



STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

(Audited)



Version 1
Version 2

28 May
16 Nov

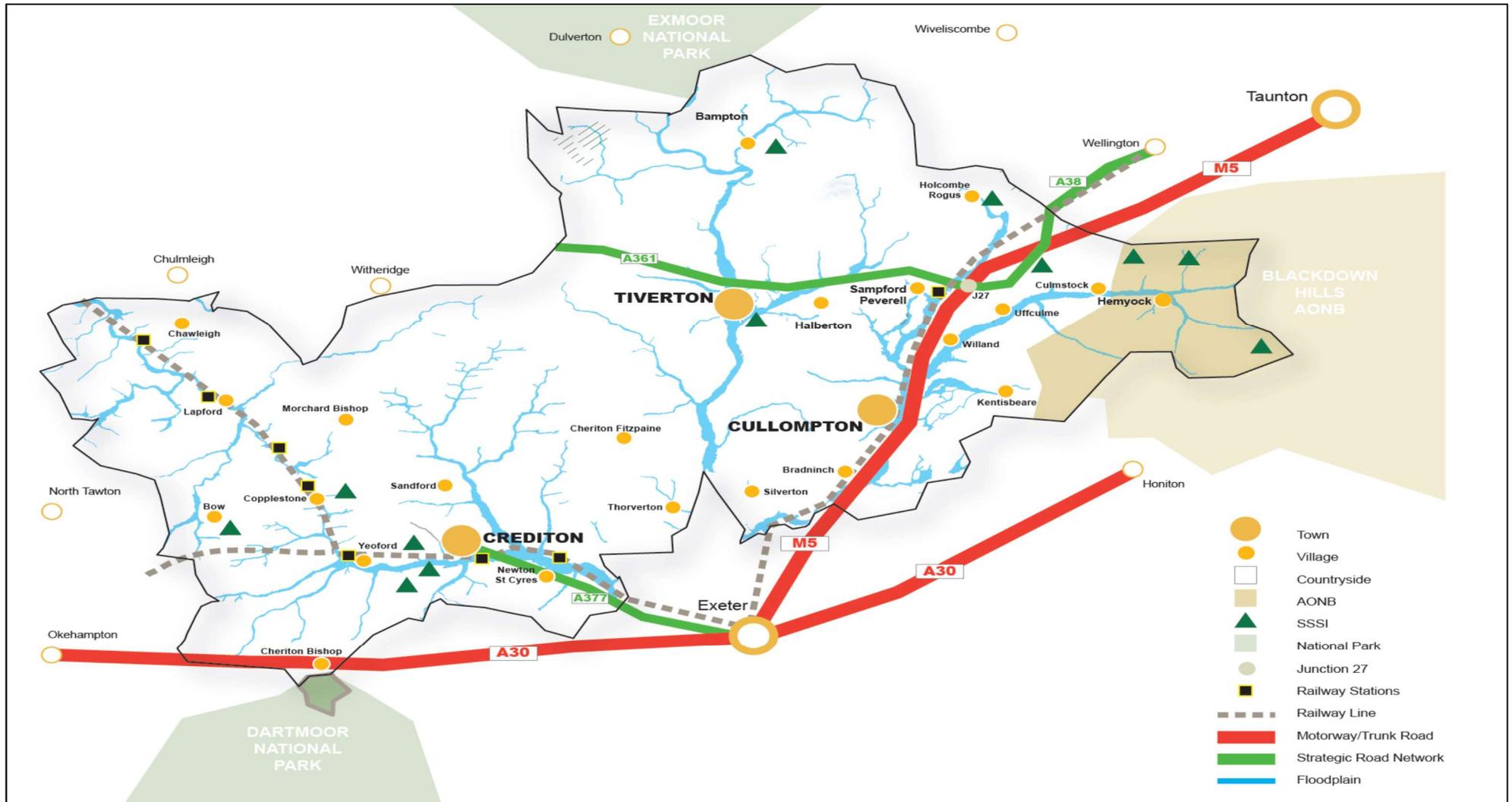
Draft Statement of Accounts
Audited Statement of Accounts

Contents

1.	Introduction to Mid Devon District Council.....	1
2.	Introduction by the Leader of the Council.....	3
3.	Narrative Report & Financial Performance.....	7
4.	Statement of Accounting Policies.....	21
5.	The Statement of Responsibilities for the Statement of Accounts.....	36
6.	Chief Financial Officer's Statement.....	37
7.	Independent Auditor's report to the Members of Mid Devon District Council.....	38
8.	Index of Primary Statements and Notes to the Accounts.....	43
9.	Movement in Reserves Statement.....	46
10.	Comprehensive Income and Expenditure Statement.....	48
11.	Balance Sheet.....	49
12.	Cash Flow Statement.....	50
13.	Notes to the accounts.....	54
14.	Housing (HRA) Income and Expenditure Account.....	119
15.	Collection Fund.....	132
16.	Group Accounts.....	136
17.	Glossary of Terms.....	146

Introduction to Mid Devon District Council

Mid Devon District Council serves a rural location covering an area of 353 square miles (914 km²) in the agricultural heartland of Devon, between Dartmoor, Exmoor and the Blackdown Hills. More than half the population of some 82,000 people is scattered in villages in the rural hinterland, with the balance divided between the three main towns of Tiverton, Cullompton and Crediton.



[Link to the Corporate Plan](#)

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 Corporate Plan for 2020-2024 retains the four key priority areas that were identified in 2016 and for the next four years our elected members and officers will work together to ensure these areas continue to be the focus of our work. These priorities are:

1. Home
2. Environment
3. Community
4. Economy

The organisation has an agreed set of core values that underpin the way we work and how we fulfil our aspirations. These values 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:

1. People
2. Performance
3. Pride
4. Partnership

In 2019 Mid Devon District Council joined other local authorities in the county and became part of the Devon Climate Emergency Response Group, following Devon County Council's declaration of a climate emergency.

Introduction by the Leader of the Council:



I am pleased to introduce the Council's annual accounts for 2020/21 which reflects the Council's financial position at a time where both the Country and the District are edging out of the national Covid-19 lockdown measures.

The figures presented reflect another successful year, showing that we have delivered a wide range of Council services at very close to our annual budget forecast. The fact that this has been achieved after the loss of circa £4m in Government funding since the Austerity programme began is all the more impressive. Whilst reflecting on the overall budget achievement we will always look back to 2020/21 as a year dominated by the challenges of Covid-19. For the Council, 2020/21 witnessed falling revenues from key services, such as, car parking and leisure of around £3.1m. In addition we also had to meet the new costs of setting up, virtually overnight, shielding hubs to protect our most vulnerable members of the District and had to design a Business Rates Grant Payment system, which has so far paid out nearly £39m in nearly 11,000 payments to local businesses. This work is still ongoing and has been a huge financial help and essential package of support to many of our residents.

Although 2020/21 has seen the Council's key focus concentrated on assisting and protecting all of its residents and service users it has also managed to move forward on its carbon reduction pledge. We now have a draft action plan, we are part of a Devonwide Net-Zero Task Force, we have appointed a Climate and Sustainability Specialist and we have already identified at least £1.5m of carbon reduction initiatives in our 2021/22 budget.

The Council continues to see its main towns as being critical to "building back better" and therefore key to any recovery agenda. To this end we are moving forward with our master planning exercises, continuing with the Cullompton High Street Action Zone scheme and are actively making new funding bids to the Contain Outbreak Management Fund (COMF) and Levelling Up schemes. More should be announced on this over the next few months.

Moving forwards we will continue to invest in our existing service provision to the benefit of the whole District. These plans already include more leisure centre improvements, new and retrofit works across much of our corporate estate to reduce our carbon footprint and we also plan to deliver a step change in social housing delivery, starting in 2021.

The future is clearly one of challenge, but also one of opportunity. We will embrace these opportunities as we strive to build Mid Devon back better.....

Robert Deed
Leader of the Council

Views from the Chief Executive:



Looking back at the last year, the financial accounts tell a story of emergency, of fortitude, of support and of stabilisation. I said in my remarks to last year's accounts that we hoped the worst was behind us, and yet we now know that this was regrettably far from being the case.

There have been numerous individual and collective acts of heroism as this organisation and its dedicated team of workers sought to keep our essential services going and provide support to those most in need at times of crisis. At various points during the year we had to close different parts of the businesses according to the Coronavirus Act and the regular updating of restrictions on movement or activity. From a financial perspective, this proved a real danger to councils – particularly those that rely on income streams to balance cost pressures elsewhere, and so, after some initial emergency funding from Government to deal with costs associated with the Pandemic, we then saw the Government's formula amended to recognise the loss of income, to ultimately be superseded by the introduction of the income compensation scheme.

There will be many things to remember from 2020/21, and these accounts reflect the extraordinary highs and lows throughout the year as our financial monitoring and expectations varied wildly from month to month. However, our ability to deal with these and weather the considerable financial storm was helped no end by the prudence and responsibility shown in previous years; the reality at times was that financial health was a distant second to the health of our staff, our members and of our citizens. So it is therefore testament to not only our excellent finance team, but to everyone who played their part in managing this organisation during this past year and the years prior, that we are able to report a set of outturn figures that demonstrate a sound footing and a solid base from which to mount the recovery.

We should not forget the clapping and recognition of our key workers, nor the efforts by Council officers redeployed to delivery emergency aid, staff the shielding hub or support their colleagues across the Council in more ways than I could hope to describe. But perhaps we should be using this newfound organisational agility to better support our community and our workforce; channelling this confidence to find ways to reduce our fixed accommodation costs or attract new talent through new ways of working, or by accelerating the conversion of our customer interactions to digital. There remains a pressing need to invest in the technological backbone of the organisation to ensure that remote working is enabled without compromise, and there remains a determined spirit to retain the collaborative culture that was a thread running through everything we did last year.

Yes, challenges lie ahead; economic headwinds are coming, socio-economic inequality and equality of opportunity weigh heavy as priorities of justness as we try to establish how we 'level up', and our ambition to continue our decarbonisation journey lies unabated. However, I know that whatever the challenges, we are well-placed to tackle the future as we seek to complete our recovery, and build back greener, stronger, better in Mid Devon.

Stephen Walford, Chief Executive

Financial Commentary by Deputy Chief Executive (S151)



2020/21 has been dominated by the Covid-19 Pandemic both in terms of life in general and in terms of the Council's finances. Business Rates Grant payments of over £38.7m have been made in over 10,700 payments to local businesses who have been effected by the lockdown restrictions. Conversely, service fee income collected has dramatically reduced, particularly within Leisure as our centres were closed for the majority of the year, and from our car parks due to the retail closures and work from home guidance. This has had a significant impact on the Council's cash flow and is likely to affect the medium term financial forecast as Covid-19 is likely to have a lasting impact on our lives.

However, through excellent budgetary control by service management, the Council has delivered very close to budget without depleting reserves. This included furloughing over 100 key staff along with the redeployment of 27 staff to help those most vulnerable through the Community Shielding Hub and assisting with and making our leisure centres available for the Lateral Flow testing scheme and Vaccine Centres. The receipt of additional Covid-19 related funding support from Government that included £1.2m of general grant funding, over £2m through the Income Compensation Scheme and over £0.5m of new burdens grant funding helped to meet these additional costs.

2020/21 Financial Highlights

Despite the severe impact on the local economy, collection rates for Council Tax, Business Rates and Rents from Housing clients and our property portfolio all remained robust. The Revenues Department has employed a new Hardship Support Officer to help those residents and businesses struggling to make their payments.

The Council successfully secured additional £330k grant funding to enable energy performance upgrades in its buildings. A new large solar photovoltaic array at the Carlu Close depot adds to the many panels installed on Council properties generating renewable electricity to cut power bills and reduce our climate impact. The Council committed £1.5m in the 2021/22 budget for measures to cut its carbon footprint - between 2018/19 and 2019/20 we cut approximately 618 tCO₂e (tonnes of Carbon Dioxide equivalent) from our carbon footprint and continue to invest in this mission. A new Climate and Sustainability post has been employed to assist with the Council's strategies, deliver on its commitment to improve environmental performance and achieve its aim of Net Zero emissions by 2030.

£98k was spent on the Cullompton High Street out of the successful £1.103m Heritage Action Zone bid to assist sustainable regeneration, and £446k was spent out of the £18.2m of Housing Infrastructure Grant to enable new housing sites across the District. £130k has been received to support the development of Culm Garden Village, along with £74k of Welcome Back funding to help boost tourism, improve green spaces and provide more outdoor seating areas, markets and food stall pop-ups, all to encourage the post Covid-19 economic recovery. We were also

successful in our lobbying of Government to enable greater flexibility in the Right-to-Buy monies, meaning more will be retained locally and will help deliver more affordable housing.

We also moved forward with our ongoing improvements of our three leisure centres by continuing the refurbishment programme whilst the centres were closed due to Lockdown. In addition, we have undertaken a major modernisation and refurbishment programme of our multi-storey car park in Tiverton, and our Property Services and Economic Development teams are working up plans to help with the reopening of our town centres as the Covid-19 restrictions are eased. This work also includes producing a number of funding bids for new Government schemes, e.g. Levelling Up and the Community Renewal Fund.

Our overall treasury performance suffered during the year as the Base Rate was cut to 0.10% in March 2020. However, during the year we still generated investment income of £124k giving a return of 0.25%, made a return of 4.13% on our CCLA investment of £5m and were paid £496k in interest from 3 Rivers Developments Ltd.

The financial future is still a challenging one, with a Medium Term Financial Plan deficit of nearly £3m by 2024/25 compounded by the uncertainty generated by further delays in the Government's reviews of Fair Funding, New Homes Bonus and Business Rates Retention. However, by ensuring a sensible level of reserves and with ongoing careful financial stewardship, we will ensure that the Council is in a strong position to react to any/all future challenges.

Andrew Jarrett
Deputy Chief Executive (S151)

1 Narrative Report and Financial Performance 2020/21

1.1 Introduction

The Council's Narrative Report sets out the overall financial position and details the financial transactions relating to the District Council's activities for the year ended 31 March 2021. 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 2020/21".

1.2 The Core Financial Statements

Stated below is a list of the major areas of the Accounts with a brief description that outlines the purpose of each component.

1.3 Movement in Reserves Statement

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

1.4 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.

1.5 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.

1.6 Cash Flow Statement

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

1.7 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 Authority CIES.

1.8 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 and Cornwall Police and

Crime Commissioner, Devon and Somerset Fire Authority, Central Government and the Council itself. The Balance Sheet and the Cash Flow Statement only reflect Mid Devon District Council's share of any Collection Fund surplus or deficit.

1.9 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. This is the fourth year that the Council's wholly owned subsidiary, 3 Rivers Developments Ltd has been in operation. The company accounts have again been consolidated with the Council's accounts in the Group Accounts section.

1.10 Review of the Year

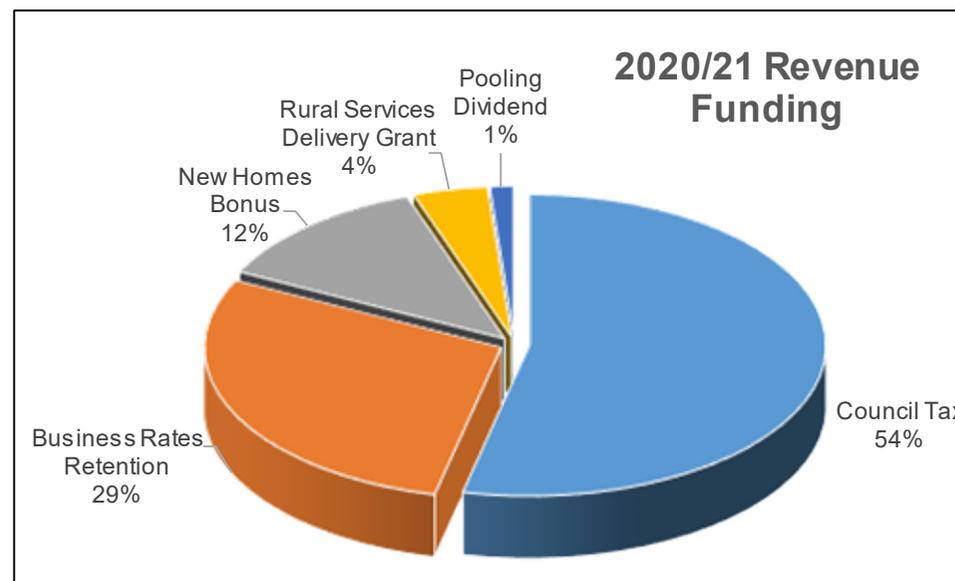
The purpose of the Narrative Report to the Accounts is to provide a commentary on the main financial highlights contained within the Report and to identify any significant events that may affect the reader's interpretation of the Accounts.

2 Financial Performance

2.1 Introduction

The Council's budgeted funding streams for 2020/21 are detailed below and contrasted with 2019/20. In setting the budget for 2020/21 the Council increased Council Tax by £5 or 2.46% for a Band D property. This meant that the Band D Council Tax rate became £208.84.

2020/21 Funding	2019/20	2020/21
	£k	£k
Council Tax	5,900	6,177
Business Rates Retention	2,468	3,313
New Homes Bonus	1,244	1,418
Rural Services Delivery Grant	467	467
Pooling Dividend	100	150
Total Funding	10,179	11,525



2.2 Outturn Summary

The table below shows that overall Service expenditure was very close to budget. However, there are some material variances at individual service level, for example Car Parking and Leisure where income was significantly lower than budget due to the national lockdowns and restrictions imposed. The Council took steps wherever possible to minimise the impact of this, redirecting staff where possible or furloughing if not. Other savings were made on costs such as utilities where the buildings were closed, not filling vacancies as they arose or by reducing service provision such as Grounds Maintenance.

GENERAL FUND REVENUE ACCOUNT OUTTURN SUMMARY 2020/21					
	Budget 2020/21	Actual 2020/21	Variance 2020/21	Net contributions To / (From) Earmarked Reserves 2020/21	Net General Fund Impact 2020/21
	£	£	£	£	£
Community Development	138,290	165,300	27,010	-	27,010
Corporate Management	1,648,161	1,648,332	171	-	171
Car Parks	(632,962)	(117,826)	515,136	-	515,136
Customer Services	751,285	644,636	(106,649)	21,670	(84,979)
Environmental Services	836,070	725,035	(111,035)	83,564	(27,471)
Finance & Performance	744,000	838,649	94,649	(280)	94,369
Grounds Maintenance	567,810	474,906	(92,904)	(15,565)	(108,469)
General Fund Housing	315,520	58,134	(257,386)	212,253	(45,133)
Human Resources	513,490	409,164	(104,326)	37,000	(67,326)
I.T.Services	983,650	966,712	(16,938)	3,455	(13,483)
Legal & Democratic Services	1,052,350	968,498	(83,852)	74,080	(9,772)
Planning & Regeneration	1,240,550	670,770	(569,780)	585,835	16,055
Property Services	734,240	410,552	(323,688)	296,751	(26,937)
Revenues & Benefits	499,200	45,159	(454,041)	59,935	(394,106)
Recreation and Sport	434,750	1,961,013	1,526,263	250,884	1,777,147
Waste Services	1,989,480	1,901,495	(87,985)	(80,288)	(168,273)
ALL GENERAL FUND SERVICES	11,815,884	11,770,528	(45,356)	1,529,295	1,483,938
Net recharge to HRA	(1,481,630)	(1,440,130)	41,500	-	41,500
Statutory Adjustments (Capital Charges)	1,052,154	702,824	(349,330)	224,602	(124,728)
NET COST OF SERVICES	11,386,408	11,033,222	(353,186)	1,753,897	1,400,710

GENERAL FUND REVENUE ACCOUNT OUTTURN SUMMARY 2020/21 (Continued)

	Budget 2020/21 £	Actual 2020/21 £	Variance 2020/21 £	Net contributions To / (From) Earmarked Reserves 2020/21 £	Net General Fund Impact 2020/21 £
Finance Lease Interest Payable	48,340	109,926	61,586	-	61,586
Interest Charged Between GF & HRA	(49,000)	(43,528)	5,472	-	5,472
Interest Receivable / Payable on Other Activities	439,878	95,568	(344,310)	-	(344,310)
Interest Receivable on Investments	(568,322)	(764,906)	(196,584)	-	(196,584)
Transfers into Earmarked Reserves	2,597,050	6,972,759	4,375,709	2,037,700	6,413,409
Transfers from Earmarked Reserves	(1,369,370)	(2,844,015)	(1,474,645)	(38,976)	(1,513,621)
Net Contribution to/(from) New Homes Bonus Reserve	(960,540)	(981,467)	(20,927)	-	(20,927)
Contribution to Collection Fund Smoothing Reserves	-	3,411,251	3,411,251	304,040	3,715,291
Revenue contribution to fund 2020/21 Capital Programme	-	1,176,524	1,176,524	(1,176,524)	-
TOTAL EXPENDITURE	11,524,444	18,165,333	6,640,889	2,880,137	9,521,026
FUNDED BY:-					
Business Rates					
National Non-Domestic Rates	(3,312,727)	(1,583,404)	1,729,323	-	1,729,323
S31 Grant associated with COVID19 Reliefs	-	(4,868,479)	(4,868,479)	3,171,340	(1,697,139)
National Non-Domestic Rates (Surplus)/Deficit	-	(191,808)	(191,808)	-	(191,808)
Business Rates Benefit from Devon Pool	(150,000)	(167,727)	(17,727)	-	(17,727)
Council Tax					
Council Tax - (Band D at £208.84)	(6,064,827)	(6,064,827)	-	-	-
Collection Fund Surplus	(112,000)	(128,165)	(16,165)	239,911	223,746
Unringfenced Grants					
New Homes Bonus Grant	(1,418,190)	(1,418,189)	1	-	1
Rural Services Delivery Grant	(466,700)	(466,695)	5	-	5
Other Grants	-	(8,103)	(8,103)	-	(8,103)
COVID19 Related Funding					
Covid-19 Grant	-	(1,183,857)	(1,183,857)	-	(1,183,857)
Covid-19 Income Compensation Scheme	-	(2,019,144)	(2,019,144)	-	(2,019,144)
TOTAL FUNDING	(11,524,444)	(18,100,397)	(6,575,953)	3,411,251	(3,164,702)
NET INCOME AND EXPENDITURE	-	64,937	64,937	6,291,388	6,356,324

The Council received £18,100k of funding, some £6,576k above budget. This significant increase relates to additional Covid-19 funding, comprising of £1,184k of General Grant, £2,019k of Income Compensation and £4,868k of Section 31 Grant to compensate for the Non-Domestic Rates Relief awarded by the Government, partially offset by the £1,729k reduction in Non-Domestic Rates collected. £3,171k is carried forward to offset the impact of the collection deficit that has been spread over three financial years. This was offset by the dividend from the Devon Business Rates Pool.

Overall, the Council's actual expenditure in 2020/21 was £18,165k, against funding of £18,100k which results in a reported net overspend of £65k.

Further information on spending on services, other operating costs and income is shown within the Notes to the Accounts Section.

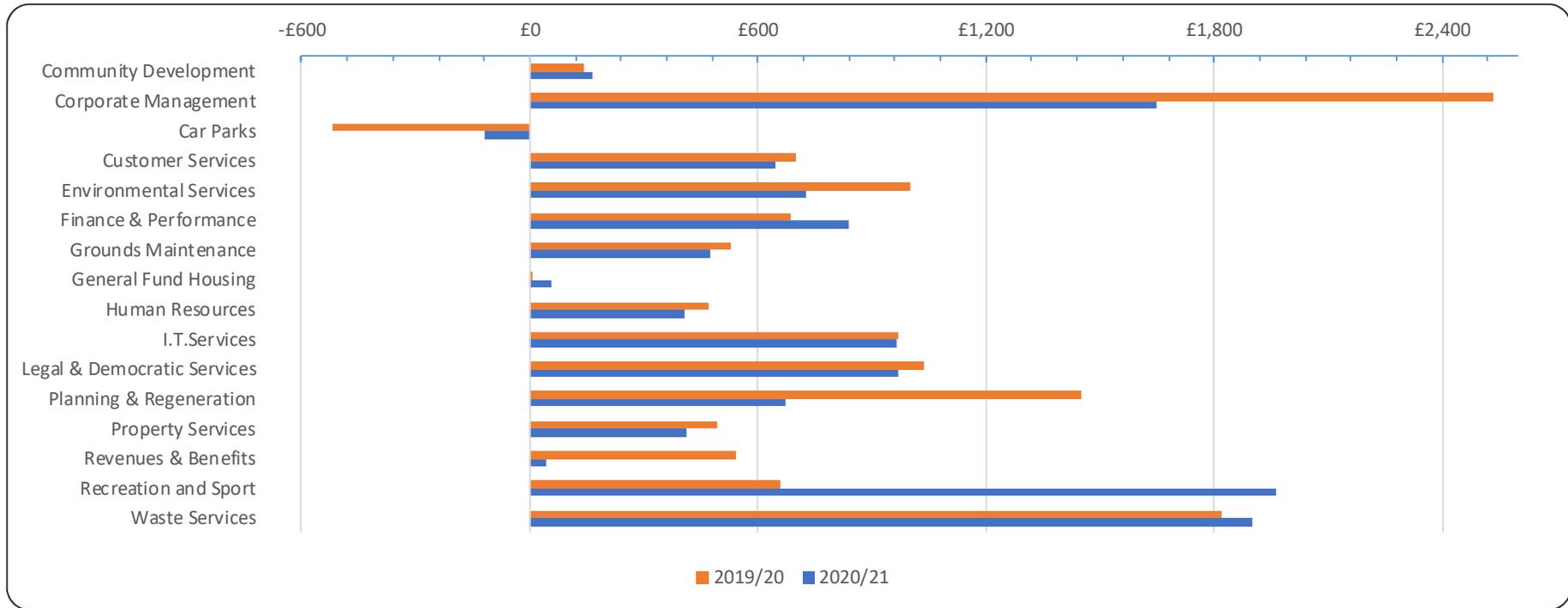
2.3 Revenue Expenditure – General Fund Financial Performance

During the year regular monthly financial monitoring information has been produced and reported to Senior Management and 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 4 February 2021 Cabinet meeting forecast an estimated outturn deficit of £89k on the General Fund (this detailed report can be found on the Council's website). This compares to the final outturn deficit of £65k.

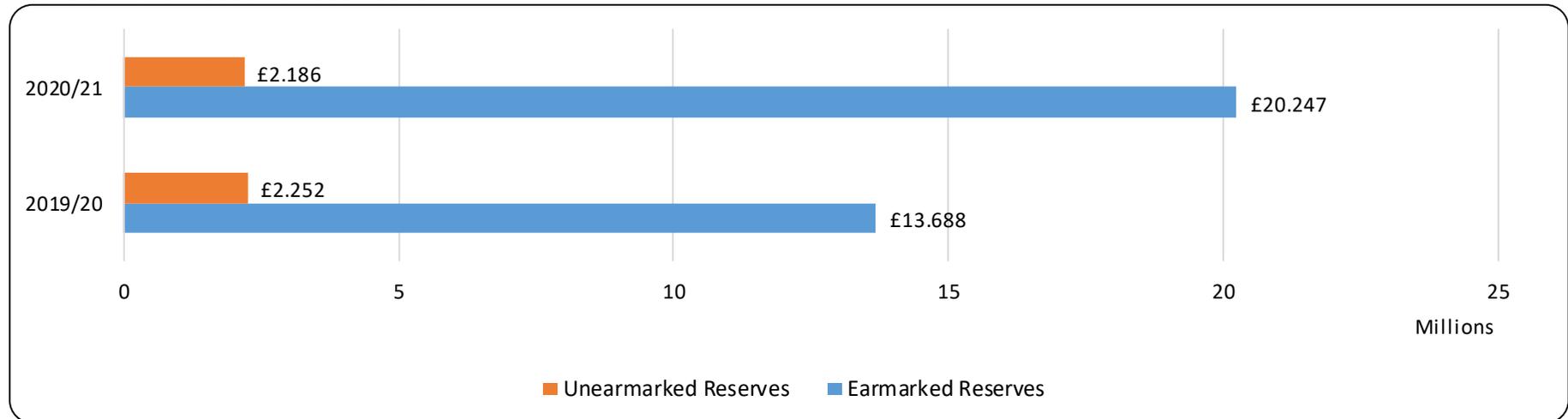
Therefore, the General Fund Reserves have slightly decreased from £2,252k at the start of the year to £2,186k at 31 March 2021. This conforms to the Cabinet decision taken on 16 January 2020 which agreed that the minimum General Fund balance held should be £2,000k.

The overall General Fund position delivered in 2020/21 reflects the continued efforts of both Officers and Members to provide high quality services at an affordable cost. It demonstrates the Council's ongoing commitment to reducing operational cost to mitigate against further cuts in Central Government funding which may transpire following the outcomes of the Fair Funding Review, Business Rates Review and New Homes Bonus Review, now planned for implementation in 2023/24.

2.4 General Fund Net Service Expenditure £k



2.5 General Fund Account Reserves £m



2.6 Revenue Expenditure - Housing Revenue Account (HRA)

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 2020/21	Budget £k	Outturn £k	Variance	
			£k	%
Gross Income	(13,074)	(13,135)	(61)	0.5%
Service Expenditure	6,433	6,218	(215)	-3.3%
Other Operating Costs and Income	211	128	(83)	-39.3%
Earmarked Reserve Transfers	4,297	4,651	354	8.2%
Capital Financing and Debt Repayment	2,079	2,029	(50)	-2.4%
Technical Accounting Adjustments	53	15	(39)	-73.5%
Net Variance	0	(94)	(94)	

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 £13,074k for the year. The HRA has reported a net surplus of £94k for 2020/21, which is 0.7% of gross income.

The surplus is retained within the HRA and relates mainly to savings made within Staffing, Planned Maintenance and Tenancy operations. The surplus will increase the Renewable Energy Fund and the Affordable Rent Surplus so that the HRA reserve will remain at £2,000k. The HRA Earmarked Reserves will then total £20,774k (of which £19,567k revenue and £1,207k capital). 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, renewable energy projects and sewage treatment plant upgrades.

2.7 Revenue Expenditure – Non Financial Performance

When reviewing the performance of the Council in 2020/21, we need not only to see how we perform against budget, we must also assess how we performed against the operational/strategic targets set within the context of the Corporate Plan during the year. The final Performance and Risk Report for 2020/21 will be presented to Audit Committee on 27 July 2021. The details are available on our website.

2.8 Capital Expenditure

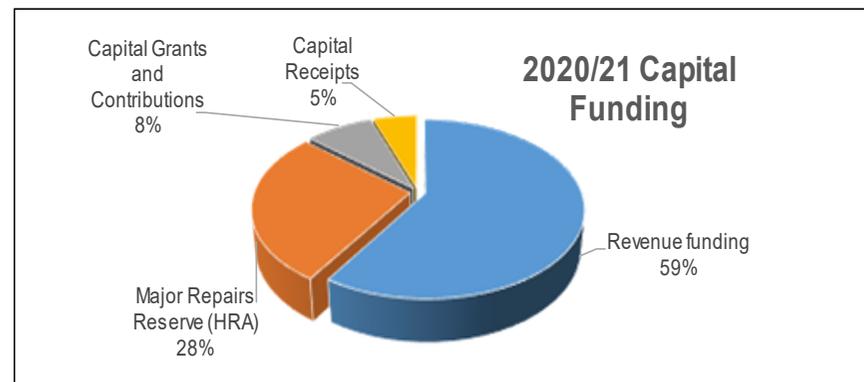
In addition to our spending on day-to-day service provision, the Council spends money on assets such as buildings, leisure equipment and other projects which are capital in nature. Capital expenditure in the year totalled £7,054k (£12,197k 2019/20). Capital expenditure comprised £4,417k in General Fund schemes and £2,637k on HRA capital works, as summarised in the table below.

General Fund Capital Schemes	£k	HRA Capital Schemes	£k
Loans to 3 Rivers for Development schemes	2,287	Major repairs to Housing Stock	1,937
Car park improvements	937	2 Right-To-Buy buyback House Purchases	256
Disabled Facilities Grants – Private Sector	371	Disabled Facilities Grants - Council Houses	242
Cullompton Relief Road	325	Renewable Energy Fund Spend	136
Tiverton EUE Junction Phase 2	121	Other Housing schemes	66
Play Area Refurbishment	109		
Lendology Reinvestment Grants	100		
Phoenix House Maintenance	86		
Tiverton Cemetery extension	49		
Carlu Close – Solar Panels	32		
General Fund Capital Schemes - Total	4,417	HRA Capital Schemes - Total	2,637
General Fund and HRA Capital Schemes - Total			7,054

The General Fund capital spend related to a wide range of projects which included additional loans to 3 Rivers Developments Ltd to enable the development to the rear of the Town Hall site and other regeneration projects (£2,287k). The Council has spent £109k on refurbishing play areas in Tiverton and Cheriton Bishop. We continue to spend our Disabled Facilities Grant and this year the cost has been £371k, which is covered by the grant. £937k was spent upgrading the Multi-storey car park in Tiverton, and an additional £446k was spent on major infrastructure works on the Cullompton town centre relief road and a junction on the A361 as part of the Tiverton Eastern Urban Extension. HRA capital works are largely related to maintaining housing standards, including replacing kitchens, bathrooms, windows, doors, heating systems and other related works. These amounted to £2,381k. In addition, HRA capital expenditure also includes housing development schemes which cost £256k.

Capital expenditure is funded from a variety of sources as shown below:

Sources of Capital Funding	2019/20 £k	2020/21 £k
Revenue funding	7,886	4,161
Major Repairs Reserve (HRA)	1,984	1,937
Capital Grants and Contributions	1,864	580
Capital Receipts	463	376
Total	12,197	7,054



2.9 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 increased by £10,277k to £53,329k in 2020/21. This is largely related to the additional S31 Grant funding received to smooth the impact of the Business Rates deficit over the next three years.

2.10 The Comprehensive Income and Expenditure Statement (CIES)

The financial highlights for the Comprehensive Income and Expenditure Statement are given below:

The Comprehensive Income and Expenditure Statement (CIES) shows an overall deficit of £8,285k. 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 £65k deficit on the General Fund and a £94k surplus on the HRA.

2.11 Balance Sheet

The financial highlights for the Balance Sheet are shown below:

- The Property, Plant and Equipment valuation, after adjustment for additions, disposals, and finance leases increased by £4,172k during 2020/21.
- The overall Pension Scheme deficit increased by £16,636k.

2.12 Cash Flow Statement

The Council had a net cash inflow during 2020/21 of £7,016k.

2.13 Housing Revenue Account (HRA) Income and Expenditure Account

The financial highlights for the HRA Income and Expenditure Account are given below:

- The HRA achieved a £94k surplus in 2020/21 and this has been added to the HRA Earmarked Reserves.

2.14 Major Repairs Reserve (MRR)

The Housing Revenue Account also holds a MRR, which is ring fenced for capital expenditure on HRA properties. This reserve effectively carries forward any unspent major repairs allowance.

	2019/20	2020/21
	£k	£k
Brought Forward	-	548
Transfer to MRR	2,532	2,596
Utilisation	(1,984)	(1,938)
Carried Forward Balance	548	1,207

During 2020/21, the Council credited £2,596k to the MRR. After utilisation of £1,938k a balance of £1,207k was carried forward at 31 March 2021.

2.15 The Collection Fund

The financial highlights for the Collection Fund are given below:

- There was a £1,109k deficit on the Council Tax Collection Fund in 2020/21. This results in an overall deficit on the fund of £673k at 31 March 2021, of which 13.64% is due to Mid Devon District Council, amounting to £92k.
- The Council Tax collection rate achieved in the year was 97.0% (98.5% in 2019/20).
- The Council set a Band D equivalent Council Tax rate of £208.84 in 2020/21.
- There was a £9,135k deficit on the Business Rates Collection Fund in 2020/21. This results in an overall deficit on the fund of £8,925k at 31 March 2021, of which 40% is due to Mid Devon District Council, amounting to £3,570k.
- The Business Rates collection rate achieved in the year was 96.8% (99.2% in 2019/20).

The Local Authorities (Collection Fund: Surplus and Deficit) (Coronavirus) (England) Regulations 2020 came into force on 1 December 2020. The regulations implement 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.”

2.16 Pension Fund

The financial highlights of the pension fund are:

- Pension assets have increased to £78,412k (£60,635k in 2019/20)
- Pension liabilities have increased to £153,813k (£119,400k in 2019/20)
- The net deficit on the fund is £75,401k (£58,765k in 2019/20)

The requirement to recognise the net pension liability on the Balance Sheet arises from International Accounting Standard 19 (IAS19) “Employee Benefits”. IAS19 requires all Councils and other businesses to disclose pension assets and liabilities within the Balance Sheet. Further analysis of the pension movements can be found in the notes following the core financial statements.

2.17 Valuation of Property Portfolio

The Council instructed the District Valuer to undertake a full valuation of 1/5th of its asset portfolio and review the remaining assets in order to establish a “true and fair” view for the 31 March 2021 Balance Sheet.

2.18 Treasury Activities

The table below gives an overview of the Council’s treasury holdings at the financial year end:

2019/20 £k	Investment Categories	2020/21 £k
2	Cash floats	3
3,841	Bank deposits	10,857
-	Short term deposits	-
3,843	Total	10,860

In addition to the above cash equivalents, the Council also held £17,500k (£20,000k 2019/20) of short term investments as at the 31 March 2021.

The Council generated investment interest of £124k (£238k 2019/20), which gave an average rate of return of 0.25% (0.90% 2019/20). This does not include the CCLA dividends which totalled £206k.

2.19 Borrowing

At the end of 2020/21, the Council had four Public Works Loan Board loans with total principal outstanding of £37,104k. No new loans were taken out during 2020/21. The Council has paid off £1,833k of the outstanding principal during the year and interest of £1,118k. The interest rates on these loans range from 1.70% to 2.94% pa and give a weighted average of 2.91%.

2.20 Principal Risks and Uncertainties

A risk management policy 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 2021 centred on:

- Budgetary implications arising from the Covid-19 Pandemic and the economic recovery
- Cost of complying with the Authority's own climate change declaration approved by full Council 26 June 2019
- Transformation of service delivery and embedding the new ways on working
- Ensuring the Council maximises the opportunities available through the Housing Infrastructure Grant, Levelling Up Fund and Community Renewal Fund schemes.

2.21 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).

Significant change happened in the Council's governance arrangements, as a result of Covid-19. These changes were the result of social distancing measures that required the Council to work remotely where possible and relied on ICT infrastructure. Under the revised MHCLG regulations Mid Devon held public meetings virtually via Zoom thereby continuing to allow public participation and elected members to fully engage in taking key decisions.

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.

2.22 Covid-19 Pandemic

The Covid-19 Pandemic has had, and will continue to have, a notable impact on the public's and businesses' behaviour and consequently has had a considerable impact on the Council. The Government's national lockdowns and restrictions have meant that many businesses have been forced to close – significantly impacting on the local economy, which in turn impacts on the Council's income. Furthermore, the Council has incurred additional expense ensuring that the homeless are safe during this period and that the most vulnerable in our community are cared for through our shielding hub.

Financial Impact

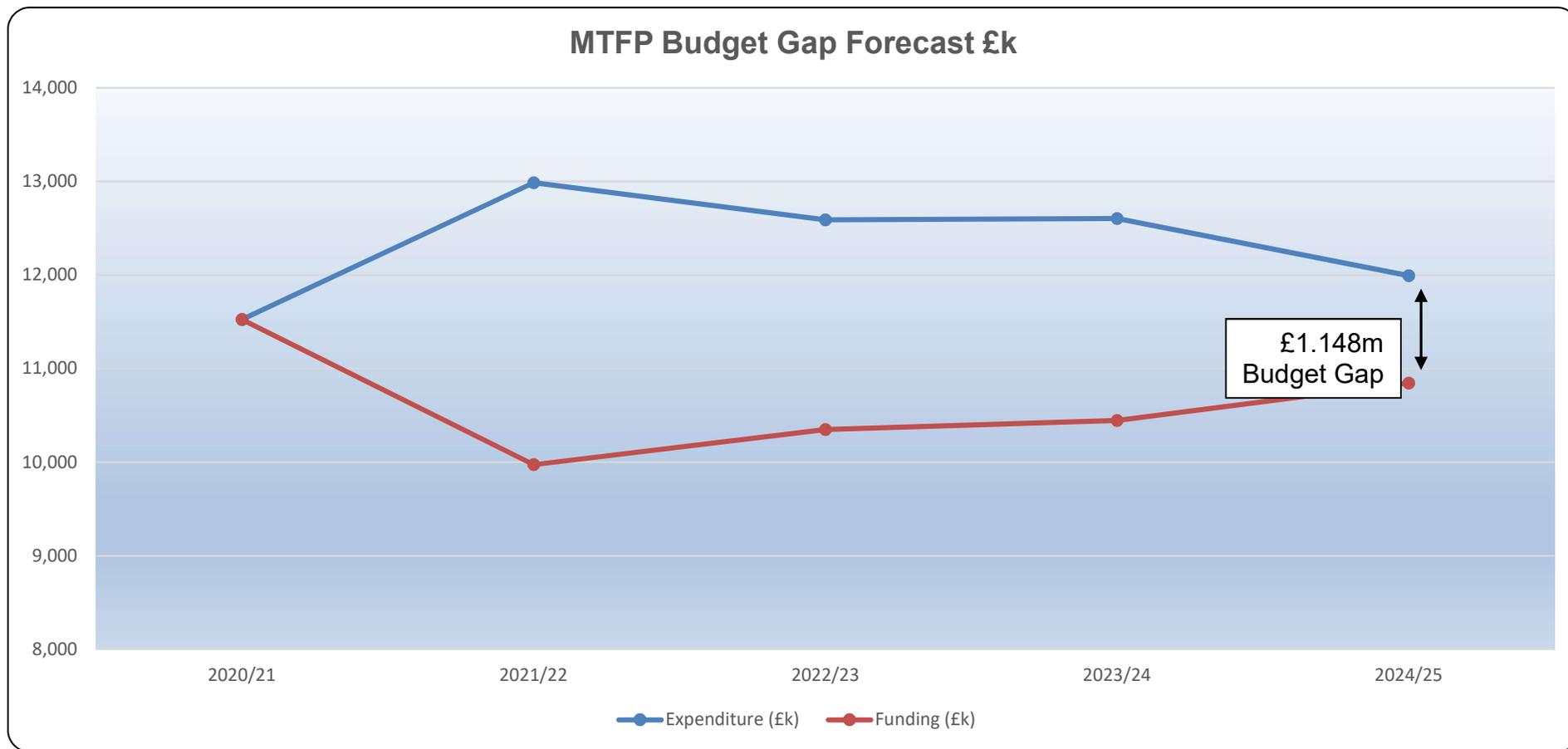
These additional costs and reductions in income have had a dramatic impact on the financial outturn for 2020/21. The Council experienced substantial losses across many of its largest income streams, most notably Car Parks and Leisure Centres which were closed for large parts of the year. This, along with reduced investment income, substantial relief payments to businesses and increased benefit claimants has had a stark cash flow impact on the Council's treasury position creating further pressure on the Council's finances. However, collection levels of Council Tax, Business Rates and Housing Rent have remained better than forecast. Similarly, planning applications and building control notices remained buoyant, while the Garden Waste service increased its customer base and income generated.

Helping to offset this impact, the Council has received £1,184k emergency Covid-19 funding and is projecting a further £2,019k for the Sales, Fees and Charges Compensation Scheme. The Council has prudently sought to build up the General Fund balance 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.

Throughout 2020/21, the Council adopted a pro-active approach to ensure that it responded to the emerging needs of residents and businesses. 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.

2.23 Medium Term Forecast Expenditure and Funding

The Medium Term Financial Plan (MTFP) update report to Cabinet in October 2020, 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 £1,148k in 2024/25.



Over this period, a programme of reactive property maintenance, including but not restricted to our leisure buildings, causes service costs to peak in 2022/23. Funding, meanwhile, is expected to dip after 2020/21, largely due to the reduction in New Homes Bonus which will phase out by 2023/24. With the increasing demands on services this puts increased pressure on our ability to generate Business Rates as one of the few remaining funding streams. These expectations will also undoubtedly be affected by the ongoing Covid-19 crisis whose ultimate long-term impacts are yet to be fully seen and understood.

Moving forward, the Council will reset its MTFP in recognition of the longer term impact of the pandemic and the Council's strategic objectives. The Covid-19 Pandemic has led to many businesses assessing the "new normal" which will have a knock-on implication for Council services. This will require the Council to review the services it provides, its delivery models and the outcomes that are of the highest priority.

2.24 The Financial Future of Mid Devon District Council

2020/21 was yet another successful year for the Council which saw our core services and Housing Revenue Account all delivered close to or within budget. This was also importantly linked to achieving the vast majority of our performance targets. This was an excellent result when set against the impact of a global Pandemic and the backdrop of a Central Government instigated austerity programme that has seen our overall funding reduced by circa £4,300k since 2010/11.

We continue to work collaboratively with neighbouring Councils in areas as diverse as; Building Control; Spatial Planning; Economic Delivery; Internal Audit; vehicle procurement etc. These partnerships have importantly delivered financial savings but have also built up additional operational capacity.

The future of Local Government funding remains very uncertain. Further delays to the reviews of Fair Funding, Business Rates and New Homes Bonus have been announced. Therefore, we are still awaiting Central Government's output from the review work it has undertaken on the overall package of Local Government financing (which will include Business Rates localisation and New Homes Bonus). This uncertainty makes medium term financial planning far more challenging, coupled with the ongoing effects associated with the Covid-19 Pandemic and how the District then plans for the recovery phase. However, proactive financial stewardship has seen the Council make provision in order to provide a short term buffer, by way of a Business Rates Smoothing Reserve, to manage the outcome of the long awaited Fair Funding Review and Business Rates Baseline Reset consultations.

The Council knows that the financial future will continue to be very uncertain and challenging. Senior management have therefore strived to 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)

3 Statement of Accounting Policies

3.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2020/21 financial year and its position at the year ending 31 March 2021. The Authority 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 2020/21, supported by International Financial Reporting Standards (IFRS). There have been no material changes to the accounting policies for 2020/21. Therefore there are no significant changes to the production of the accounts as a result of changes to the Code for 2020/21.

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.

3.2 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 Authority 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 Authority.
- 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.

3.3 Overheads and Support Services

The actual costs of overheads and support services are charged to those users that benefit from the supply or service as required by the CIPFA Code of Practice on Local Authority Accounting 2020/21.

3.4 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 Authority. 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, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority 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 Corporate Management line in the Comprehensive Income and Expenditure Statement (CIES) when the Authority 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 Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits 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 Authority 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 Authority.

3.5 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.

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 Authority – 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 Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits, and replace them with debits for the cash paid to the pension fund and 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.

3.6 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 Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments; and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as 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 Comprehensive Income and Expenditure Statement.

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

3.7 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 Authority 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 Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account.

3.8 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.

3.9 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 Authority 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.

3.10 Events after the Balance Sheet Date

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

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

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

3.11 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 Authority'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.

3.12 Property, Plant and Equipment

Property, Plant and Equipment

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.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority 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

This policy states that where a large asset is made up of a number of components that have differing economic lives, they should be depreciated component by component. Taking account of materiality, the Council has decided to only account for a component that makes up in excess of 20% of the total asset value subject to a minimum value of £250k.

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

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.

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.

The Council had the District Valuer estimate current values of approximately 1/5th of the property portfolio at 31 March 2021.

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

Examples of time scales are given below:

Plant	Expected asset life of 10 years
Vehicles	Expected asset life of 5 to 7 years
ICT Equipment	Expected asset life of 3 to 5 years
Specialist equipment	Expected asset life of 3 to 10 years
Pool filters at LMLC	Expected asset life of 20 years
CVSC Boilers & Solar Panels on Council Buildings (Phoenix House, Leisure Buildings and Moorhayes Community Centre)	Expected asset life of 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.

3.13 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.

Amounts in excess of £10k are categorised as capital receipts. A proportion of receipts relating to housing disposals and other assets, net of statutory deductions and allowances, is payable to the Government. 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.

3.14 Heritage Assets

A tangible heritage asset is defined as an asset with historical, artistic, scientific, technological, geophysical or environmental qualities, which is held and maintained principally for its contribution to knowledge and culture.

Where such assets are identified, the asset is included in the accounts as a tangible heritage asset and shown separately from vehicles, plant and equipment. If the asset was donated or acquired for less than fair value the asset is brought into the balance sheet at its fair value. The Authority values heritage assets on the basis of insurance valuations.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity.

Any impairment is recognised and measured in accordance with the Authority's general policies on impairment.

Where an impairment loss has been determined, and a revised valuation obtained, the impairment loss is charged to the Surplus or Deficit on the Provision of Services. The charge is then reversed out and charged to the Capital Adjustment account.

Art Collection

The Authority's art collection includes paintings (oil on canvas, oil on board), statues and busts and some furniture, most of which are contained within the Town Hall at Tiverton. Although there is no requirement for valuations to be carried out, the assets which were donated in years past were valued for insurance purposes by Chilcotts professional Fine Art Valuers and Auctioneers in March 2012 and then revalued in 2016/17. There is no prescribed minimum period between valuations.

The assets within the art collection are deemed to have indeterminate lives and a high residual value; hence the Authority does not consider it appropriate to charge depreciation.

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.

Acquisition, Preservation and Management

The Authority does not have a defined policy to acquire further heritage assets. Those owned by the Authority have been bequeathed or donated to the Authority. The Authority's Estates team maintain a record of the assets, working with relevant professional advisers to ensure their continued preservation.

3.15 Leases

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. We also 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 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 Authority 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 property, plant and equipment - applied to write down the lease liability; and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

Property, plant and equipment 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 Authority at the end of the lease period).

The Authority 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 and 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 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. if there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Leases

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal.

Lease rentals are apportioned between:

- A charge for the acquisition of the interest in the property - applied to write-down the lease debtor (together with any premiums received); and
- Finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

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 therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement. For this set of accounts the Council has no lessor finance leases.

Operating Leases

Where the Authority 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.

3.16 Investments including Cash on Deposit with Banking Institutions

Where investments are held at the balance sheet date they are treated as long term if, at the initial contract date, their term is more than twelve months. If, at the initial contract date, their term is more than three months but less than twelve months they are regarded as short term investments. Those investments which have three months or less to maturity at their initial contract date are treated as cash and cash equivalents. Any cash and bank balances whose term, at their initial contract date, is less than three months are categorised as cash and cash equivalents.

3.17 Council Tax and Non-domestic Rates

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

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the CIES is the Authority's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Authority'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 Movement in Reserves Statement.

The Balance Sheet includes the Authority'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.

3.18 Inventories

Inventories are included in the Balance Sheet at cost. This is a departure from the CIPFA Code of Practice, which requires inventories to be shown at the lower of cost and net realisable value. However, the effect of this alternative treatment is not considered to be material.

3.19 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.

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 Authority's cash management.

3.20 Financial Instruments

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. There are three main classes of financial assets measured at:

- Amortised cost;
- Fair Value through Profit or Loss (FVPL); and
- Fair Value through Other Comprehensive Income (FVOCI) [separate accounting policy is required where an Authority holds financial instruments at fair value through other comprehensive income].

The Authority'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.

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority 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 Authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is 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 Authority 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 Authority.

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 Authority recognises gains and losses on its Pooled Investment (CCLA) through Surplus / Deficit on Provision of Services on the face of the Income Statement. This is a new requirement under IFRS 9. There is a “statutory reversal” which means that the impact of this change in valuation does not hit the “bottom line” or taxpayers. The impact is reversed out and placed in an unusable reserve. This is shown in Note 43.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

We no longer value our CCLA investments as FVOCI following a change in regulations (IFRS 9).

3.21 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 Authority 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.

3.22 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

3.23 Interests in Companies and Other Entities

The Authority has material interests in its wholly-owned subsidiary 3 Rivers Developments Ltd, and due to the materiality of the interest the Authority is required to prepare Group Accounts which can be found within these accounts.

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

3.24 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 2021 was £2,186k.

3.25 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 2020/21.

4 The Statement of Responsibilities for the Statement of Accounts

4.1 The Authority's Responsibilities

The Authority 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 Authority 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.

4.2 The Deputy Chief Executive (S151)'s Responsibilities

The Deputy Chief Executive (S151) is responsible for the preparation of the Authority'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.

The Deputy Chief Executive (S151) has also:

- Kept proper accounting records which were up to date
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

4.3 Opinion

In my opinion the Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and its income and expenditure for the year ended 31 March 2021.

Andrew Jarrett

16 Nov 2021

Signature

Date

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

6 Independent Auditor’s Report to the Members of Mid Devon District Council

Report on the Audit of the Financial Statements

This page is left intentionally blank

Index

Item	Note	Page No
Accounting Standards that Have Been Issued But Have Not Yet Been Adopted	1	54
Accumulating Compensating Absences Adjustment Account	49	107
Acquired and/or Discontinued Activities	17	72
Adjustments between Accounting Basis and Funding Basis under Regulations – GF	5	58
Adjustments between Accounting Basis and Funding Basis under Regulations – HRA	60	121
Assets Held for Sale	34	97
Assumptions Made About the Future and Other Major Sources of Estimation	4	55
Bad Debt Provision – HRA	70	129
Balance Sheet		49
Borrowing - Short Term and Long Term	28	90
Calculation of Council Tax Base	78	134
Capital Adjustment Account	45	103
Capital Expenditure – HRA	65	127
Capital Expenditure and Financing	24	88
Capital Grants Unapplied		58
Capital Receipts – HRA	67	128
Capital Receipts Reserve		46
Capital Reserves		46
Cash and Cash Equivalents	38	100
Cash Flow Statement		50
Cash Flow Statement – Adjustment for Items in the Net Surplus/Deficit that are Investing or Financing Activities	51	109
Cash Flow Statement – Financing Activities	54	111
Cash Flow Statement – Investing Activities	53	111
Cash Flow Statement – Non-Cash Items	50	108
Cash Flow Statement – Operating Activities on the Balance Sheet	52	110
Collection Fund Adjustment Account – Council Tax & NNDR	48	106
Collection Fund Income and Expenditure Account – Council Tax		132
Collection Fund Income and Expenditure Account – Non Domestic Rates		133
Commitments under Capital Contracts	26	90
Comprehensive Income and Expenditure Statement		48
Contingent Liabilities	56	114

Critical Judgements in Applying Accounting Policies	2	54
Debtors for Local Taxation	37	99
Deferred Capital Receipts Reserve	46	105
Depreciation & Impairment of Non Current Assets – GF	18	72
Depreciation & Impairment of Non Current Assets – HRA	73	130
Earmarked Reserves - GF	6	63
Earmarked Reserves - HRA	6	64
Expenditure and Funding Analysis		51
Expenditure and Income Analysed by Nature		53
External Audit Costs	14	71
Financial Instruments	30	92
Financing and Investment Income and Expenditure	9	66
General Fund Reserves		46
General Notes to the Collection Fund	76	134
Grant Income	55	112
Group Accounts		136
Heritage Assets	25	89
Housing Revenue Account (HRA) Income and Expenditure Account		119
Housing Stock	61	125
HRA Arrears	69	129
HRA Dwelling Rents	72	130
HRA Dwelling Valuation	63	126
HRA Non-Current Asset Values	64	126
HRA Reserves		46
Income from Business Rates	77	134
Insurance	20	73
Interest Payable and Similar Charges – HRA	74	131
Inventories	35	97
Leases	57	114
Long Term Creditors (amounts due in more than 12 months)	40	101
Long Term Debtors (amounts due in more than 12 months)	32	95
Long Term Investments	31	95
Major Repairs Reserve	66	128
Material Items of Income and Expenditure	3	55

Members' Allowances and Expenses	16	72
Minimum Revenue Provision	19	73
Movement in Reserves Statement		46
Movement on the HRA Statement		120
Non Current Asset Valuation	27	90
Non-Adjusting Post Balance Sheet Events	59	118
Number of Dwellings by Type	62	125
Officers' Emoluments	12	68
Operating Leases	11	67
Other Operating Expenditure	8	65
Pension Liability: Current Year Costs - HRA	68	129
Pensions	21	74
Pensions Reserve	47	105
Precepting Authorities	79	135
Property, Plant and Equipment	22	82
Provisions	41	101
Related Party Transactions	15	71
Rents Paid in Advance – HRA	71	130
Revaluation Losses and Revaluation Reversals	58	117
Revaluation Reserve	44	102
Revenue Expenditure Funded From Capital Under Statute (REFCUS)	23	87
Self Financing Settlement Payment – HRA	75	131
Short Term Creditors (amounts due in more than 12 months)	39	100
Short Term Debtors (amounts due in less than 12 months)	36	98
Short Term Investments	33	96
Taxation and Non-Specific Grant Income	10	66
Termination Benefits	13	70
Total Usable Reserves		46
Transfers to/from Capital Grants Unapplied	7	65
Trusts for which the Council is the Sole Trustee	29	91
Unusable Reserves	43	102
Usable Reserves	42	102

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.

2020/21	Notes	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			
Balance at 31 March 2020		(2,252)	(13,688)	(15,940)	(2,000)	(18,310)	(20,310)	(5,157)	(1,646)	(43,053)	(87,408)	(130,461)
Movement in Reserves during year												
(Surplus) or deficit on the provision of services		(401)	-	(401)	(7,759)	-	(7,759)	-	-	(8,159)	-	(8,159)
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	-	16,444	16,444
Total Comprehensive Income and Expenditure		(401)	-	(401)	(7,759)	-	(7,759)	-	-	(8,159)	16,444	8,285
Adjustments between accounting basis and funding basis under regulations	5	(6,093)	-	(6,093)	5,954	(659)	5,295	(340)	(978)	(2,116)	2,116	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves		(6,494)	-	(6,494)	(1,805)	(659)	(2,464)	(340)	(978)	(10,277)	18,560	8,285
Transfers (to) / from Earmarked Reserves	6	6,559	(6,559)	-	1,805	(1,805)	-	-	-	-	-	-
(Increase) / Decrease in year		65	(6,559)	(6,494)	-	(2,464)	(2,464)	(340)	(978)	(10,277)	18,560	8,285
Balance at 31 March 2021 Carried forward		(2,187)	(20,247)	(22,434)	(2,000)	(20,774)	(22,774)	(5,498)	(2,625)	(53,329)	(68,848)	(122,176)
Held for Revenue Purposes		(2,187)	(20,247)	(22,434)	(2,000)	(19,567)	(21,567)	-	-	(44,001)	-	-
Held for Capital Purposes		-	-	-	-	(1,207)	(1,207)	(5,498)	(2,625)	(9,330)	-	-

Movement in Reserves Statement (Continued)

2019/20	USABLE RESERVES								Total Usable Reserves	Unusable Reserves	Total Authority 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				£'000
Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Balance at 31 March 2019	(2,501)	(14,353)	(16,855)	(2,000)	(16,323)	(18,323)	(3,620)	(2,146)	(40,944)	(90,246)	(131,190)	
Movement in Reserves during year												
(Surplus) or deficit on the provision of services	7,109	-	7,109	(474)	-	(474)	-	-	6,635	-	6,635	
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(5,906)	(5,906)	
Total Comprehensive Income and Expenditure	7,109	-	7,109	(474)	-	(474)	-	-	6,635	(5,906)	729	
Adjustments between accounting basis and funding basis under regulations	5	(6,194)	-	(6,194)	(965)	(548)	(1,513)	(1,538)	501	(8,744)	8,744	-
Net Increase/Decrease before Transfers to Earmarked Reserves	915	-	915	(1,439)	(548)	(1,987)	(1,538)	501	(2,109)	2,838	729	
Transfers (to) / from Earmarked Reserves	6	(665)	665	-	1,439	(1,439)	-	-	-	-	-	-
(Increase)/Decrease in year	250	665	915	-	(1,987)	(1,987)	(1,538)	501	(2,109)	2,838	729	
Balance at 31 March 2020 Carried forward	(2,252)	(13,688)	(15,940)	(2,000)	(18,310)	(20,310)	(5,157)	(1,646)	(43,053)	(87,408)	(130,461)	
Held for Revenue Purposes	(2,252)	(13,688)	(15,940)	(2,000)	(17,762)	(19,762)	-	-	(35,702)	-	-	
Held for Capital Purposes	-	-	-	-	(548)	(548)	(5,157)	(1,646)	(7,351)	-	-	

Comprehensive Income and Expenditure Statement

This section is a summary of our spending on services.

Gross Expenditure £'000	2019/20		Service Area	Notes	2020/21		
	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
332	(85)	247	Community Development		1,025	(31)	994
3,207	-	3,207	Corporate Management		1,847	-	1,847
708	(797)	(89)	Car Parks		690	(382)	308
1	(1)	-	Customer Services		80	(37)	43
3,034	(849)	2,185	Environmental Services		2,556	(939)	1,617
32	(8)	24	Finance And Performance		40	(6)	34
41	(46)	(5)	Grounds Maintenance		105	(70)	35
713	(624)	89	General Fund Housing		849	(659)	190
13,425	(13,053)	372	Housing Revenue Account		4,941	(13,366)	(8,425)
75	(7)	68	Human Resources		31	(7)	24
133	(4)	129	I.T. Services		69	(16)	53
1,443	(403)	1,040	Legal & Democratic Services		987	(71)	916
4,006	(1,546)	2,460	Planning And Regeneration		3,615	(2,279)	1,336
1,227	(776)	451	Property Services		1,089	(1,077)	12
15,026	(13,962)	1,064	Revenues And Benefits		14,590	(14,042)	548
4,807	(2,754)	2,053	Recreation And Sport		4,210	(985)	3,225
5,535	(2,631)	2,904	Waste Services		5,481	(2,650)	2,831
53,745	(37,546)	16,200	Costs of Services		42,208	(36,617)	5,591
		1,528	Other Operating Expenditure	8			1,778
		2,142	Financing and Investment Income and Expenditure	9			1,784
		(13,235)	Taxation and Non-Specific Grant Income	10			(17,311)
		6,635	(Surplus) or Deficit on Provision of Services				(8,159)
		-	(Surplus) or deficit on revaluation of available for sale financial assets				-
		(4,335)	Remeasurements of the net defined benefit liability	21			15,888
		(1,571)	(Surplus) or deficit on revaluation of Property, Plant and Equipment	44			556
		(5,906)	Other Comprehensive Income and Expenditure				16,444
		729	Total Comprehensive Income and Expenditure				8,285

Balance Sheet

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

2019/20 £'000	Balance Sheet	Notes	2020/21 £'000
194,429	Property, Plant & Equipment	22	198,601
330	Heritage Assets	25	330
4,759	Long-term Investments	31	4,725
7,688	Long-term Debtors	32	9,220
207,206	Non-Current Assets		212,876
20,000	Short-term Investments	33	17,500
(0)	Assets held for sale	34	525
276	Inventories	35	315
5,982	Short-term Debtors	36	11,410
3,843	Cash and Cash Equivalents	38	10,860
30,101	Current Assets		40,610
(6,854)	Short-term Creditors	39	(14,942)
(565)	Provisions	41	(869)
(1,833)	Short-term Borrowing	28	(1,870)
(9,252)	Current Liabilities		(17,681)
(1,663)	Long-term Creditors	40	(2,994)
(37,104)	Long-term Borrowing	28	(35,234)
(58,765)	Other Long Term Liabilities	47	(75,401)
(62)	Capital Grants Receipts in Advance	40	-
(97,595)	Long Term Liabilities		(113,629)
130,460	Net Assets		122,176
43,053	Usable Reserves	42	53,329
87,408	Unusable reserves	43	68,848
130,461	Total Reserves		122,177

Andrew Jarrett

28 May 2021

Signature

Date

Cash Flow Statement

This section shows what cash we spend and receive.

2019/20			2020/21
£'000	Cash Flow	Notes	£'000
(6,635)	Net surplus or (deficit) on the provision of services		8,159
12,533	Adjustments to net surplus or deficit on the provision of services for non-cash movements	50	(841)
(1,937)	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities (See note references)	51	(616)
-	Adjustments for operating activities processed through the Balance Sheet	52	4,141
3,961	Net cash flows from Operating Activities		10,843
(876)	Investing Activities	53	(1,704)
(1,903)	Financing Activities	54	(2,123)
1,182	Net increase or (decrease) in cash and cash equivalents		7,016
2,661	Cash and cash equivalents at the beginning of the reporting period		3,843
3,843	Cash and cash equivalents at the end of the reporting period	38	10,859

Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate 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. The adjustments to the Cost of Services are detailed on the next page.

2019/20			Service Area	2020/21		
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
144	103	247	Community Development	165	829	994
2,534	673	3,207	Corporate Management	1,648	199	1,847
(518)	429	(89)	Car Parks	(118)	426	308
698	(698)	-	Customer Services	645	(601)	43
1,002	1,183	2,185	Environmental Services	725	892	1,617
685	(660)	24	Finance And Performance	839	(804)	34
530	(534)	(5)	Grounds Maintenance	475	(440)	35
9	80	89	General Fund Housing	58	132	190
(7,908)	8,280	372	Housing Revenue Account	(6,921)	(1,504)	(8,425)
471	(403)	68	Human Resources	409	(385)	24
970	(841)	129	I.T. Services	967	(913)	53
1,037	3	1,040	Legal & Democratic Services	968	(52)	916
1,452	1,008	2,460	Planning And Regeneration	671	665	1,336
494	(43)	451	Property Services	411	(398)	12
540	523	1,064	Revenues And Benefits	45	503	548
660	1,394	2,053	Recreation And Sport	1,961	1,265	3,225
1,817	1,086	2,904	Waste Services	1,901	930	2,831
4,617	11,582	16,200	Cost of Services	4,849	742	5,591
(4,385)	(5,180)	(9,565)	Other Income and Expenditure	(4,784)	(8,965)	(13,749)
232	6,402	6,635	(Surplus) or Deficit on Provision of Services	65	(8,223)	(8,159)
(35,178)			Opening General Fund and HRA Balances as at 1 April	(36,250)		
(1,304)			Transfers (to)/from Earmarked Reserves	(9,023)		
-			Transfer from Capital Grants Unapplied to Earmarked Reserve	-		
232			(Surplus) or Deficit on Provision of Services	65		
(36,250)			Closing General Fund and HRA Balances as at 31 March	(45,208)		

Adjustments Showing within the Expenditure and Funding Analysis

Past Service Cost	2019/20						Service Area	2020/21						
	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
2	4	0	54	43	-	103	Community Development	-	2	(0)	144	683	-	829
314	514	5	(160)	-	-	673	Corporate Management	-	342	6	(149)	-	-	199
-	-	-	230	200	-	429	Car Parks	-	-	-	218	208	-	426
24	40	(4)	(758)	-	-	(698)	Customer Services	-	34	10	(645)	-	-	(601)
30	49	4	734	366	-	1,183	Environmental Services	-	44	13	689	146	-	892
18	29	(0)	(707)	-	-	(660)	Finance And Performance	-	27	8	(839)	-	-	(804)
12	20	(1)	(586)	20	-	(534)	Grounds Maintenance	-	16	2	(488)	30	-	(440)
7	11	2	43	17	-	80	General Fund Housing	-	13	5	114	-	-	132
163	268	-	-	6,684	1,165	8,279	Housing Revenue Account	-	218	-	-	(1,968)	247	(1,504)
9	15	1	(428)	-	-	(403)	Human Resources	-	15	5	(406)	-	-	(385)
19	31	3	(977)	82	-	(841)	I.T. Services	-	24	5	(1,014)	71	-	(913)
17	27	2	(42)	-	-	3	Legal & Democratic Services	-	29	6	(86)	-	-	(52)
61	99	5	488	356	-	1,008	Planning And Regeneration	-	93	35	536	-	-	665
22	36	0	(764)	663	-	(43)	Property Services	-	34	8	(759)	319	-	(398)
23	38	3	459	-	-	523	Revenues And Benefits	-	36	7	460	-	-	503
67	109	-	490	728	-	1,394	Recreation And Sport	-	98	1	457	708	-	1,265
77	126	6	388	489	-	1,086	Waste Services	-	125	33	327	446	-	930
865	1,416	25	(1,534)	9,646	1,165	11,582	Net Cost of Services	-	1,149	143	(1,440)	643	247	742

Expenditure and Income Analysed by Nature

Paragraph 3.4.2.99 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.

Expenditure and Income	Notes	2019/20 £'000	2020/21 £'000
Expenditure			
Employee benefits		18,520	17,567
Other services		27,034	24,126
Depreciation, amortisation and impairment	18	9,003	643
Interest payments	9	2,668	2,577
Precepts and levies	8	1,715	1,837
Total Expenditure		58,940	46,750
Income			
Fees, charges and other service income		(37,462)	(36,518)
Interest and investment income	9	(525)	(793)
Income from council tax, NNDR, RSG and other government grants including NHB	10	(13,235)	(17,311)
Gain on the disposal of assets	8	(1,083)	(287)
Total Income		(52,305)	(54,909)
(Surplus) or deficit on the provision of services		6,635	(8,159)

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

Paragraph 3.3.4.3 of the Code of Practice requires that the Authority 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 2021 for 2020/21).

In compiling the 2020/21 accounts there are no material effects in relation to these standards.

In response to the Covid-19 pandemic, CIPFA/LASAAC deferred the implementation of IFRS 16 Leases in the public sector until the 2022/23 financial year, with an effective date of 1 April 2022. This will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low-value and short-term leases).

2 Critical Judgements in Applying Accounting Policies

- a) Estimates for accrued expenditure/income - based on service managers' and accountants' calculations at year end.
- b) Bad debt provision - based on historic trends and adjusted for any material movements during 2020/21. This includes an estimation of the impact that the Covid-19 lockdown 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 Grant Thornton during their audit of the Council's Accounts.

- e) Estimating the total amount of housing benefit overpayments at the year end based on the balance at the end of month 11.
- f) 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 Authority will be material with an expectation that the current various income streams will be altered, reduced and even ceased in some cases. This has been compounded by the Covid-19 pandemic which required various national lockdowns and restrictions to be imposed. Authorities have received some necessary reactive funding and have been reimbursed for the majority of the lost income normally collected through Fees and Charges. This funding, along with the need to close facilities and reduce levels of service provision and some reliance on short term reserves, have been sufficient to protect the assets of the Authority from impairment.

3 Material Items of Income and Expenditure

The Authority has a 100% interest in its subsidiary 3 Rivers Developments Ltd which builds quality homes in the Mid Devon area. The Authority has provided loan funding to enable the activities of the company. The ability of the company to repay these loans is regularly reviewed to examine whether an expected credit loss arises as defined in IFRS 9.

As a result, the working capital loan which is expected to be repaid from profits arising on developments, was impaired by £173k (loan value at 31 March 2021 - £828k) during 2019/20. A further review during 2020/21 concluded no further impairment was necessary.

Also within 2019/20, a further impairment was made in respect of the Riverside development in Tiverton of £617k to reflect cost overruns affecting the project (loan value at 31 March 2021 - £5,036k). Again, a further review during 2020/21 concluded no further impairment was necessary.

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 Authority 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.

The items in the Authority's Balance sheet at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Note	Item	Uncertainties	Effect if Actual results Differ
22	Property, Plant and Equipment	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 Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	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 and plant based on a gross value of £36,236k (excl. Council Houses) would increase by £224k for every year that useful lives had to be reduced.

Note	Item	Uncertainties	Effect if Actual results Differ
21	Pensions Liability	<p>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 Authority 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 available until some time later, may give a different value of pension assets, but this is not considered to be material.</p>	<p>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 £150,759k and a 1 year increase in life expectancy assumptions would increase the closing defined benefit obligation to £160,947k. However the assumptions interact in complex ways.</p>
41	Non Domestic Rates Appeals Provision	<p>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>	<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>
	Arrears	<p>At 31 March 2021, the Authority had a gross sundry debtors balance of £1,406k, although only £311k is over 30 days old. A review of significant balances suggested that a provision for doubtful debts of 27% or £385k was appropriate (£139k of which relates to DARS). Allowance has been made in this provision for the economic effects of Covid-19. 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.</p>	<p>If we were to provide for 1% more of the arrears, the provision value would increase by approximately £14k.</p>

Note	Item	Uncertainties	Effect if Actual results Differ
	Fair Value Asset Valuation	<p>The Authority engages the District Valuer, a qualified 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>	<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 Pandemic and the measures taken to tackle Covid-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date some property markets have started to function again, with transaction volumes and other relevant evidence returning to levels where 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 in response to changes in the control or future spread of Covid-19 we highlight the importance of the valuation date.</p>
	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>
	Accruals	<p>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.</p>	<p>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.</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 Authority 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 Authority to meet future capital and revenue expenditure.

General Fund Balance

The General Fund is the statutory fund into which all of the receipts of an authority 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 Authority is required to maintain a Major Repairs Reserve, which controls an element of the capital resources limited 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

2020/21	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	
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Adjustments involving the Capital Adjustment Account						
Charges for depreciation and impairment of non current assets	(1,854)	(2,601)	-	-	-	4,455
Revaluation (losses)/gains on Property, Plant and Equipment	(757)	4,568	-	-	-	(3,812)
Amortisation of intangible assets	-	-	-	-	-	-
Impairment of current assets	-	-	-	-	-	-
Capital grants and contributions applied	446	-	-	-	-	(446)
Income in relation to donated assets	-	-	-	-	-	-
Useable Capital Receipts applied in year	-	-	-	-	-	-
Revenue expenditure funded from capital under statute	(916)	-	-	-	-	916
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	(149)	(521)	-	-	-	670
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment	703	959	-	-	-	(1,661)
Capital expenditure charged against the General Fund and HRA balances	1,177	361	-	-	-	(1,537)
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,449	-	-	-	(1,449)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	471	(471)
Adjustments involving the Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	97	860	(957)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	376	-	-	(376)
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	(227)	-	227	-	-	-
Right to Buy Discounts repaid	-	-	-	-	-	-
Balance carried forward	(31)	3,613	(340)	-	(978)	(2,262)

2020/21 - 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	
Balance brought forward	(31)	3,613	(340)	-	(978)	(2,262)
Adjustments involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Adjustment involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA	-	2,596	-	(2,596)	-	-
Use of the Major Repairs Allowance to finance new capital expenditure	-	-	-	1,938	-	(1,938)
Interest credited to the Major Repairs Reserve	-	-	-	-	-	-
Adjustments involving the Financial Instruments Adjustment Account						
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	(34)	-	-	-	-	34
Adjustment involving the Pensions Reserve						
Actuarial past service gain adjustment	-	-	-	-	-	-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,065)	(217)	-	-	-	5,282
Employer's pension contributions and direct payments to pensioners payable in the year	2,787	-	-	-	-	(2,787)
Adjustment involving the Collection Fund Adjustment Account						
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	(151)	-	-	-	-	151
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	(3,454)	-	-	-	-	3,454
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
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	(143)	(39)	-	-	-	182
Total Adjustments	(6,093)	5,954	(340)	(659)	(978)	2,116

2019/20	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	
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Adjustments involving the Capital Adjustment Account						
Charges for depreciation and impairment of non current assets	(1,937)	(2,532)	-	-	-	4,469
Revaluation (losses)/gains on Property, Plant and Equipment	(382)	(4,152)	-	-	-	4,534
Amortisation of intangible assets	-	-	-	-	-	-
Impairment of current assets	(667)	-	-	-	-	667
Capital grants and contributions applied	132	734	-	-	-	(866)
Income in relation to donated assets	-	-	-	-	-	-
Useable Capital receipts applied in year	-	-	-	-	-	-
Revenue expenditure funded from capital under statute	(1,239)	-	-	-	-	1,239
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	(111)	(1,740)	-	-	-	1,851
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment	419	955	-	-	-	(1,374)
Capital expenditure charged against the General Fund and HRA balances	776	859	-	-	-	(1,635)
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	498	-	-	-	(498)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	999	(999)
Adjustments involving the Capital Receipts Reserve						
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	75	2,859	(2,934)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	463	-	-	(463)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	-	(38)	38	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(895)	-	895	-	-	-
Right to Buy Discounts repaid	-	-	-	-	-	-
Balance carried forward	(3,331)	(3,055)	(1,538)	-	501	7,423

2019/20 - 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	
Balance brought forward	(3,331)	(3,055)	(1,538)	-	501	7,423
Adjustments involving the Deferred Capital Receipts Reserve						
Transfer of deferred sale proceeds as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Adjustment involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA	-	2,532	-	(2,532)	-	-
Use of the Major Repairs Allowance to finance new capital expenditure	-	-	-	1,984	-	(1,984)
Interest credited to the Major Repairs Reserve	-	-	-	-	-	-
Adjustments involving the Financial Instruments Adjustment Account:						
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	(177)	-	-	-	-	177
Adjustment involving the Pensions Reserve						
Actuarial past service gain adjustment	-	-	-	-	-	-
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,997)	(431)	-	-	-	6,428
Employer's pension contributions and direct payments to pensioners payable in the year.	2,707	-	-	-	-	(2,707)
Adjustment involving the Collection Fund Adjustment Account						
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	(20)	-	-	-	-	20
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	649	-	-	-	-	(649)
Adjustment involving the Accumulating Compensated Absences Adjustment Account						
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.	(25)	(11)	-	-	-	36
Total Adjustments	(6,194)	(965)	(1,538)	(548)	501	8,744

6 Movements in Earmarked Reserve

The tables below show the amounts set aside from the General Fund and HRA balances in capital or 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 2020/21. Reserves indicated with an asterisk (*) are held for capital purposes.

General Fund Revenue Earmarked Reserves	Balance at 1/4/2019 £'000	Movement £'000	Balance at 31/3/2020 £'000	Movement £'000	Balance at 31/3/2021 £'000
NDR smoothing Reserve	1,172	(452)	721	3,325	4,046
New Homes Bonus Reserve	2,754	745	3,499	(438)	3,061
Waste Infrastructure Reserve	-	1,250	1,250	778	2,028
Maintenance & Amenity Reserve (S106 Funds)	2,444	(630)	1,815	(59)	1,755
Property Maintenance Reserves	1,014	492	1,506	239	1,745
Vehicle, Plant & Equipment Sinking Funds	2,276	(1,571)	705	364	1,068
Garden Village Reserve	671	7	678	(26)	652
ICT Equipment Sinking Fund	190	190	379	167	546
Statutory Development Plan Reserve	520	(44)	477	30	506
Economic Development Reserves	138	60	198	165	363
Homelessness Support Reserve	225	83	307	53	360
ICT Reserves	56	(33)	23	307	330
Post Covid Income Recovery Reserve	-	-	-	300	300
Climate Change Reserve	-	-	-	299	299
RCCO* Earmarked Reserves	415	(114)	301	(46)	255
PSH Grant Reserves	1,060	(755)	305	(52)	253
Planning Improvement Programme Reserve	-	-	-	250	250
Council Tax Smoothing Reserve	-	-	-	240	240
General Revenue Earmarked Reserve	-	-	-	224	224
Cullompton Rail Station Reserve	40	-	40	121	161
Recycling Plant Sinking Fund	80	11	91	20	111
Community Housing Reserve	115	(3)	111	(3)	108
Other General Fund Reserves <£100k	1,183	100	1,283	301	1,584
Total Revenue Earmarked Reserves	14,354	(665)	13,688	6,559	20,247

*RCCO – Revenue contributions to capital outlay.

The table on the prior page shows the General Fund Earmarked Reserves balances held at 31 March 2021. The Other General Fund Reserves <£100k relate to a large number of smaller reserves that are for specific projects that will be delivered in 2021/22 and future years e.g. the Rough Sleeping Initiative (£92k), Flood Defences Bampton (£67k) and Planning, testing of the new national model for design codes (£50k). The £3,061k held in the New Homes Bonus Reserve is non-ringfenced. Primarily it will be used to help invest and maintain the Authority’s General Fund assets. It may also be used to support short term service provision and Economic Development projects. 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. 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. The Waste Infrastructure Reserve is intended to be used to purchase land for a unified waste/grounds maintenance depot. A full breakdown of the Earmarked Reserves is provided in the Outturn Report presented at the July Cabinet meeting.

Housing Revenue Account Revenue Earmarked Reserves	Balance at 1/4/2019 £'000	Movement £'000	Balance at 31/3/2020 £'000	Movement £'000	Balance at 31/3/2021 £'000
Housing Maintenance Fund	13,573	625	14,198	923	15,121
HRA - PWLB Loan Premium Deficit	2,151	659	2,811	706	3,516
Renewable Energy Fund	569	106	674	27	701
HRA Affordable Rent surplus	-	49	49	150	199
Sewage Treatment Works	30	-	30	-	30
Total Revenue Earmarked Reserves	16,323	1,439	17,762	1,805	19,567

The table above shows the Housing Revenue Account (HRA) Earmarked Reserves balances held at 31 March 2021. 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. In 2020-21 the fund has increased by £923k. 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.

Total Funds Unapplied	Balance at 1/4/2019 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31/3/2020 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31/3/2021 £'000
Repaid PSH Grants	73	-	-	73	84	-	158
Affordable Housing Contributions	678	25	(18)	686	408	-	1,094
Planning Delivery Grant	198	-	(198)	-	-	-	-
Devon County Council Funding	20	-	-	20	-	-	20
MHCLG Disabled Facilities Grant	1,177	473	(783)	867	957	(471)	1,353
Total Capital Grants Unapplied	2,146	498	(999)	1,646	1,449	(471)	2,625

8 Other Operating Expenditure

Other Operating Expenditure	2019/20 £'000	2020/21 £'000
Parish Council precepts payable	1,715	1,837
Payments to the Government housing capital receipts pool	895	227
(Gains)/Losses on the disposal of non current assets	(1,082)	(287)
Total	1,528	1,778

9 Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2019/20	2020/21
	£'000	£'000
Interest payable and similar charges	1,228	1,230
Net interest on the net defined benefit liability	1,440	1,347
Interest receivable and similar income	(702)	(827)
(Gains)/Losses recognised under IFRS 9 Financial Instruments*	177	34
Total	2,142	1,784

* 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 £4,725k, this is an overall loss of £275k since the investment in 2015/16. The in-year loss of £34k 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.

10 Taxation and Non-Specific Grant Income

Taxation and Non Specific Grant Income	2019/20	2020/21
	£'000	£'000
Council Tax income (including Parish Council Precepts receivable)	(7,596)	(7,879)
Non Domestic Rates	(3,122)	(3,358)
Non-ringfenced Government grants*	(1,749)	(5,096)
Capital grants and contributions	(768)	(978)
Total	(13,235)	(17,311)

* Further detail of Non-ringfenced Government grants is shown at Note 55.

11 Operating Leases

Authority as a Lessee

The Authority holds a number of vehicles, land and buildings under the terms of operating leases.

Payments under Operating Leases

The Authority has made payments of £140k under operating leases in 2020/21 (£146k in 2019/20) comprising of the following elements:

Authority as Lessee	2019/20	2020/21
	£'000	£'000
Land & Buildings	140	140
Vehicles, Plant & Equipment	6	-
Total	146	140

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 2021 was £11,314k (£11,372k at 31 March 2020)

Authority as Lessor	2019/20			2020/21		
	Gross Value	Net Book Value	Rental Income	Gross Value	Net Book Value	Rental Income
	£'000	£'000	£'000	£'000	£'000	£'000
HRA Shops	1,201	1,201	(108)	1,215	1,215	(107)
General Fund Shops	3,456	3,456	(370)	3,361	3,361	(374)
Other GF Land & Buildings	5,287	5,287	(124)	5,306	5,306	(109)
Industrial Units	1,428	1,428	(102)	1,432	1,432	(97)
Total	11,372	11,372	(704)	11,314	11,314	(687)

The Council also received £404k from the rental of Garages and £12,325k from Council Houses (£12,100k 2019/20). 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	2019/20		2020/21	
	Number of Employees	Left During Year	Number of Employees	Left During Year
£50,000 - £54,999	3	-	3	-
£55,000 - £59,999	3	1	4	-
£60,000 - £64,999	1	1	1	1
£65,000 - £69,999	1	-	2	-
£70,000 - £74,999	1	1	-	-
£75,000 - £79,999	1	-	-	-
£80,000 - £84,999	-	-	3	1
£85,000 - £89,999	1	-	-	-
£90,000 - £94,999	-	-	-	-
£95,000 - £99,999	-	-	-	-
£100,000 - £104,999	-	-	-	-
£105,000 - £109,999	-	-	-	-
£110,000 - £114,999	1	-	1	-

The above table includes two employees who received termination payments in 2020/21. These employees are included in the Termination Benefit note. Nine employees in the above table are not Senior Officers so have not been included in the Senior Officers table, all other employees are included.

Senior Officers Earning in Excess of £50,000

The statutory instrument regarding Officer Emoluments requires the individual naming of any Officers with an annual salary of £150,000 or more and the post title of any officer's earning £50,000 or more who occupy statutory roles or are responsible for managing the strategic direction of services. The Council had no officers earning at or in excess of £150,000 in 2020/21.

Post Title	Financial Year	Salary	Total	Pension	Total
		(Including Allowances)	Remuneration excluding pension contributions	Contributions	Remuneration including pension contributions
		£	£	£	£
Chief Executive	2020/21	114,131	114,131	18,946	133,077
	2019/20	111,281	111,281	16,358	127,640
Deputy Chief Executive (S151). Note 3	2020/21	82,616	82,616	13,825	96,441
	2019/20	86,200	86,200	11,936	98,136
Director of Corporate Affairs & Business Transformation	2020/21	80,910	80,910	13,431	94,342
	2019/20	77,394	77,394	11,377	88,771
Director of Operations. Note 4	2020/21	-	-	-	-
	2019/20	60,605	60,605	8,580	69,185
Head of Planning & Regeneration	2020/21	69,629	69,629	11,558	81,187
	2019/20	67,765	67,765	9,962	77,727
Head of Legal and Monitoring Officer	2020/21	66,925	66,925	11,110	78,035
	2019/20	58,482	58,482	8,597	67,079

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 16.6% has been used for the 2020/21 pension contributions figures.
3. In 2019/20 the Deputy Chief Executive (S151) received an extra payment that was not pensionable.
4. The Director of Operations left the Authority on 2 January 2020.

13 Termination Benefits

2020/21				
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	-	11	11	34
£20,000 - £39,999	-	1	1	33
£40,000 - £59,999	1	-	1	46
£60,000 - £79,999	-	1	1	69
Total	1	13	14	182

During 2020/21 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.

2019/20				
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	-	13	13	23
£20,000 - £39,999	-	2	2	73
£40,000 - £59,999	-	-	-	-
£60,000 - £79,999	-	-	-	-
Total	-	15	15	96

14 External Audit Costs

Fees paid and estimated for the Council's appointed external auditor, Grant Thornton, were as follows:

External Audit Costs	2019/20	2020/21
	£'000	£'000
Fees payable with regard to the annual audit fee	44	37
Fees payable for the certification of claims and returns	14	20
Additional Fee relating to previous year's audit	5	7
Additional Fee relating to current year's audit	-	21
Total	63	85

The fees shown include estimates for additional fees relating to the current year 2020/21 and additional fees relating to the previous year's audit. These fees are forecast at present as they are subject to external ratification. The basis for these fees are the audit plan provided by Grant Thornton.

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 Members to declare their interests in related parties in a register of interests, which is available for public inspection via our website. In addition, Members are asked to declare separately any transactions with the Authority.

Officers of the Council are bound by the Council's Code of Conduct. Leadership Team and Corporate 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 - one Senior Officer was appointed as a Director of the company for part of the financial year. This Officer was replaced by an independent Director during a governance restructure. In addition, one Councillor of Mid Devon District Council is appointed as a Director of 3 Rivers Developments Ltd. In 2020/21 loans of £1,102k (£6,448k 2019/20) were made to 3 Rivers Developments Ltd and will be repaid on a commercial basis.

16 Members' Allowances and Expenses

Members Allowances and Expenses	2019/20	2020/21
	£'000	£'000
Allowances	302	306
Expenses	22	7
Total	324	313

17 Acquired and/or Discontinued Activities

The Council did not acquire any new activities or discontinue any existing ones during 2020/21.

18 Depreciation and Impairment of Non Current Assets

House values have increased during 2020/21. This has been reflected in the values applied to Council Houses and this is the primary reason for a net reversal of prior year impairment of £3,812k. Council Houses are valued at a Vacant Possession value and then have a discount factor applied to adjust the value to Existing Use Value - Social Housing (EUV-SH). The discount factor of 35% has been used in 2020/21. See Notes 27 and 57 for further details.

Depreciation and Impairment of Non Current Assets	2019/20	2020/21
	£'000	£'000
Depreciation	4,469	4,455
Net reversal of impairment of non current assets	4,534	(3,812)
Total	9,003	643

19 Minimum Revenue Provision

The Council is required by statute to set aside a Minimum Revenue Provision for the repayment of its Capital Financing Requirement.

Minimum Revenue Provision	2019/20	2020/21
	£'000	£'000
Housing Revenue Account - Minimum Revenue Provision		
HRA self-financing settlement	911	911
Housing developments after 1/4/13	43	43
Finance leases	-	4
	954	958
General Fund - Minimum Revenue Provision		
Assets acquired prior to 1/4/13	63	61
Assets acquired by PWLB loans after 1/4/13	155	155
Assets funded from internal borrowing	78	201
Finance leases	122	285
	419	703
Total	1,373	1,661

20 Insurance

All major risks have been identified and are insured with applicable excesses. There were no major claims outstanding as at 31 March 2021. A Reserve of £86k is held in respect of the Council's liability going back some years with Municipal Mutual Insurance Limited (MMI).

21 Pensions

All of the pension figures included in the 2020/21 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).

Participation in the Pension Scheme

As part of the terms and conditions of employment of its Officer's, 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 and is fully funded, meaning that the Council and its Employee's pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with the investment assets. Governance of the scheme is the responsibility of the Pensions Committee of Devon County Council. Policy is determined in accordance with the Pension Fund Regulations.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. 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.

Impact of McCloud /Sargeant judgment

The Barnett Waddingham valuation provided includes an allowance to reflect the Court of Appeal judgment in respect of the McCloud and Sargeant cases which relates to age discrimination.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closed on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published.

Guaranteed Minimum Pension (GMP) Equalisation

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

The actuary's valuation assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the actuary has assumed that the Fund will be required to pay the entire inflationary increase. Therefore, the actuary's assumption is consistent with the consultation outcome and they do not believe that it is necessary to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Transactions relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by Employee's 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 the Note titled 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

Although the post retirement mortality tables adopted are consistent with the previous accounting date, the mortality improvement projection has been updated to use the latest version of the Continuous Mortality Investigation's model, CMI_2020, which was released in March 2021. This update has been made in light of the coronavirus pandemic and reflects the latest information available from the CMI. The new CMI_2020 Model introduces a "2020 weight parameter" for the mortality data in 2020 so that the exceptional mortality experienced due to the coronavirus pandemic can be incorporated without having a disproportionate impact on results.

Pension Assets and Liabilities Recognised in the Balance Sheet

Pension Assets and Liabilities Recognised in the Balance Sheet	Local Government Pension Scheme	
	2019/20	2020/21
	£'000	£'000
Present value of the defined benefit obligation	118,420	152,836
Fair value of plan assets	(60,635)	(78,412)
Present value of the unfunded obligation	980	977
Net liability from defined benefit obligation	58,765	75,401

Pensions - Comprehensive Income and Expenditure Statement

Comprehensive Income and Expenditure Statement - Cost of Services	Local Government Pension Scheme	
	2019/20	2020/21
	£'000	£'000
Service cost comprising:		
Current service cost	4,123	3,901
Past service costs	865	35
(Gain) / loss from settlements	-	-
Financing and Investment Income and Expenditure		
Net interest expense	1,392	1,300
Administrative expenses	48	47
Total Post-employment Benefits charged to the Surplus or Deficit on the Provision of Services	6,428	5,283
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Remeasurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	7,001	(14,556)
Actuarial gains and losses arising on changes in demographic assumptions	(1,516)	(1,328)
Actuarial gains and losses arising on changes in financial assumptions.	(9,845)	31,772
Other actuarial gains and losses	25	-
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	(4,335)	15,888
Movement in Reserves Statement		
Reversal of net charges made to the surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code.	6,428	5,283
Actual amount charged against the General Fund Balance for pensions in the year:		
Employers' contributions payable to the scheme	2,707	2,787
Retirement benefits payable to pensioners	3,292	3,442

Reconciliation of the Movements in the Fair Value of Scheme Assets

Reconciliation of the Movements in the Fair Value of Scheme Assets	Local Government Pension	
	2019/20 £'000	2020/21 £'000
Opening fair value of scheme assets	66,010	60,635
Interest income	1,586	1,474
Remeasurement gain / (loss):		
- The return on plan assets, excluding the amount included in the net interest expense	(7,001)	14,556
- Other	(73)	(47)
Contributions from employer*	2,707	4,535
Contributions from employees into the scheme	698	701
Benefits paid	(3,292)	(3,442)
Closing fair value of scheme assets	60,635	78,412

**Contribution from employer includes £1,748k relating to the secondary rate contribution for 2021/22 and 2022/23 paid in advance during 2020/21*

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

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	Funded Liabilities: Local Government Pension Scheme	
	2019/20	2020/21
	£'000	£'000
Opening balance at 1 April	125,389	119,400
Current service cost	4,123	3,901
Interest cost	2,978	2,774
Contributions from scheme participants	698	701
Remeasurement (gains) and losses:		
- Actuarial gains and losses arising on changes in demographic assumptions	(1,516)	(1,328)
- Actuarial gains and losses arising on changes in financial assumptions.	(12,414)	33,343
- Other	2,569	(1,571)
Past service cost	865	35
Benefits paid	(3,205)	(3,356)
Unfunded Pension Payments	(87)	(86)
Closing balance at 31 March	119,400	153,813

Basis for Estimating Assets and Liabilities

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 Mid Devon District 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 2019 and has then been updated for estimated fund returns, asset statement, market returns, and income and expenditure as at the 31 March 2021.

The significant assumptions used by the Actuary have been:

Mortality assumptions	Local Government Pension Scheme	
	2019/20	2020/21
Longevity at 65 for current pensioners		
- Men	22.9	22.6
- Women	24.1	23.9
Longevity at 65 for future pensioners		
- Men	24.3	24.0
- Women	25.5	25.4
Rate of inflation	1.9%	2.8%
Rate of increase in salaries	2.9%	3.8%
Rate of increase in pensions	1.9%	2.8%
Rate for discounting scheme liabilities	2.4%	2.0%

Local Government Pension Scheme assets comprised:

Local Government Pension Scheme assets comprised	Fair value of scheme assets	
	2019/20	2020/21
	£'000	£'000
Cash and cash equivalents	706	809
Equities:		
UK	8,069	8,684
Overseas	26,076	40,494
Sub-total equities	34,145	49,178
Bonds:		
- Gilts	2,586	2,667
- Other Bonds	3,177	3,516
Sub-total bonds	5,763	6,183
Other investments:		
- Infrastructure	2,613	3,177
- Property	5,712	6,298
- Target Return Portfolio	7,962	7,382
- Alternative Assets	3,734	5,385
- Private Equity	-	-
Sub-total other investment funds	20,021	22,242
Total assets	60,635	78,412

Estimation of Assets and Liabilities

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out on a previous page. The sensitivity analysis 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 analysis 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
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	150,759	153,813	156,932
Projected service cost	6,076	6,294	6,519
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	154,130	153,813	153,498
Projected service cost	6,297	6,294	6,291
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	156,586	153,813	151,095
Projected service cost	6,517	6,294	6,078
Adjustment to mortality age rating assumption	+1 Year	None	-1 Year
Present value of total obligation	160,947	153,813	147,008
Projected service cost	6,566	6,294	6,032

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep Employers' Contributions at as constant a rate as possible. Funding levels are monitored on an annual basis and the next triennial valuation is due to be completed on 31 March 2022. 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)

2020/21	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, Plant and Equipment
	Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	69	146,558	43,702	7,300	516	305	60	198,510
Additions	5	2,634	1,955	1,972	-	-	-	6,566
Revaluation increases/(decreases) recognised in the Revaluation reserve	-	(2,376)	(1,657)	(1,275)	-	(2)	485	(4,825)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	4,567	(245)	-	-	-	(1)	4,320
Derecognition - Disposals	-	(521)	(54)	(97)	-	-	-	(672)
Reclassification	(40)	-	(1,099)	2	-	-	(512)	(1,650)
At 31 March 2021	34	150,862	42,602	7,901	516	303	33	202,250

2020/21	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, Plant and Equipment
	Accumulated Depreciation and Impairment	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2020	-	-	-	(3,920)	(115)	(47)	-	(4,082)
Depreciation charge	-	(2,390)	(1,219)	(826)	(10)	(11)	-	(4,455)
Depreciation written out to the Revaluation Reserve	-	2,390	1,219	1,275	-	2	-	4,886
Derecognition - Disposals	-	-	-	2	-	-	-	2
At 31 March 2021	-	-	-	(3,469)	(125)	(55)	-	(3,649)

2020/21	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, Plant and Equipment
Net Book Value	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2021	34	150,862	42,602	4,432	391	248	33	198,601
At 31 March 2020	69	146,558	43,702	3,380	401	259	60	194,429

2020/21	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, plant and Equipment
Nature of asset holding	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Owned	34	150,862	42,602	1,996	391	248	33	196,165
Subject to Finance Leases	-	-	-	2,436	-	-	-	2,436

(See note 57 for finance lease information)

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	34	-	-	4,432	391	151	-	5,008
Valued at fair value in year								
2020/21		150,862	42,602	-	-	97	33	193,593
2019/20	-	146,558	43,702	-	-	100	60	190,420
2018/19	-	145,874	43,837	-	-	-	86	189,797
2017/18	-	145,221	44,457	-	-	-	86	189,764
2016/17	-	141,024	41,890	-	-	-	1,075	183,989

2019/20	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, plant and Equipment
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	4,795	145,874	43,837	6,582	516	292	86	201,983
Additions	39	4,006	74	1,435	-	-	-	5,554
Revaluation increases/(decreases) recognised in the Revaluation reserve	-	(2,362)	321	(714)	-	13	-	(2,741)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(4,160)	(374)	-	-	-	-	(4,534)
Derecognition - Disposals	(49)	(1,591)	(82)	(4)	-	-	(26)	(1,751)
Reclassification	(4,716)	4,790	(74)	-	-	-	-	-
At 31 March 2020	69	146,558	43,702	7,300	516	305	60	198,510

2019/20	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, plant and Equipment
Accumulated Depreciation and Impairment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2019	-	-	-	(3,774)	(106)	(45)	-	(3,925)
Depreciation charge	-	(2,337)	(1,251)	(860)	(10)	(11)	(2)	(4,469)
Depreciation written out to the Revaluation Reserve	-	2,337	1,251	714	-	9	2	4,312
At 31 March 2020	-	-	-	(3,920)	(115)	(47)	-	(4,082)

2019/20	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, plant and Equipment
Net Book Value	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 March 2020	69	146,558	43,702	3,380	401	259	60	194,429

2019/20	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equip	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, plant and Equipment
Nature of asset holding	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Owned	69	146,558	43,702	2,400	401	258	60	193,449
Subject to Finance Leases	-	-	-	980	-	-	-	980

(See note 57 for finance lease information)

23 Revenue Expenditure Funded From Capital Under Statute (REFCUS)

This is expenditure that does not result in, or remain matched with, assets controlled by the Council. Examples of this would include financial assistance towards capital investment incurred by other parties and works on properties not owned by the Authority.

Description	Balance at 1 April 2019	Expend	Transfer in Year	Amount Financed or Written Off	Balance at 31 March 2020	Expend	Transfer in Year	Amount Financed or Written Off	Balance at 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Affordable housing	-	18	-	(18)	-	-	-	-	-
Private Sector Housing Grants & DFG's	-	734	-	(734)	-	471	-	(471)	-
Cullompton Relief Road	-	471	-	(471)	-	325	-	(325)	-
Tiverton A361 Phase 2	-	16	-	(16)	-	121	-	(121)	-
Other REFCUS	-	-	-	-	-	-	-	-	-
Total	-	1,239	-	(1,239)	-	916	-	(916)	-

Capital Grants received to finance these projects amounted to £916k (2019/20 £596k).

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

Summary of Capital Expenditure and Financing	2019/20	2020/21
	£'000	£'000
Opening Capital Financing Requirement	50,845	56,112
Capital investment		
Property, Plant and Equipment	5,554	6,566
Other Capital Expenditure	50	-
Revenue Expenditure Funded from Capital under Statute	1,239	916
Loans to Third parties	6,146	678
Adjust Loans to Third Parties - Working Capital Loan Removed from CFR*	(354)	-
Adjust for Capital Expenditure Written Off to CIES*	(47)	-
Sources of Finance		
- Capital receipts applied	(463)	(376)
Use of Major Repairs Allowance to finance HRA new capital expenditure	(1,984)	(1,938)
- Government grants and contributions	(1,865)	(917)
Direct revenue contributions	(1,635)	(1,537)
Statutory provision for the financing of capital investment	(1,374)	(1,661)
Closing Capital Financing Requirement	56,112	57,845
Explanation of movements in year		
(Decrease)/Increase in underlying need to borrowing (unsupported by government financial assistance)	5,267	1,733
(Decrease)/Increase in Capital Financing Requirement	5,267	1,733

*The 2019/20 Capital Financing Requirement (CFR) includes the following adjustments:

- The removal of working capital loans to 3 Rivers Developments Ltd for £354k relating to 2018/19; and
- The removal of £47k related to a project aborted in 2019/20 that has been written off to the CIES.

25 Heritage Assets

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

Heritage Assets Movements	2019/20 £'000	2020/21 £'000
Cost or Valuation		
At 1 April 2020	330	330
Additions	-	-
Donations	-	-
Disposals	-	-
Revaluation increases/(decreases)	-	-
At 31 March 2021	330	330

The Authority 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 Bearnas 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 items identified in the collection are as follows:

Heritage Assets of Particular Importance	2019/20 £'000	2020/21 £'000
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.	250	250

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 great than £250k committed to at 31st March 2021.

Commitments under Capital Contracts	2019/20	2020/21
	£'000	£'000
Various MRA works	1,638	1,600
Multi-Storey Car Park - Refurbishment Project	738	-
Total	2,376	1,600

27 Non-Current Asset Valuation

The Council instructed the District Valuer to complete a full property valuation exercise for 1/5 of its freehold properties and a review of all other freehold properties. Where applicable property assets are therefore included in the 2020/21 accounts at their 31 March 2021 valuation. The Valuation Office have made their valuation in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

Andrew Doak, a Senior Surveyor, with the Valuation Office, and MRICS qualified, undertook a valuation exercise to reassess the value of the housing stock as at 31 March 2021. These revised values have been incorporated into the Council's Balance Sheet. This valuation was undertaken based on a Beacon Basis, where a standard valuation was applied across the Council's housing stock against similar groups of property. The adjustment factor of 35% to adjust the value of Council House values to EUV-SH has been used as the discount factor for 2020/21.

Properties regarded by the Council as operational were valued on the basis of Open Market Value for their existing use or, where this could not be assessed because there was no market for the asset, the method Depreciated Replacement Cost 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 undertaken a comprehensive impairment review of the Council's assets as at the 31 March 2021.

28 Short-Term and Long-Term Borrowing

As at the 31 March 2021 the Council had four long-term loans outstanding from the Public Works Loan Board (PWLB) with an outstanding balance of £37,104k.

- 1 - £33,563k to fund the Housing Revenue Account stock purchase - 25 year loan @ 2.94% maturing 28 March 2037;
- 2 - £53k to fund a recycling baler - 10 year loan @ 2.68% maturing 25 March 2024;
- 3 - £3,403k 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;
- 4 - £85k to fund the purchase of leisure equipment at Exe Valley Leisure Centre - 5 year loan @ 1.7% maturing 29 March 2023.

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

Lender	Maturity date	Balance at	Balance at
		31/03/2020	31/03/2021
		£'000	£'000
Public Works Loan Board	< 1 year	1,833	1,870
	2 - 5 years	7,706	7,868
	Over 5 years	29,398	27,366
Total loan value outstanding		38,937	37,104

29 Trusts for which the Council is the Sole Trustee

Mid Devon District 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 £270k at 31 March 2021 and comprised land and buildings.

Peoples Park Land & Buildings	2019/20	2020/21
	£'000	£'000
Park Lodge - Land	95	95
Park Lodge - Building	175	175
Total	270	270

30 Financial Instruments

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

2020/21	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	1,118	-	-	-	1,118
Interest payable on finance leases	-	112	-	-	112
Interest payable and similar charges	1,118	112	-	-	1,230
Interest income	-	-	(620)	-	(620)
Interest and investment income	-	-	(620)	-	(620)
Fair Value adjustment	-	-	-	34	34
Net (gain)/loss for the year	1,118	112	(620)	34	644

2019/20	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	1,170	-	-	-	1,170
Interest payable on finance leases	-	58	-	-	58
Interest payable and similar charges	1,170	58	-	-	1,228
Interest income	-	-	(489)	-	(489)
Interest and investment income	-	-	(489)	-	(489)
Fair Value adjustment	-	-	-	177	177
Net (gain)/loss for the year	1,170	58	(489)	177	916

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 Authority only deals in these kinds of instruments.
- 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 fair values calculated are as follows:

Financial Assets	2019/20		2020/21	
	Carrying amount £'000	Fair value £'000	Carrying amount £'000	Fair value £'000
Financial Assets				
Long term investment	4,759	4,759	4,725	4,725
Short term investment	20,000	20,000	17,500	17,500
Cash and cash equivalents	3,843	3,843	10,860	10,860
Loans and trade receivables	10,264	10,264	11,900	11,900
Total	38,866	38,866	44,985	44,985
Financial Liabilities				
Long term borrowing	(38,937)	(49,085)	(37,104)	(44,437)
Finance leases	(980)	(980)	(2,436)	(2,436)
Trade payables	(814)	(814)	(1,061)	(1,061)
Total	(40,731)	(50,879)	(40,601)	(47,934)

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 of Prudential Indicators and the approval of Treasury and Investment Strategy reports), 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 at present allows the Council to invest with the main UK Banks and Building Societies, with a FITCH rating of F1 or higher, up to a maximum value of £5m 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 £5m plus the balance of any emergency grant funds being administered. At 31 March 2021, the total balance being held for the administration of Covid-19 grants to businesses amounted to £5,889k.

Fair Value Disclosure of PWLB Loans

The Fair Value of Public Works Loan Board (PWLB) loans of £44,437k 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 measures the premium on early settlement to cover the lost interest, to the PWLB, on the remaining term of the loan.

Fair Value Disclosure of Long Term Investments (CCLA)

With the introduction of IFRS 9 the Authority has designated the equity at 31 March 2021 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

Long Term Investments	2019/20	2020/21
	£'000	£'000
CCLA Property Fund	4,759	4,725
Total	4,759	4,725

At the 31 March 2021, the Council held 1,634,480 units in the CCLA Local Authorities' Mutual Investment Trust Commercial Property Fund. During 2020/21, the income received amounted to £206k, a 4.13% return for the year. The carrying value of the investment in the Balance Sheet at 31 March 2021 based upon the Fair Value through Profit or Loss (FVPL) amounted to £4,725k.

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

Long Term Debtors (amounts due in more than 12 months)	2019/20	2020/21
	£'000	£'000
Other entities and individuals	7,688	9,220
Total	7,688	9,220

Within the Long Term Debtors figure is the £8,231k the Council has lent on a long-term basis (more than 1 year) to 3 Rivers Developments Ltd, being loans of £9,021k less the impairments of £790k.

33 Short Term Investments

Bank/Building Society/Local Authority/PCC	Term		Fixed Interest Rate %	2019/20	2020/21
	From	To		£'000	£'000
Close Brothers	04/09/2019	02/09/2020	1.10%	1,000	
Santander	17/09/2019	17/09/2020	0.94%	2,000	
Santander	01/10/2019	01/04/2020	0.83%	1,500	
Santander	07/10/2019	07/04/2020	0.83%	1,500	
Rugby Borough Council	09/10/2019	07/10/2020	0.90%	1,000	
Goldman Sachs	29/10/2019	29/04/2020	0.95%	1,000	
Goldman Sachs	05/11/2019	05/05/2020	1.00%	1,000	
Highlands Council	27/11/2019	25/11/2020	0.92%	1,000	
Lloyds	30/12/2019	30/12/2020	1.10%	2,000	
Merseyside PCC	02/01/2020	30/04/2020	0.85%	1,000	
Nottingham City Council	02/03/2020	17/04/2020	0.80%	2,500	
Central Bedfordshire Council	03/03/2020	27/05/2020	0.95%	2,000	
Eastleigh Borough Council	13/03/2020	14/04/2020	1.10%	1,500	
Cheltenham Borough Council	20/03/2020	20/04/2020	0.95%	1,000	
Blackpool Borough Council	22/09/2020	06/04/2021	0.23%		2,000
Spelthorne Borough Council	27/07/2020	26/07/2021	0.42%		1,500
Broxbourne Borough Council	02/09/2020	01/09/2021	0.40%		2,000
Salford City Council	14/09/2020	14/06/2021	0.20%		2,000
Staffordshire Moorlands DC	16/10/2020	15/10/2021	0.22%		1,000
South Somerset	20/10/2020	20/07/2021	0.20%		3,000
Surrey Heath Borough Council	10/12/2020	10/06/2021	0.10%		2,000
Nottinghamshire PCC	21/12/2020	21/06/2021	0.12%		2,000
Ashford Borough Council	25/02/2021	25/11/2021	0.08%		2,000
Total				20,000	17,500

34 Assets Held for Sale

Assets newly classified as held for sale during the year:

Assets Held for Sale	2019/20	2020/21
	£'000	£'000
Opening Balance	149	-
Revaluation increases/(decreases) recognised in the Revaluation reserve	-	(616)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(508)
Derecognition - Disposals	(149)	-
Reclassification	-	1,650
Net Book Value	-	525

The following assets have been reclassified as Assets Held for Sale during 2020/21:

- public conveniences at Station Road, Cullompton
- former nursery at Park Road, Tiverton
- Moorhayes Community Centre

35 Inventories

Inventories	2019/20	2020/21
	£'000	£'000
Raw materials	276	315
Total	276	315

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

Short Term Debtors (amounts due in less than 12 months)	2019/20	2020/21
	£'000	£'000
Trade Receivables	1,392	1,987
Other Receivable Amounts	5,828	10,989
Less Impairment Allowances	(1,238)	(1,567)
Total	5,982	11,410

2020/21 "Other Receivable Amounts" includes:

- NDR - £4,398k, £344k relates to MDDC's share of local business's arrears and £4,054k relates to the Precepting Authorities (Central Government, DCC & Fire) share of the Business Rates deficit for 2020/21;
- Council Tax - £1,889k of which £1,196k primarily relates to the Precepting Authorities (DCC, Police & Fire) Council Tax deficit for 2020/21, £677k relates to MDDC's share of resident's arrears and £16k to S31 grant (in respect of compensation from Central Government); £1,261k loans and interest to 3 Rivers Developments Ltd; £1,068k grant income including £764k Covid-19 Income Compensation Scheme; £300k Devon County Council Waste Partnership; £480k rents from housing tenants.

37 Debtors for Local Taxation

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

Council Tax	2019/20	2020/21
	£'000	£'000
Up to one year	294	384
Less impairment allowance	(39)	(95)
Up to one year	255	289
One to three years	148	227
Less impairment allowance	(61)	(130)
One to three years	87	97
Over 3 years	47	67
Less impairment allowance	(47)	(66)
Over 3 years	-	1
Total Debtors for Local Taxation - Council Tax	342	387

Non Domestic Rates	2019/20	2020/21
	£'000	£'000
Up to one year	91	150
Less impairment allowance	(30)	(66)
Up to one year	61	84
One to three years	115	169
Less impairment allowance	(86)	(138)
One to three years	29	31
Over 3 years	23	25
Less impairment allowance	(23)	(24)
Over 3 years	-	1
Total Debtors for Local Taxation - Non Domestic Rates	90	116

38 Cash and Cash Equivalents

Cash and Cash Equivalents	2019/20 £'000	2020/21 £'000
Cash held by the Authority	2	3
Bank current accounts	3,841	10,857
Short-term deposits with financial institutions	-	-
Total	3,843	10,860

The increase in monies held in Bank Current Accounts is due to holding approximately £5,700k of Covid-19 Grant funding to be distributed in 2021/22.

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

Short Term Creditors (amounts due in less than 12 months)	2019/20 £'000	2020/21 £'000
Other Payables	(4,681)	(12,956)
Trade Payables	(2,172)	(1,986)
Total	(6,854)	(14,942)

2020/21 "Other Payables" includes:

- NDR creditors -£10,551k, £4,662k primarily relates S31 Grant paid on account by Central Government to aid cash flow in 2020/21 which is now due to be returned. £5,889k relates to monies paid to the Council from Central Government as Covid-19 support to Local Businesses that the Council has been acting as 'agent' for and distributing to qualifying businesses. This represents the amounts still available at year-end and schemes are still 'live'; therefore in reality a large proportion of this will be distributed in 2021/22 with any balances ultimately due back to Central Government later in 2021/22; -£675k invoices raised in advance of the 2021/22 financial year; - £421k Housing Benefits Subsidy received on account in 2020/21 that is due back to the DWP; -£348k Finance Lease liability and -£143k grants received in advance.

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

Other Payables	2019/20	2020/21
	£'000	£'000
Other Payables	(1,663)	(2,994)
Total	(1,663)	(2,994)

The finance lease liability has increased by £1,271k in 2020/21 – please see Note 57 for more detail.

Capital Grants Receipts in Advance

Homes England grant monies	2019/20	2020/21
	£'000	£'000
Homes England grant receipts	(62)	-
Total	(62)	-

41 Provisions

Provisions	2019/20	2020/21
	£'000	£'000
Various General Fund	(10)	(85)
Non Domestic Rates (NDR) Appeals	(555)	(784)
Total	(565)	(869)

Various General Fund

The Provision in 2019/20 related to Leisure Services, this Provision was applied in 2020/21. Two Provisions were created in 2020/21; £35k which relates to a planning appeal, and £50k relating to potential repayment of Covid-19 related compensation monies.

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 put in a Provision for Appeals for refunding ratepayers who have appealed against the Rateable Value of their properties on the Rating List. The Council has to put in its best estimate of the expenditure required to settle the present obligation which totals £1,959k in respect of the Non-Domestic Rates Collection Fund. The Council's 40% share of this being £784k. The Council continues to take a prudent approach to evaluating the risk.

42 Usable Reserves

Movements in the Authority's Usable Reserves are detailed in the Movement in Reserves Statement.

43 Unusable Reserves

Unusable Reserves	Note	2019/20	2020/21
		£'000	£'000
Revaluation reserve	44	(16,359)	(15,383)
Capital Adjustment Account	45	(130,149)	(134,771)
Deferred Capital Receipts Reserve	46	(39)	(39)
Pensions Reserve	47	58,765	77,149
Collection Fund Adjustment Account	48	(54)	3,551
Accumulating Compensated Absences Adjustment Account	49	189	371
Financial Instruments Adjustment Account		241	275
Total		(87,406)	(68,847)

44 Revaluation Reserve

The revaluation reserve contains the gains made by the Authority 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 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.

Revaluation Reserve	2019/20 £'000	2020/21 £'000
At 1 April	(15,287)	(16,359)
Upward revaluation of assets	(1,994)	(960)
Downward revaluation of assets and impairment losses not posted to the Surplus on the Provision of Services	423	1,515
Total of revaluations (surplus)/deficit	(1,571)	556
Surplus or deficit on revaluation of non-current assets not posted to the Surplus on the Provision of Services	(16,858)	(15,803)
Accumulated gains on assets sold	65	18
Difference between fair value depreciation and historical cost depreciation	434	402
At 31 March	(16,359)	(15,383)

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 Authority 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.

Capital Adjustment Account	2019/20 £'000	2020/21 £'000
At 1 April	(135,092)	(130,151)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement		
Charges for Depreciation and impairment of non current assets	4,469	4,455
Revaluation gains on Property, Plant and Equipment	4,534	(3,812)
Revenue expenditure funded from capital under statute	1,239	916
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	1,785	651
	(123,065)	(127,940)
Adjusting amounts written out of the Revaluation Reserve	(434)	(402)
Net written out amount of the cost of non current assets consumed in the year	(123,498)	(128,343)
Capital financing applied in the year		
Use of the Capital Receipts Reserve to finance new capital expenditure	(463)	(376)
Use of the Major Repairs Reserve to finance new capital expenditure	(1,984)	(1,938)
Capital grants and contributions credited to Comprehensive Income and Expenditure Statement that have been applied to capital financing	(866)	(446)
Application of grants to capital financing from the Capital Grants Unapplied Account	(999)	(471)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1,373)	(1,661)
Capital expenditure charged against the General Fund and HRA balances	(1,635)	(1,537)
Impairment of financial instruments classified as capital transactions	667	-
At 31 March	(130,151)	(134,771)

46 Deferred Capital Receipts Reserve

	2019/20	2020/21
Deferred Capital Receipts Reserve	£'000	£'000
At 1 April	(39)	(39)
Transfer to the Capital Receipts Reserve upon receipt of cash	-	-
At 31 March	(39)	(39)

This deferred capital receipts reserve relates to the rent to mortgage scheme that operated some time ago. Under the scheme home owners were helped with the provision of a mortgage which was secured on the property by way of a legal charge registered at the Land Registry. In the future when the property is sold, Mid Devon District Council will receive the balance outstanding, although part of the proceeds will be payable to the Ministry of Housing, Communities and Local Government under the Pooling legislation.

47 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by the employee's 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 Authority 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 Authority 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.

	2019/20	2020/21
Pensions Reserve	£'000	£'000
At 1 April	59,379	58,765
Remeasurement of net defined liability	(4,335)	15,888
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	6,428	5,283
Employer's pension contributions and direct payments to pensioners payable in the year	(2,707)	(2,787)
At 31 March	58,765	77,149

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 payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Collection Fund Adjustment Account - Council Tax	2019/20	2020/21
	£'000	£'000
At 1 April	(79)	(60)
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	20	151
At 31 March	(60)	92

The balance of £92k represents the Council's share (13.64%) of the overall Council Tax Collection Fund deficit of £673k at 31 March 2021 (£437k at 31 March 2020) (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 payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

NDR Adjustment Account	2019/20	2020/21
	£'000	£'000
At 1 April	655	6
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	(649)	3,454
At 31 March	6	3,460

The balance of £3,460k represents the Council's share (40%) of the overall NDR Collection Fund deficit of £8,925k at 31 March 2021 (£1,979k surplus at 31 March 2020), which is £3,570k; reduced by the element retained from Renewable Energy Schemes of £110k.

49 Accumulated Compensating Absences Adjustment Account

Accumulating Compensating Absences Adjustment Account	2019/20	2020/21
	£'000	£'000
At 1 April	153	189
Settlement or cancellation of accrual made at the end of the preceding year	(153)	(189)
Amounts accrued at the end of the current year	189	371
At 31 March	189	371

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

There has been a sharp increase in this year's accrual due to a large increase in Annual Leave balances across the Council. This reflects the additional demands placed on the Council as a result of Covid-19 as we react to the changing circumstances. Management decided that up to 10 days Annual Leave could be carried forward, instead of the normal 3 working days to reflect this. These 10 days must be taken by the end of August 2021.

Notes to Support the Cash flow Statement

50 Cash Flow – Non-Cash Items

Cash Flow	2019/20	2020/21
	£'000	£'000
Depreciation	4,469	4,455
Amortisation	-	-
Impairment	4,584	(3,812)
Increase/(Decrease) in Impairment for Bad Debt	246	329
Increase/(Decrease) in Creditors	2,725	2,012
Increase/(Decrease) in Provisions*	10	304
(Increase)/Decrease in Debtors	(5,255)	(7,288)
(Increase)/Decrease in Inventories	(41)	(39)
Carrying Amount of Non-Current Assets Sold	1,851	670
Pension Liability Reversal	3,721	2,495
Fair Value Equity Instrument Revaluation	177	34
Other Adjustments*	46	(1)
Total	12,533	(841)

*Increase/(Decrease) in Provisions has been split out from Other Adjustments for 2020/21. The published accounts for 2019/20 showed the combined amount of £56k on the Other Adjustments line.

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

Cash Flow - Adjustment	2019/20	2020/21
	£'000	£'000
Other receipts from financing activities	(768)	(978)
REFCUS adjustment	1,239	916
Proceeds from the sale of property, plant and equipment & investment property	(2,934)	(957)
Interest Paid	1,228	1,229
Interest received	(702)	(826)
Difference between preceptors share and amount of NNDR paid to them	-	-
Total	(1,937)	(616)

52 Cash Flow – Operating Activities on the Balance Sheet

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

Cash Flow Statement - Operating activities on the Balance Sheet	2019/20	2020/21
	£'000	£'000
Covid Business Grant Funds Received		
NNDR Business Support Grant	-	22,580
National Scheme (LGRS)	-	1,462
Tier 2 Open	-	615
Tier 2 Closed	-	172
Tier2/3 Pub	-	64
Lockdown 3 Closed	-	4,383
Lockdown 3 Addendum	-	4,489
Self Isolation Payments	-	110
Covid Business Grant Funds Paid to Businesses		
NNDR Business Support Grant	-	(19,890)
National Scheme (LGRS)	-	(1,006)
Tier 2 Open	-	(612)
Tier 2 Closed	-	(124)
Tier2/3 Pub	-	(53)
Lockdown 3 Closed	-	(3,081)
Lockdown 3 Addendum	-	(3,163)
Self Isolation Payments	-	(57)
Forward Funding of Pension Fund Deficit Contribution	-	(1,748)
Balance of Grant Funds held on the Balance Sheet	-	4,141

53 Cash Flow – Investing Activities

Cash Flow Statement - Investing Activities	2019/20	2020/21
	£'000	£'000
Purchase of property, plant and equipment & investment property	(4,763)	(4,820)
Other cash payments (REFCUS)	(1,239)	(916)
Proceeds from the sale of property, plant and equipment & investment property	2,934	957
Capital grants received	768	978
Sale of long-term investments	-	-
Purchase of temporary investments	2,000	2,500
Other investing activities	(50)	-
Interest received	702	826
Interest paid	(1,228)	(1,229)
Net cash flows from investing activities	(876)	(1,704)

54 Cash Flow – Financing Activities

Cash Flow Statement - Financing Activities	2019/20	2020/21
	£'000	£'000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(122)	(290)
PWLB debt repayment	(1,781)	(1,833)
Net cash flows from financing activities	(1,903)	(2,123)

55 Grant Income

The Authority credited the following Grants, Contributions, Donations and Other Taxation Income to the Comprehensive Income and Expenditure Statement in 2020/21.

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

Credited to Taxation and Non Specific Grant Income	2019/20	2020/21
	£'000	£'000
New Homes Bonus	(1,244)	(1,418)
Revenue Support Grant	-	-
Rural Services Delivery Grant	(467)	(467)
Covid Income Compensation Scheme	-	(2,019)
Covid Additional Scheme (ARG)	-	(2,378)
Covid Additional Scheme (ARG) spent during 2020/21	-	2,361
Business Support Grant	-	(1,129)
Business Support Grant spent during 2020/21	-	1,129
Economic Vulnerability & Financial Hardship	-	(107)
Economic Vulnerability & Financial Hardship spent during 2020/21	-	98
Other Non-Ring Fenced Government Grants	(39)	(1,166)
Total	(1,750)	(5,096)

Several additional grants were received from Government as part of their response to the Covid-19 Pandemic. Where the Council was deemed to be acting in the capacity of an agent and so passing these funds on to the eventual beneficiaries, these transactions do not have an impact on the Statement of Accounts, except where they pass through the Cash Flow Statement. However, where the Council is deemed to be the principal recipient of the grant, the effect of the transactions is evident either above where the grant was Credited to Taxation and Non-Specific Grant Income or below where the grant was Credited to Services. In the case of those Credited to Taxation and Non-Specific Grant Income, both the gross grant amount received and the gross amount paid out are shown above.

Credited to Services

Credited to Services	2019/20	2020/21
	£'000	£'000
Housing Benefit Subsidy	(13,378)	(12,351)
Housing Benefit & CTB Admin Grant	(239)	(237)
Garden Village Grant - Capacity Funding	(150)	(130)
Flexible Housing & Homelessness Grant	(127)	(155)
Section 106s	(35)	(194)
Business Rates - Cost of Collection Grant	(109)	(111)
Council Tax Hardship Fund	-	(475)
Covid Job Retention Scheme	-	(594)
Local Authority Discretionary Fund	-	(170)
BEIS New Burdens November Lockdown	-	(167)
Climate Change	-	(337)
Others	(349)	(880)
Total	(14,387)	(15,801)

Capital Grants applied to the Income and Expenditure Account

The Authority has received a number of Grants, Contributions and Donations that cannot be recognised as income as there are conditions attached to them that will require the monies or property to be returned to the donor, if the conditions are not met. The balances at the year-end are as follows:

Capital Grants Receipts in Advance (non-current)	2019/20	2020/21
	£'000	£'000
Affordable Housing	(25)	(407)
Disabled Facilities Grants	(9)	(571)
Homes and Communities Agency	(734)	-
Total	(768)	(978)

56 Contingent Liabilities

The Authority has no Contingent Assets or Contingent Liabilities at the 31 March 2021.

57 Leases

Authority as Lessee

During 2019/20 the Council entered into a fleet contract, meaning any new vehicle will now be supplied under a Finance Lease agreement. The increase in Finance Leases from 2019/20 is due to an increase in the number of new vehicles supplied. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the net amounts below.

Authority as Lessee	2019/20	2020/21
	£'000	£'000
Vehicles, Plant and Equipment	(980)	(2,436)
Total	(980)	(2,436)

The Authority 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 Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

Finance Lease Liabilities (net present value of minimum lease payments)

Finance Lease Liabilities	2019/20	2020/21
	£'000	£'000
- current	(163)	(348)
- non current	(817)	(2,088)
Minimum lease payments	(980)	(2,436)

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

Minimum Lease Payments (also reflects lease liability)

Finance Leases - Minimum Lease Payments	2019/20	2020/21
	£'000	£'000
Not later than one year	163	348
Later than one year and not later than five years	650	1,285
Later than five years	167	803
Total	980	2,436

Operating Leases

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

Operating Leases - Minimum Lease Payments	2019/20	2020/21
	£'000	£'000
Not later than one year	140	140
Later than one year and not later than five years	559	558
Later than five years	140	-
Total	839	698

Reduction in the future years operating lease payment is due to the Break Clause for lease of land - Carlu Close.

Minimum Lease Payments incurred during the year

Minimum Lease Payments incurred during the year	2019/20	2020/21
	£'000	£'000
Operating Leases for vehicles, equipment, land and buildings	146	140
Hire payments for vehicles, plant and equipment	65	52
Total	211	192

Authority as Lessor

Finance Leases

The Authority holds no Finance leases as Lessor.

Operating Leases

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

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

Minimum Lease Payments Receivable

Operating Leases	2019/20	2020/21
	£'000	£'000
Not later than one year	262	371
Later than one year and not later than five years	723	889
Later than five years	640	513
	1,625	1,773

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 overall reduction is mainly due to rent reviews after 5 years; most leases are taken out on a short-term basis due to the current rental climate.

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.

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	2019/20	2020/21
	£'000	£'000
Council Dwellings	(4,160)	4,567
Other Land & Buildings	(374)	(245)
Surplus Assets	-	(1)
Assets Held For Sale	-	(508)
	(4,534)	3,812

The net revaluation of £3,812k is primarily attributable to an increase in house prices during 2020/21; which has resulted in an increased value of Council Dwellings and reclassification of assets to held for sale, see note 34 for further details.

The impairment losses on assets held for sale relates to assets that were reclassified during 2020/21.

59 Non-Adjusting Post Balance Sheet Events

The outbreak of Covid-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy. These financial statements have the various implications of the Covid-19 pandemic included throughout them, including the additional costs incurred in providing additional community support to mitigate the pandemic’s effects including PPE and the shielding hub. There has been substantial support from government. £1,184k has been received (of which £39k in 2019/20) in crisis funding together with payments under the furlough scheme for officers who are unable to undertake their duties and could not be redeployed.

The Authority is reliant on its commercial income streams to be able to continue the supply of its services. This has been significantly curtailed. Leisure centres have been closed, car parks are largely empty and demand for trade waste services has fallen off, for example. This has been offset by the Government’s Income Compensation Scheme, which provides compensation to the value of 75% of the lost income where the variance is greater than 5% of the budgeted level. The Council expects to claim £2,069k through this scheme.

In addition, as a Billing Authority, collecting Council Tax and Business Rates, income has been lost as the pandemic has impacted the ability of residents and businesses to pay. The financial effect of this, to the Authority, is compounded as it must continue to make its precept payments to Devon County, Fire and Police despite not receiving the funds to do so, along with remittances to Central Government in respect of Business Rates. However, the Government has provided additional S31 Grant to mitigate this, and the impact on Business Rates collection due to the additional mandatory reliefs awarded to the Retail and Leisure sectors. These total £4,868k.

Over recent years the Council has maintained its Reserves so that it may counter any restructuring of its funding and manage the more predictable fluctuations in its commercial income arising from the economic cycle. In due course, the Council must look at the post pandemic world in which it operates: the funding that is available to it, the services it provides and the delivery models that are applicable. This will be reflected in the structure of future budgets and embodied in the Medium Term Financial Plan.

However, the effects of the preventative measures to battle the virus continue to be felt by this Authority and its residents and it’s clear that they will continue for the foreseeable future. Despite tackling this pandemic for over a year, it is still not yet possible to say how long these impacts may last, for example, if new variants continue to appear which could lead to further localised restrictions.

Furthermore, it remains difficult to forecast how deeply these measures will impact the finances of the Authority. How long will the economic recovery take after the immediate health concerns have passed? People have developed new ways of working over the lockdown period and it may take some time before they feel confident enough to resume past activities, for example visiting our leisure centres.

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.

Income and Expenditure Account	Note	2019/20 £'000	2020/21 £'000
Expenditure			
Repairs and Maintenance		2,734	2,772
Supervision and Management		3,373	3,632
Depreciation and impairment/(revaluation) of non-current assets	73	6,684	(1,968)
Increase/(Decrease) in bad debt provision		135	53
Total Expenditure		12,926	4,489
Income			
Dwelling Rents	72	(12,100)	(12,325)
Non-dwelling Rents		(569)	(559)
Other Chargeable Services and Facilities		(383)	(390)
Total Income		(13,052)	(13,274)
Net Expenditure or Income of HRA Services as included in the Whole Authority		(126)	(8,785)
Comprehensive Income and Expenditure Statement			
HRA services share of Corporate and Democratic Core		136	126
HRA share of other amounts included in the whole Authority Net expenditure of continuing operations but not allocated to specific services		363	233
Net Income of HRA Services (NB: Expenditure if positive)		373	(8,426)
(Gain)/loss on sale of HRA fixed assets		(1,119)	(339)
Interest payable and similar charges - see note below	74	1,118	1,071
Interest and investment income		(110)	(65)
Capital grants and contributions receivable		(734)	-
(Surplus) for the year on HRA Services		(473)	(7,759)

Movement on the HRA Statement

This Account shows in more detail the income and expenditure on HRA services included in the Authority's Comprehensive Income and Expenditure Statement (comprising as well as the amounts included in the Authority's Net Cost of Services for the HRA, the HRA's share of amounts included in the Authority's Net Service Cost but not allocated to individual services and the HRA's share of operating income and expenditure such as Pension Interest Costs and Expected Return on Pension Assets).

Movement on the HRA Statement		2019/20	2020/21
	Note	£'000	£'000
Balance on the HRA at the end of the previous year		(2,000)	(2,000)
Deficit / (Surplus) for the year on the HRA Income and Expenditure Account		(473)	(7,759)
Adjustments between accounting basis and funding basis under statute	60	(965)	5,953
Net (increase) or decrease before transfers to or from reserves		(1,439)	(1,805)
Transfers (to) or from reserves		1,439	1,805
(Increase) or decrease in year on the HRA		-	-
Balance on the HRA at the end of the year		(2,000)	(2,000)

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				Unusable Reserves
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
2020/21					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Adjustments involving the Capital Adjustment Account					
Charges for depreciation and impairment of non current assets	(2,601)	-	-	-	2,601
Revaluation (losses)/gains on Property, Plant and Equipment	4,568	-	-	-	(4,568)
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	(521)	-	-	-	521
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment	959	-	-	-	(959)
Capital expenditure charged against the General Fund and HRA balances	361	-	-	-	(361)
Adjustments involving the Capital Receipts Reserve					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	860	(860)	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(13)	13	-	-	-
Subtotal	3,613	(847)	-	-	(2,766)

Adjustments 2020/21	Usable Reserves				Unusable Reserves
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Balance Brought Forward	3,613	(847)	-	-	(2,766)
Adjustment involving the Major Repairs Reserve					
Reversal of Major Repairs Allowance credited to the HRA	2,596	-	(2,596)	-	-
Adjustment involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(217)	-	-	-	217
Adjustment involving the Accumulated Absences Account					
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	(39)	-	-	-	39
Total Adjustments	5,953	(847)	(2,596)	-	(2,510)

Adjustments	Usable Reserves				Unusable Reserves
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
2019/20					
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement					
Adjustments involving the Capital Adjustment Account					
Charges for depreciation and impairment of non current assets	(2,532)	-	-	-	2,532
Revaluation (losses)/gains on Property, Plant and Equipment	(4,152)	-	-	-	4,152
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	(1,740)	-	-	-	1,740
Capital grants and contributions applied	734				(734)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment	955	-	-	-	(955)
Capital expenditure charged against the General Fund and HRA balances	859	-	-	-	(859)
Adjustments involving the Capital Receipts Reserve					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,859	(2,859)	-	-	-
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(38)	38	-	-	-
Subtotal	(3,055)	(2,821)	-	-	5,876

Adjustments 2019/20	Usable Reserves				Unusable Reserves
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000
Balance Brought Forward	(3,055)	(2,821)	-	-	5,876
Adjustment involving the Major Repairs Reserve					
Reversal of Major Repairs Allowance credited to the HRA	2,532	-	(2,532)	-	-
Adjustment involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(431)	-	-	-	431
Adjustment involving the Accumulated Absences Account					
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
Total Adjustments	(965)	(2,821)	(2,532)	-	6,318

61 Housing Stock

The Housing Revenue account owned the following property:

Housing Stock	Council Housing	Other Land & Buildings	Total
At 1 April 2020	3,001	1,301	4,302
Additions	4	1	5
Sales	(10)		(10)
Reclassified		1	1
At 31 March 2021	2,995	1,303	4,298

The Other Land & Buildings Reclassified relates to an amenity car park transferred from General Fund to HRA during 2020/21.

62 Number of Dwellings by Type

Type Of Dwelling	2019/20	2020/21
Houses	1,401	1,394
Bungalows	1,008	1,008
Flats	592	593
Total	3,001	2,995

63 HRA Dwelling Valuation

The vacant possession value of dwellings in the HRA is £431,034k as at the 1st April 2021, up by £12,298k 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 £150,862k 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 2020/21, the discount applied to determine this second valuation is 35%.

HRA Dwelling Valuation continued	2019/20	2020/21
	£'000	£'000
Vacant Possession Value	418,736	431,034
Existing Use Value for Social Housing (EUV-SH) @ 35%	146,558	150,862

The 31 March 2021 dwellings valuation has been calculated by the Valuation Office who have supplied the Council with Beacon property values across the range of housing stock. The use of the Beacon Approach enables greater consistency and comparison between authorities.

64 HRA Non-Current Asset Values

HRA Non-Current Asset Values	2019/20	2020/21
	£'000	£'000
Dwellings	146,558	150,862
Other land and buildings	7,045	7,079
Vehicles, plant and equipment	27	82
Surplus Sites	-	33
Infrastructure assets	170	161
Assets under Construction	14	16
Total	153,812	158,233

65 HRA Capital Expenditure

2019/20		2020/21
£'000	Expenditure	£'000
2,312	Improvements to dwellings	2,315
1,694	Construction of dwellings & RTB buybacks	319
-	Assets under Construction	3
4,006		2,637

2019/20		2020/21
£'000	Funding	£'000
1,984	Major repairs reserve	1,938
734	Capital grants	-
859	Revenue contribution	361
429	Usable capital receipts	339
4,006		2,637

66 Major Repairs Reserve

The Authority 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 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.

Major Repairs Reserve	2019/20	2020/21
	£'000	£'000
At 1 April	-	548
Amount transferred from Housing Revenue Account	2,532	2,596
Capital expenditure incurred during the year	(1,984)	(1,938)
At 31 March	548	1,207

67 HRA Capital Receipts

Capital Receipts	2019/20	2020/21
	£'000	£'000
Sale of council houses	2,859	860
Total	2,859	860

68 HRA 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.

Pension Liability: Current Year Costs	2019/20	2020/21
	£'000	£'000
Net interest on the defined benefit liability	(431)	(217)
Total	(431)	(217)

69 HRA Arrears

At 31 March 2021, the total arrears as a proportion of gross dwelling rent income totalled 3.9% (3.7% at 31 March 2020). Rent written off during 2020/21 amounted to £54k (£27k in 2019/20). The breakdown of the total arrears is shown below.

HRA Arrears	2019/20	2020/21
	£'000	£'000
Rent (dwellings & garages)	291	337
Housing benefit overpayments	9	13
Court costs	22	15
Rechargeable Repairs	99	96
Other	24	18
Total	445	480

70 HRA Bad Debt Provision

The provision for bad debt for the HRA stands at £381k as at 31 March 2021 (£327k 31 March 2020). Covid-19 has been a consideration when calculating recovery levels.

71 Rents Paid in Advance

Rents Paid in Advance	2019/20	2020/21
	£'000	£'000
Dwellings rental income paid in advance	152	170

72 Dwelling Rents

This represents the total rent income due for the year after allowing for voids and other adjustments. The rents set averaged at £79.44 per week based on a 52 week year (2019/20 £77.41).

73 HRA Depreciation of Fixed Assets

Depreciation and Amortisation

Operational Assets	2019/20	2020/21
	£'000	£'000
Dwellings	2,337	2,390
Other Land and Buildings	169	180
Infrastructure	9	9
Vehicles, Plant and Equipment	18	22
Total	2,533	2,601

Revaluation Losses and Revaluation Reversals - Please also see comments on note 58.

The net revaluation increase of £4,569k is primarily attributable to an increase in house prices during 2020/21; which has resulted in an increased value of Council Dwellings.

Operational Assets	2019/20	2020/21
	£'000	£'000
Dwellings	4,160	(4,567)
Other Land and Buildings	(8)	(2)
Total	4,152	(4,569)

74 HRA Interest Payable and Similar Charges

Interest payable and similar charges	2019/20	2020/21
	£'000	£'000
Interest charges on finance leases	-	2
PWLB loan interest - HRA self financing	1,069	1,023
Internal self financing - General Fund (Wells Park, Crediton)	48	46
Total	1,118	1,071

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 debt from the Public Works Loan Board (PWLB) and will be required to make payments of £2,645k per annum (made up of £1,023k interest and £1,622k principal).

Self Financing Settlement Payment	2019/20	2020/21
	£'000	£'000
Opening Balance	(36,761)	(35,185)
Repaid in Year	1,576	1,622
Closing Balance	(35,185)	(33,563)

The Collection Fund Income and Expenditure Account - Council Tax

This section summarises how the money we collected through Council Tax is distributed between Precepting Authorities.

The Collection Fund Income and Expenditure Account - Council Tax		2019/20	2020/21
	Notes	£'000	£'000
Income			
Council Tax receivable		(56,563)	(59,077)
Transfer for Transitional Relief, S13A Reliefs and discount for prompt payment		1	(473)
Total Income		(56,562)	(59,550)
Expenditure			
Precepts, Demands and Shares	79		
- Devon County Council		39,586	41,803
- Mid Devon District Council		5,829	6,065
- Devon and Cornwall Police		6,070	6,437
- Devon Fire and Rescue		2,474	2,563
- Parish Precepts		1,715	1,837
		55,674	58,705
Charges to Collection Fund			
- Write offs charged to Collection Fund		-	-
- Change in allowance for impairment		508	1,126
		508	1,126
Apportionment of previous year's surplus			
- Devon County Council		377	589
- Mid Devon District Council		71	112
- Devon and Cornwall Police		53	90
- Devon Fire and Rescue		24	37
		525	828
Total Expenditure		56,707	60,659
(Surplus) / Deficit for the year		145	1,109
Opening Balance at 1st April		(582)	(437)
Closing Balance at 31 March	48	(437)	673

The £673k represents the overall deficit on the Council Tax element of the Collection Fund at 31 March 2021 (2019/20 £437k surplus). Of this 13.64% is attributable to Mid Devon District Council, which equates to £92k (2019/20 £59k - see note 48).

The Collection Fund Income and Expenditure Account - Non Domestic Rates

This section summarises how the money we collected through our share of Non Domestic Rates is distributed between Precepting Authorities.

The Collection Fund Income and Expenditure Account - NDR		2019/20	2020/21
	Notes	£'000	£'000
Income			
NDR receivable	77	(15,721)	(8,091)
Transitional Protection Payments		(238)	(32)
Total Income		(15,959)	(8,123)
Expenditure			
Payments of NNDR1 proportionate shares			
- Central Government		7,750	7,800
- Devon County Council		1,395	1,404
- Mid Devon District Council		6,200	6,240
- Devon Fire and Rescue		155	156
		15,500	15,600
Charges to Collection Fund			
- Write offs / (Write ons) charged to Collection Fund		(11)	(3)
- Change in allowance for impairment		183	220
- Appeals and list alterations charged to C/Fund		(201)	(515)
- Change in provision for alteration of lists & appeals		201	1,088
- Interest on refunds		-	-
- Allowance for cost of collection		109	111
- Disregarded Amounts - Renewable Energy		147	278
		427	1,178
Apportionment of previous year's Surplus/(Deficit)			
- Central Government		(354)	151
- Devon County Council		(795)	132
- Mid Devon District Council		(779)	192
- Devon Fire and Rescue		(19)	5
		(1,947)	480
Total Expenditure		13,980	17,258
(Surplus) / Deficit for the year		(1,979)	9,135
Opening Balance at 1st April		1,769	(210)
Closing Balance at 31 March ((Surplus) / Deficit)	48	(210)	8,925

The £8,925k represents the overall deficit on the NDR element of the Collection Fund at 31 March 2021 (2019/20 £210k surplus). Of this 40% is attributable to Mid Devon District Council, which equates to a deficit of £3,570k. (2019/20 £84k surplus - see note 48).

Notes to the Collection Fund

76 General Notes to the Collection Fund

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 National Non-Domestic Rates (NNDR)

The Council collects National Non-Domestic Rates for its area, which are based on local rateable values (£45,601k at 31 March 2021) multiplied by a uniform rate (51.2p or 49.9p for those receiving small business relief for 2020/21) The total amount receivable; less certain reliefs and other deductions is distributed between Central Government, Devon County Council, Devon & Somerset Fire Authority and Mid Devon District Council. The Authority is also a member of the Devon Business Rates Pool administered by Plymouth City Council, which helps to minimise risk of financial loss on appeals or reductions in our overall rateable value. The total income detailed on the National Non-Domestic Rates statement takes into account £14,716k awarded in various discretionary and mandatory reliefs, which is significantly higher than in normal years due to Covid-19.

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 multiplied by the council tax rate per Band D properties.

Band	Number of Dwellings	
	Actual	Band D Equivalent
A	4,064.8	2,705.5
B	7,322.5	5,693.6
C	6,014.0	5,345.0
D	5,756.5	5,755.9
E	4,327.5	5,290.2
F	2,262.0	3,267.4
G	885.0	1,475.0
H	50.3	100.6
Total	30,682.5	29,633.2

79 Precepting Authorities

Authority	2019/20 £'000	2020/21 £'000
Devon County Council	39,586	41,803
Mid Devon District Council	5,829	6,065
Devon and Cornwall Police	6,070	6,437
Devon Fire and Rescue	2,474	2,563
Parish Precepts	1,715	1,837
Total	55,674	58,705

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.

Notes have been omitted if there are no material differences to the disclosure already made.

Mid Devon District Council owns one company which has been categorised as a wholly owned subsidiary of the Authority 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. The Board was constituted during that year and consisted of the Deputy Chief Executive (S151), Andrew Jarrett; the former Head of Housing and Property Services, Nick Sanderson and an elected Member, Councillor Ray Stanley.

During 2020/21, 3 Rivers Developments Ltd undertook a governance review and made changes to The Board. Andrew Jarrett, Deputy Chief Executive (S151) resigned as Finance Director on 25 January 2021 and was replaced by Mr John Riley. A new Non-Executive Director, Mr William Yardley, was appointed on 13 January 2021 along with existing Board Members, Mr Nick Sanderson Acting Managing Director and Councillor Ray Stanley as Director.

As a small company in accountancy terms, 3 Rivers Developments Ltd 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.

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 by combining 3 Rivers Developments Ltd's income and expenditure and assets and liabilities with those of the Council on a line-by-line basis, eliminating inter-organisation transactions. The elimination of inter-organisation transactions is a requirement under the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

Group - Accounting Policies

Mid Devon District Council's accounts are prepared under IFRS reporting standards. As 3 Rivers Developments Ltd's accounts are prepared under FRS102 they are brought in line with the parent entity (Mid Devon District Council) when consolidating. Generally, the accounting policies for the Group accounts are the same as those applied to the single entity financial statements except for the following policies which are specific to the Group accounts:

Basis of Identification of the Group Boundary

Group accounts are prepared by aggregating the transactions and balances of the Council and its subsidiary.

Subsidiary Boundary

A subsidiary is an entity which the Council controls through the power to govern their financial and operating policies so as to obtain benefits from the entities' activities.

Control is usually presumed where the Council owns more than half the voting power of an entity (either directly or through other subsidiaries). 3 Rivers Developments Ltd is a wholly owned subsidiary of Mid Devon District Council and therefore has all the voting rights (total control).

Basis of the Preparation of the Group Financial Statements

The Group accounts have been prepared using the Group accounts requirements of the 2020/21 Code. 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 subsidiary has been consolidated by:

- adding like items of assets, liabilities, reserves, income and expenses together on a line-by-line basis to those of other group members in the financial statements; and
- eliminating intra-group balances and transactions in full.

Valuation of Investment Properties

3 Rivers Developments Ltd owns an investment property which is shown on the Group Balance Sheet. Under IFRS Accounting Standards, this property has been revalued by 3 Rivers Developments Ltd in line with the IFRS Fair Value methodology.

Group 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. It also contains the Reserve of the Council's wholly owned subsidiary, 3 Rivers Developments Ltd.

2020/21 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 £'000	Housing Revenue Account £'000	Earmarked HRA Reserves £'000	HRA Total £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000						
Balance at 31 March 2020	(2,148)	(13,688)	(15,836)	(2,000)	(18,310)	(20,310)	(5,157)	(1,646)	(42,950)	(88,026)	(130,975)	704	(130,271)	
Movement in Reserves during 2020/21														
(Surplus) or deficit on the provision of services	111	-	111	(7,759)	-	(7,759)	-	-	(7,648)	-	(7,648)	(103)	(7,751)	
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	16,444	16,444	-	16,444	
Total Comprehensive Income and Expenditure	111	-	111	(7,759)	-	(7,759)	-	-	(7,648)	16,444	8,796	(103)	8,693	
Adjustments between accounting basis and funding basis under regulations	(6,093)	-	(6,093)	5,954	(659)	5,295	(340)	(978)	(2,116)	2,038	(78)	-	(78)	
Net Increase/Decrease before Transfers to Earmarked Reserves	(5,982)	-	(5,982)	(1,805)	(659)	(2,464)	(340)	(978)	(9,765)	18,482	8,719	(103)	8,615	
Transfers (to) / from Earmarked Reserves	6,559	(6,559)	-	1,805	(1,805)	-	-	-	-	-	-	-	-	
(Increase)/Decrease in 2020/2021	577	(6,559)	(5,982)	-	(2,464)	(2,464)	(340)	(978)	(9,765)	18,482	8,719	(103)	8,615	
Balance at 31 March 2021 Carried forward	(1,571)	(20,247)	(21,818)	(2,000)	(20,774)	(22,774)	(5,497)	(2,625)	(52,713)	(69,543)	(122,255)	601	(121,654)	
Held for Revenue Purposes	(1,571)	(20,247)	(21,818)	(2,000)	(19,567)	(21,567)	-	-	(43,385)					
Held for Capital Purposes	-	-	-	-	(1,207)	(1,207)	(5,497)	(2,625)	(9,329)					

2019/20	USABLE RESERVES									Total Usable Reserves	Unusable Reserves	RESTATE		Total Group Reserves
	REVENUE RESERVES						CAPITAL RESERVES					Total Authority Reserves	Authority's Share of Subsidiary	
	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			
Balance at 31 March 2019	(2,447)	(14,353)	(16,800)	(2,000)	(16,323)	(18,323)	(3,620)	(2,146)	(40,889)	(90,246)	(131,135)	497	(130,638)	
									-					
Movement in Reserves during 2019/20									-					
(Surplus) or deficit on the provision of services	7,157	-	7,157	(474)	-	(474)	-	-	6,683	-	6,683	212	6,895	
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(5,096)	(5,906)	(5)	(5,911)	
Total Comprehensive Income and Expenditure	7,157	-	7,157	(474)	-	(474)	-	-	6,683	(5,096)	777	207	984	
Adjustments between accounting basis and funding basis under regulations	(6,194)	-	(6,194)	(965)	(548)	(1,513)	(1,538)	501	(8,744)	8,127	(617)	-	(617)	
Net Increase/Decrease before Transfers to Earmarked Reserves	963	-	963	(1,439)	(548)	(1,987)	(1,538)	501	(2,061)	2,221	160	207	367	
Transfers (to) / from Earmarked Reserves	(665)	665	-	1,439	(1,439)	-	-	-	-	-	-	-	-	
(Increase)/Decrease in 2019/20	297	665	963	-	(1,987)	(1,987)	(1,538)	501	(2,061)	2,221	160	207	367	
Balance at 31 March 2020 Carried forward	(2,148)	(13,688)	(15,836)	(2,000)	(18,310)	(20,310)	(5,158)	(1,645)	(42,950)	(88,026)	(130,975)	704	(130,271)	
Held for Revenue Purposes	(2,148)	(13,688)	(15,836)	(2,000)	(17,762)	(19,762)	-	-	(35,598)					
Held for Capital Purposes	-	-	-	-	(548)	(548)	(5,158)	(1,645)	(7,351)					

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.

Gross Expenditure £'000	2019/20		Service Area	2020/21		
	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
332	(85)	247	Community Development	1,025	(31)	994
2,410	7	2,417	Corporate Management	1,847	6	1,853
708	(797)	(89)	Car Parks	690	(382)	308
1	(1)	-	Customer Services	80	(37)	43
3,034	(849)	2,185	Environmental Services	2,556	(931)	1,625
32	(8)	24	Finance & Performance	40	(6)	34
41	(46)	(5)	Ground Maintenance	105	(70)	35
713	(624)	89	General Fund Housing	849	(659)	190
13,378	(13,006)	372	Housing Revenue Account	4,940	(13,366)	(8,426)
75	(7)	68	Human Resources	31	(7)	24
133	(4)	129	I.T. Services	69	(16)	53
1,443	(403)	1,040	Legal & Democratic Services	987	(71)	916
4,006	(1,546)	2,460	Planning & Regeneration	3,615	(2,277)	1,338
1,139	(688)	451	Property Services	994	(982)	12
15,026	(13,962)	1,064	Revenues & Benefits	14,590	(14,042)	548
4,807	(2,754)	2,053	Recreation & Sport	4,210	(985)	3,225
5,535	(2,631)	2,904	Waste Services	5,481	(2,650)	2,831
190	(6)	184	Subsidiary Company	1,867	(1,955)	(88)
53,003	(37,410)	15,593	Costs of Services	43,979	(38,461)	5,518
		1,528	Other Operating Expenditure			1,778
		2,393	Financing and Investment Income and Expenditure			2,265
		(13,236)	Taxation and Non-Specific Grant Income			(17,311)
		6,278	(Surplus) or Deficit on Provision of Services			(7,750)
		(4,335)	Remeasurements of the Net Defined Benefit Liability			15,888
		(1,577)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment			556
		(5,912)	Other Comprehensive Income and Expenditure			16,444
		366	Total Comprehensive Income and Expenditure			8,694

Group Balance Sheet

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

Consolidated 31 March 2020 £'000	Service Area	Notes	Consolidated 31 March 2021 £'000
194,272	Property, Plant & Equipment		198,559
160	Investment Properties		175
330	Heritage Assets		330
4,759	Long-term Investments		4,725
1,018	Long-term Debtors	2	989
200,539	Non-Current Assets		204,778
20,000	Short-term Investments		17,500
(0)	Assets held for sale		525
8,159	Work In Progress	4	8,151
276	Inventories		315
4,282	Short-term Debtors	3	10,062
4,111	Cash and Cash Equivalents		11,732
36,828	Current Assets		48,285
(7,278)	Short-term Creditors		(15,198)
(565)	Provisions		(869)
(1,833)	Short-term Borrowing		(1,870)
(9,676)	Current Liabilities		(17,937)
(1,663)	Long-term Creditors		(2,994)
(37,104)	Long-term Borrowing		(35,234)
(58,630)	Other Long Term Liabilities		(75,244)
(62)	Capital Grants Receipts in Advance		-
(97,459)	Long Term Liabilities		(113,472)
130,234	Net Assets		121,654
42,202	Usable Reserves		52,112
88,031	Unusable reserves		69,543
130,234	Total Reserves		121,654

Group Cash Flow Statement

This section shows what cash we spend and receive.

Cash Flow	Consolidated	Consolidated
	2019/20	2020/21
	£'000	£'000
Net surplus or (deficit) on the provision of services	(6,278)	7,756
Adjustments to net surplus or deficit on the provision of services for non-cash movements	5,944	188
Adjustments for items included in the net surplus on the provision of services that are investing and financing activities (See note references)	(1,735)	(142)
Adjustments for Operating activities processed through the Balance Sheet	-	4,141
Net cash flows from Operating Activities	(2,070)	11,945
Investing Activities	5,321	(2,200)
Financing Activities	(1,903)	(2,122)
Net increase or (decrease) in cash and cash equivalents	1,348	7,622
Cash and cash equivalents at the beginning of the reporting period	2,763	4,111
Cash and cash equivalents at the end of the reporting period	4,111	11,733

Notes to the Group Accounts

1 Group Officers' Emoluments

Senior Officers Earning in Excess of £50,000

Post Title	Financial Year	Salary (Including Allowances) £	Compensation for Loss of Employment £	Total Remuneration excluding pension contributions £	Pension Contributions £	Total Remuneration including pension contributions £
Chief Executive	2020/21	114,131	-	114,131	18,946	133,077
	2019/20	111,281	-	111,281	16,358	127,640
Deputy Chief Executive (S151) (Note 3)	2020/21	82,616	-	82,616	13,825	96,441
	2019/20	86,200	-	86,200	11,936	98,136
Director of Corporate Affairs & Business Transformation	2020/21	80,910	-	80,910	13,431	94,342
	2019/20	77,394	-	77,394	11,377	88,771
Director of Operations (Note 4)	2020/21	-	-	-	-	-
	2019/20	60,605	-	60,605	8,580	69,185
Head of Planning & Regeneration	2020/21	69,629	-	69,629	11,558	81,187
	2019/20	67,765	-	67,765	9,962	77,727
Head of Legal and Monitoring Officer	2020/21	66,925	-	66,925	11,110	78,035
	2019/20	58,482	-	58,482	8,597	67,079
Acting Managing Director, 3 Rivers Developments Ltd (Note 5)	2020/21	72,300	33,000	105,300	11,558	116,858
	2019/20	67,765	-	67,765	9,962	77,727
Finance Director, 3 Rivers Developments Ltd (Note 6)	2020/21	8,750	-	8,750	263	9,013
	2019/20	-	-	-	-	-

Note:

1. The amounts included in the above table are shown gross of any related tax which would be levied.
2. The primary pension rate of 16.6% has been used for the 2020/21 pension contributions figures.
3. In 2019/20 the Deputy Chief Executive (S151) received an extra payment that was not pensionable.
4. The Director of Operations left the Authority on 2 January 2020.
5. Due to the restructure of 3 Rivers Developments Ltd, the Acting Managing Director's secondment from Mid Devon District Council ended 31 March 2021 and as at 1 April 2021 will be directly employed by 3 Rivers Developments Ltd.
6. 3 Rivers Developments Ltd appointed a new Finance Director on 4 January 2021 at 0.4 FTE.

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

Long Term Debtors	2019/20 £'000	2020/21 £'000
Other entities and individuals	1,018	989
Total	1,018	989

Included within the single entity Long Term Debtors (Note 32 of the Single Entity accounts) is £8,231k of loans to 3 Rivers Developments Ltd which are eliminated from both sides in the Group Accounts.

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

Short Term Debtors	2019/20 £'000	2020/21 £'000
Other Receivable amounts	4,018	9,569
Trade Receivables	1,502	2,059
Less Impairment Allowances	(1,238)	(1,567)
Total	4,282	10,062

Included within the single entity Short Term Debtors (Note 36 of the Single Entity accounts) is £1,420k which relates to 3 Rivers Developments Ltd (£1,142k loan; £278k other intra-company debt) which are eliminated from both sides in the Group Accounts.

NB. Expected Credit Loss Model

The Authority 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.

A revised business case was approved by the Council on 4 February 2021 which anticipated the operating losses incurred by 3 Rivers Developments Ltd over its initial years of operation. This is to be expected with start-up businesses particularly with the lead time involved in development. They have not “triggered an event” leading to an expected credit loss and impairment of the loans. However, the ongoing review of operational activities does indicate that cost overruns on the Riverside project in Tiverton will prevent the Company from making full repayment of the loan associated with this development. Accordingly, this loan was impaired by £617k in the 2019/20 single entity accounts. Similarly, the working capital loan was impaired by £173k to reflect the implied risk to profitability that this represents. No further impairment was required in 2020/21.

4 Work in Progress (WIP)

Work In Progress	2019/20	2020/21
	£'000	£'000
Work in Progress	8,159	8,151
Total	8,159	8,151

As a development company, 3 Rivers Developments Ltd has “Work in Progress” which relates to the construction projects they have in progress. When these projects are completed, they will be classified as inventory for sale.

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 Grant Thornton UK 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 eight 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.

Collection Fund

A separate fund that records the income and expenditure relating to Council Tax and National 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 account that reports the income and spending on our services.

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 authority 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.

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 Authority, 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 Authority 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 Authority 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 Authority'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).

Income & Expenditure Account

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

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 364 days.

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 Authority 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 Authority'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.

National Non-Domestic Rates (NNDR or NDR)

NNDR or 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 District Council 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.

Revenue Support Grant

The major grant received each year from Central Government, which is not ring-fenced, to help finance our activities. Commonly referred to as the Council's "Formula Grant"

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 authority 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 Authority.

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 Authority 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.