



STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2024

(Pre-Audit)

Version 1
Version 2

14 June 2024

21 November 2024

Draft Statement of Accounts

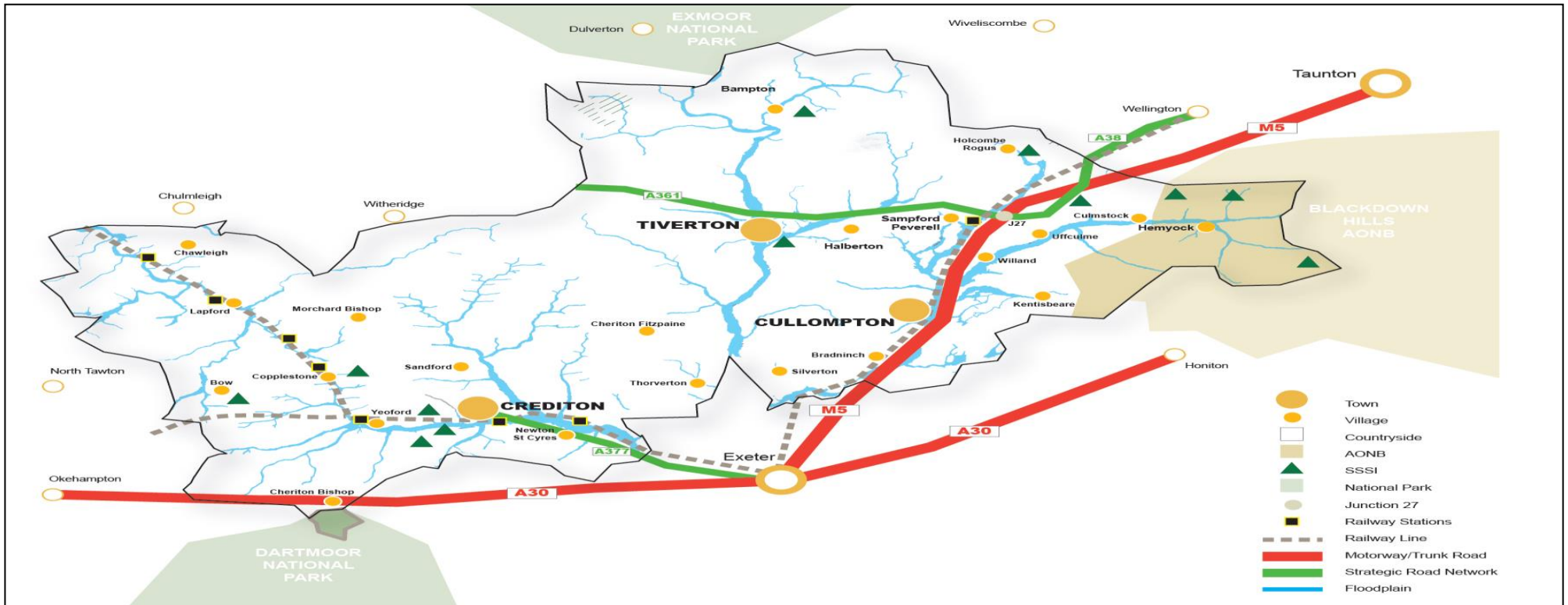
Updated Draft Statement of Accounts

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1 Introduction to Mid Devon District Council

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



Of the 296 districts in England, Mid Devon is the 32nd-largest district council in England by area, it is also the 23rd-smallest by population¹. 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 83,800 people is scattered in villages in the rural hinterland, with the balance divided between the three main towns of Tiverton, Cullompton and Crediton. There are 62 towns and parishes in the Mid Devon area, 50 of which have a local town or parish council.

¹ Source: [Mid Devon - Wikipedia](#)

Council Structure

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

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

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

Link to the Corporate Plan

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

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

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

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

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

Core Values

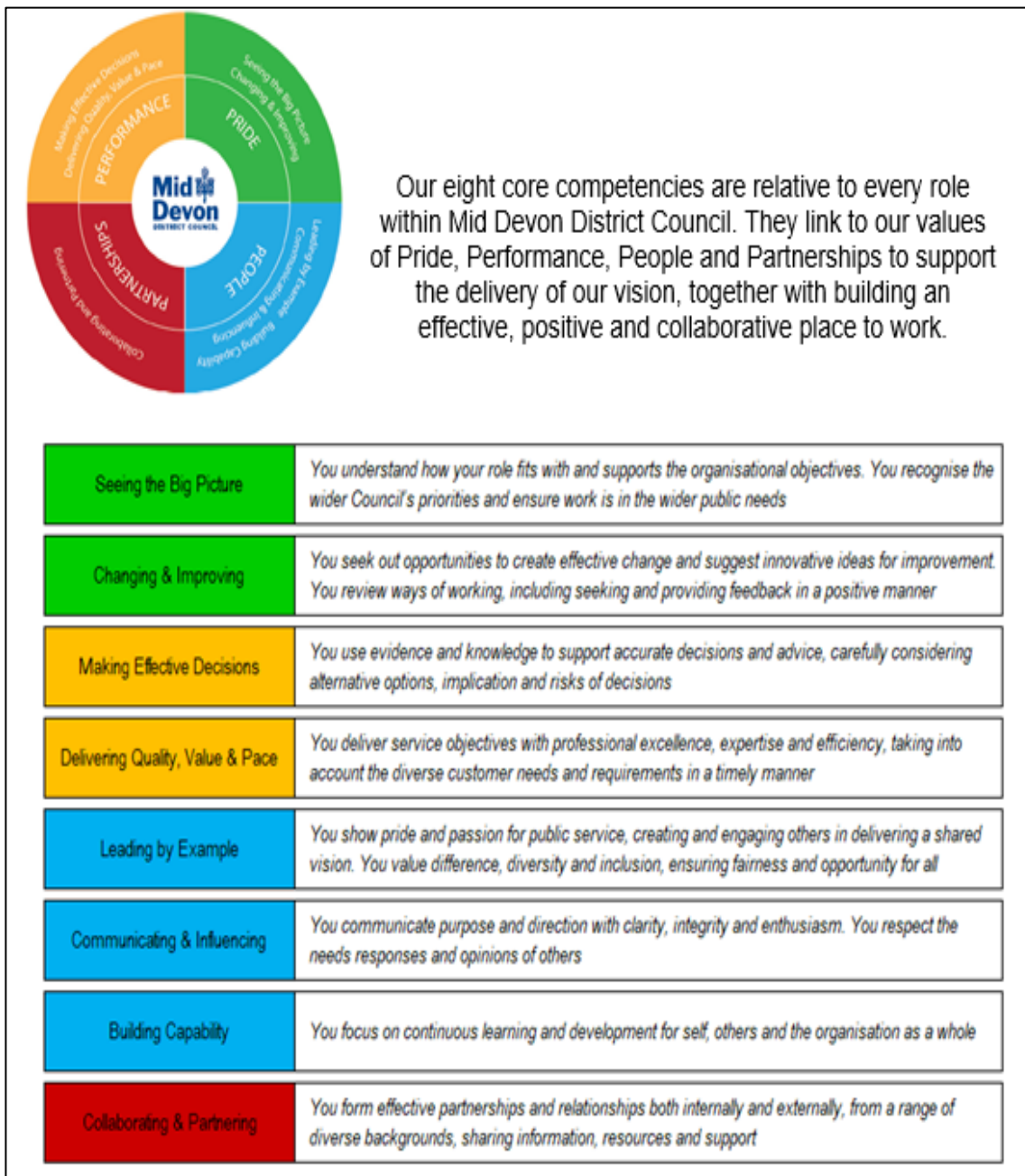
The organisation has an agreed set of core values that underpin the way we work and how we fulfil our aspirations. The values of Pride, People, Partnerships and Performance are known as the four Ps and set out what we believe should be the basis for the type of organisation we are. These values are:

The Medium Term Financial Plan (MTFP)

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

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

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



2 Introduction from the Leader of the Council



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

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

With a new majority administration in place, a newfound clarity of vision and purpose has come to the fore. Where once there was indecision, there is now direction; where previous chaos and infighting was walking the Council towards a precipice, there is now calm and respectful discussion and debate across the Council on the steps that should be taken. Our first order of business was to repair the financial damage that had been bequeathed to us, and I am pleased to say we managed to address the revenue pressures in-year. No small challenge, but one that we were equal to. As well as all my elected member colleagues I must also thank the dedicated officers working across all departments who helped make this happen. I made a commitment as Leader to focus on efficiencies and effectiveness without recourse to implementing redundancies, and was open about the financial challenges facing the Council at that time as I saw them. To see everyone pull together to achieve such an outcome is testament to the unifying belief in providing the best services we can for our amazing communities across Mid Devon.

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

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

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

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

Cllr Luke Taylor
Leader of the Council

3 Views from the Chief Executive



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

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

Inflation has been a key focus of our financial stewardship of the Council over the last year, with hope that the record highs continue to dissipate. Almost all the delivery costs of the organisation are impacted when income cannot keep up with inflation, as it means things like construction projects are more expensive – impacting our capital programme, with the revenue budget impacted more by escalating day-to-day operating costs. For an organisation that delivers most of its services in house, the challenge of below-inflation pay rises (as determined by national negotiation) has meant the holding down of costs through the pay bill, but has led to widespread recruitment and retention challenges in response to real-term cuts in pay. This is starting to spread from 'traditional' areas of challenge to become a more structural concern across most service delivery areas requiring specialist skills. The balance of expenditure between payroll and agency workforce is tracked to try and ensure the right mix, but this feels like a precarious balancing act that is increasingly outside our direct influence. In recent weeks and months the labour market has softened slightly and recruitment has been successful where previously only expensive agency or consultancy was an option, so there is some cautious optimism that a lower-inflation environment is rebalancing some of the epic peaks in the labour market of late.

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

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

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

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

Stephen Walford
Chief Executive



Financial Commentary by Deputy Chief Executive (S151)

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

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

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

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

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

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

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

2023/24 Financial Highlights

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

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

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

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

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

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

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

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

Summary of the key elements from the Core Financial Statements

The Movement in Reserves Statement

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

The Comprehensive Income and Expenditure Statement (CIES)

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

Balance Sheet

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

Cash Flow Statement

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

The Collection Fund

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

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

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

The Financial Outlook

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

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

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

Andrew Jarrett
Deputy Chief Executive (S151)

4 Narrative and Performance Report 2023/24

4.1 Introduction

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

Financial Performance

4.2 2023/24 Overview

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

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

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

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

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

4.3 Outturn Summary

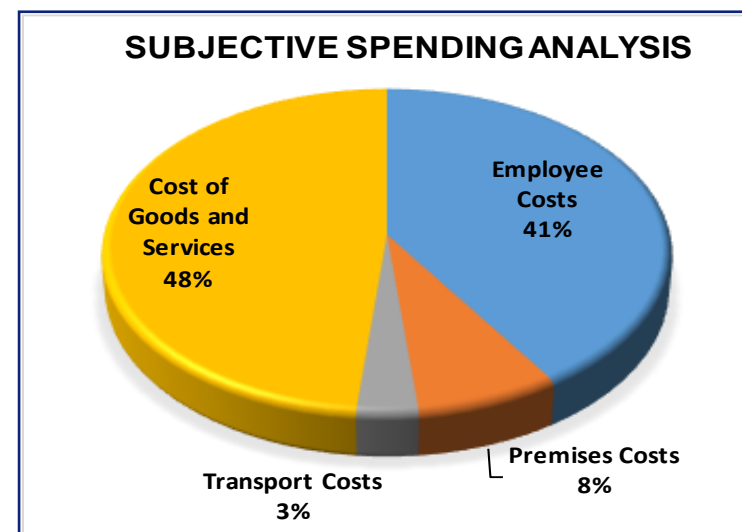
The table below shows the summary outturn position against budget.

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

4.4 Types of Expenditure

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

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



4.5 Sources of Income

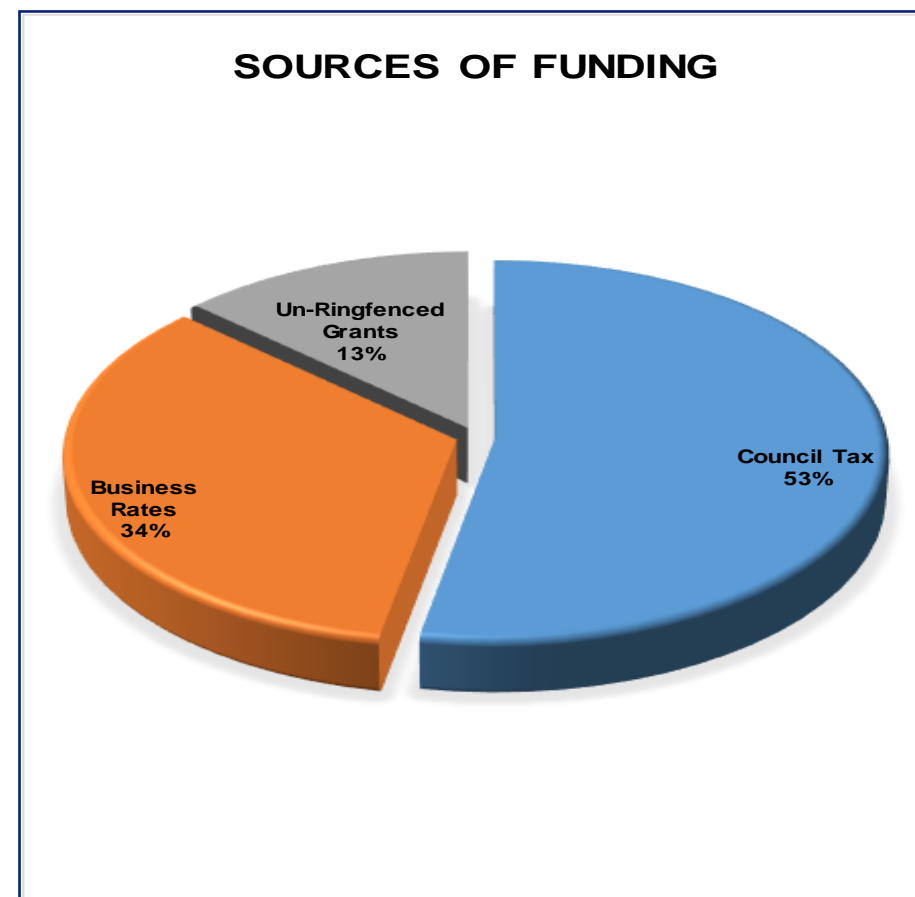
The Council's core funding streams for 2023/24 are detailed below. It shows that the Council is largely funded through localised taxation, namely Council Tax and Business Rates. In setting the budget for 2023/24, the Council increased Council Tax by 2.99% for a Band D property. This meant that the Band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

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

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

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

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



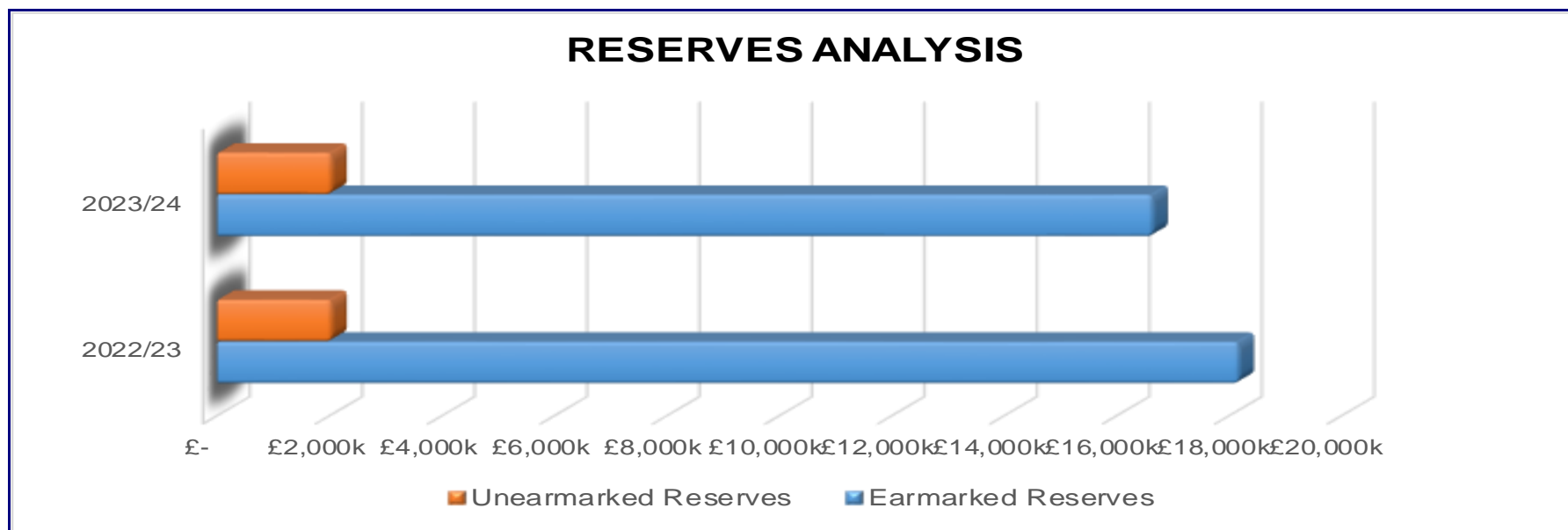
4.6 Revenue Reserves

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

The outturn position resulted in an over spend of £635k that, given the exceptional nature of this over spend and the underlying cause, was covered by a transfer from Earmarked Reserves. Therefore, the General Fund bottom line is net nil and Reserves remain at £2,025k as at the start of the year.

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

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



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

4.7 Housing Revenue Account (HRA) – Revenue Expenditure

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

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

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

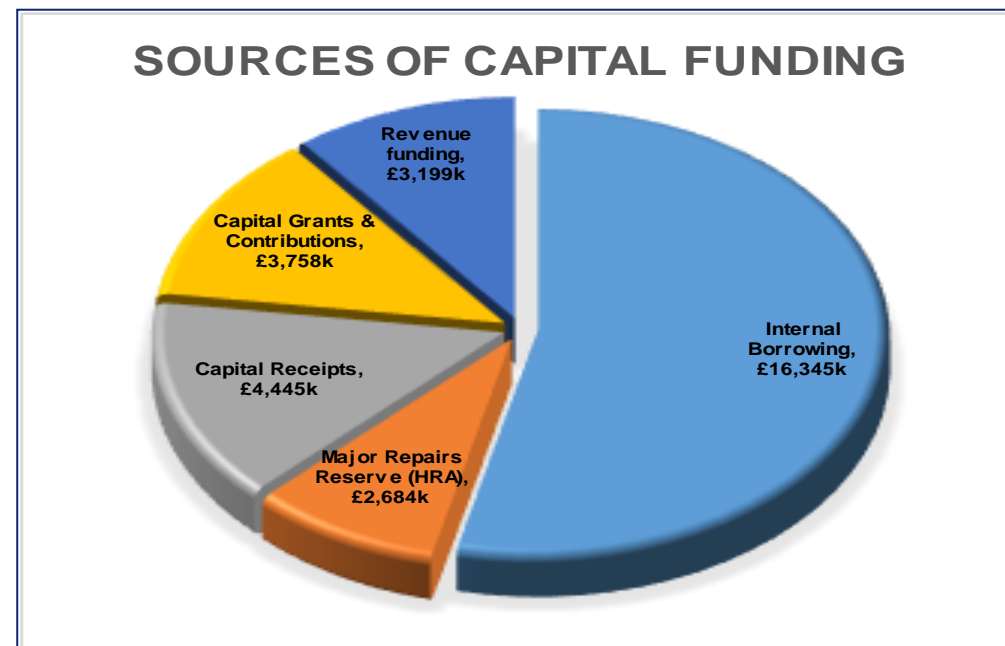
The Housing Revenue Account also holds a MRR (Major Repairs Reserve), which is ring-fenced for capital expenditure on HRA properties. This reserve effectively carries forward any unspent major repairs allowance (see note 66).

4.8 Capital Expenditure

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

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

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

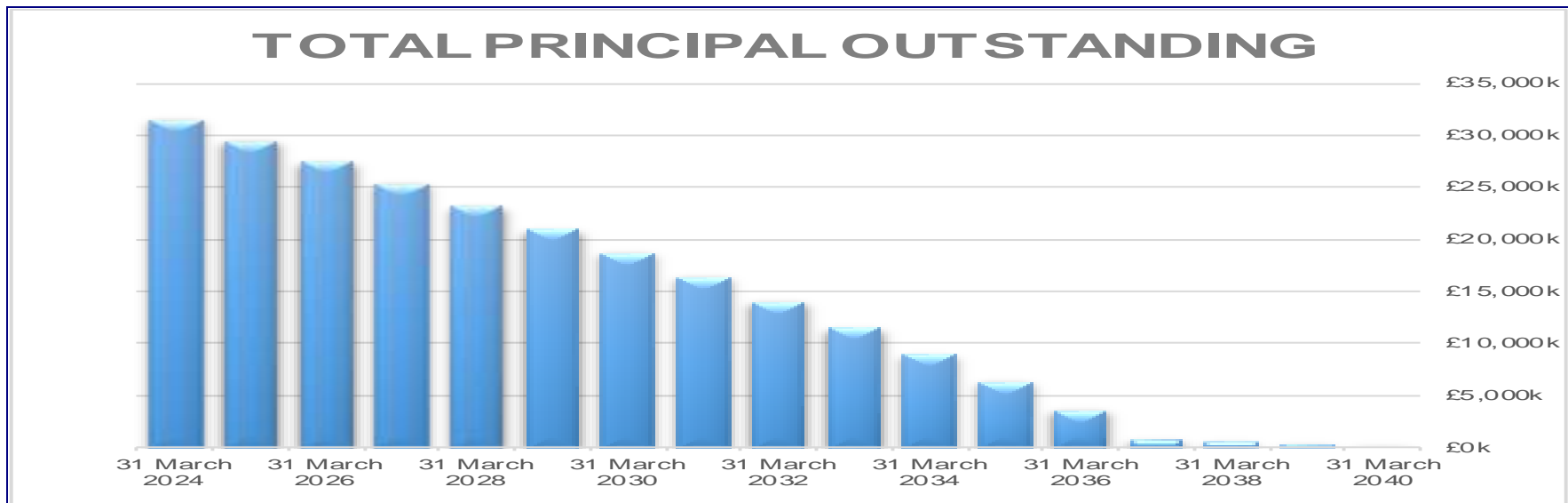


The General Fund capital spend related to a wide range of projects which included £2,686k of additional residual loans to 3 Rivers Developments Ltd to complete the housing development sites at St George’s Court and Haddon Heights, Bampton. A further £7m was spent purchasing land at Knowle Lane Cullompton and the unsold units at Haddon Heights, Bampton. £1,956k was spent on new homes to reduce pressure on the homelessness budget. This year renovations to private sector homes funded through the Disabled Facilities Grant have cost £659k, and the leasing of new vehicles cost £353k.

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

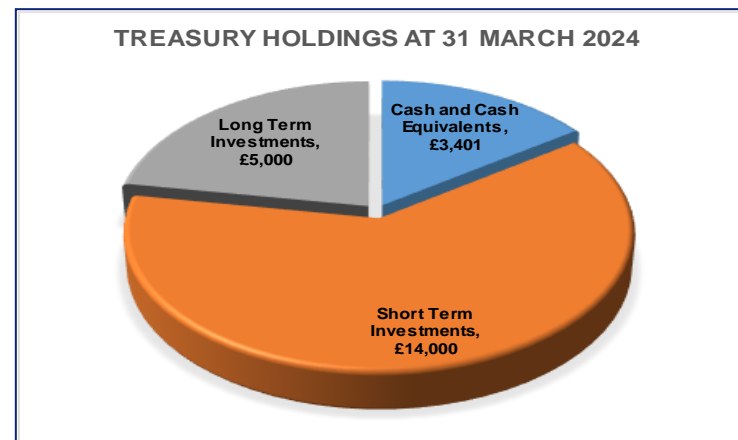
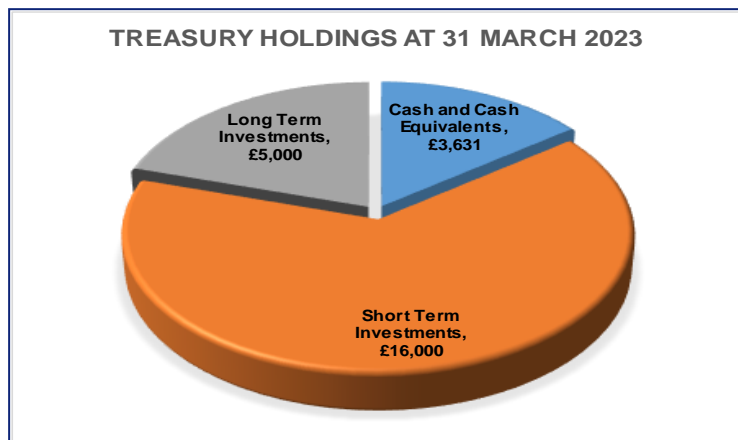
4.9 Borrowing

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



4.10 Treasury Activities

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



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

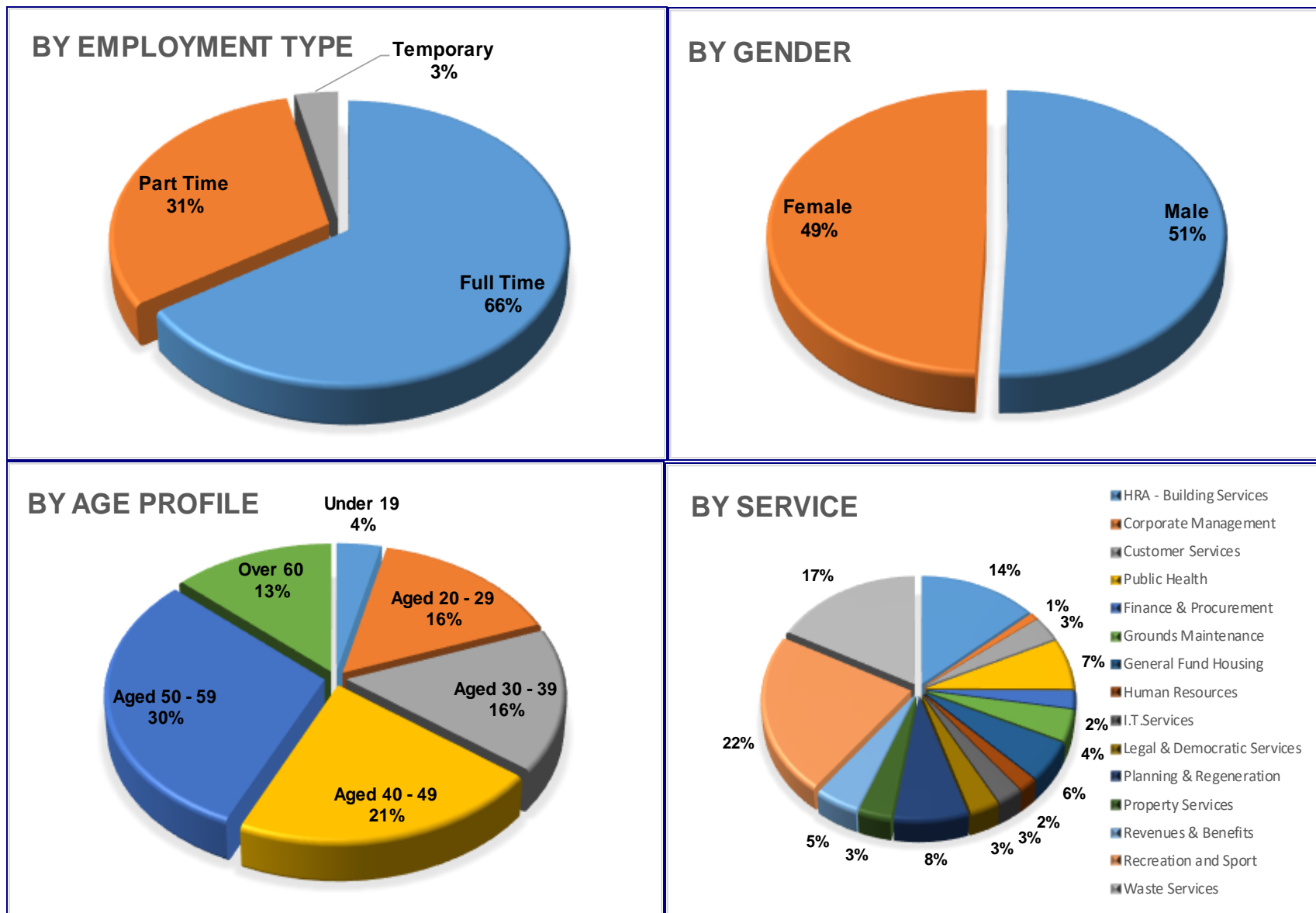
Non-Financial Performance

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



4.11 Workforce Data

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





4.12 Principal Risks and Uncertainties

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

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

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

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

4.13 The Council’s Governance Arrangements

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

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

4.14 Notable Events affecting the Finances

Election

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

3 Rivers Developments Ltd (3Rivers)

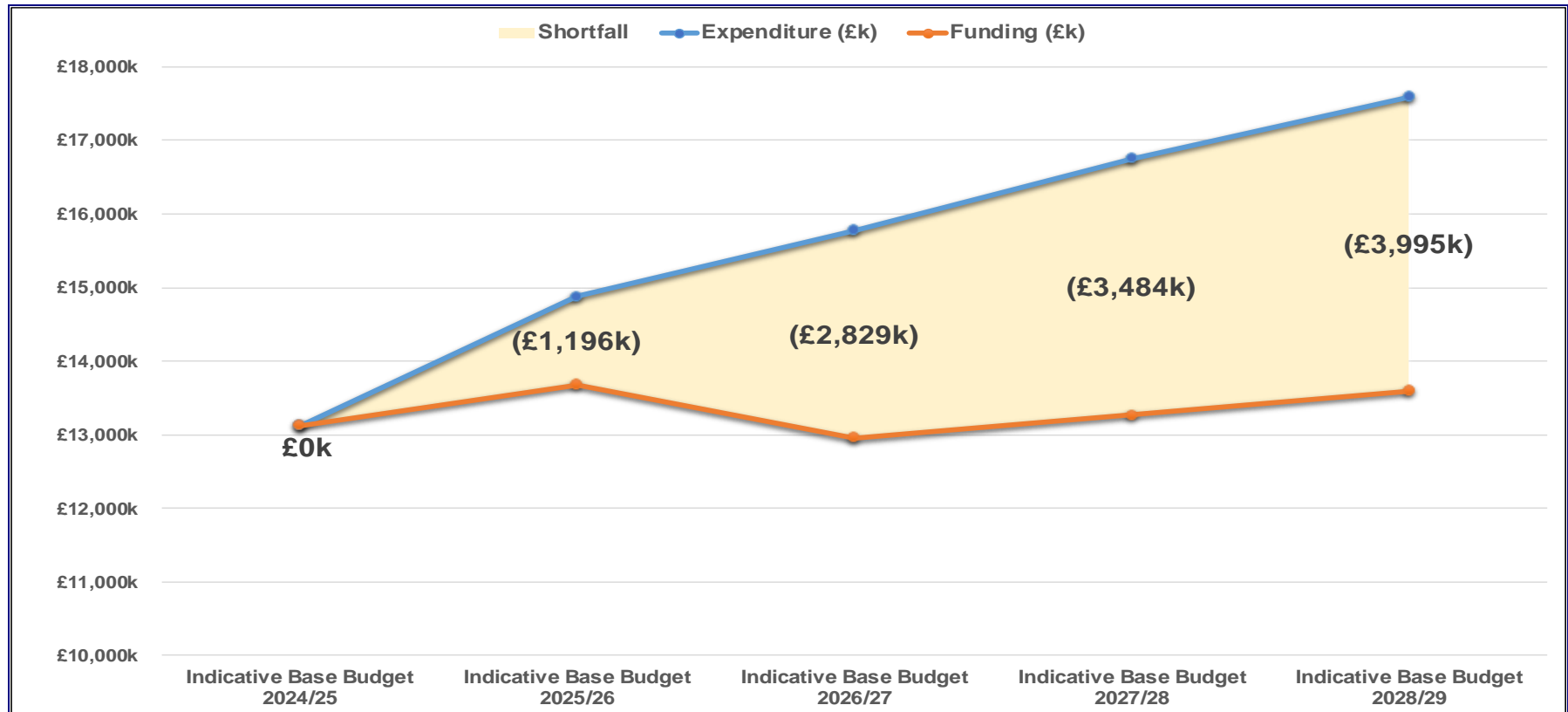
Approval was given by Cabinet and Full Council in September 2023 for the soft closure of the Council’s subsidiary company, 3 Rivers Developments Ltd. The soft closure ensured all assets were realised and committed to paying all contractors, suppliers and tradesmen in full. Although this has been a challenge,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

Cost of Living Crisis

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

4.15 The Financial Future of Mid Devon – Medium Term Forecast

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



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

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

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

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

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

4.16 Conclusion

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

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

Andrew Jarrett
Deputy Chief Executive (S151)

5 Statement of Accounting Policies

5.1 General Principles

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

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

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. These statements have been compiled on the basis of the Council remaining a going concern and all amounts have been rounded to the nearest £1,000.

5.2 Going Concern

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

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

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

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

5.3 Accruals and Prepayments of Income and Expenditure

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

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

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services provided (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

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

5.4 Overheads and Support Services (Recharges)

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

5.5 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as; wages and salaries, paid annual leave and sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end, which employees carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement (CIES), but then reversed out through the Movement in Reserves Statement (MIRS) so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis and form part of the relevant service's expenditure in the CIES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers, or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable, but unpaid at the year-end.

Post-Employment Benefits

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

5.6 The Local Government Pensions Scheme (LGPS)

The LGPS is accounted for as a defined benefits scheme:

- The liabilities of the Devon County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the 'projected unit method', i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate as shown in the assumptions in Note 21 to the accounts. The assets of the fund attributable to the Council are included in the Balance Sheet at fair value.

The change in the net pension liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Corporate Management.
- Net interest on the net defined benefit liability, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit liability at the beginning of the period, taking into account any changes in the net defined benefit liability during the period as a result of contribution and pension payments.

Remeasurements comprising:

- The return on plan assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the LGPS - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits, and replace

them with debits for the cash paid to the Pension Fund and any such amounts payable but unpaid at year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

5.7 Government Grants and Contributions

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as either short term or long term creditors, depending upon their nature. When conditions are satisfied, the grant or contribution is credited to the relevant service in the CIES.

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

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

5.8 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

5.9 Value Added Tax (VAT)

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

5.10 Minimum Revenue Provision

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

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

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

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

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices, or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. When a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

There are no adjustments to prior period figures.

5.12 Property, Plant and Equipment

Recognition

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year, are classified as Property, Plant and Equipment.

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g.

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

Measurement

Where there is no market-based evidence of fair value because of the specialist nature of an asset, Depreciated Replacement Cost (DRC) is used as an estimate of fair value.

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

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

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

Componentisation

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

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

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

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

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

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

Impairment of Non-Current Assets

Non-Current Assets are assessed at year-end as to whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. This policy does not apply to loans to third parties, which are treated as financial instruments.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

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

Depreciation

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

Depreciation is calculated on the following bases:

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

Examples of time scales are given below:

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

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

Revaluation gains are also depreciated with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

5.13 Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value, less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure in the CIES. Gains or losses on sale are posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for sale. When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for sale) is written off to the Other Operating Expenditure in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

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

5.14 Leases

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

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

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

5.15 Investments including Cash on Deposit with Banking Institutions

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition, and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

5.16 Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the CIES is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the MIRS.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

5.17 Financial Instruments

Financial Assets

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

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

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), with interest credited to the CIES being the amount receivable for the year in the loan agreement.

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, or where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially

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

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

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

5.18 Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation, based on the best estimate at the balance sheet date of the amount required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required, or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

5.19 Interests in Companies and Other Entities

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

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

5.20 General Fund Reserve

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

5.21 Housing Revenue Account (HRA)

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

6 The Statement of Responsibilities for the Statement of Accounts

6.1 The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Deputy Chief Executive (S151).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

6.2 The Deputy Chief Executive (S151)'s Responsibilities

The Deputy Chief Executive (S151) is responsible for the preparation of the Council's Statement of Accounts in accordance with the proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Deputy Chief Executive (S151) has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent;
- Complied with the Local Authority Code;
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future; and
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

6.3 Opinion

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

.....
Signature

.....
Date

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

7 Chief Finance Officer's Certificate

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

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

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

Approved by the Deputy Chief Executive (S151)

.....
Andrew Jarrett CPFA

.....
Dated

Approved by the Chairman of the Audit Committee

.....
TBC

.....
Dated

Approved by the Leader of the Council

.....
Cllr Luke Taylor

.....
Dated

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

8.1 Report on the Audit of the Financial Statements

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Introduction to the Core Financial Statements

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

- **Movement in Reserves Statement**

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

- **Comprehensive Income and Expenditure Statement**

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

- **The Balance Sheet**

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

- **Cash Flow Statement**

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

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

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

- **Collection Fund**

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

- **Group Accounts**

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

10 Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The net increase/decrease before transfers to earmarked reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

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

Movement in Reserves Statement (Continued)

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

11 Comprehensive Income and Expenditure Statement (CIES)

This section is a summary of our spending on services.

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

12 Balance Sheet

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

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

13 Cash Flow Statement

This section shows what cash we spend and receive.

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

14 Notes to the Accounts

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

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

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

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

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

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

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

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

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

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

2 Critical Judgements in Applying Accounting Policies

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

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

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

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

3 Material Items of Income and Expenditure

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. If the estimates used in the calculations prove to be inaccurate then there will be further income or expenditure incurred by the General Fund.

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

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

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

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

5a Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

General Fund Balance

The General Fund is the statutory fund into which all of the receipts of a Council are required to be paid and out of which all liabilities are to be met, except for the Housing Revenue Account (HRA) see below and where statutory rules provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment at the end of the financial year. However, the General Fund balance is not available to fund the HRA services (see below).

Housing Revenue Account Balance

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

Major Repairs Reserve

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

Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historic capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance may be restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Adjustments between Accounting Basis and Funding Basis under Regulations

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

2023/24 - Continued	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
Balance brought forward	(666)	5,039	3,492	-	538	(8,402)
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	-	(9)	-	-	-	9
Transfer of deferred capital receipts realised in year to the Capital Receipts Reserve	-	-	-	-	-	-
Adjustment involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA	-	2,831	-	(2,831)	-	-
Use of the Major Repairs Allowance to finance new capital expenditure	-	-	-	2,684	-	(2,684)
Interest credited to the Major Repairs Reserve	-	-	-	-	-	-
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	(181)	-	-	-	-	181
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	(3,460)	192	-	-	-	3,268
Employer's pension contributions and direct payments to pensioners payable in the year	3,416	-	-	-	-	(3,416)
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	31	-	-	-	-	(31)
Amount by which NDR income credited to the Comprehensive Income and Expenditure Statements is different from NDR income calculated for the year in accordance with statutory requirements	233	-	-	-	-	(233)
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	59	11	-	-	-	(70)
Total Adjustments	(568)	8,063	3,492	(147)	538	(11,378)

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

2022/23 - Continued	Usable Reserves					Movement in Unusable Reserves £'000
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
Balance brought forward	2,110	5,547	(669)	-	132	(7,120)
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	-	228	-	-	-	(228)
Transfer of deferred capital receipts realised in year to the Capital Receipts Reserve	-	-	(110)	-	-	110
Adjustment involving the Major Repairs Reserve						
Reversal of Major Repairs Allowance credited to the HRA	-	2,727	-	(2,727)	-	-
Use of the Major Repairs Allowance to finance new capital expenditure	-	-	-	2,770	-	(2,770)
Interest credited to the Major Repairs Reserve	-	-	-	-	-	-
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	(916)	-	-	-	-	916
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	(6,695)	(560)	-	-	-	7,255
Employer's pension contributions and direct payments to pensioners payable in the year.	3,094	-	-	-	-	(3,094)
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	(376)	-	-	-	-	376
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statements is different from NNDR income calculated for the year in accordance with statutory requirements	1,648	-	-	-	-	(1,648)
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.	42	12	-	-	-	(54)
Total Adjustments	(1,093)	7,954	(780)	42	132	(6,255)

5b Expenditure and Funding Analysis

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

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

Adjustments Showing within the Expenditure and Funding Analysis

Past Service Cost	2022/23						Service Area	2023/24						
	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
-	14	(4)	73	(39)	-	44	Community Development	-	(5)	(2)	90	12	-	95
-	111	8	(97)	2,186	-	2,208	Corporate Management	-	(29)	(12)	(231)	414	-	141
-	-	-	267	218	-	486	Car Parks	-	-	-	302	217	-	518
-	106	(2)	(704)	-	-	(600)	Customer Services	-	(35)	(3)	(762)	-	-	(800)
-	119	(4)	761	123	-	1,000	Environmental Services	-	(45)	(2)	791	518	-	1,261
-	90	(0)	(805)	-	-	(715)	Finance And Performance	-	(28)	(1)	(787)	-	-	(816)
-	69	(1)	(552)	47	-	(437)	Grounds Maintenance	-	(24)	(1)	(586)	46	-	(566)
-	56	1	83	-	-	140	General Fund Housing	-	(21)	(3)	146	106	-	228
-	560	-	-	(2,295)	1,368	(366)	Housing Revenue Account	-	(192)	-	-	(1,021)	1,757	544
-	54	(6)	(477)	-	-	(429)	Human Resources	-	(15)	(2)	(514)	-	-	(531)
-	104	(4)	(1,187)	89	-	(998)	I.T. Services	-	(27)	(2)	(1,246)	123	-	(1,152)
-	84	(6)	31	-	-	109	Legal & Democratic Services	-	(26)	3	134	-	-	111
-	256	(17)	561	-	-	801	Planning And Regeneration	-	(88)	(6)	530	-	-	435
-	103	(4)	(919)	399	-	(421)	Property Services	-	(35)	(5)	(1,152)	1,740	-	547
-	143	(1)	152	-	-	293	Revenues And Benefits	-	(47)	(2)	173	1	-	125
-	352	(2)	535	893	-	1,778	Recreation And Sport	-	(111)	(11)	589	788	-	1,256
-	460	0	712	495	-	1,666	Waste Services	-	(161)	(8)	727	492	-	1,050
-	2,682	(42)	(1,566)	2,116	1,368	4,558	Net Cost of Services	-	(889)	(59)	(1,796)	3,434	1,757	2,447

Expenditure and Income Analysed by Nature

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

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

6 Movements in Earmarked Reserve

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

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

*RCCO – Revenue contributions to capital outlay.

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

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

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

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

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

7 Transfers to/from Capital Grants Unapplied

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

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

8 Other Operating Expenditure

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

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

9 Financing and Investment Income and Expenditure

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

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

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

10 Taxation and Non-Specific Grant Income

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

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

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

11 Operating Leases

Authority as a Lessee

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

Payments under Operating Leases

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

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

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

Authority as a Lessor

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

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

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

12 Officers' Emoluments

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

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

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

Senior Officers Earning in Excess of £50,000

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

Post Title	Financial Year	Salary	Compensation	Total	Pension	Total
		(Including Allowances)	for Loss of Employment	Remuneration exc pension contributions	Contributions	Remuneration inc pension contributions
		£	£	£	£	£
Chief Executive	2023/24	121,660	-	121,660	23,115	144,776
	2022/23	118,228	-	118,228	19,626	137,853
Deputy Chief Executive (S151)	2023/24	97,834	-	97,834	18,588	116,422
	2022/23	86,545	-	86,545	14,367	100,912
Director of Corporate Affairs & Business Transformation³	2023/24	17,057	-	17,057	3,241	20,297
	2022/23	84,877	-	84,877	14,351	99,228
Director of Place	2023/24	89,762	-	89,762	17,055	106,817
	2022/23	83,613	-	83,613	13,880	97,492
District Solicitor and Monitoring Officer⁴	2023/24	-	-	-	-	-
	2022/23	43,872	1,652	45,523	4,497	50,020
Director of Legal, HR & Governance (Monitoring Officer)⁵⁺⁶	2023/24	80,226	-	80,226	15,199	95,426
	2022/23	61,950	-	61,950	10,247	72,197

Notes:

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

13 Termination Benefits

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

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

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

14 External Audit Costs

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

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

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

15 Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers of the accounts to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

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

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

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

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

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

16 Members' Allowances and Expenses

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

Members Allowances and Expenses	2022/23	2023/24
	£'000	£'000
Allowances	332	332
Expenses	6	8
Total	338	340

17 Acquired and/or Discontinued Activities

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

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

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

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

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

18 Depreciation and Impairment of Non-Current Assets

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

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

19 Minimum Revenue Provision

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

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

20 Insurance

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

21 Pensions

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

Participation in the Pension Scheme

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

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

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

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

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

Discretionary Post-retirement Benefits

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

Impact of McCloud / Sargeant judgment

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

Transactions relating to Retirement Benefits

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

Demographic/Statistical Assumptions

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

Asset Ceiling (Onerous Funding Commitment)

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

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

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

Pensions – Comprehensive Income and Expenditure Statement

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

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

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

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

Reconciliation of the Movements in the Fair Value of Scheme Assets

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

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

Local Government Pension Scheme assets comprised:

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

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

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

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

Basis for Estimating Assets and Liabilities

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

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

The significant assumptions used by the Actuary have been:

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

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

Impact on the Defined Benefit Obligation in the Scheme

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

Impact on the Council's Cash Flows

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

22 Property, Plant and Equipment (Movements in Balances)

Revaluations

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

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

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

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

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

23 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax. Examples of this would include financial assistance towards capital investment incurred by other parties and works on properties not owned by the Council.

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

24 Summary of Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital is to be financed in future years by charges to revenue as assets used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

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

25 Heritage Assets

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

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

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

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

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

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

Heritage Assets of Particular Importance

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

Preservation and Management

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

26 Commitments under Capital Contracts

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

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

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

27 Non-Current Asset Valuation

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

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

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

28 Short-Term and Long-Term Borrowing

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

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

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

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

29 Trusts for which the Council is the Sole Trustee

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

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

30 Financial Instruments

Fair Value of Assets and Liabilities Carried at Amortised Cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at Amortised Cost. Their Fair Value can be assessed by calculating the Present Value of the cash flows that will take place over the remaining term of the instruments using the following assumptions:

Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate the Fair Value. The Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Council only deals in these kinds of instruments.

The fair values calculated are as follows:

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

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

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

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

Disclosure of Nature and Extent of Risks Arising from Financial Instruments

Liquidity Risk

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

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

Market Risk

This is the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements. The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. A Treasury Management Strategy is formally approved annually by the Council. This identifies all treasury risks and forms the basis of the day-to-day operating guidance applied by the Treasury Accountant when making decisions on placing any surplus funds (i.e. to whom, for how long, for how much, etc.). This Treasury Strategy can be found on the Council's website.

Credit Risk

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

Fair Value Disclosure of PWLB Loans

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

Fair Value Disclosure of Long Term Investments (CCLA)

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

Loans and Trade Receivables

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

31 Long Term Investments

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

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

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

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

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

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

33 Short Term Investments

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

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

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

34 Assets Held for Sale

Assets classified as held for sale:

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

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

35 Inventories

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

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

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

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

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

The main debtors outstanding as at 31 March 2024 are:

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

37 Debtors for Local Taxation

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

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

38 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

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

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

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

The main creditors outstanding as at 31 March 2024 are:

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

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

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

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

41 Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim) this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

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

Various General Fund

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

Non Domestic Rates Appeals

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

42 Usable Reserves

Reserves are reported in two categories:

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

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

The categories of reserves are:

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

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

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

43 Unusable Reserves

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

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

44 Revaluation Reserve

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

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

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

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

45 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of the acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert Fair Value figures to a Historical Cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction or enhancement.

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

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

46 Deferred Capital Receipts Reserve

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

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

47 Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements in accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by the employees' accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Pensions Reserve	2022/23	2023/24
	£'000	£'000
At 1 April	56,988	16,077
Remeasurement of net defined liability	(45,072)	(5,763)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	7,224	3,268
Employer's pension contributions and direct payments to pensioners payable in the year	(3,063)	(3,416)
At 31 March	16,077	10,166

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

48 Collection Fund Adjustment Account

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

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

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

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

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

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

49 Accumulated Compensating Absences Adjustment Account

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

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund and HRA balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund and HRA balance is neutralised by transfers to or from the Accumulated Absences Account. The reduction in this year's accrual is due to improvements in the management of annual leave balances across the Council and flexi balances no longer being centrally recorded.

50 Cash Flow – Non-Cash Items

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

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

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

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

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

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

52 Cash Flow – Operating Activities on the Balance Sheet

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

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

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

53 Cash Flow – Investing Activities

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

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

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

54 Cash Flow – Financing Activities

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

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

55 Grant Income

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to payments, and
- The grants or contributions will be received

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

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

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

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

Credited to Services

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

* Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Capital Grants applied to the Income and Expenditure Account

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

56 Contingent Assets and Liabilities

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

57 Leases

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

Authority as Lessee

Finance Leases

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

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

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

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

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

Future Minimum Lease Payments

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

Operating Leases

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

The future minimum lease payments due in future years are:

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

Lease Payments incurred during the year

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

Authority as Lessor

Finance Leases

The Council holds no finance leases as lessor.

Operating Leases

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

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

Future Minimum Lease Payments Receivable

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

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

58 Revaluation Losses and Revaluation Reversals

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

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

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

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

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

59 Non-Adjusting Post Balance Sheet Events

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date the Statement of Accounts is authorised for issue. There are two distinct types: those that existed at the balance sheet date where the accounts should be adjusted to reflect these; and those which arose after the balance sheet date which require disclosure in the notes to the accounts if material.

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

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

15 Housing Revenue Account (HRA) Income and Expenditure Account

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

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

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

Movement on the HRA Statement

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

Movement on the HRA Statement		2022/23	2023/24
	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		(8,912)	(7,203)
Adjustments between accounting basis and funding basis under statute	60	7,954	8,063
Net (increase) or decrease before transfers to or from reserves		(958)	860
Transfers (to) or from reserves		958	(860)
(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					Total Usable Reserves	Unusable Reserves
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves		
	2023/24	£'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	(2,831)	-	-	-	-	2,831	
Revaluation (losses)/gains on Property, Plant and Equipment	3,852	-	-	-	-	(3,852)	
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(1,184)	-	-	-	-	1,184	
Capital grants and contributions applied	780	-	-	-	-	(780)	
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement							
Statutory provision for the financing of capital investment	991	-	-	-	-	(991)	
Capital expenditure charged against the General Fund and HRA balances	2,568	-	-	-	-	(2,568)	
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	876	(876)	-	-	-	-	
Use of the Capital Receipts Reserve to finance new capital expenditure	-	3,704	-	-	-	(3,704)	
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(13)	13	-	-	-	-	
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	(9)	-	-	-	-	9	
Subtotal	5,030	2,841	-	-	-	(7,871)	

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

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

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

61 Housing Stock

The Housing Revenue Account owned and managed the following property:

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

62 Number of Dwellings by Type

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

63 HRA Dwelling Valuation

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

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

64 HRA Non-Current Asset Values

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

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

65 Capital Expenditure

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

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

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

66 Major Repairs Reserve

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

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

67 Capital Receipts

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

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

68 Pension Liability: Current Year Costs

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

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

69 HRA Arrears

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

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

70 Bad Debt Provision

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

71 Rents Paid in Advance

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

72 Dwelling Rents

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

73 Depreciation of Fixed Assets

Depreciation

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

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

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

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

74 Interest Payable and Similar Charges

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

75 Self Financing Settlement Payment

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

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

16 The Collection Fund Income and Expenditure Account

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

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

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

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

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

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

Council Tax

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

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

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

Non-Domestic Rates

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

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

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

Notes to the Collection Fund

76 General

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

77 Income from Non-Domestic Rates (NDR)

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

78 Calculation of Council Tax Base

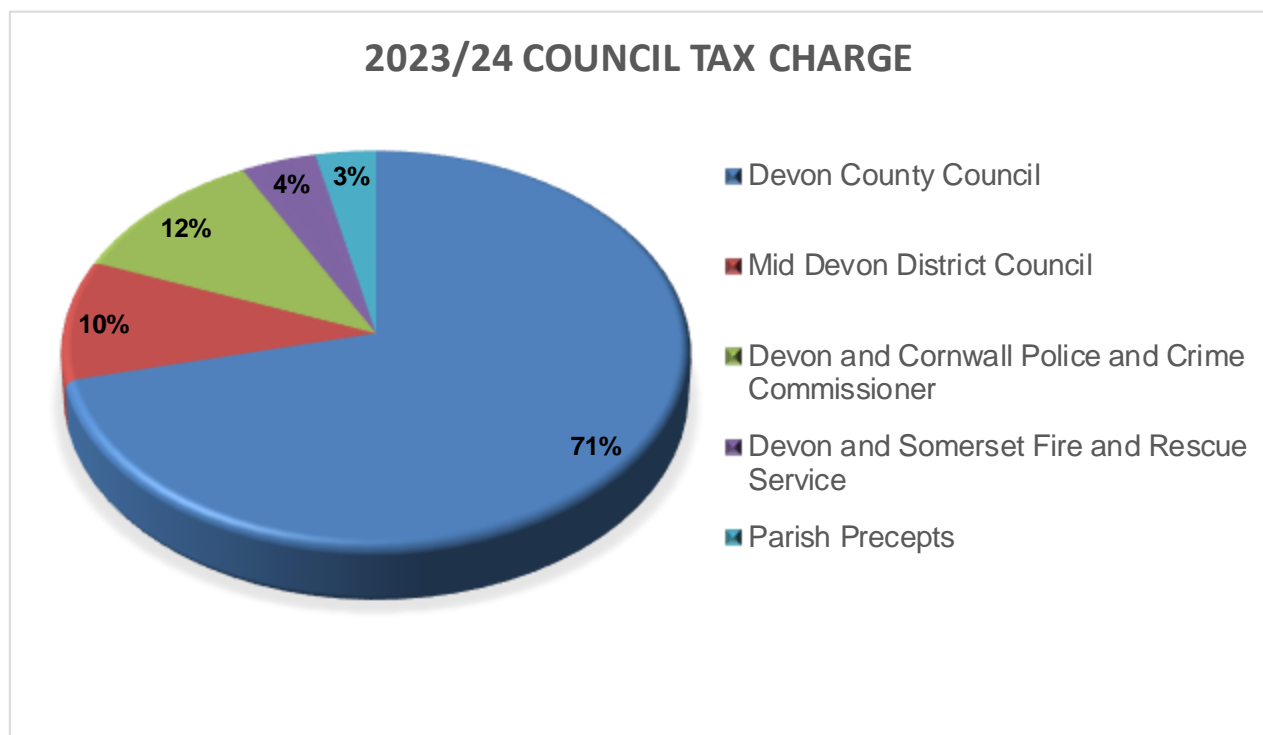
The Council Tax base is calculated by taking the number of chargeable dwellings in each valuation band (adjusted for discounts as necessary) and converted into the number of Band D equivalent properties.

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

79 Precepting Authorities

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

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



17 Group Accounts

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

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

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

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

The Financial Statements of the company are available from:
3 Rivers Developments Ltd, Phoenix House, Phoenix Lane, Tiverton, Devon. EX16 6PP.

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

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

Group Movement in Reserves Statement

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

2023/24	USABLE RESERVES								Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's Share of Subsidiary	Total Group Reserves
	REVENUE RESERVES						CAPITAL RESERVES						
	General Fund Balance	Earmarked General Fund Reserves	General Fund Total	Housing Revenue Account	Earmarked HRA Reserves	HRA Total	Capital Receipts Reserve	Capital Grants Unapplied					
Movement	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2023	(2,338)	(18,160)	(20,497)	(2,000)	(23,565)	(25,565)	(7,309)	(2,565)	(55,937)	(152,034)	(207,971)	6,310	(201,661)
Movement in Reserves during 2023/24													
(Surplus) or deficit on the provision of services	2,100	-	2,100	(7,203)	-	(7,203)	-	-	(5,103)	-	(5,103)	257	(4,846)
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	-	-	-	(7,239)	(7,239)	-	(7,239)
Total Comprehensive Income and Expenditure	2,100	-	2,100	(7,203)	-	(7,203)	-	-	(5,103)	(7,239)	(12,342)	257	(12,085)
Adjustment between Group Accounts & Authority Accounts	(135)	-	(135)	-	-	-	-	-	(135)	(5)	(140)	(2,636)	(2,776)
Net (Increase)/Decrease before Transfers (Group A/c's)	1,965	-	1,965	(7,203)	-	(7,203)	-	-	(5,238)	(7,244)	(12,482)	(2,380)	(14,862)
Adjustments between accounting basis and funding basis under regulations	(568)	-	(568)	8,063	(147)	7,916	3,492	538	11,378	(11,932)	(554)	-	(554)
Net (Increase)/Decrease before Transfers to Earmarked Reserves	1,397	-	1,397	860	(147)	713	3,492	538	6,140	(19,176)	(13,036)	(2,380)	(15,416)
Transfers (to) / from Earmarked Reserves	(1,532)	1,532	-	(860)	860	-	-	-	-	-	-	-	-
(Increase)/Decrease in 2023/2024	(135)	1,532	1,397	-	713	713	3,492	538	6,140	(19,176)	(13,036)	(2,380)	(15,416)
Balance at 31 March 2024 Carried forward	(2,473)	(16,628)	(19,100)	(2,000)	(22,852)	(24,852)	(3,817)	(2,027)	(49,797)	(171,210)	(221,007)	3,930	(217,077)
Held for Revenue Purposes	(2,473)	(16,628)	(19,100)	(2,000)	(21,330)	(23,330)	-	-	(42,430)				
Held for Capital Purposes	-	-	-	-	(1,522)	(1,522)	(3,817)	(2,027)	(7,367)				

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

Group Comprehensive Income and Expenditure Statement

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

Gross Expenditure £'000	2022/23		Service Area	2023/24		Net Expenditure £'000
	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	
347	(93)	253	Community Development	412	(91)	321
3,985	(3,108)	877	Corporate Management	2,007	(104)	1,903
801	(845)	(43)	Car Parks	843	(1,000)	(156)
106	-	106	Customer Services	-	(35)	(35)
2,821	(1,034)	1,786	Environmental Services	3,014	(799)	2,215
86	(3)	84	Finance & Performance	(26)	(2)	(28)
147	(56)	91	Ground Maintenance	52	(76)	(24)
1,356	(1,040)	315	General Fund Housing	1,662	(1,209)	452
5,885	(13,641)	(7,756)	Housing Revenue Account	7,614	(14,801)	(7,187)
103	(21)	82	Human Resources	7	(13)	(7)
375	(10)	365	I.T. Services	162	(3)	159
1,486	(307)	1,179	Legal & Democratic Services	1,435	(141)	1,295
5,043	(4,221)	823	Planning & Regeneration	5,209	(2,588)	2,620
1,387	(737)	650	Property Services	2,512	(719)	1,793
12,779	(12,025)	755	Revenues & Benefits	12,993	(12,178)	814
5,953	(2,692)	3,261	Recreation & Sport	5,389	(3,324)	2,065
7,644	(3,097)	4,547	Waste Services	6,801	(3,400)	3,401
3,713	(21)	3,692	Subsidiary Company	121	(2,501)	(2,380)
54,020	(42,951)	11,067	Costs of Services	50,210	(42,984)	7,222
		1,097	Other Operating Expenditure			2,579
		2,754	Financing and Investment Income and Expenditure			536
		(17,815)	Taxation and Non-Specific Grant Income			(17,955)
		(2,897)	(Surplus) or Deficit on Provision of Services			(7,618)
		-	Tax Expenses			-
		(2,897)	Group (Surplus) or Deficit			(7,618)
		(45,072)	Remeasurements of the Net Defined Benefit Liability			(5,763)
		(2,708)	(Surplus)/Deficit on Revaluation of Property, Plant and Equipment			(1,481)
		(47,780)	Other Comprehensive Income and Expenditure			(7,244)
		(50,677)	Total Comprehensive Income and Expenditure			(14,862)

Group Balance Sheet

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

Consolidated 31 March 2023 £'000	Service Area	Notes	Consolidated 31 March 2024 £'000
213,623	Property, Plant & Equipment		234,885
175	Investment Properties		-
330	Heritage Assets		330
4,639	Long-term Investments		4,458
2,982	Long-term Debtors	2	2,143
221,749	Non-Current Assets		241,816
16,000	Short-term Investments		12,000
30	Assets held for sale		3,104
11,632	Work In Progress	4	-
367	Inventories		339
10,645	Short-term Debtors	3	8,106
4,281	Cash and Cash Equivalents		3,968
42,956	Current Assets		27,516
(11,046)	Short-term Creditors		(8,388)
(876)	Provisions		(640)
(1,937)	Short-term Borrowing		(1,975)
(13,859)	Current Liabilities		(11,002)
(1,735)	Long-term Creditors		(1,687)
(31,373)	Long-term Borrowing		(29,398)
(16,077)	Other Long Term Liabilities		(10,166)
-	Capital Grants Receipts in Advance		-
(49,185)	Long Term Liabilities		(41,251)
201,661	Net Assets		217,077
49,627	Usable Reserves		45,867
152,034	Unusable reserves		171,210
201,661	Total Reserves		217,077

Group Cash Flow Statement

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

Cash Flow	Consolidated	
	2022/23	2023/24
	£'000	£'000
Net Surplus or (Deficit) on the Provision of Services	2,897	7,622
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(2,621)	3,577
Adjustments for items included in the net Surplus or Deficit on the Provision of Services that are investing and financing activities	(4,342)	(3,076)
Adjustments for Operating activities processed through the Balance Sheet	(4,327)	(598)
Net cash flows from Operating Activities	(8,393)	7,525
Investing Activities	4,589	(5,478)
Financing Activities	(2,290)	(2,360)
Net increase or (decrease) in cash and cash equivalents	(6,095)	(313)
Cash and cash equivalents at the beginning of the reporting period	10,376	4,281
Cash and cash equivalents at the end of the reporting period	4,281	3,968

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 exc pension contributions £	Pension Contributions £	Total Remuneration inc pension contributions £
Chief Executive	2023/24	121,660	-	121,660	23,115	144,776
	2022/23	118,228	-	118,228	19,626	137,853
Deputy Chief Executive (S151)	2023/24	97,834	-	97,834	18,588	116,422
	2022/23	86,545	-	86,545	14,367	100,912
Director of Corporate Affairs & Business Transformation³	2023/24	17,057	-	17,057	3,241	20,297
	2022/23	84,877	-	84,877	14,351	99,228
Director of Place	2023/24	89,762	-	89,762	17,055	106,817
	2022/23	83,613	-	83,613	13,880	97,492
District Solicitor and Monitoring Officer⁴	2023/24	-	-	-	-	-
	2022/23	43,872	1,652	45,523	4,497	50,020
Director of Legal, HR & Governance (Monitoring Officer)⁵⁺⁶	2023/24	80,226	-	80,226	15,199	95,426
	2022/23	61,950	-	61,950	10,247	72,197
Managing Director, 3 Rivers Developments Ltd⁷	2023/24	83,364	66,839	150,203	76,425	226,628
	2022/23	80,862	-	80,862	7,983	88,845

Notes:

1. The amounts included in the two previous tables are shown gross of any related tax which would be levied.
2. The primary pension rate of 19% has been used for the 2023/24 pension contribution figures.
3. The Director of Corporate Affairs & Business Transformation left the Council on 5 June 2023, resulting in earnings below the £50k threshold.
4. The District Solicitor and Monitoring Officer left the Council on 11 August 2022.
5. The District Solicitor and Monitoring Officer post changed title to Director of Legal, HR & Governance (Monitoring Officer) on 1 January 2024.
6. The replacement District Solicitor and Monitoring Officer (now Director of Legal, HR & Governance [Monitoring Officer]) transferred from another role within the Council on 27 October 2022.
7. Following the Council's decision to soft close 3 Rivers Development Ltd, the Managing Director was made redundant on 31 March 2024 and received the redundancy package commensurate with the length of service given.

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

Long Term Debtors	2022/23 £'000	2023/24 £'000
Other entities and individuals	2,982	2,143
Total	989	2,143

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

Short Term Debtors	2022/23 £'000	2023/24 £'000
Other Receivable amounts	11,585	9,345
Trade Receivables	925	654
Less Impairment Allowances	(1,866)	(1,893)
Total	10,645	8,106

NB. Expected Credit Loss Model

The Council recognises expected credit losses under IFRS 9 on all of its financial assets (this includes its loans to 3 Rivers Developments Ltd), either on a 12-month or lifetime basis. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses.

As part of the soft closure of 3Rivers, the unpaid balances of any loans made by the Council were impaired down to £0 to reflect the expected credit loss as per the guidance set out in IFRS 9. The impairments required in 2023/24 amounted to £1,483k, split between St George's Court (£816k) and Working Capital (£667k).

4 Work in Progress (WIP)

Work In Progress	2022/23 £'000	2023/24 £'000
Work in Progress	11,632	-
Total	11,632	-

2022/23 Work in Progress related to on-going construction projects.

18 Glossary of Terms

Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

Accruals

Sums included in the final accounts to recognise revenue and capital income and expenditure attributable to the accounting period, but for which payment has not been received or made by 31 March.

Accumulated Compensated Absences Adjustment Account

This account represents the value of any unused holiday, time off in lieu or flexi hours which have not been taken by officers as at the 31 March.

Actual

The actual, rather than budgeted, expenditure or income attributable to the accounting period. Sometimes referred to as "Actuals".

Actuary

An expert on rates of death and insurance statistics who assesses whether we have enough money in our pension fund.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- The actuarial assumptions have changed.

Appointed Auditors

Public Sector Audit Appointments Limited (PSAA) appoints external auditors from one of the major firms of registered auditors for each local authority that opted into their national scheme, which comprised of 98% of all authorities. The PSAA also set the fees the auditors can charge.

Our external auditor is Bishop Fleming LLP.

Assets

An item having value to the Council in monetary terms, categorised as:

- **Current assets** will be consumed within the next financial year (e.g. cash and stock).
- **Fixed assets (non current)** provide benefits over their useful life for more than one year (e.g. buildings).
- **Community assets** are assets that the local authority intends to hold in perpetuity, that have no determinable useful life and may have restrictions on their disposal (e.g. town squares and picnic sites).
- **Infrastructure assets** that form part of the economic or social framework of the area and whose function is not transferable (e.g.: highways, bridges and footpaths).
- **Operational assets** are fixed assets held and occupied by a local authority and used in the direct delivery of services.
- **Non Operational assets** are fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services (e.g.: buildings under construction and surplus assets).
- **Assets under Construction** details capital expenditure to date on work in progress.
- **Available for Sale** are assets actively being marketed at the Balance Sheet date.

Audit Committee

A Committee of the Council who consider financial matters and reports from Internal Audit, and approve and monitor our Financial Regulations and risk management. The Committee is also delegated to approve the Accounts following External Audit review.

Audit of Accounts

An independent examination of the Council's financial affairs.

Authorised Limit

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

Balances

The total revenue reserves required to provide a working balance during the financial year, for example in periods when expenditure exceeds income.

Balance Sheet

A statement of all of our assets, liabilities and balances at the end of the financial year, 31 March.

Budget

The forecast of net revenue and capital expenditure over the accounting period.

Cabinet

The Cabinet comprises the executive Members of the Council (including the Leader), who are responsible for making most of the essential decisions about running the Council. Each member of the Cabinet is responsible for specific service areas.

Capital Adjustment Account

This records the timing difference between the costs of fixed assets used and the capital financing set aside to pay for them.

Capital Expenditure

Expenditure on assets which have a long term value. Includes the purchase of land, purchase or cost of construction of buildings and the acquisition of plant, equipment and vehicles.

Capital Charges

This is a general term used for the notional charges made to service revenue accounts for the use of fixed assets. The term covers the following:

Depreciation, Impairment charges and Amortisation of Deferred Charges (included in gross expenditure) offset by the Amortisation of government grants deferred (included in income).

Capital Financing Costs

These are costs, such as interest, which we charge because we have spent money on Non-Current Assets.

Capital Receipts

Proceeds received from the sale of property and other fixed assets.

Carrying Amount

The Balance Sheet value recorded of either an asset or a liability.

Cash-flow Statement

This is a statement that shows the changes in our cash and bank balances during the year.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

CIPFA/LASSAC

The Chartered Institute of Public Finance and Accountancy / The Local Authority (Scotland) Accounts Advisory Committee is responsible for preparing, maintaining, developing and issuing the Code of Practice on Local Authority Accounting for the United Kingdom (the code).

Collection Fund

A separate fund that records the income and expenditure relating to Council Tax and Non-Domestic Rates.

Community Assets

These are fixed assets that the Council intends to hold in perpetuity which have no determinable finite useful life and in addition, may have restrictions on their disposal. An example is a park.

Comprehensive Income and Expenditure Statement (CIES)

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

Contingency

This is money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in budgets.

Contingent Liabilities or Assets

These are amounts potentially due to or from individuals or organisations which may arise in the future but which at this time cannot be determined accurately, and for which provision has not yet been made in the Council's accounts.

Council Tax

This is the main source of local taxation to local Authorities. Council Tax is levied on households within its area by the Billing Authority and the proceeds are paid into its Collection Fund for distribution to precepting Authorities and for use by its own General fund.

Council Tax Requirement

This is the estimated revenue expenditure on General fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditor

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made at 31 March.

Current Assets

These are the short-term assets we have at date of the balance sheet which we can use in the following year.

Current Liabilities

These are the short-term liabilities we have at date of the balance sheet which we will pay in the following year.

Current Service Cost

Current Service Cost is the increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period i.e. the ultimate pension benefits "earned" by employees in the current year's employment.

Curtailement

Curtailements will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtor

Sums of money due to the Council but unpaid at the balance sheet date.

Deferred Capital Receipts

These represent capital income still to be received after disposals have taken place and wholly consist of principal outstanding from the sale of council houses.

Defined Benefit Scheme

This is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually the scheme rules define the benefits independently of the contributions payable and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Deposit and Rent Scheme

Financial assistance to help those who meet the eligibility criteria with an interest free loan to secure the property with a deposit and cover the first month's rent subject to an affordability check.

Depreciation

The allocation of the cost of the useful economic life of the Council's fixed assets for the accounting period through general wear and tear, consumption or obsolescence.

Derecognition

Financial assets and liabilities needed to be removed from the balance sheet once performance under a contract is complete or the contract is terminated.

Earmarked Reserves

Those elements of total Council reserves which are retained for specific purposes.

Employee Costs

Those costs incurred employing staff including Salaries, Employer's National Insurance, Pension Contributions, and Training.

Exceptional Items

Material items deriving from events or transactions that will fall within the ordinary activities of the Council, but which need to be separately disclosed by virtue of their size and/or incidence to give a fair presentation of the accounts. We have none in this year's accounts.

Expenditure

This refers to amounts paid by the Council for goods and services rendered of either capital or revenue nature. This does not necessarily involve a cash payment since expenditure is deemed to have been incurred once the goods and services have been received even if they have not been paid for.

External Audit

The independent examination of the activities and accounts of local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Council has made proper arrangements to secure value for money in its use of resources.

Fair value

Fair value is the price at which an asset could be exchanged in an arm's length transaction, less any grants receivable towards the purchase or use of the asset.

Fees and Charges

The Council's charges for certain services e.g. car parking.

Finance Lease

A lease whereby all the risks and rewards of ownership of a fixed asset are with the lessee. In substance the asset belongs to the lessee.

Financial Instruments

A financial instrument is any contract that gives to a financial asset of one entity and a financial liability or equity instrument of another. The term 'financial instrument' covers both financial assets and financial liabilities and includes both the most straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives.

Financial Regulations

These are the written code of procedures, approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

General Fund

The main revenue fund of the Council. Income from the Council Tax Precept and Government grants are paid into the fund, from which the cost of providing services are met.

Government Grants

Payments by Central Government towards local authority expenditure. They are specific for a particular service; and are receivable in respect of both revenue and capital expenditure.

Government Grants Deferred

Grants or contributions received which have supported wholly or in part the acquisition of fixed assets, net of the appropriate share of depreciation on those assets for which a depreciation charge is made.

Heritage Assets

An asset with a historical, artistic, scientific, technological, geophysical or environmental quality that is held and maintained principally for its contribution to knowledge and culture.

Housing Benefit

This is an allowance to persons on low income (or none) to meet, in whole or in part, their rent. Benefit is allowed or paid by local Authorities but Central Government refunds part of the cost of the benefits and of the running costs of the services to Local Authorities. Benefits paid to the Council's own tenants are known as rent rebate and that paid to private tenants as rent allowance.

Housing Revenue Account (HRA)

Statutory ring-fenced account required to represent the landlord/tenant obligations for the Council in relation to managing and maintaining its housing stock in return for rental income from tenants.

Impairment

A reduction in the value of a fixed asset to below its carrying amount on the balance sheet due to damage, obsolescence or a general decrease in market value.

Income

These are amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment. Income is deemed to have been earned once the goods or services have been supplied even if the payment has not been received (in which case the recipient is a debtor to the Council).

Infrastructure

Non-Current Assets which generally cannot be sold and from which benefit can be obtained only by continued use of the asset created. Examples of such assets are highways, footpaths, bridges and water and drainage facilities.

Interest

An amount received or paid for the use of a sum of money when it is invested or borrowed.

International Financial reporting Standard (IFRS)

Defined accounting standards that must be applied by all reporting entities to all financial statements in order to provide a true and fair view of the entity's financial position, and a standardised method of comparison with financial statements of other entities.

Inventories (previously Stock)

Items of raw materials, work in progress or finished goods held at the financial year end, valued at the lower of cost or net realisable value.

Leasing Costs

This is where a rental is paid for the use of an asset for a specified period of time. Two forms of lease exist: finance leases and operating leases. Operating leases are those where the risks of ownership rest with the owner of the asset whereas in the case of finance leases the asset appears in our Balance Sheet.

LGPS (Local Government Pension Scheme)

The fund that manages and pays our staff pensions. Our LGPS scheme is now managed by Peninsula Pensions.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

Liquid Resources

Cash and current asset investments that can be easily converted to known amounts of cash without penalty, or can be traded on the active market.

Local Development Plan

A plan which includes documents that establishes the local policy towards the use of land and the vision for involving communities in the plan making process.

Long Term Borrowing

Amounts borrowed in excess of one year.

Long-Term Contract

A contract entered into for the design, manufacture or construction of a single substantial asset, or the provision of a service (or a combination of assets and services which together constitute a single project), where the project falls into more than one accounting period.

Long Term Debtors

Sums of money due to the Council originally repayable within a period in excess of twelve months but where payment is not due until future years.

Medium Term Financial Strategy/Plan (MTFS/MTFP)

This is a financial planning document that sets out the future years financial forecasts for the Council. It considers local and national policy influences and projects their impact on the general fund revenue budget, capital programme and HRA. It usually covers a four year time frame.

Member

An elected councillor of the Council.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to the Council's revenue account each year and set aside as provision for credit liabilities as required by the Prudential Code.

Net Book Value

The value of fixed assets included on the balance sheet, being the historical cost or a current revaluation less the cumulative amounts of depreciation.

Net Debt

Net debt is the Council's borrowings less cash and liquid resources.

Net Realisable Value (NRV)

NRV is the open market value of an asset in its existing use less any costs to be incurred in selling the asset.

Non-Current Assets

Assets that yield benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Non-distributed Costs

In the main this represents support service area charges. E.g.: Corporate Management, Finance, Legal, ICT, HR services, etc. In addition to this a number of non-service specific corporate fees are included as well as any extra payments made to maintain the value of the pension fund.

Non-Domestic Rates (NDR)

NDR is the levy on business property, based upon a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year, which is applicable to all Local Authorities. Mid Devon is a member of the Devon NDR Pool of Local Authorities whose share of the NDR is allocated between the members.

Operating Lease

A lease where the risks and rewards, and therefore the ownership of the asset, remains with the lessor.

Operational Boundary

This reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows.

Pension Strain

Additional employers pension contributions as a result of an employee's early retirement.

Precept

The amount levied by one authority which is collected by another. e.g.: the County Council is the Precepting Authority and the District Council is the collecting authority, also known as the Billing Authority.

Prior Period Adjustments

These are material adjustments which are applicable to an earlier period arising from changes in accounting policies or for the correction of fundamental errors.

Provision

This is an amount which is put aside to cover future liabilities or losses which are considered to be certain or very likely to occur, but the amounts and timing are uncertain.

Public Works Loan Board (PWLB)

An arm of Central Government which is the major provider of loans to finance long term funding requirements for Local Authorities.

Rateable Value

A value placed upon all properties subject to rating. The value is based on a national rent that property could be expected to yield after deducting the cost of repairs.

Related Parties

Related parties comprise Central Government, other Local Authorities, precepting and levying bodies subsidiary and associated companies, elected Members, all senior officers and the Pension Fund. In respect of individuals identified as related parties the following are also presumed to be related parties:

- Members of the close family, or the same household; and
- Partnerships, companies, trusts or other entities in which the individual, or member of their close family, or the same household, has a controlling interest.

Revenue Contribution to Capital (RCCO)

Capital spending that is directly paid for from revenue.

Revenue Expenditure

Spending on the day-to-day running of services – mainly wages, operating expenses of buildings and equipment, and debt charges. These costs are met from the Council tax, government grants and our own fees and charges.

Reporting Standards

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a Local Authority. It is based upon International Financial reporting standards (IFRS), International Standards (IAS) and International Financial Reporting Interpretations Committee (IFRIC), UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS).

Reserves

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Council. Some capital reserves such as the capital adjustment account cannot be used to meet current expenditure.

Restatement

We normally show the amounts that were in last year's accounts as the same figure, but where there is a change in the accountancy rules, we have to change last year's figures to meet the current rules and ensure comparability.

Revaluation Reserve

This records net gains from revaluations made after 1 April 2007 not yet realised through sales.

Revenue Contributions

This refers to the financing of capital expenditure directly from revenue rather than from loans or other sources.

Revenue Expenditure

The day to day expenditure of the Council on such items as employees, transport and equipment.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provision but that does not result in the creation of an asset that belongs to the Council.

Rural Services Delivery Grant

Funding provided from Government in recognition of the additional costs of delivering services in sparsely populated areas.

Section 31 (S31) Grant

Section 31 of the Local Government Act 2003 (LGA 2003) is a well-established statutory means by which central Government may disburse funds to local authorities for them to provide grants for a specified purpose while retaining control of the recipients, the quantum of the grants, and the terms and conditions upon which the grants can be provided.

Service Reporting Code of Practice (SeRCOP)

SeRCOP replaced the previous Best Value Accounting Code of Practice (BVACOP). Its aim is to provide consistent financial reporting for services in England and Wales and is given legislative backing by “proper practices” under the Local Government Act 2003.

Settlements

Generally this occurs where there is a bulk transfer out of the Pension Fund or from the employer’s share of the Fund to a new contractor’s share of the fund as a result of outsourcing a section of the Council. It reflects the difference between the IAS 19 liability and the assets transferred to settle the liability.

Tax Base

The number of houses we can charge our Council Tax on.

Treasury Management

This is the process by which the Council controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS)

A strategy, approved by Cabinet, prepared with regard to legislative and CIPFA requirements setting out the framework for treasury activity for the Council.

Trust Funds

Funds administered by the Council for such purposes as prizes, charities and specific projects, on behalf of minors.

Unsupported (Prudential) Borrowing

This is borrowing for which no financial support is provided by Central Government. The borrowing costs are to be met from current revenue budgets.

Value for Money

The benefit obtained (not just in financial terms) for a given input of cash.