form to request the line manager contacts HR Business Partner should specific aspects require a review.	31/03/2024	New induction process currently being reviewed by Impact and going to Service Leads in July. Part of the staff survey action plan.
Culm Valley Leisure	M	Business plan	The observations should be considered, and suitable additions/amendments made to future Plans as necessary. Awareness of the Plan amongst staff should be improved.	30/04/2024	Leisure Strategy being developed in line with corporate plan with a business plan per site to sit behind this with targets, and to be integral to objective setting and appraisals/1:1's

Culm Valley Leisure	M	Fire safety requirements	The Leisure Service should ensure that fire safety requirements within the Centre are fully addressed, and all outstanding documentation brought up to date.	29/03/2024	The centre is building their documentation and a new fire alarm system has been installed at the centre in September 2023.
Equality and Diversity	M	Workforce planning	Obtain further information about the composition of the internal council workforce and compare it to the local population to inform workforce planning.	31/10/2023	Software updated. External Myview being tested. Once confirmed all is working, communication to be sent out encouraging employees to come forward with their EDI data
Housing Rents	M	Reconciliations between Orchard and eFinancials	Reconciliations, ideally, should be signed off within 1 month of the preparation of that reconciliation. However, other demands, such as budget setting and closedown put pressure on the internal deadlines being met. As always, the aim will be to sign all reconciliations off as soon as practicable.	31/03/2024	
Information Governance	M	Information formats/tags such as information classification	GW – in IAR work. GW has provided classification training to two departments and Councillors. Assessment as to whether this can be made compulsory training in progress. InTune is used and being developed to auto tag as and when tags have been defined. Further work on policies required. Some Cyber Audit aspects that will cover this side of things.	31/05/2024	Insufficient resource in ICT to progress.
Information Governance	M	Periodic service-by-service review framework	Would need to put in place a procedure to ensure data evaluation mechanism. GW – retention schedule. Planning to roll out in conjunction with new CRM. Cleanse all data as it comes into the CRM. All data into new CRM will have been reviewed and cleansed. Need policy going forward to ensure data remains clean, accurate, complete etc. Data quality – issues linked to systems and/or processes. Quality reviews in place – GW noticed drop off in minor data breaches. GW – intending to run yearly audits across MDDC. GW going to DISP – to liaise with Torbay Council's DPO to discuss IG 1/4ly reviews.	31/05/2024	Need to review in line with IAR work and annualised (or on change basis) programme of review will be implemented.
Information Governance	M	Programme for delivery of goals for the complex systems and risks	Staff now in place and taking this forward. Now have a programme. Had a review of KPI's – established high targets that are achievable.	31/05/2024	Will now need to be rescheduled and reviewed due to resignation and capacity.

Information Governance	M	Quality Assurance process	Linked to 1.9 and 1.7 as above – Managers now engaging proactively with IG and reviewing processes for passing and sharing data. Which is producing fewer data breaches. Data quality reviews being done with services as processes are reviewed. Long term data quality activities in conjunction with CRM project.	31/05/2024	Will now need to be rescheduled and reviewed due to resignation and capacity.
Information Governance	M	Usefulness and usability of key business systems	This will be identified within the ROPA/RACI work as well as ongoing review past target date below via CRM Service and reporting reviews and liaison with Corporate Performance Officer.	31/05/2024	Will now need to be rescheduled and reviewed due to resignation and capacity.
Information Governance	M	Overarching communications plan	Still intending that the RACI model will address this	31/03/2024	Will need to be reviewed now due to resignation.
Information Governance	M	Information management strategy	Definition to be agreed via IT/IG board moving forward and work also being done in conjunction with ROPA/RACI.	31/01/2024	Will now need to be rescheduled and reviewed due to resignation and capacity.
IR35	M	Off Payroll Working training	Reminders will be issued to managers (escalation to service heads. Look to improve the narrative content of these reminders. Aim for 90% of managers to have completed their training by end July 23.	31/10/2023	New training be procured from the provider following update in guidance from HMRC.
Leisure Centre	M	Asset register	An asset register should be implemented to provide the service area with full knowledge on assets in place.	29/03/2024	Reviewed and in place after the current project (decarbonisation). These projects will result in a number of assets being changed within the building. Register will be provided during May/June 2023. this will also form part of the Property condition survey review.
Payroll	M	Reconcile back to the 'back pay'	Await the response from the payroll supplier as to how the back pay is actually calculated.	31/07/2023	Awaiting clarification from Zellis (this is the same calculation as the other recommendation)
Payroll	M	details of calculation of final salary payment	Await response from payroll supplier as to how system calculates part month payments.	31/10/2022	The data that came back from the supplier didn't answer or questions so am awaiting further clarification.
Procurement	M	Procurement Action Plan	Support from the DCC team should be sought (assuming required) as a discreet piece of work in creating the procurement action plan.	31/12/2023	Once the new regulations are brought in (moving away from the EU regulations following Brexit), the Strategy may need to be updated. This will then flow down to an action plan to deliver the strategy.

Procurement	M	Contract detail within the contracts register	Ensure that the links to detail of the contract register are operational at the earliest opportunity.	31/07/2023	Work is continuing within Procurement and Digital Services on preparing the new contracts register for rollout. Testing identified some minor issues which have recently been resolved, with the contracts register now expected to go live in the next few weeks.
Recruitment, Selection & Succession Planning	M	Recruitment training	Managers should receive some support / training / refresher on recruitment interviewing.	31/12/2023	Work underway on contents of Recruitment training. New DBS and Safeguarding Policy to be factored in before roll out to managers and uploaded to the LMS.

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