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MID DEVON DISTRICT COUNCIL

MINUTES of a **MEETING** of the **AUDIT COMMITTEE** held on 30 May 2017 at 5.30 pm

Present

Councillors

R Evans (Chairman)
Mrs C Collis, R M Deed, T G Hughes, B A Moore, R F Radford
and L D Taylor

Apology

Councillor

Mrs J B Binks

Guests in

Attendance

Steve Johnson (Grant Thornton) and Rob Hutchins (Devon Audit Partnership)

Present

Officers

Andrew Jarrett (Director of Finance, Assets and Resources),
Catherine Yandle (Internal Audit Team Leader), Rob Fish
(Principal Accountant), Roderick Hewson (Principal Accountant)
and Sarah Lees (Member Services Officer)

1. **ELECTION OF CHAIRMAN (CHAIRMAN OF THE COUNCIL IN THE CHAIR)**

RESOLVED that Cllr R Evans be elected Chairman of the Committee for the municipal year 2017/18.

2. **ELECTION OF VICE CHAIRMAN**

RESOLVED that Cllr Mrs C A Collis be elected Vice Chairman of the Committee for the municipal year 2017/18.

3. **APOLOGIES**

Apologies were received from Cllr Mrs J B Binks who was substituted by Cllr B A Moore.

4. **PUBLIC QUESTION TIME**

There were no members of the public present.

5. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 21 March 2017 were approved as a true and accurate record and **SIGNED** by the Chairman.

6. **CHAIRMAN'S ANNOUNCEMENTS**

The Chairman had the following announcements to make:

- He reminded the Committee that there would be a briefing on Tuesday 4th July at 5.30pm regarding the Annual Governance Statement and the Code of Corporate Governance.

- He also reminded the Committee that a special meeting would be held on Monday 17 July 2017 at 10am to sign off the accounts for 2016/17. It was **AGREED** that the meeting scheduled for 25 July 2017 was no longer required and needed to be cancelled.
- He introduced Rob Hutchins to the Committee. He was the Head of the Devon Audit Partnership and he and his deputy would be alternating in attending future meetings. The Chairman stated that it was his intention to attend a meeting on 21 June 2017 where the Council's request to join the partnership would be ratified. Mr Hutchins stated that this was an exciting opportunity to exchange skill sets and to bring some new IT which might help to make some processes more efficient.

7. **REPORT ON INTERNAL AUDIT PROVISION FROM 2017/18 (00:11:37)**

The Committee had before it a report * from the Internal Audit Team Leader informing it about Internal Audit Provision from 1st May 2017.

The contents of the report were outlined with the following key points being highlighted:

- The governance arrangements in section 2.
- The agreement required that Partners provide 12 months' notice if they wish to leave the Partnership.
- Further work would be undertaken to ensure a smooth transition which would take approximately 3 months.

RECOMMENDED to Council that:

- a) Mid Devon District Council appoints Devon Audit Partnership (DAP) as the Audit Manager from 1st May until it joins DAP (nominally 31st July 2017).
- b) Mid Devon District Council joins DAP:
 - i. As a non-voting member from 1 August 2017 until 31st March 2018;
 - ii. As a voting member from 1st April 2018.
- c) The Chairman of the Audit Committee be appointed as the nominated member to represent Mid Devon on the Partnership Committee.
- d) The Vice Chairman of the Audit Committee be the nominated substitute Member to represent Mid Devon on the Partnership Committee in the absence of the Chairman.
- e) Cllr R F Radford be the second nominated member of the Committee.

(Proposed by the Chairman)

Note: * Report previously circulated, copy attached to the signed minutes.

8. **PROGRESS UPDATE ON THE ANNUAL GOVERNANCE STATEMENT AND ACTION PLAN (00:16:30)**

The Committee had before it, and **NOTED**, a report * from the Internal Audit Team Leader providing it with an update on progress made against the Annual Governance Statement Action Plan for 2016/17.

Consideration was given to the previous two outstanding items identified in the action plan. One of those had concerned the delivery of actions set out in the staff survey action plan. It was explained that this was on target to be completed by the end of June with follow up meetings already taking place. The other item had concerned the review and update of the complaints process about Councillors and the need to present this to the Standards Committee and Council for approval. This had now been completed.

Note: * Report previously circulated, copy attached to the signed minutes.

9. **STRATEGIC AUDIT PLAN FOR 2017/18 (00:18:50)**

The Committee had before it a report * from the Internal Audit Team Leader presenting the Strategic Audit Plan for 2017/18 to 2020/2021 and the detailed Audit Work Plan for 2017/18.

The draft plans had been brought to the previous meeting and had subsequently been shared with the Devon Audit Partnership (DAP). A few minor changes had been inserted, the main one being in relation to bringing forward the Members Allowances audit to coincide with the next District Council election in 2019.

RESOLVED that the Audit Plans be approved.

(Proposed by the Chairman)

Note: * Report previously circulated, copy attached to the signed minutes.

10. **INTERNAL AUDIT OUTTURN REPORT 2016/17 (00:20:23)**

The Committee had before it, and **NOTED**, a report * from the Internal Audit Team Leader updating it on the work performed by Internal Audit during the 2016/17 financial year as required by the Public Sector Internal Audit Standards.

The report gave the overall opinion on the Council's control environment for 2016/17 and summarised the audit opinion in relation to each of the internal audits which had taken place throughout the financial year. The number of well controlled areas had increased and there had been only one poorly controlled area for the year.

In relation to the ICT Core Audit it was explained that the need to comply with the General Data Protection Regulations from May 2018, Brexit or not, would require a lot of work and housekeeping for MDDC. The time required for this to be undertaken must not be underestimated but work had already begun with a working group being established and the Internal Audit Team Leader and the Freedom of Information Officer having interviewed 23 managers. A gap analysis had been conducted and tasks had been scheduled.

Discussion took place regarding the number of outstanding high and medium risk recommendations. This included the following:

- Regarding overdue audit recommendations, the position overall had not changed much from last year after a tremendous improvement the year before. This year, there had been no high priority recommendations overdue compared to 3 last year.
- The situation regarding medium risks however, had not improved to a satisfactory level in the Chairman's opinion. It was therefore **AGREED** that the Director of Finance, Assets and Resources take the comments of the Committee back to the Leadership Team in the hope that some improvements could be made.

Further discussion took place regarding:

- The outstanding recommendations in relation to the Cemeteries & Bereavement audit. These had been in relation to publishing Freedom of Information requests on the Council's website and making improvements to the computerisation of records in this area.
- Any recommendation that was a medium risk and overdue for more than 12 months should be dealt with as a matter of urgency.
- Business continuity and the recent cyber attack on the NHS and IT failure at London and Gatwick airports. The Council conducted regular on going assessments on its own systems and a contract with an outside provider to provide back-up facilities would be renewed in July. Lessons needed to be learnt from other business sectors.
- Following an Internal Audit, service areas routinely received a survey to be completed, however, only 19 out of 23 had done so. It was **AGREED** that this number ought to be 23 out of 23 and the Committee requested that the Director of Finance, Assets and Resources take this message back to the Leadership Team.

Note: * Report previously circulated, copy attached to the signed minutes.

11. INTERNAL AUDIT REPORTS

The discussion regarding internal audit reports had taken place under the previous item; there had been no need to move into Part II.

12. PERFORMANCE AND RISK FOR 2016-17 (00:34:13)

The Committee had before it, and **NOTED**, a report * from the Director of Corporate Affairs & Business Transformation providing it with an update on performance against the Corporate Plan and local service targets for 2016-17 as well as providing an update on key business risks.

Discussion took place with regard to the following:

- The number of days lost due to sickness – April and May were showing a zero figure which surely was not the case? It was explained that in the transition from quarterly reporting to monthly reporting back dated data had simply not been available. This would not be the case going forwards.

- The number of visitors per month and the target being 4000. The question was asked as to whether the closure of the Crediton office had been taken into account when setting this figure? It was agreed that a more challenging target needed to be set.
- The target figure in relation to customer satisfaction with front-line services being 80%. It was felt by the Committee that this figure ought to be raised to at least 85% and the Internal Audit Team Leader agreed to refer this back to the Head of Service.
- The Food Hygiene Rating Scheme which had been introduced in 2010.
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Note: * Report previously circulated, copy attached to the signed minutes.

13. **DRAFT ANNUAL ACCOUNTS 2016/17 (00:43:10)**

The Committee had before it the draft Annual Report and Accounts * for 2016/17.

The Director of Finance, Assets and Resources stated that as was the case last year, the draft accounts had been completed a month ahead of the statutory deadline. This had been a challenging timescale but had been achieved due to the hard work and dedication of his accountancy team.

The Committee's attention was drawn to the following within the report:

- The balances held as at 31 March 2017 and shown in section 2.3. A surplus of £30k had been achieved on the General Fund for the year and was testament to the proactive work undertaken by managers to bring figures in on budget. The Housing Revenue surplus had been transferred to the modernisation reserve which would allow the Council to spend more money on its existing housing stock. Successful cash collection, for example, in the area of housing rents, had been a chief factor in providing this positive outcome for the year.
- Financial monitoring and the reporting of this through the committee structure had been very accurate throughout the year.
- Since the agenda for the meeting had been published there had been further adjustments to the draft accounts and an Addendum document was tabled listing these minor 'cosmetic' adjustments.
- Movement in Reserves Statement – this showed that the General Fund balance and the amount held for Revenue purposes was £2,241k.
- The Committee compared service areas in the Comprehensive Income and Expenditure Statement in terms of comparing figures from 2015/16 to 2016/17. In the area of Human Resources there had been a significant increase in expenditure during 2016/17. It was explained that this was due to job evaluations and corporate training to equip the workforce with the skills that they needed despite lower numbers of staff. The area of Planning and Regeneration was also discussed in terms of it being impossible to predict the number of planning applications that would be received during a financial year or how many Section 106 contributions would be received.
- The deficit on the Pension Fund had increased significantly, however, this was reflected nationally.
- The Balance Sheet showed that there had been an increase in the valuation of the housing stock and overall the Balance Sheet was showing an improvement of £10m compared to the previous year.
- Transfers to and from the earmarked reserves were summarised.

- It was **AGREED** that the Director of Finance, Assets and Resources would circulate by email details in relation to the amount specified for the Air Quality Fund in Crediton.

The Committee thanked the Director of Finance, Assets and Resources and his team for the timely production of the draft accounts and for their contributions in bringing the Council in on budget in what were challenging financial times.

RESOLVED that the draft Annual Report and Accounts and Addendum document for 2016/17 be approved.

(Proposed by the Chairman)

Note: * Report previously circulated, copy attached to the signed minutes.

Addendum to the draft Accounts

14. EXTERNAL AUDIT PROGRESS REPORT (01:18:08)

The Committee had before it, and **NOTED**, a report * from Grant Thornton providing an update on delivering their responsibilities as the Council's external auditors.

The update included the following information:

- The final accounts audit had commenced today and Grant Thornton would be on site for approximately two weeks. They would be issuing their audit opinion at the special meeting of the Committee on 17 July 2017.
- Testing would take place in relation to the housing benefit subsidy claim in September.
- There was a period of time whereby the public could inspect the draft accounts. This would be finished by Friday 14th July allowing the signing off of the accounts to take place the following Monday.
- Grant Thornton had issued a report on board effectiveness and reference was made to the fact that this Committee had increased the size of its membership to strengthen its effectiveness.
- An 'Income Spectrum' report had also been produced which was being used as a useful reference tool as central government funding was being reduced. Hard copies would be made available.

Note: * Report previously circulated, copy attached to the signed minutes.

15. GRANT THORNTON - 2017/18 FEE LETTER (01:28:15)

The Committee had before it, and **NOTED**, a letter * from Grant Thornton outlining the audit timetable and billing schedule for 2017/18.

16. START TIME OF MEETINGS (01:31:17)

It was **AGREED** to continue to meet at 5.30pm on Tuesday evenings.

17. IDENTIFICATION OF ITEMS FOR THE NEXT MEETING (01:31:50)

The following was **AGREED**:

- There would be no Value for Money report at the next meeting (however, the external audit opinion in relation to this would be issued)
- There would be no Performance and Risk report at the next meeting as the meeting would focus on the Accounts and the Annual Governance Statement only.

(The meeting ended at 7.10 pm)

CHAIRMAN

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Addendum to the DRAFT Accounts

This page shows the numbers that have been updated during further workings since publication of the document.

Name	Description	Number before	Number now
Movement in Reserves	GF EMR balance	10,317	10,028
Movement in Reserves	Capital Receipts Reserve balance	2,439	2,438
Movement in Reserves	Total useable reserves balance	31,614	31,323
Movement in Reserves	Total unusable reserves balance	75,252	75,521
Movement in Reserves	Total reserves	106,866	106,844
CIES	Planning	762	779
CIES	Cost of Services	13,107	13,090
CIES	Surplus on provision of services	23,053	23,036
Expenditure & Funding Analysis	Planning	762	779
Nature of Expenses	Surplus on provision of services	23,053	23,036
Balance sheet	ST debtors	2,762	2,763
Balance sheet	LT creditors	606	628
Balance sheet	Net assets	106,865	106,844
Balance sheet	Usable reserves	31,616	31,323
Balance sheet	Unusable reserves	75,248	75,521
Cash flow	Surplus on provision of services	23,053	23,036
Cash flow	ABF	12,217	12,200
Adjustments between accounting and funding basis	Statutory provision for capital investment	89	361
Transfers between earmarked reserves	Maintenance reserve	965	946
Transfers between earmarked reserves	NNDR reserve	832	560
23 Property Plant & Equipment - 'Direcognition - Other'	Final Review of PPE postings	62	0
23 Property Plant & Equipment - 'Reclassification'	Final Review of PPE postings	-1,556	-1,494
23 Property Plant & Equipment - 'Direcognition - Other'	Final Review of PPE postings	-61	0
23 Property Plant & Equipment - 'Reclassification'	Final Review of PPE postings	1,136	1,075
43 Unusable Reserves - Revaluation Reserve	Final Review of PPE postings	-14,426	-14,317
43 Unusable Reserves - Capital Adjustment Account	Final Review of PPE postings	-124,572	-124,681
44 Revaluation Reserve - Accumulated gains on assets sold	Final Review of PPE postings	0	109
45 Capital Adjustment Account - Amount of non current assets written off on disposal	Final Review of PPE postings	1,319	1,212

The published document included an asset held for sale, valued at £419k. This was presented as part of the Property, Plant & Equipment (PPE) note originally and will now be extracted and presented in its own note. The knock-on effect of this is that the balance sheet will have a lower figure for PPE and the £419k will show on the line, 'Assets Held for Sale'.

Mid Devon District Council Financial Statements 2016-17



Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority'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.

2016/17		USABLE RESERVES									
		REVENUE RESERVES					CAPITAL RESERVES				
		General Fund Balance £'000	Earmarked General Fund Reserves £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Authority Reserves £'000
	Notes	(2,211)	(8,365)	(2,000)	(9,736)	(1,442)	-	(1,722)	(25,476)	(69,787)	(95,263)
Balance at 31 March 2016											
Movement in Reserves during 2016/17											
(Surplus) or deficit on the provision of services		289		(23,326)					(23,036)		(23,036)
Other Comprehensive Income and Expenditure									-	11,452	11,452
Total Comprehensive Income and Expenditure		289	-	(23,326)	-	-	-	-	(23,036)	11,452	(11,583)
Adjustments between accounting basis and funding basis under regulations		5	(1,982)	20,610		(996)	-	(442)	17,189	(17,189)	0
Net Increase/Decrease before Transfers to Earmarked Reserves			(1,693)	-	(2,716)	(996)	-	(442)	(5,847)	(5,734)	(11,581)
Transfers (to) / from Earmarked Reserves		6	1,663	(1,663)	2,716	(2,716)			-		
Increase/Decrease in 2016/17			(30)	(1,663)	(0)	(2,716)	(996)	(442)	(5,847)	(5,734)	(11,581)
Balance at 31 March 2017 Carried forward			(2,241)	(10,028)	(2,000)	(12,452)	(2,438)	-	(2,164)	(31,323)	(75,521)
Held for Revenue Purposes			(2,241)	(10,028)	(2,000)	(12,452)			(26,721)		
Held for Capital Purposes						(2,438)	-	(2,164)	(4,602)		

N.B. Any minor differences between the balances shown here and on other pages are purely due to the rounding that has been done in compiling these figures.

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.

2015/16			Notes	2016/17		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
570	(154)	416	Community Development	613	(147)	466
1,457	(0)	1,456	Corporate Management	1,370	(21)	1,349
534	(717)	(183)	Car Parks	536	(800)	(264)
239	(1)	238	Customer Services	24	-	24
2,142	(702)	1,440	Environmental Services	2,169	(652)	1,517
54	(6)	48	Finance And Performance	(12)	(8)	(20)
102	(38)	65	Grounds Maintenance	52	(35)	17
360	(95)	265	General Fund Housing	403	(314)	89
10,078	(13,880)	(3,802)	Housing Revenue Account	(9,314)	(13,825)	(23,139)
52	(1)	51	Human Resources	161	-	161
120	(45)	75	I.T. Services	76	(4)	72
1,323	(241)	1,082	Legal & Democratic Services	1,328	(359)	969
2,978	(1,348)	1,629	Planning And Regeneration	2,509	(1,730)	779
987	(774)	214	Property Services	1,078	(761)	317
20,114	(19,551)	563	Revenues And Benefits	19,174	(18,685)	489
3,571	(2,383)	1,188	Recreation And Sport	3,697	(2,459)	1,238
4,554	(1,892)	2,663	Waste Services	5,085	(2,239)	2,846
49,235	(41,827)	7,408	Costs of Services	28,949	(42,039)	(13,090)
		979	Other Operating Expenditure			824
		2,777	Financing and Investment Income and Expenditure			2,713
		(12,063)	Taxation and Non-Specific Grant Income			(13,733)
		110	(Surplus) or deficit on revaluation of available for sale financial assets			250
		(789)	(Surplus) or Deficit on Provision of Services			(23,036)
		(5,795)	Remeasurements of the net defined benefit liability			14,697
		(1,340)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			(3,247)
		(7,135)	Other Comprehensive Income and Expenditure			11,450
		(7,924)	Total Comprehensive Income and Expenditure			(11,586)

Restatement of Comprehensive Income and Expenditure Statement 2015/16

This is the CIES from the previous year, restated to demonstrate how it would have been presented, should the new requirements have applied at that time.

2015/16			Notes	2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
4,380	(791)	3,589	Central Services to the Public			
4,272	(2,449)	1,823	Cultural			
6,301	(2,618)	3,683	Environment and Regulatory Services			
3,871	(1,955)	1,916	Planning Services			
562	(742)	(180)	Highways and Transport Services			
10,078	(13,880)	(3,802)	Local Authority Housing (HRA)			
19,772	(19,393)	379	Housing			
49,236	(41,828)	7,408	Costs of Services			
			Community Development	570	(154)	416
			Corporate Management	1,457	(0)	1,456
			Car Parks	534	(717)	(183)
			Customer Services	239	(1)	238
			Environmental Services	2,142	(702)	1,440
			Finance And Performance	54	(6)	48
			Grounds Maintenance	102	(38)	65
			General Fund Housing	360	(95)	265
			Housing Revenue Account	10,078	(13,880)	(3,802)
			Human Resources	52	(1)	51
			I.T. Services	120	(45)	75
			Legal & Democratic Services	1,323	(241)	1,082
			Planning And Regeneration	2,978	(1,348)	1,629
			Property Services	987	(774)	214
			Revenues And Benefits	20,114	(19,551)	563
			Recreation And Sport	3,571	(2,383)	1,188
			Waste Services	4,554	(1,892)	2,663
			Costs of Services	49,235	(41,827)	7,408
		980	Other Operating Expenditure	8		980
		2,777	Financing and Investment Income and Expenditure	9		2,777
		(12,063)	Taxation and Non-Specific Grant Income	10		(12,063)
		110	Surplus or deficit on revaluation of available for sale financial assets	11		110
		(788)	(Surplus) or Deficit on Provision of Services			(788)
		(1,340)	(Surplus) or deficit on revaluation of Property, Plant and Equipment	44		(1,340)
		(5,795)	Remeasurement of the net defined benefit liability	22		(5,795)
		(7,135)	Other Comprehensive Income and Expenditure			(7,135)
		(7,923)	Total Comprehensive Income and Expenditure			(7,923)

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the authority 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.

2015/16				2016/17		
Net expenditure chargeable to the GF and HRA balances	Adjustments between funding and accounting basis	Net expenditure in the CIES		Net expenditure chargeable to the GF and HRA balances	Adjustments between funding and accounting basis	Net expenditure in the CIES
£'000	£'000	£'000		£'000	£'000	£'000
416	0	416	Community Development	466	0	466
1,456	0	1,456	Corporate Management	1,349	0	1,349
(183)	0	(183)	Car Parks	(264)	0	(264)
238	0	238	Customer Services	24	0	24
1,446	0	1,446	Environmental Services	1,517	0	1,517
48	0	48	Finance And Performance	(20)	0	(20)
65	0	65	Grounds Maintenance	17	0	17
265	0	265	General Fund Housing	89	0	89
(3,090)	(712)	(3,802)	Housing Revenue Account	(23,328)	189	(23,139)
51	0	51	Human Resources	161	0	161
75	0	75	I.T. Services	72	0	72
1,082	0	1,082	Legal & Democratic Services	969	0	969
1,629	0	1,629	Planning And Regeneration	779	0	779
208	0	208	Property Services	317	0	317
563	0	563	Revenues And Benefits	489	0	489
1,188	0	1,188	Recreation And Sport	1,238	0	1,238
2,663	0	2,663	Waste Services	2,846	0	2,846
8,120	(712)	7,408	Costs of Services	(13,279)	189	(13,090)
(12,369)	4,172	(8,197)	Other Income and Expenditure	8,600	(18,546)	(9,946)
(4,249)	3,460	(789)	(Surplus) or Deficit on Provision of Services	(4,679)	(18,357)	(23,036)
(18,063)			Opening balance (combined General Fund and HRA reserves) as at 31/03/16	(22,312)		
(4,249)			Plus (surplus) or deficit on General Fund and HRA in year	(4,679)		
(22,312)			Closing balance (combined General Fund and HRA reserves) as at 31/03/17	(26,991)		

N.B. These balances can be found on the Movement in Reserves Statement (MIRS), allowing for minor roundings.

Expenditure and Income Analysed by Nature

Paragraph 3.4.2.43 of the Code requires that we report the authority'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.

	Notes	2015/16	2016/17
		£'000	£'000
Expenditure			
Employee benefits		15,048	14,391
Other services		30,416	30,050
Depreciation, amortisation and impairment		6,241	(13,390)
Interest payments		1,448	1,404
Precepts and levies		1,200	1,358
Total expenditure		54,353	33,813
Income			
Fees, charges and other service income		(42,392)	(43,545)
Interest and investment income		(217)	(200)
Income from council tax, NNDR		(12,078)	(12,338)
Gain on the disposal of assets		(455)	(766)
Total income		(55,142)	(56,849)
Surplus or deficit on the provision of services		(789)	(23,036)

Balance Sheet

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

31 March 2016 £'000		Notes	31 March 2017 £'000
169,120	Property, Plant & Equipment	23	189,430
491	Heritage Assets	26	454
0	Intangible assets	27	0
0	Long-term Investments		0
158	Long-term Debtors	34	176
169,769			190,060
13,500	Short-term Investments	35	18,000
195	Inventories	36	200
2,596	Short-term Debtors	37	2,763
8,777	Cash and Cash Equivalents	38	8,385
25,068	Current Assets		29,348
(5,397)	Short-term Creditors	39	(4,231)
(41)	Provisions	41	(28)
(1,683)	Short-term Borrowing	30	(1,731)
(7,121)	Current Liabilities		(5,990)
(641)	Long-term Creditors	40	(628)
(43,973)	Long-term Borrowing	30	(42,242)
(47,032)	Other Long Term Liabilities	47	(63,534)
(807)	Capital Grants Receipts in Advance	40	(170)
(92,453)	Long Term Liabilities		(106,574)
95,263	Net Assets		106,844
25,476	Usable Reserves	42	31,323
69,787	Unusable reserves	43	75,521
95,263	Total Reserves		106,844

Cash Flow Statement

This section shows what cash we spend and receive

2015/16		Notes	2016/17
£'000			£'000
789	Net surplus or (deficit) on the provision of services		23,036
12,421	Adjustments to net surplus or deficit on the provision of services for non-cash movements	50	(12,200)
(554)	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities (See note references)	51	(2,338)
12,656	Net cash flows from Operating Activities		8,499
(7,479)	Investing Activities	53	(7,123)
(1,748)	Financing Activities	54	(1,770)
3,429	Net increase or decrease in cash and cash equivalents		(395)
5,349	Cash and cash equivalents at the beginning of the reporting period	38	8,777
8,777	Cash and cash equivalents at the end of the reporting period	38	8,385

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Notes to the Accounts

6 Transfers to/from Earmarked Reserves

This section shows movements in these reserves									
General Fund - Revenue Earmarked Reserves	Balance at 1/4/15 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/03/16 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/3/17 £'000
Capital Earmarked Reserves	1,123		(218)	(338)	567	0	(21)	(75)	471
Maintenance & Amenity Reserve	1,237	289	(608)		918	136	(108)	0	946
Misc. General Fund Reserves	1,384	524	(447)	1,325	2,786	700	(375)	45	3,156
Vehicle, plant, equipment and maintenance sinking funds	891	580			1,471	696	(26)	100	2,241
New Homes Bonus	1,887	1,619	(918)	(987)	1,601	1,842	(915)	(70)	2,458
Insurance excess claims fund	121		(35)		86	0	0	0	86
Statutory Development Plan	60				60	50	0	0	110
NNDR Reserve	250	726	(100)		876	0	(316)	0	560
Total Revenue Earmarked Reserves	6,953	3,738	(2,326)	0	8,365	3,424	(1,761)	0	10,028

The £2.5m held in the New Homes Bonus will be used to help fund the Private Sector Housing and Economic Development components of the future capital programme. The maintenance and amenity reserve is a collection of Section 106 contributions being used to fund revenue costs of additional play parks and amenity provision included in various planning provisions. The vehicle, plant, equipment and maintenance sinking funds are for the future replacement of major assets. Miscellaneous General Fund items are a large number of items that relate to specific projects that will be delivered in 2017/18. A full breakdown of the constituents is provided in the outturn report for the Cabinet meeting of 15 June 2017.

Housing Revenue Account - Revenue Earmarked Reserves	Balance at 1/4/15 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/03/16 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/3/17 £'000
Sewage Treatment Works	0	25			25	0	0	0	25
Solar Panel Income - Renewables	370	136	(164)		342	183	(70)	0	455
HRA Affordable Rent surplus	0	65	(65)		0	73	(39)	0	34
30yr Maintenance Programme	6,360	3,291	(765)		8,886	2,084	(0)	0	10,970
HRA - PWLB Loan premium	0	483			483	486	0	0	969
Total Revenue Earmarked Reserves	6,730	4,000	(994)	0	9,736	2,826	(109)	0	12,453

7 Transfers to/from Capital Grants Unapplied

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

	Balance at 1/4/15 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/03/16 £'000	Transfers In £'000	Transfers Out £'000	Reclassification £'000	Balance at 31/3/17 £'000
Total Funds Unapplied	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Regional Housing Pot	0	23	0	0	23	0	0		23
Afford Housing Contributions	682	164	(25)	0	821	260	(220)		861
Tiverton Enhancement Scheme	14	0	0	(14)	0	0	0		0
Air Quality Fund - Cullompton	54	8	0	0	62	8	0		70
Air Quality Fund - Crediton	408	118	0	0	526	58	0		584
Planning Delivery Grant	198	0	0	0	198	0	0		198
Cap Grants Unapplied Nonspecific	78	(104)	54	14	42	0	(21)		21
DCC Funding	0	20	0	0	20	0	0		20
DCLG DFG grant	0	311	(281)	0	30	652	(294)		388
HCA		200	(200)	0	0	636	(636)		0
Total Capital Grants Unapplied	1,434	740	(452)	0	1,722	1,614	(1,171)	0	2,165