



Version 1
Version 2

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2025

13 June 2025

Draft Statement of Accounts

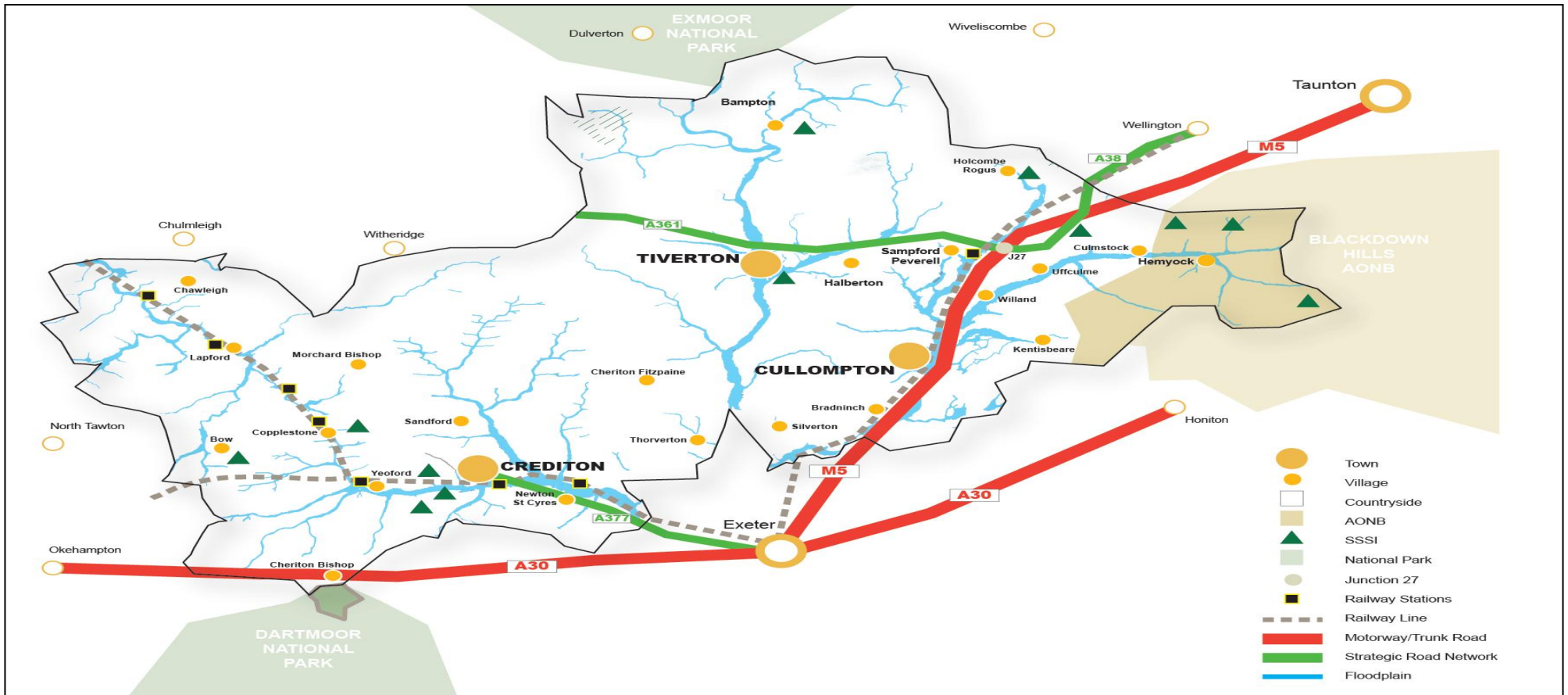
18 November 2025 Updated Draft Statement of Accounts

Table of Contents

1	Introduction to Mid Devon District Council	1
2	Introduction from the Leader of the Council	5
3	Views from the Chief Executive	6
4	Narrative and Performance Report 2024/25	11
5	Statement of Accounting Policies	27
6	The Statement of Responsibilities for the Statement of Accounts	39
7	Chief Finance Officer's Certificate	40
8	Independent Auditor's Report to the Members of Mid Devon District Council	41
9	Index of Primary Statements and Notes to the Accounts.....	48
10	Movement in Reserves Statement.....	52
11	Comprehensive Income and Expenditure Statement (CIES).....	54
12	Balance Sheet	55
13	Cash Flow Statement	56
14	Notes to the Accounts.....	57
15	Housing Revenue Account (HRA) Income and Expenditure Account.....	123
16	The Collection Fund Income and Expenditure Account	135
17	Glossary of Terms	140

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.

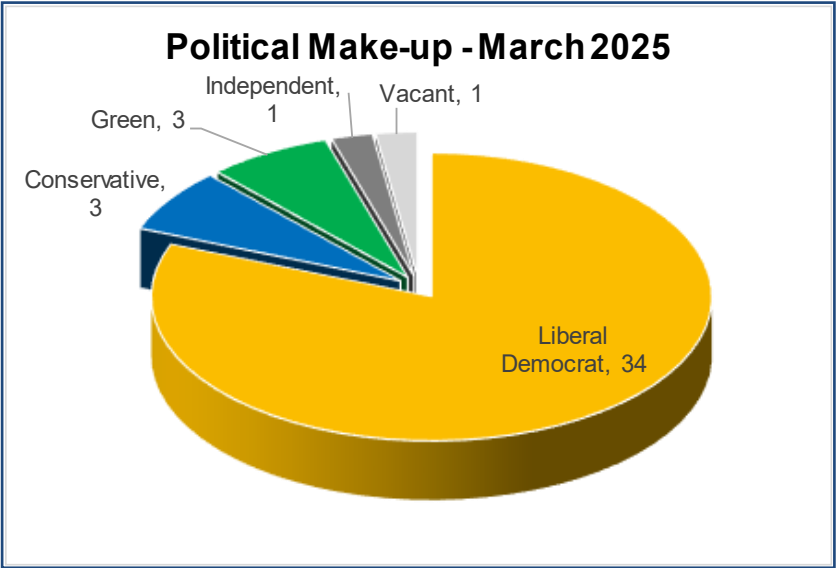


Of the Districts Councils in England, Mid Devon is the one of the largest in England by area, it is also one of the smallest by population. Mid Devon District Council serves a rural location covering an area of 353 square miles (914 km²) in the agricultural heartland of Devon, between Dartmoor, Exmoor 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.

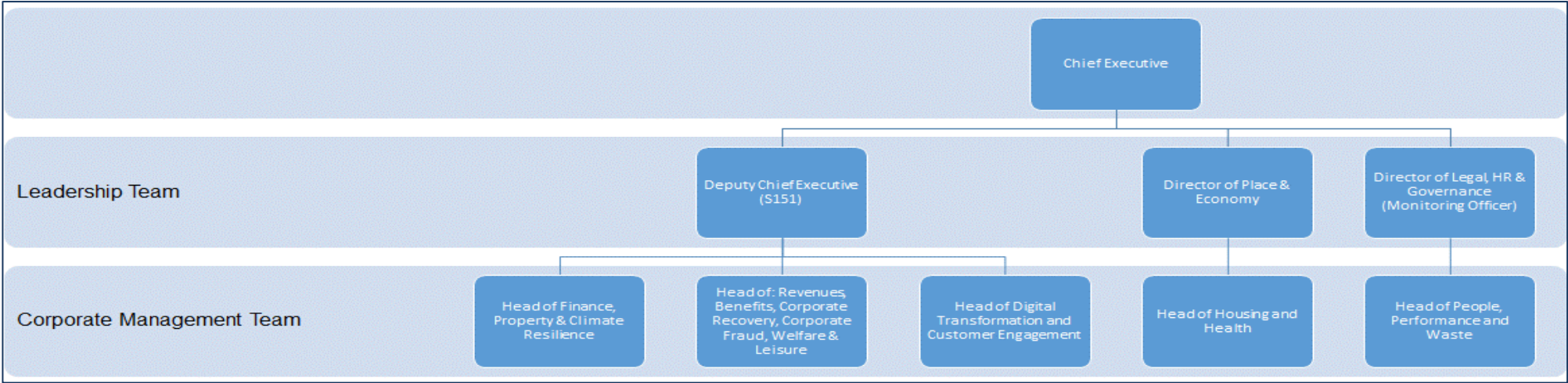
Council Structure

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. At the end of 2024/25, the political make-up of the council was 34 Liberal Democrats, 3 Conservative, 3 Green, 1 Independent and 1 vacancy. The Council has adopted the Cabinet model of governance. Supporting the Cabinet are five Policy Development Groups overseeing the five 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 Council's Corporate Plan provides the framework for the delivery and monitoring of the Council's corporate ambitions. Our [Corporate Plan for 2024-2028](#) is split into five sections (or themes). These are:

-  Planning, Environment & Sustainability – To be a leader and pioneer of best practice so new innovation and thinking is at the heart of the services we deliver and informs our planning policies.
-  Community, People & Equalities – Involving and engaging with our communities, ensuring everyone is treated with equity and respect, and protecting our most vulnerable.
-  Homes – Delivering new affordable and social homes annually, improving and maintaining the existing stock to the highest standards.
-  Economy & Assets – Growing the district economy and increasing returns from our assets.
-  Service Delivery & Continuous Improvement – Providing high quality and efficient services to support and improve the lives of people in Mid Devon.

Within each of these five themes we set out:

- What we want to achieve
- How we will achieve it
- How we will measure our performance

To ensure transparency and accountability, we have set out how we will measure the performance of our Corporate Plan and our targets.

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.

There are eight sets of competencies for every member of staff regardless of their role and grade in the organisation:

1. Seeing the Big Picture
2. Changing & Improving
3. Leading by Example
4. Communicating & Influencing
5. Building Capability
6. Making Effective Decisions
7. Delivering Quality, Value & Pace
8. Collaborating & Partnering

All eight are divided into three categories with individual descriptions which clarify how they relate to the way we work:

- Expected – Our required behaviours for all members of staff
- Desirable – Staff should seek to demonstrate these behaviours
- Aspirational – These behaviours are required by employees looking to develop and those in senior or managerial positions.



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 2024-2028. 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 my second set of Accounts that I have had the privilege of introducing.

Initially I would like to thank all of the staff who have been involved in this key statutory process and all of our officers who have made 2024/25 another successful one.

When we took control of the Council I made it very clear that our focus would be; efficiency and transparency, improved communication with our residents, the delivery of increased numbers of council houses, continued responsibility for our carbon footprint, service delivery at top levels of national performance and looking after some of the most vulnerable of our society. Therefore, it is with some amount of pride that I can reflect on the addition of 57 new homes within Mid Devon Housing stock, reducing the running costs of our 3 excellent leisure centres by over £400k (a key manifesto pledge), increasing our resident communication satisfaction rate by nearly 10%, delivering more financial hardship relief, making further decarbonisation investments across our corporate estate, all whilst seeing key service performance in areas such as waste/recycling and revenue collection perform in the top 5-10% of national rates!

The final outturn position for 2024/25 reflects the ongoing work of the Council to generate further efficiencies, set against the continued reducing funding allocations of Central Government. Finishing the year, for the General Fund, with a £1.5m budget surplus, shows all of the hard work that our officers have delivered in order to give some financial buffer to offset the ongoing challenges of a funding review that is likely to pass even more pain onto the local government sector.

The Housing Revenue Account still performed well as a service, however a few exceptional project related issues and the rent error correction generated an overall budget overspend. With regard to the rent error, I am very pleased how once this was identified, our officers made an instant self-referral to the Regulator and set up and is delivering to a well-planned correction programme.

Moving forward the budget for 2025/26 was set maintaining key frontline services, focusing more on further efficiencies and income maximisation, rather than reductions of delivery/quality. We maintained Council Tax increases within nationally prescribed limits, recognising the financial challenges many of our residents and businesses are still experiencing, and have not placed significant reliance on the utilisation of reserves.

Early work on the Cullompton Town Centre Relief Road is encouraging. Land assembly and sport clubs relocation efforts are now ongoing, in order to see this key piece of infrastructure ease ongoing transport congestion issues and unlock vital new development so desperately needed for the town.

It would be difficult to talk about the future without a reference to Local Government Reorganisation. Early draft submissions were made in March 2025, we are now reflecting on the initial feedback and the more detailed work has now begun to complete the final submissions required in November 2025. Clearly, this will be a significant and challenging piece of work. But while this is all progressing in the background, I can reassure our residents that we will keep them updated and consulted, still while delivering high quality service provision in all areas of Council activity.

In returning to the Council's annual accounts for 2024/25 I would like to again extend my thanks and appreciation to all those who have helped take us through this statutory journey, including the Council's auditors, in order to provide these for publication in accordance with our fundamental principles of transparency in public service.

Cllr Luke Taylor
Leader of the Council

3 Views from the Chief Executive



As always, I start with my thanks and commendations to 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.

This year's accounting period saw the Council celebrate its 50th anniversary, being officially brought into being in 1974. Of course, much has changed over that time period. Indeed, the one constant has been the Council's change and evolution as it modernises, adopts new ways of delivering services, or deploys new technology to make services better or cheaper (ideally both). The new national government may well have different designs for the future of local government, but for now we continue to focus on the fundamentals of service delivery, supporting our citizens, and securing a better future for Mid Devon.

It is not clear when the proposition for the Cullompton town centre relief road first came into being; the M5 motorway itself did not yet include the Cullompton section when Mid Devon District Council was being born those 50 years ago, but for perhaps the last 20 years or so it has been clear to the people of Cullompton that improvements were needed. This last year marks the year when the deal was done and funding was finally secured to deliver that relief road. While construction will take a few years yet, it marks a significant achievement to secure this infrastructure, and attention now turns to the business case that has been submitted for the full motorway junction upgrade, alongside the return of the railway station that currently seems to be frustratingly parked in the sidings of government review.

Progress has also been made with devolution ambitions for Devon, with the new Combined County Authority being formally created and initiated – and Mid Devon securing some initial funding to deliver a number of housing-related schemes. I continue to hope that this realises a more significant opportunity in the years ahead to develop shared investment pipelines that secure the Council's strategic ambition for the delivery of more affordable and social homes.

Given the significant financial impacts of our housing investment, expenditure and income, it is pertinent to reflect on the challenges and achievements of the last year; the challenges that come from uncovering an historic error in the formula rent calculation, meaning a substantial amount of work will be needed over the coming months to correct rents and resolve overpayments to affected tenants. But also to reflect on the achievements, not just on investment secured, but on the many regional and national awards the Council has won or been shortlisted for (19 at the last count) as part of its net zero and modular build social housing schemes. In a year that saw the completion of the Devon Housing Commission and the publication of Lord Best's report, this illustration of the stark challenges facing Devon's housing authorities is a timely reminder and motivator for our continued efforts on social housing performance and delivery.

Finally, while the spectre of local government reorganisation is likely to give new context to our thoughts on future shared service provision, efficiency, and strategic alignment with partnering authorities, we should not lose sight of the fact that the yardstick of customer satisfaction for local authorities continues to be the basics of service delivery. This year represent another 'best ever' as we continue to improve our waste and recycling rates, with results now seeing Mid Devon ranked 11th best in the country for recycling, and 9th best for our residual waste collections. As a significant milestone, it is inevitable that we reflect on what the Council is today compared to its creation those 50 years ago. However, our future will continue to be shaped by the enduring ethos of efficient service delivery, custodianship of our place, protection of the vulnerable, and supporting our residents and businesses to thrive in Mid Devon.

Stephen Walford
Chief Executive



Financial Commentary by Deputy Chief Executive (S151)

The 2024/25 budget was again produced in uncertain times. However, keeping within statutory Council Tax limits, maintaining and increasing some of our vital reserves, delivering ongoing service efficiencies/improvements and ensuring no major service reductions, demonstrates an excellent position for the Council and its residents.

Reflecting on how the year concluded is again highly encouraging, especially for the General Fund; a £1.5m budget under spend highlights the efforts our service managers have made and allows us to provide some headroom for future funding challenges, especially the delayed changes to business rate funding.

Returning to Council service delivery, our waste/recycling and revenue collection teams delivered operational performance in the top 5-10% set against national comparators, we have significantly reduced the operational costs of our 3 excellent leisure centres (and continued to reduce their carbon footprint) and have been successful in securing further funding bids from Government (i.e. Homelessness, Food Waste, Economic Development

Grants, Sport England, Salix, Changing Places, Care Leavers funding and significant funding to support the development of new Social Housing such as Prisoners Building Homes Grant and the Affordable Homes Programme from Homes England). Of particular note is finally securing £33.5m of Housing Infrastructure Funding (HIF) to build the Cullompton Relief Road and unlock the development potential in that area.

The outturn position for our Housing Revenue Account (HRA) was more challenging this year after the identification of the rent setting error. However, service performance metrics were kept at nationally recognised high levels and with the exclusion of the exceptional adjustments for the rent refund, the sale of Post Hill and some sunk costs of a non-viable development project, the HRA performed favourably against budget. The service continues its ambitious building development programme and to this end there has been the addition of 29 new homes within Mid Devon Housing stock and the new over 55s development at St Georges in Tiverton has seen its first new tenants.

This overall General Fund budget saving will allow the Council to enhance some necessary reserves and also make sure we are in a position to financially manage the currently unknown future of both short term local government funding changes and the medium term challenge of Local Government Reorganisation (LGR).

Looking to the future, which remains a fairly uncertain one. The aforementioned reference to LGR and further devolution opportunities, coupled to the potential decisions emanating from the summer Spending Review, linked to Government decisions on the future of business rates funding, multi-year funding settlements, a break-even cost position for planning and the impact of the new extended producer repayments on our waste service introduced from 2025/26 are just some of the strategic issues Councils will be grappling with. All of this uncertainty continues to make the medium term financial forecasting of local government finance more and more challenging!

However, set against this challenging and uncertain financial backdrop the Council continues to maintain high performing services, makes robust financial plans for the future and holds sufficient and robust reserves in order to navigate through these potentially turbulent times.

2024/25 Financial Highlights

2024/25 saw a notable underspend reported in the General Fund, which should be considered a remarkable achievement given the economic climate and multiple years of austerity and is a credit to the financial management of the organisation. Our Council Tax and Business Rates collection rates increased year-on-year, to 97.6% and 99.8% respectively, with the business rates collection rate likely to place us within the very best councils in the country. This strong collection rate enabled the previous deficit on the Council Tax fund to be overturned and a healthy surplus created. Similarly the deficit on Business Rates has reduced significantly year-on-year. Income was also much higher across leisure reflecting increase memberships and various waste collection services derived from nationally recognised recycling rates. However, income remained lower than assumed within the budget for both Planning (-11%) and Land Charges (-20%) due to the economic conditions and depressed housing development leading to fewer planning applications. Yields were lower on our treasury investments resulting from lower levels of balances invested, yet a good average of 4.89% return on internally managed funds was still achieved.

However, once again throughout the year, the Council has struggled to retain and recruit, with the annual staff turnover at 16.3%. This has led to higher than budgeted agency costs, particularly within Finance, Legal, Enforcement and Waste. Overall agency spend was £523k above budget (£571k in 2023/24), however this is offset by the vacancy underspends on the overall staffing establishment. Sickness levels have reduced markedly with 7.35 days per FTE lost during the year (10.45 days per FTE in 2023/24).

A number of long-term projects to enhance the local economy and community has been progressed, including Cullompton Town Centre Relief Road following the long awaited successful bid for £33.5m funding. This has a knock-on impact on projects such as Culm Garden Village, J28 enhancement and the Cullompton Railway Station also funded through grants received. Nearly £900k was spent through the Shared Prosperity fund and Rural England Prosperity Fund, delivering significant benefit to the locality.

Each year, the Council plans to undertake projects across its property portfolio to replace / enhance its assets. Following a risk based review urgent projects, or those addressing Health & Safety matters or regulation compliance were prioritised. In addition to the continued fire safety works across our leisure centres, refurbishment works were also undertaken at Phoenix House and Exe Valley leisure centre and within parks and open spaces. A full set of condition surveys have been undertaken across the estate informing the programme of projects within 2025/26.

The Housing Revenue Account on the other hand saw a notable overspend, following a number of one-off issues. There were accounting adjustments of £1.6m required to charge the revenue budget with spend on capital projects that were considered unviable. During the audit of the 2023/24 accounts, an error was identified within the calculation of Social Rents – which reduced the collectable rental income. Otherwise, excluding the one-off exceptional items, performance levels were close to the initial agreed budget, as reported during the year.

Overall, although an extremely challenging financial year, through excellent budgetary control by service management, the Council has made significant in-year savings to enhance reserves or 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 restated usable reserves, following the reclassification of S106 funding, have increased by £1,931k to £45,259k in 2024/25. Whilst overall there is an increase, the movements within General Fund and Housing Revenue Account were quite different, where General Fund saw a net increase of £2,339k, the Housing Revenue Account's reserves fell by £809k reflecting their respective outturn positions.

The Comprehensive Income and Expenditure Statement (CIES)

The Comprehensive Income and Expenditure Statement (CIES) shows an overall deficit of £4,875k. 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 £1,547k surplus on the General Fund which has been contributed to the General Fund Earmarked Reserves, and a £1,727k deficit on the HRA that has been drawn from the 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 2025 Balance Sheet. The Property, Plant and Equipment valuation, after adjustment for additions, disposals, and finance leases decreased by £1,689k during 2024/25. This is due to a slight reduction in the value of the housing stock. The value of our short term investments were lower as more internal borrowing supported the capital programme. Short term Creditors increased following work complete by Devon County on the Cullompton Relief Road. The long term Creditors increased resulting from the adoption of IFRS16 and the inclusion of the lease for the Waste Depot.

Cash Flow Statement

The Council had a net cash reduction during 2024/25 of £9k. Although a minor movement overall, there were large movements within this figure, including the deficit on the provision of services, offset by less investment in Property, Plant and Equipment compared to the previous year.

The Collection Fund

The Council set a Band D equivalent Council Tax rate of £232.16 in 2024/25. There was a surplus of £829k on the Council Tax Collection Fund in 2024/25 due to a higher than budgeted growth and the higher collection rate achieved in the year of 97.6% (97.5% in 2023/24). Circa 13% is due to Mid Devon District Council, amounting to £108k.

Similarly, the growth in Business Rates and collection rate achieved in the year, at 99.8% (99.4% in 2023/24), were also higher than budgeted. The 2024/25 collection fund forecasts a deficit of £618k, with Mid Devon's 40% share of this amounting to £247k.

The Financial Outlook

Setting the 2025/26 budget was a very challenging process not helped at all by Government arbitrarily cutting key grants such as Rural Services Delivery Grant and Services Grant at very late notice. This left us and many other rural district councils with real cuts in government funding (18% for MDDC). Therefore, the 2025/26 budget once again includes increases in income budgets reflecting the positive direction of travel experienced in both 2023/24 and 2024/25, along with a wide range of service savings and efficiencies to balance the budget without any draw from reserves.

Although difficult to envisage, the financial outlook for councils perhaps looks more uncertain than ever. Significant changes in Local Government funding have been trailed by the Government for 2026/27 with no indication as yet to the likely impact at individual Council level, making planning for future service delivery practically impossible.

Locally this is compounded by the announcement of Local Government Reform (LGR) in Devon. Essentially, the Government is seeking to replace the current two-tier structure of district and county councils, with a new two-tier structure of unitary councils and sub-regional strategic authorities by 2028. Local discussions are ongoing about the make-up of the new bodies, but clarity is unlikely before the summer of 2026.

Whilst these fundamental changes in the sector's funding and structure lay ahead, Mid Devon District Council remains 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.

Andrew Jarrett
Deputy Chief Executive (S151)

4 Narrative and Performance Report 2024/25

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 2025. 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 2024/25 Overview

During the year regular financial monitoring information has been produced and reported to Senior Management and Elected Members based on the information known at each point in time during the year. The month 9 monitoring report tabled at the 4 March 2025 Cabinet meeting forecast the General Fund to be an estimated £293k under budget. This under spend position was largely built around good income generation in both Leisure, through increased memberships, and Waste where the Bin-it 123 scheme has significantly increased recycling rates, enabling higher volume to be sold. Staffing savings were also a key contributor to the positive position, with lower agency spend, lower staff turnover and lower staff sickness.

The General Fund outturn position proved to be significantly higher than that month 9 forecast at £1,547k. This is largely due to finalising the position on Business Rates, S106 receipts and grant funding received late in the year. Retained income from Business Rates was over £950k higher than budgeted. This income stream is incredibly difficult to forecast accurately in-year but the exceptional collection rate of 99.8% shows our Revenues section has consistently been effective in collecting the annual charge in extremely challenging economic times. Substantial S106 funding relating to the Cullompton Relief Road was received late in the financial year for Air Quality purposes. Similarly late in the financial year, additional grant income was received for homelessness prevention and rough sleeping.

Considering some of the financial negatives from the year, Planning and Land Charges income saw fewer applications due to the continued depressed housing market. Interest earned on investments was lower than budgeted as more internal balances are being used to support the Capital Programme, leaving less funding available for investment. Although overall lower than in previous years, there were pockets of extraordinary spend on agency staff in professional service areas including Finance, Legal and Building Control. There were increase costs including audit fees.

The HRA outturn position also moved considerably from the £174k forecast under spend at month 9, to a deficit of £1,727k. Once again, this is due to a number of large, one-off technical year end transactions. Excluding those exceptional items, performance levels were close to the initial agreed budget, as reported during the year, with salary underspends and reduced interest payable due to continued use of internal balances rather than external debt financing and increased disabled adaptations income. As with the General Fund, additional contractor spend was incurred due to the salary underspend. Material prices also increased again this year.

Considering the ongoing budgetary challenge faced by the sector, the forecast under spend on the General Fund and the underlying ongoing HRA 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

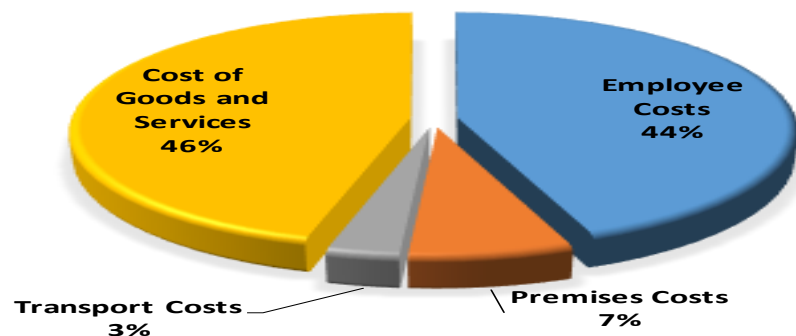
The table below shows the summary outturn position against budget.

	Budget 2024/25 £	Actual 2024/25 £	Variance 2024/25 £	Net contributions To / (From) Earmarked Reserves 2024/25 £	Final balance transfer to Reserves 2024/25 £	Total Expenditure variation after Earmarked Reserves 2024/25 £
Cementeries and Bereavement Services	(126,548)	(61,986)	64,562	(12,099)	0	52,463
Community Development	190,638	201,716	11,078	0	0	11,078
Corporate Management	1,503,206	1,813,310	310,104	(38,760)	0	271,344
Car Parks	(732,427)	(736,293)	(3,866)	0	0	(3,866)
Customer Services	815,120	767,838	(47,282)	0	0	(47,282)
Environmental Enforcement & CCTV	192,469	175,261	(17,208)	20,000	0	2,792
Public Health	827,841	(251,549)	(1,079,390)	996,921	0	(82,469)
Finance and Procurement	921,765	879,654	(42,111)	0	0	(42,111)
Grounds Maintenance	564,189	505,343	(58,846)	(3,219)	0	(62,065)
General Fund Housing	392,535	223,985	(168,550)	200,000	0	31,450
People Services	611,370	556,166	(55,204)	0	51,000	(4,204)
I.T. Services	1,346,080	1,299,576	(46,504)	(41,906)	88,000	(410)
Legal and Democratic Services	1,096,359	993,152	(103,207)	0	0	(103,207)
Parks and Open Spaces	260,331	166,275	(94,056)	112,970	0	18,914
Planning and Regeneration	1,210,411	1,267,447	57,036	(50,856)	0	6,180
Property Services	1,712,433	763,747	(948,686)	870,788	251,000	173,102
Revenues and Benefits	872,450	995,767	123,317	0	0	123,317
Recreation and Sport	983,303	563,700	(419,603)	72,047	0	(347,556)
Waste Services	3,173,310	2,405,947	(767,363)	31,203	200,000	(536,160)
ALL GENERAL FUND SERVICES	15,814,835	12,529,056	(3,285,779)	2,157,090	590,000	(538,689)
Net recharge to HRA	(1,957,080)	(1,856,740)	100,340	0	0	100,340
Statutory Adjustments (Capital Charges)	812,700	1,032,932	220,232	114,537	0	334,769
NET COST OF SERVICES	14,670,455	11,705,248	(2,965,207)	2,271,626	590,000	(103,580)
Finance Lease Interest Payable	274,960	277,667	2,707	0	0	2,707
Interest Receivable / Payable on Other Activities	(982,224)	(849,407)	132,817	0	0	132,817
Transfers To / (From) Earmarked Reserves	(840,619)	791,994	1,632,613	(1,632,612)	0	0
Revenue contribution to fund 2024/25 Capital Programme	0	639,014	639,014	(639,014)	0	0
TOTAL EXPENDITURE	13,122,572	12,564,517	(558,055)	0	590,000	31,944
FUNDED BY:-						
Non-Domestic Rates	(4,421,735)	(5,379,048)	(957,313)	0	957,242	(70)
Council Tax	(6,968,476)	(6,968,476)	(0)	0	0	(0)
Local Government Finance Settlement	(1,732,361)	(1,732,360)	1	0	0	1
Other Grants	0	(31,874)	(31,874)	0	0	(31,874)
TOTAL FUNDING	(13,122,572)	(14,111,759)	(989,187)	0	957,242	(31,944)
Adjustment to GF Balance	0	0	0	0	0	0
NET INCOME AND EXPENDITURE	0	(1,547,242)	(1,547,242)	0	1,547,242	0

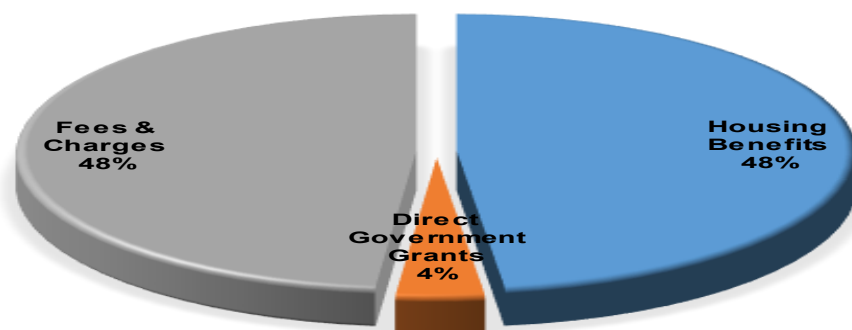
4.4 Types of Service Income and Expenditure

General Fund Revenue Account Outturn - Subjective Analysis				
	Budget 2024/25 £k	Actual 2024/25 £k	Variance £k	%
Employee Costs	17,446	17,357	(90)	(0.51%)
Premises Costs	4,132	2,844	(1,288)	(31.17%)
Transport Costs	1,296	1,269	(27)	(2.06%)
Cost of Goods and Services	16,658	17,922	1,264	7.59%
Income	(23,717)	(26,862)	(3,145)	13.26%
TOTAL NET DIRECT SERVICE EXPENDITURE	15,815	12,529	(3,286)	(20.78%)

SUBJECTIVE SPENDING ANALYSIS



SOURCES OF SERVICE INCOME



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.

Here is a breakdown of the Council's expenditure over the main subjective groupings.

- Employees – salaries, national insurance, pensions, etc.
- Premises – such as rents, rates, electricity, water and similar
- Transport – such as cars, fares and similar
- Goods and services – such as equipment, Contract payments and hired services and similar

The bulk of the day-to-day operational costs fall in staffing, with the council having around 550 staff – see the Workforce data section below.

Within the cost of Goods and Services is £10.7m Housing Benefits subsidy payments, which are passed through to claimants directly from Government. Other costs included is the cost of temporary accommodation for homeless and IT licenses and Member's Allowances. In addition, there is the planned S106 spend and contributions to Earmarked Reserves to cover future costs such as planned maintenance.

Within income, is the offsetting S106 Contributions and Housing Benefits funding received from Government. Also included are a number of grants received directly for specific purposes. The majority of these relate to Homelessness and Rough Sleeping. There are also grants to cover the cost of administering government functions such as Housing Benefits and Business Rates collection.

Finally we have income raised from fees and charges. The significant income streams relate to Planning, Car Parking and across a number of sources within Waste such as income from selling recyclate along with Green and Trade Waste subscriptions.

4.5 Sources of Core Funding

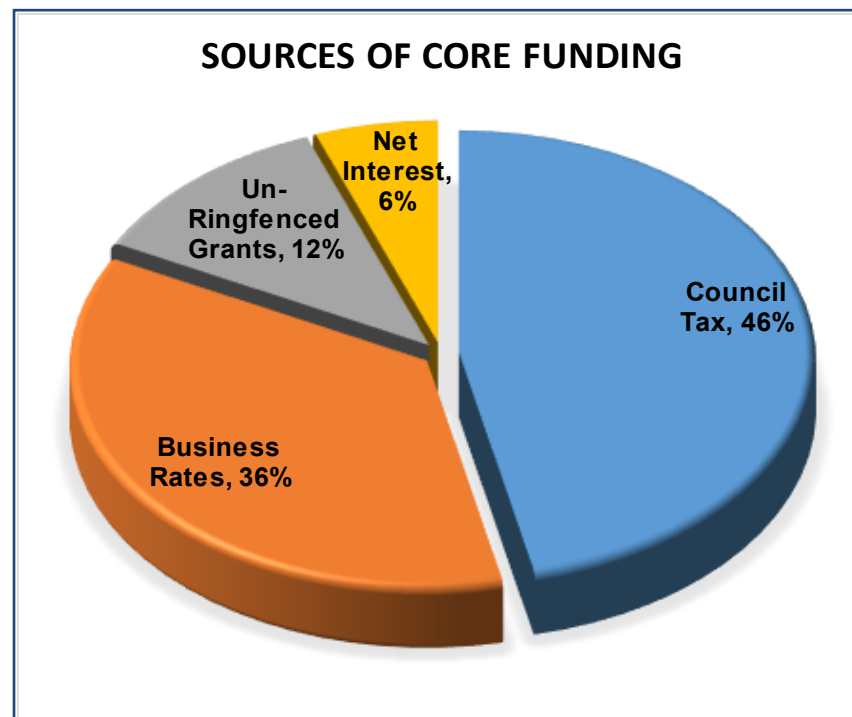
The Council's core funding streams for 2024/25 that fund the Net Expenditure are detailed below. It shows that the Council is largely funded through localised taxation, namely Council Tax and Business Rates.

During 2024/25, the Council retained £5,379k from Business Rates, £957k above budget, due to further growth in the taxbase and the benefit of a lower levy as a partner in the Devon Business Rates Pool.

In setting the budget for 2024/25, the Council increased Council Tax by 2.99% for a Band D property. This meant that the Band D Council Tax rate became £232.16 and gave overall budgeted income of £6,968k.

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 4% increase in the Core Spending Power before local Council Tax decision.

Finally, the Council invests its cash balances to generate interest. In 2024/25 £849k of Net Interest (after deducting Interest Payable) was earned achieving a 4.89% return on investment.



4.6 General Fund Revenue Reserves

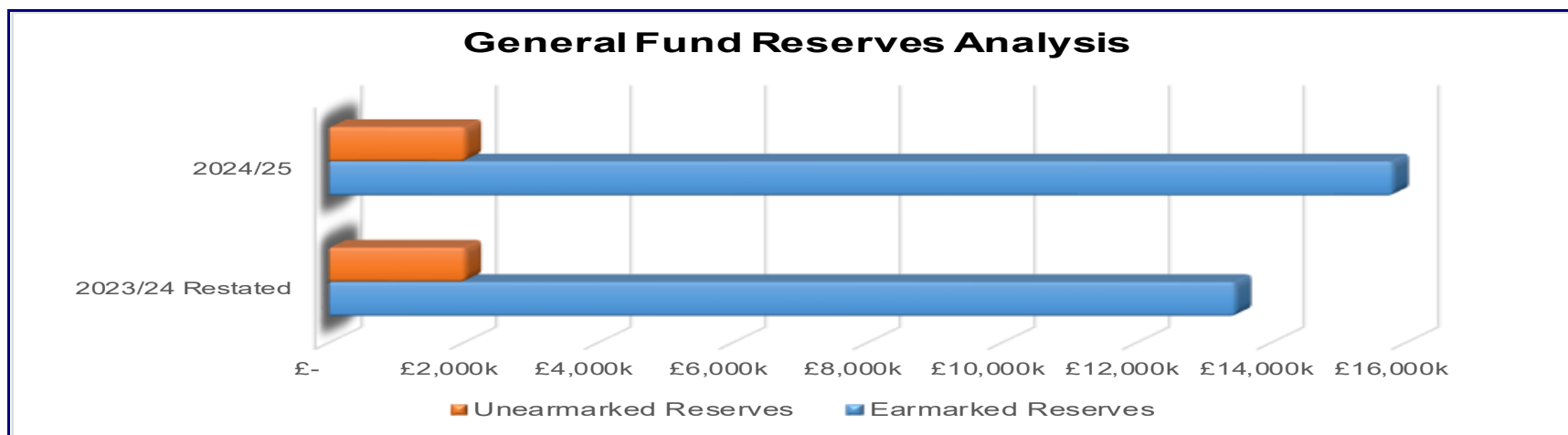
The Financial Strategy is to retain sufficient General Fund balances to meet our major financial risks. The greater the level of uncertainty and risk, the more likely it is that these may be needed. Consideration has been given to the levels of reserves as these are the means by which the Council can 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 2024/25 budget.

The outturn position resulted in an under spend of £1,547k that was transferred to various Earmarked Reserves to meet future pressures in asset maintenance and the exceptional level of change expected in Local Government funding in 2026/27. Therefore, the General Fund bottom line is net nil and General Fund Reserve remains 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.

At the start of the financial year, the level of Earmarked Reserves stood at £16,628k. However, during the year a review of S106 balances was undertaken and based upon technical advice, £3,161k was moved from Earmarked Reserves into Creditors (held on the Balance Sheet). This reflects that some S106 contributions have explicit conditions that must be met before the Council can recognise the funds as income.

A number of movements in and out of Earmarked Reserves totalling £792k have taken place; some budgeted such as planned maintenance or capital contributions, some as a result of delays in operational spend therefore the funding will be retained until when the cost will be incurred. Adding the outturn underspend resulted in an overall increase across the various General Fund Earmarked Reserves of £2,339k from the restated start of the year balance. Therefore, in total they now stand at £15,806k at 31 March 2025.



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.

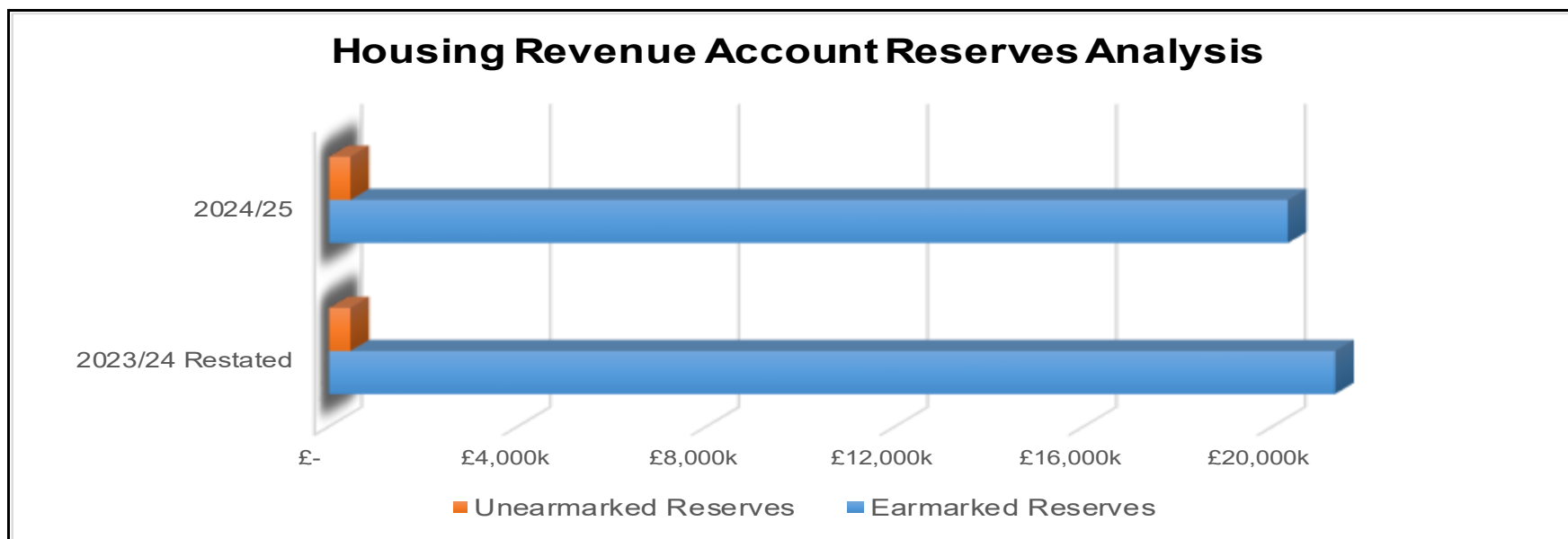
HRA Outturn	2024/25 Budget £k	2024/25 Outturn £k	Variance £k %	
Gross Income	(16,000)	(15,503)	497	(3.11%)
Service Expenditure	9,220	9,836	616	6.68%
Other Net Operating Costs and Income	262	298	36	13.81%
Earmarked Reserve Transfers	3,909	4,012	103	2.64%
Capital Financing and Debt Repayment	2,309	2,984	675	29.26%
Technical Accounting Adjustments	300	99	(201)	(66.98%)
Net Variance	(0)	1,727	1,727	(10.79%)

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 £16,000k for the year. The HRA reported a net deficit of £1,727k for 2024/25 which is 10.8% of gross budgeted income. This follows a number of one-off technical adjustments including clearing the capital financing balance relating to the Post Hill development disposed of during the year, transferring the sunk costs on unviable development projects from capital into revenue and the reduction in 2024/25 rental income arising from Social Rent formulae correction.

Excluding these adjustments, the day-to-day operational expenditure was slightly below budget as reported during the year. There were underspends on staffing budgets due to vacancies and recruitment difficulties, leading to offsetting increases in contractor costs. Material costs have also increased more than forecast in the budget. There are reduced costs in terms of recharges from the General Fund resulting from the lower costs incurred in providing services to the HRA, along with additional income for disabled adaptation of homes in the district.

This loss will decrease the Housing Maintenance Fund (HMF), which is a reserve set aside to fund future new-build capital expenditure. In addition, there are specific reserves for Renewable Energy improvements, Decarbonisation and future Vehicle Leasing, amongst others. The Housing Revenue Account also holds a MRR (Major Repairs Reserve), which is ring-fenced for capital expenditure on existing HRA properties. This reserve effectively carries forward any unspent major repairs allowance (see note 66).

After the £1,727k deficit is included along with the budgeted transfers to reserves, the HRA Earmarked Reserves total £20,327k as shown in the graphic below. Charging the deficit to the HMF leaves the HRA Reserve unchanged at £455k, following the charge of £1,545k to create a provision for the refund of historic housing rent overpayments (see note 41). Work is in train during 2025/26 that will also be linked to the 2026/27 budget setting process to replenish this reserve back to the agreed level.



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 £23,108k (£30,431k 2023/24). Capital expenditure comprised £8,376k in General Fund schemes and £14,732k on HRA capital works, as summarised in the tables below.

The Council received little capital grant funding outside of what it secured through competitive bids. However, the Council has been notably successful at securing that bid funding. For example, the Cullompton Relief Road is backed by £33.5m of capital grant award through the Housing Infrastructure Fund (HIF), over £3.8m secured for the 2024/25 social housing development programme, and nearly £900k obtained for economic development initiatives. Despite that success, there is pressure to fund the remainder of the capital programme resulting in a large proportion needing to be met from borrowing. The Council internally borrows from its balances to avoid expensive loans.

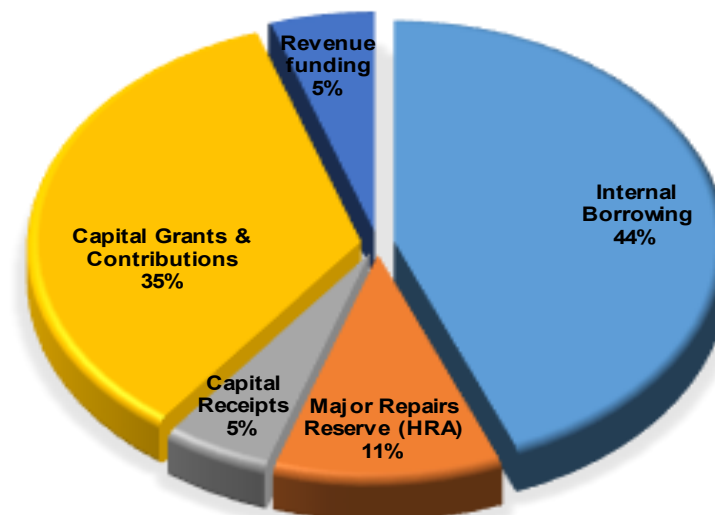
The bulk of the General Fund capital spend related to lease charges for vehicles and for the Waste Depot site. The Cullompton Relief Road is now underway with the first element of the £33.5m scheme. £1,756k was spent through grants for either economic development purposes, or on disabled adaptations to enable people to remain in their own homes. A number of infrastructure improvement projects started in 2024/25 at the leisure centres including fire safety improvements, new heating and power systems, alterations to swimming pool cleansing and the additional of Changing Places facilities.

Within the HRA, a further £10,335k was spent on the delivery of the ambitious programme of building 500 new homes to increase the housing stock and reduce the carbon footprint. £3,331k was spent maintaining and enhancing existing housing standards, including replacing kitchens, bathrooms, windows, doors, heating systems and other related works. 6 homes were bought back from previous tenants through the Right-to-Buy scheme.

General Fund Capital Expenditure Schemes	£k
Leasing costs - vehicles and equipment	3,104
Cullompton Town Centre Relief Road	2,098
Economic Development grant schemes	889
Disabled Facilities Grants – Private Sector	867
Estate Infrastructure Improvements	695
ICT hardware and equipment	239
Purchase of new homelessness accommodation	194
Replacement leisure equipment	148
Commercial Loan to Crediton GP Surgery	127
Other small projects	15
General Fund Capital Schemes - Total	8,376

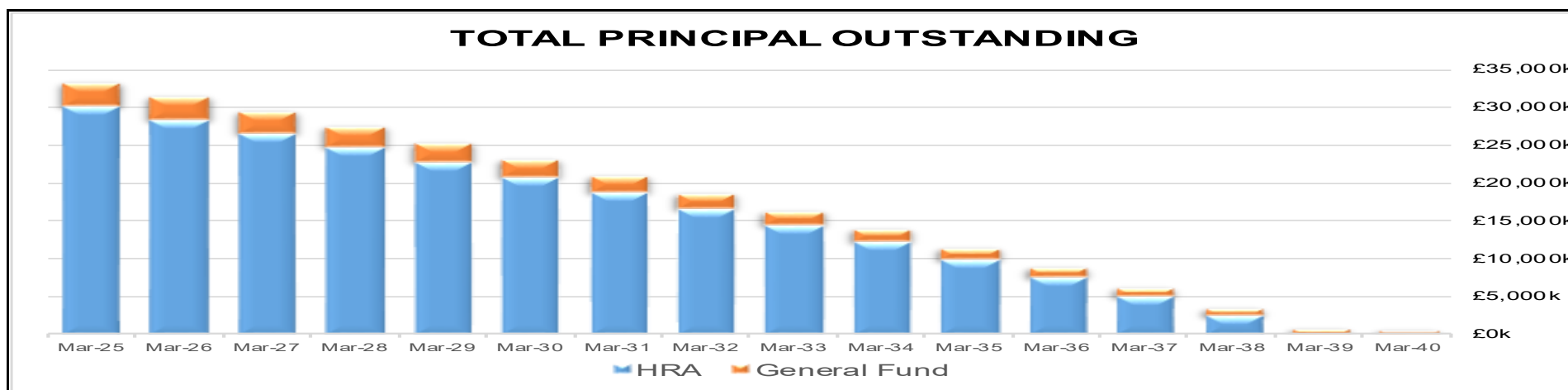
HRA Capital Expenditure Schemes	£k
New social / affordable housing schemes	10,335
Major repairs and enhancements to housing stock	3,331
Right-to-buy Buyback Housing	1,066
HRA Capital Schemes - Total	14,732

SOURCES OF CAPITAL FUNDING



4.9 Borrowing

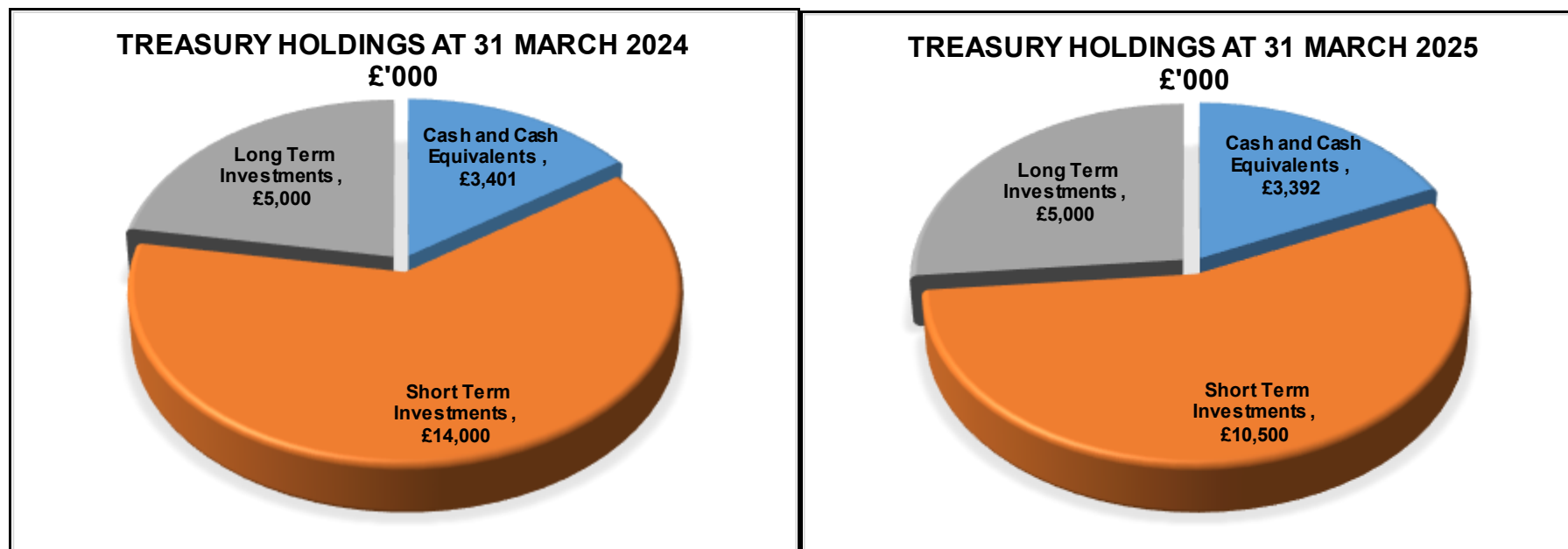
At the end of 2024/25, the Council had two Public Works Loan Board loans with total principal outstanding of £29,398k. No new loans were taken out during the year. The Council has paid off £1,975k of the outstanding principal during the year and interest of £898k (£77k GF and £822k HRA). The interest 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 2024/25 financial year end and that held at the end of the previous financial year (2023/24):

From the £21.2m average balance of short term investments managed by the Council, investment interest of £1,027k (£1,191k 2023/24) was generated which gave an average rate of return of 4.89% (5.25% 2023/24). This is a slight decrease on the prior year reflecting the lower balances held and invested and the gradual reduction in 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 £227k or 4.54% (4.68% 2023/24).



Non-Financial Performance

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

Non-Financial Performance 2024/25

The percentage of residents that felt very or fairly well informed increased by **14.6%**
- from 45% in 2021, to 59.6% in 2024



100% of householder planning applications determined within 8 weeks



206 Mid Devon Housing tenant engagement events

98.8% of housing complaints responded to on time

99.6% of responses to FOI / EIR requests within 20 working days

57.9% recycling rate - ranked 11th out of 197 local authorities nationally



97.6% of Council Tax collected



99.8% of Business Rates collected

99% of emergency housing repairs completed on time

Non-Financial Performance 2024/25



Provided advice to **771** households experiencing homelessness



Provided non-financial support to **342** businesses

6 new electric vehicle charging points

Housing stock occupancy rate is **97.5%**



Supported **187** events in our town centres, and **4** tourism events



Staff sickness absence is down to **7.4 days**

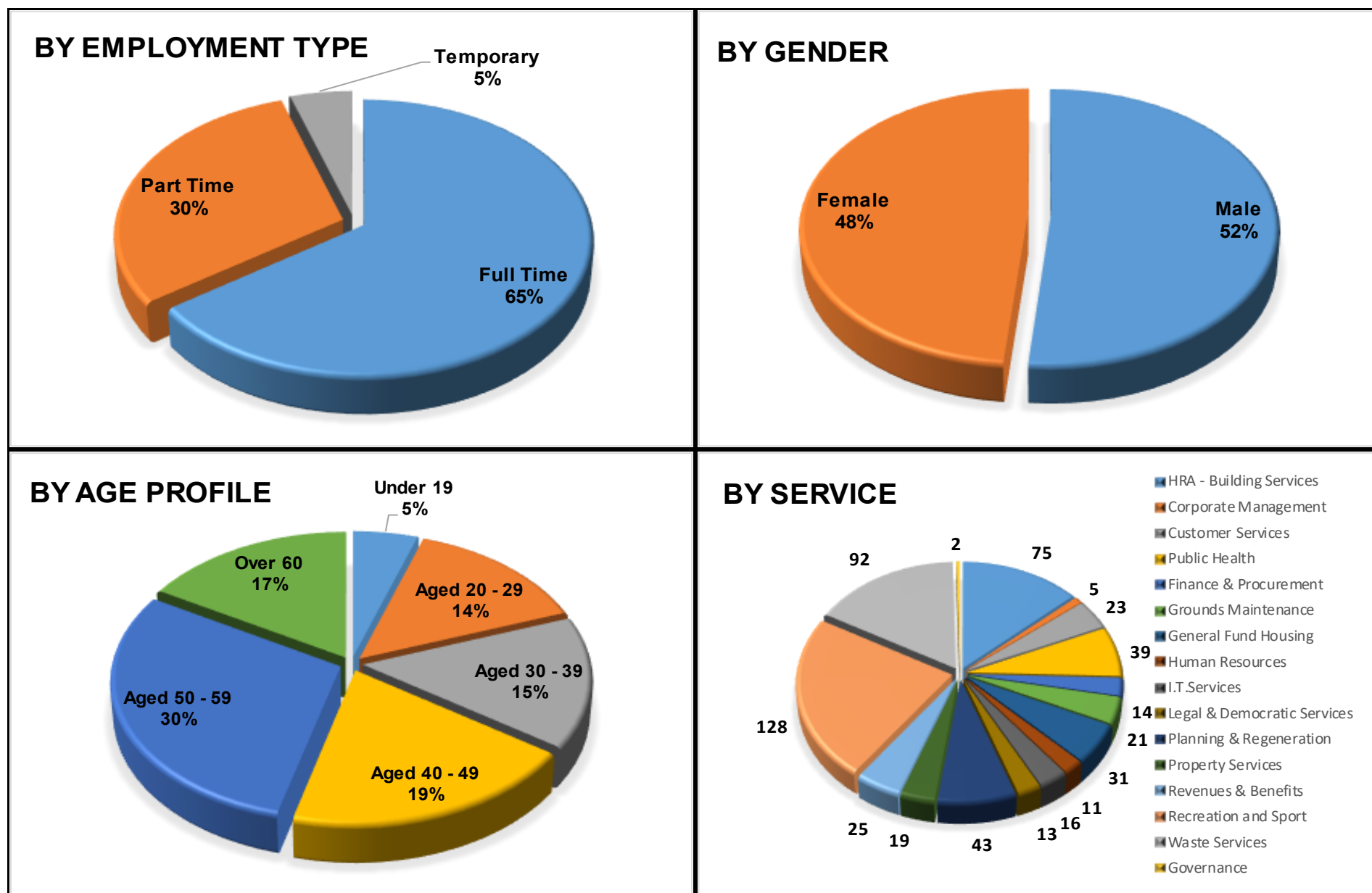
Provided more than **10%** biodiversity net gain, with **3** habitat banks within the district



Over the past two years, **0.3%** of major and **0.2%** of planning applications have been overturned at appeal

4.11 Workforce Data

The Council employed 557 people in full, part time or temporary contracts on 31 March 2025. Employees are a valued significant resource within the Council and employees' costs account for 44% 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 2025 centred on:

There are currently 17 risks on the CRR. Risks are presented with both their current and target risk ratings. Also included is a trend symbol indicating any change to the risk rating since the previous review.

Risk Name		Risk Owner	Risk Rating		
			Current	Trend	Target
CR1a	Culm Garden Village – Loss of capacity funding	Adrian Welsh	9	↓	9
CR1b	Culm Garden Village – Delay/ impact to project arising from infrastructure delays	Adrian Welsh	15	↔	15
CR2	Cyber Security	Brian Trebilcock	20	↔	15
CR3	Failure to meet Climate Change Commitments by 2030	Paul Deal	15	↔	9
CR4	Homes for Ukraine Scheme	Simon Newcombe	4	↔	9
CR5	Information Security	Lisa Lewis	12	↔	8
CR7	Financial Sustainability	Paul Deal	16	↔	12
CR8	Quality of Planning Committee Decisions	Richard Marsh	6	↓	3
CR9a	Reputational Impact of 3 Rivers	Stephen Walford	3	↔	2
CR10	Cullompton Town Centre Relief Road	Adrian Welsh	15	↔	15
CR11	Cost of Living Crisis	Dean Emery	16	↔	16
CR12	Housing Crisis	Simon Newcombe	12	↔	9
CR15	Corporate Property Fire Safety	Stephen Walford	9	↔	6
CR16	Building Control Service viability	Andrew Howard	12	↔	2
CR17	Severe Weather Emergency Recovery	Simon Newcombe	12	↔	9
CR18	Housing Rent Error Correction	Simon Newcombe	8	New	3
CR19	Devolution and Local Government Reorganisation	Stephen Walford	20	New	15

<div> <div></div> <div></div> <div></div> <div></div> <div></div> </div> <div>Risk Severity</div>	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	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 is a review of our activities to ensure that the council is carrying out its functions effectively. It 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 risk management processes 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

3 Rivers Developments Ltd (3Rivers)

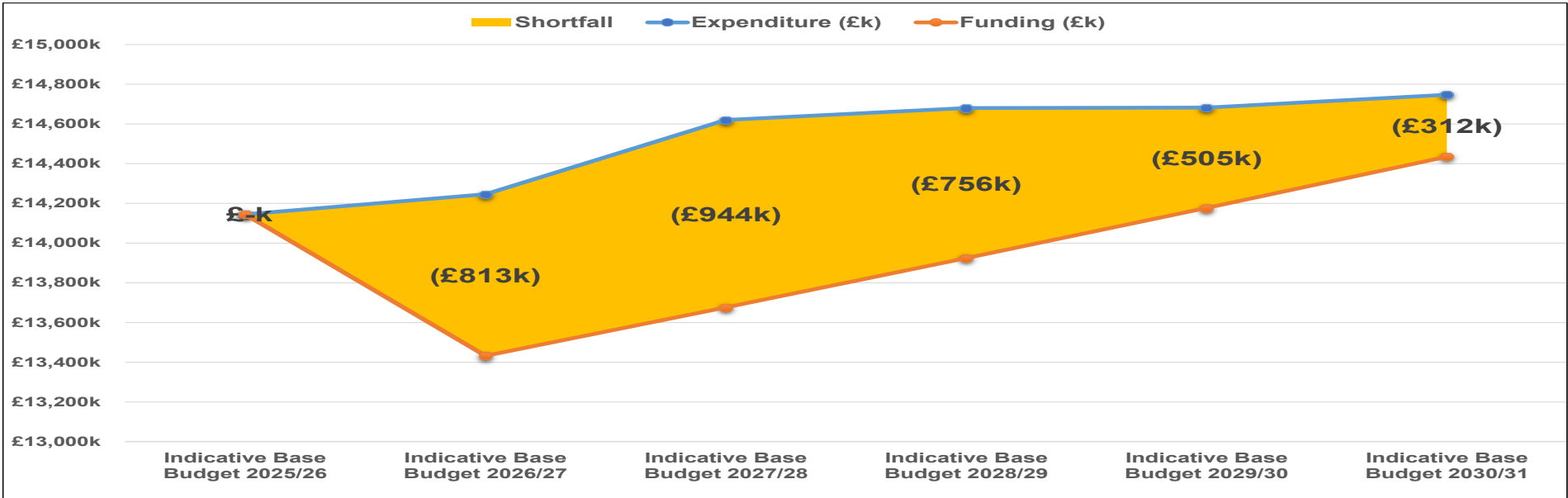
Approval was given by Cabinet and Full Council in September 2023 for the soft closure of the Council’s subsidiary company, 3 Rivers Developments Ltd. The soft closure ensured all assets were realised and committed to paying all contractors, suppliers and tradesmen in full. Although this was a challenge, all assets were sold commercially or to the Council during 2023/24. No funds were owed to either the Council or any creditors, enabling the company to be placed into a period of dormancy prior to applying to Companies House for a voluntary strike off, which formally occurred on 26 November 2024. The only transaction during the year was to return a small residual amount of funding held by the company to cover any unforeseen closedown costs.

Social Rent Formulae Error

Following the initial draft 2023/24 accounts publication, a historic error with how the HRA social rents were being calculated was discovered, resulting in tenants under or over paying their rent. There was a charge of £1,545k made against the HRA balance at 31 March 2024 to create a provision for the refund of any overpayments, which has been increased further to £1,777k in 2024/25. Further detail on this is included within note 41 (Provisions). Work has been ongoing since to ratify that the formula is now calculated correctly, that the Housing Regulator approves the corrective process, and to calculate the refunds due to individual tenants in conjunction with the Department for Work & Pensions where appropriate.

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 £3,330k by 2030/31. 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. This is exemplified by the arbitrary cessation of the Rural Services Delivery Grant in 2025/26 which previously provided £634k. New Homes Bonus was formally phased out by 2022/23, however one-off allocations have been received in 2022/23, 2023/24, 2024/25 and again in 2025/26. This, along with other one-off funding received such as Services Grant and the Funding Guarantee are assumed to reduce by 20% in 2026/27. 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 other 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 2024/25 should be considered a hugely successful financial year. Within the General Fund a significant underspend has been delivered through good financial management that further strengthens the Council's position to mitigate the impacts of the future, as yet unknown, changes in funding. Despite an over spend recorded for the HRA, the underlying day-to-day operations continue to also operate robustly and were underspend despite pressure from the price of contractors and materials. The Council's performance was strong with the vast majority of our performance targets achieved, which once again should be celebrated.

We are aware that the future position continues to be challenging. This will be compounded by the uncertainty arising from the Local Government Reforms in Devon. 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.

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 2025. 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 2024/25 ("the Code"), supported by International Financial Reporting Standards (IFRS) and statutory guidance.

The only material change to the accounting policies for 2024/25 is the introduction of the new leases accounting standard IFRS16. This sees operating leases now being put on the balance sheet as Right of Use Assets, means that any such leases are now treated as capital expenditure being funded by borrowing, which in turn affects the CFR and the Prudential Indicators.

Otherwise 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 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.

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.

Following a review of S106 funding, based upon technical advice, funds were moved from Earmarked Reserves into Creditors (held on the Balance Sheet). This reflects that some S106 have explicit conditions that must be met before the Council can recognise the funds. Where required, the adjusted prior period figures are highlighted within the main statements.

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 2025.

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
- Leased land and buildings – straight line over the contracted term of the asset
- Vehicles, plant and equipment – straight-line allocation over the life of the asset as estimated by suitably qualified and experienced officers.
- Leased vehicles, plant and equipment – straight line over the contracted term of the asset
- 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 10 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, since 2022/23 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

In 2024/25, the Council has changed its accounting policies to align with those in IFRS 16 Leases. In previous years, Property, Plant and Equipment (PPE) was only brought onto the Balance Sheet as an asset where the MDDC secured substantially all the risks and rewards incidental to ownership of the leased item (finance leases). For all other leases (operating leases), no assets were recognised and rents were charged as expenses when they became payable.

From 1 April 2024, an asset representing the right to use the item over the lease term will be recognised for all leases (except for those that are for low value items (below £5k) or whose term is less than one year).

Liabilities are also recognised in the Balance Sheet for the obligations that the Council has to pay rents for the rights acquired, discounted to their present value.

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.

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 and Contingent Assets or Liabilities

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, but where the timing of the transfer is uncertain. 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.

In the event that a possible liability (or asset) arises which may require settlement by a transfer of economic benefits, but the timing and amount of the transfer is uncertain and the obligation will only be confirmed by occurrence or otherwise of a future event, then this will not be recognised in the Balance Sheet, but will be shown in a note to the accounts as a Contingent Asset or Liability

5.19 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 2025 was £2,025k.

5.20 Housing Revenue Account (HRA)

Council has approved a policy of the HRA maintaining a reserve balance of £2,000k. This had been maintained until the charge of £1,545k in 2023/24 to create a provision for the refunding of rent overpayments. The HRA balance continues to stand at £445k and work is in train during 2025/26 that will also be linked to the 2026/27 budget setting process to replenish this reserve back to the agreed level.

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 2025.

.....
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 2025.

The date on which the draft Statement of Accounts was authorised for issue by the Deputy Chief Executive (S151) was 13 June 2025.

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

.....
Cllr Lloyd Knight

.....
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

This page is left intentionally blank

This page is left intentionally blank

This page is left intentionally blank

This page is left intentionally blank

This page is left intentionally blank

This page is left intentionally blank

This page is left intentionally blank

9 Index of Primary Statements and Notes to the Accounts

Item	Note	Page No
Accounting Standards that Have Been Issued But Have Not Yet Been Adopted	1	57
Accumulating Compensating Absences Adjustment Account	49	113
Acquired and/or Discontinued Activities	17	79
Adjustments between Accounting Basis and Funding Basis under Regulations – GF	5a	61
Adjustments between Accounting Basis and Funding Basis under Regulations – HRA	60	125
Assets Held for Sale	34	101
Assumptions Made About the Future and Other Major Sources of Estimation	4	58
Bad Debt Provision – HRA	70	132
Balance Sheet		55
Borrowing - Short Term and Long Term	28	96
Calculation of Council Tax Base	78	138
Capital Adjustment Account	45	109
Capital Expenditure – HRA	65	130
Capital Expenditure and Financing	24	93
Capital Grants Unapplied	7	71
Capital Receipts – HRA	67	131
Capital Receipts Reserve		52
Capital Reserves		52
Cash and Cash Equivalents	38	103
Cash Flow Statement		56
Cash Flow Statement – Adjustment for Items in the Net Surplus/Deficit that are Investing or Financing Activities	51	114
Cash Flow Statement – Financing Activities	54	115
Cash Flow Statement – Investing Activities	53	115
Cash Flow Statement – Non-Cash Items	50	113
Cash Flow Statement – Operating Activities	52	114
Collection Fund Adjustment Account – Council Tax & NDR	48	112
Collection Fund Income and Expenditure Account – Council Tax		136
Collection Fund Income and Expenditure Account – Non Domestic Rates		137
Commitments under Capital Contracts	26	95
Comprehensive Income and Expenditure Statement		54
Contingent Assets and Liabilities	56	118

Council Leasing Arrangements	11	73
Critical Judgements in Applying Accounting Policies	2	57
Debtors for Local Taxation	37	103
Deferred Capital Receipts Reserve	46	111
Depreciation & Impairment of Non Current Assets – GF	18	79
Depreciation & Impairment of Non Current Assets – HRA	73	133
Earmarked Reserves - GF	6	69
Earmarked Reserves - HRA	6	70
Expenditure and Funding Analysis	5b	66
External Audit Costs	14	78
Financial Instruments	30	97
Financing and Investment Income and Expenditure	9	72
General Fund Balance		52
General Notes to the Collection Funds	76	138
Grant Income	55	116
Heritage Assets	25	94
Housing Revenue Account (HRA) Income and Expenditure Account		123
Housing Stock	61	129
HRA Arrears	69	132
HRA Dwelling Rents	72	132
HRA Dwelling Valuation	63	129
HRA Non-Current Asset Values	64	130
Income from Business Rates (NDR)	77	138
Interest Payable and Similar Charges – HRA	74	134
Inventories	35	102
Leases	57	119
Long Term Creditors (amounts due in more than 12 months)	40	105
Long Term Debtors (amounts due in more than 12 months)	32	100
Long Term Investments	31	100
Major Repairs Reserve	66	131
Material Items of Income and Expenditure	3	58
Members' Allowances and Expenses	16	79
Minimum Revenue Provision	19	80
Movement in Reserves Statement		52

Movement on the HRA Statement		124
Non Current Asset Valuation	27	95
Non-Adjusting Post Balance Sheet Events	59	122
Number of Dwellings by Type	62	129
Officers' Emoluments	12	75
Other Operating Expenditure	8	71
Pension Liability: Current Year Costs - HRA	68	131
Pensions	21	81
Pensions Reserve	47	111
Precepting Authorities	79	139
Prior Year Adjustment	20	80
Property, Plant and Equipment	22	89
Provisions	41	105
Related Party Transactions	15	78
Rents Paid in Advance – HRA	71	132
Revaluation Losses and Revaluation Reversals	58	122
Revaluation Reserve	44	109
Revenue Expenditure Funded From Capital Under Statute (REFCUS)	23	92
Self Financing Settlement Payment – HRA	75	134
Short Term Creditors (amounts due in more than 12 months)	39	104
Short Term Debtors (amounts due in less than 12 months)	36	102
Short Term Investments	33	101
Taxation and Non-Specific Grant Income	10	72
Termination Benefits	13	77
Total Usable Reserves		55
Transfers to/from Capital Grants Unapplied	7	71
Trusts for which the Council is the Sole Trustee	29	96
Unusable Reserves	43	108
Usable Reserves	42	107

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 statutory requirements detailed in the Local Government Act 2003, the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom for 2024/25.

- **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.

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.

2024/25	Note	USABLE RESERVES										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	Total Usable Reserves £'000	Unusable Reserves £'000	
Balance at 31 March 2024		(2,025)	(13,466)	(15,491)	(455)	(22,852)	(23,307)	(3,817)	(713)	(43,328)	(167,774)	(211,102)
Movement in Reserves during year												
(Surplus) or deficit on the provision of services		(1,851)	-	(1,851)	6,325	-	6,325	-	-	4,474	-	4,474
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	-	401	401
Total Comprehensive Income and Expenditure		(1,851)	-	(1,851)	6,325	-	6,325	-	-	4,474	401	4,875
Adjustments between accounting basis and funding basis under regulations	5	(488)	-	(488)	(5,322)	(194)	(5,516)	(605)	205	(6,404)	6,404	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves		(2,339)	-	(2,339)	1,003	(194)	809	(605)	205	(1,931)	6,805	4,875
Transfers (to) / from Earmarked Reserves	6	2,339	(2,339)	-	(1,003)	1,003	-	-	-	-	-	-
(Increase) / Decrease in year		-	(2,339)	(2,339)	-	809	809	(605)	205	(1,931)	6,805	4,875
Balance at 31 March 2025 Carried forward		(2,025)	(15,806)	(17,830)	(455)	(22,043)	(22,498)	(4,423)	(508)	(45,259)	(160,968)	(206,228)
Held for Revenue Purposes		(2,025)	(15,806)	(17,830)	(455)	(20,327)	(20,782)	-	-	(38,612)	-	-
Held for Capital Purposes		-	-	-	-	(1,717)	(1,717)	(4,423)	(508)	(6,647)	-	-

Movement in Reserves Statement (Continued)

2023/24 Restated (See Note 20)	Note	USABLE RESERVES										Total Authority Reserves £'000
		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	Total Usable Reserves	Unusable Reserves	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 31 March 2023		(2,025)	(14,631)	(16,656)	(2,000)	(23,565)	(25,565)	(7,309)	(1,185)	(50,715)	(149,157)	(199,872)
Movement in Reserves during year												
(Surplus) or deficit on the provision of services		1,733	-	1,733	(5,724)	-	(5,724)	-	-	(3,991)	-	(3,991)
Other Comprehensive Income and Expenditure		-	-	-	-	-	-	-	-	-	(7,239)	(7,239)
Total Comprehensive Income and Expenditure		1,733	-	1,733	(5,724)	-	(5,724)	-	-	(3,991)	(7,239)	(11,230)
Adjustments between accounting basis and funding basis under regulations	5	(568)	-	(568)	8,129	(147)	7,981	3,492	472	11,378	(11,378)	-
Net (Increase) / Decrease before Transfers to Earmarked Reserves		1,165	-	1,165	2,405	(147)	2,258	3,492	472	7,387	(18,617)	(11,230)
Transfers (to) / from Earmarked Reserves	6	(1,165)	1,165	-	(860)	860	-	-	-	-	-	-
(Increase) / Decrease in year		-	(13,466)	1,165	1,545	713	2,258	3,492	472	7,387	(18,617)	(11,230)
Balance at 31 March 2024 Carried forward		(2,025)	(13,466)	(15,491)	(455)	(22,852)	(23,307)	(3,817)	(713)	(43,328)	(167,774)	(211,102)
Held for Revenue Purposes		(2,025)	(13,466)	(15,491)	(455)	(21,330)	(21,785)	-	-	(37,276)	-	-
Held for Capital Purposes		-	-	-	-	(1,522)	(1,522)	(3,817)	(713)	(6,053)	-	-

11 Comprehensive Income and Expenditure Statement (CIES)

This section is a summary of our spending on services.

2023/24 Restated (See Note 20)			Service Area	Note	2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
412	(91)	321	Community Development		351	(87)	264
3,170	(304)	2,866	Corporate Management		1,662	(2)	1,661
843	(1,000)	(156)	Car Parks		828	(1,065)	(237)
-	(35)	(35)	Customer Services		-	(38)	(38)
3,014	(786)	2,228	Environmental Services		3,211	(2,121)	1,089
-	(28)	(28)	Finance and Performance		-	(29)	(29)
52	(76)	(24)	Grounds Maintenance		22	(41)	(19)
1,662	(1,209)	452	General Fund Housing		1,812	(1,262)	550
7,614	(13,256)	(5,642)	Housing Revenue Account		25,868	(15,469)	10,398
7	(13)	(7)	Human Resources		-	(14)	(14)
162	(4)	158	I.T. Services		330	(16)	314
1,435	(142)	1,294	Legal and Democratic Services		1,567	(599)	968
5,219	(2,976)	2,242	Planning and Regeneration		6,838	(5,178)	1,661
2,512	(730)	1,782	Property Services		1,434	(903)	531
12,993	(12,178)	814	Revenues and Benefits		12,727	(11,605)	1,123
5,389	(3,324)	2,065	Recreation and Sport		5,563	(3,690)	1,873
6,801	(3,400)	3,401	Waste Services		6,741	(3,412)	3,328
51,285	(39,552)	11,731	Costs of Services		68,953	(45,530)	23,424
	2,579		Other Operating Expenditure	8			1,736
	(246)		Financing and Investment Income and Expenditure	9			224
	(18,056)		Taxation and Non-Specific Grant Income	10			(20,910)
	(3,991)		(Surplus) or Deficit on Provision of Services				4,474
	(5,763)		Remeasurements of the Net Defined Benefit Liability	21			(6)
	(1,476)		(Surplus) or Deficit on Revaluation of Property, Plant and Equipment	44			407
	(7,239)		Other Comprehensive Income and Expenditure				401
	(11,230)		Total Comprehensive Income and Expenditure				4,875

12 Balance Sheet

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

2023/24 Restated (See Note 20) £'000	Balance Sheet	Notes	2024/25 £'000
234,931	Property, Plant & Equipment	22	233,243
330	Heritage Assets	25	157
4,458	Long-term Investments	31	4,544
2,143	Long-term Debtors	32	2,237
241,862	Non-Current Assets		240,181
12,000	Short-term Investments	33	9,000
3,104	Assets held for sale	34	3,486
339	Inventories	35	407
8,292	Short-term Debtors	36	9,325
3,401	Cash and Cash Equivalents	38	3,392
27,135	Current Assets		25,609
(8,008)	Short-term Creditors	39	(10,319)
(2,185)	Provisions	41	(2,369)
(1,975)	Short-term Borrowing	28	(2,033)
(12,167)	Current Liabilities		(14,722)
(6,162)	Long-term Creditors	40	(7,893)
(29,398)	Long-term Borrowing	28	(27,366)
(10,166)	Other Long Term Liabilities	47	(9,581)
(45,727)	Long Term Liabilities		(44,840)
211,102	Net Assets		206,229
43,328	Usable Reserves	42	45,259
167,774	Unusable reserves	43	160,968
211,102	Total Reserves		206,228

13 Cash Flow Statement

This section shows what cash we spend and receive.

2023/24 Restated (See Note 20) £'000	Cash Flow	Note	2024/25 £'000
3,991	Net surplus or (deficit) on the provision of services		(4,474)
21,086	Adjustments to net surplus or deficit on the provision of services for non-cash movements	50	20,349
(3,858)	Adjustments for items included in the net surplus on the provision of services that are investing and financing activities (See note references)	51	(3,986)
(598)	Adjustments for operating activities processed through the Balance Sheet	52	169
20,620	Net cash flows from Operating Activities		12,058
(18,490)	Investing Activities	53	(8,215)
(2,360)	Financing Activities	54	(2,741)
(230)	Net increase or (decrease) in cash and cash equivalents		1,103
3,631	Cash and cash equivalents at the beginning of the reporting period		3,401
3,401	Cash and cash equivalents at the end of the reporting period	38	4,504

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 2025 for 2024/25).

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) – issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 - Insurance Contracts – issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

None of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.

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

In September 2024, a significant project milestone was reached, with Mid Devon District Council announcing it has received £33.5m funding from Homes England for the delivery of the Cullompton Town Centre Relief Road. The Relief Road will reduce traffic flow in Cullompton High Street, facilitate the future development of the town by unlocking the remaining 750 dwellings at North-West and Cullompton and the initial 500 dwellings to the east of the M5, as well as improve air quality the town. 2024/25 is therefore the starting point for considerable expenditure to flow through the accounts, with nearly £2.1m being spent in-year.

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 2025 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 £36,201k would increase by £84k for every year that useful lives had to be reduced.</p> <p>The gross value of £36,201k is the carrying value of the Council's assets excluding assets held for sale, land, council dwellings and assets under</p>

		construction, as these do not attract depreciation. The values also excludes vehicles plant and equipment and finance leases.
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 available until some time later, may give a different value of pension assets, but this is not considered to be material.	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 £85,275k and a 1 year increase in life expectancy assumptions would increase the closing defined benefit obligation to £89,579k. However, the assumptions interact in complex ways.
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.	There is uncertainty and risk surrounding the calculation of the provision as future events may affect the amount required to settle an obligation. 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 (£560k) which is held in the Balance Sheet.
Arrears (Note 41)	At 31 March 2025, the Council had a gross sundry debtors balance of £931k, although only £523k is over 30 days old. A review of significant balances suggested that a £60k increase in provision for doubtful debts to £210k or 23% was appropriate. 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.	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.

	The District Valuer works closely with the finance staff on all valuation matters.	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.
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	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>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>In 2023/24, the District Valuer valued an asset lower than the price paid. This asset is being held until the market recovers and a higher sales price can be realised. With the approval of the Cullompton Relief Road, this asset should recover its value, as reflected in an increase in the 2024/25 valuation.</p>
Loans	This refers to the loans the Council has made, which at the time of lending were deemed to be prudent and fully recoverable.	<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>
HRA Housing Rent Provision (Note 41)	Following the discovery of a historic error in how the formula rent calculation was applied, a provision was created in 2023/24 to cover the cost of refunds due back to tenants that had overpaid. The value of the provision was estimated based on a list of properties that were being overcharged as at 1 April 2024, and does not take account of any rent arrears, rents received in advance, write-offs, voids between change of tenancies or acquisitions and disposals in prior years. The estimate also assumes that any overpayments on rent funded by Housing Benefits or Universal Credit will be refunded to DWP in line with all other overpayments.	<p>The totals to be refunded will be reduced once rent arrears and write-offs have been assessed, and possibly increased where rent has been received in advance. Due to the work required to allocate these against overpayments, the effect is unknown at this stage but it is not expected to be significant. Work is still ongoing quantifying the precise rent refund quantum, but it is anticipated that the refund process will commence in 2025/26.</p> <p>If the average void rate for overcharged properties were 1%, then the actual refunds would be £15k lower than the estimate.</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

2024/25	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	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	(2,479)	(2,814)	-	-	-	5,293
Revaluation (losses)/gains on Property, Plant and Equipment	(454)	(12,629)	-	-	-	13,084
Amortisation of intangible assets	-	-	-	-	-	-
Impairment of current assets	-	-	-	-	-	-
Capital grants and contributions applied	1,276	3,803	-	-	-	(5,079)
Income in relation to donated assets	-	-	-	-	-	-
Useable Capital Receipts applied in year	-	-	-	-	-	-
Revenue expenditure funded from capital under statute	(3,564)	-	-	-	-	3,564
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	(8)	(2,105)	-	-	-	2,113
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment	1,033	2,111	-	-	-	(3,144)
Capital expenditure charged against the General Fund and HRA balances	639	538	-	-	-	(1,177)
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	2,761	-	-	-	(2,761)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	-	2,966	(2,966)
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	71	2,763	(2,834)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	2,207	-	-	(2,207)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	-	(21)	21	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-
Right to Buy Discounts repaid	-	-	-	-	-	-
Balance carried forward	(725)	(8,354)	(605)	-	205	9,480

2024/25 - Continued	Usable Reserves					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward	(725)	(8,354)	(605)	-	205	9,480
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	-	27	-	-	-	(27)
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	-	2,772	-	(2,772)	-	-
Use of the Major Repairs Allowance to finance new capital expenditure	-	-	-	2,577	-	(2,577)
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	86	-	-	-	-	(86)
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	(3,234)	232	-	-	-	3,002
Employer's pension contributions and direct payments to pensioners payable in the year	3,580	-	-	-	-	(3,580)
Adjustment involving the Collection Fund Adjustment Account						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statements is different from council tax income calculated for the year in accordance with statutory requirements	151	-	-	-	-	(151)
Amount by which NDR income credited to the Comprehensive Income and Expenditure Statements is different from NDR income calculated for the year in accordance with statutory requirements	(368)	-	-	-	-	368
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	23	2	-	-	-	(25)
Total Adjustments	(488)	(5,322)	(605)	(194)	205	6,404

2023/24 Restated (See Note 20)	Usable Reserves					
	General Fund Balance	Restated Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Restated Capital Grants Unapplied	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	(2,195)	(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	846	-	-	-	(3,098)
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	-	-	-	-	659	(659)
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)	5,105	3,492	-	472	(8,402)

2023/24 - Restated - Continued (See Note 20)	Usable Reserves					
	General Fund Balance	Restated Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Restated Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance brought forward	(666)	5,105	3,492	-	472	(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 NNDR income credited to the Comprehensive Income and Expenditure Statements is different from NNDR 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)	8,129	3,492	(147)	472	(11,378)

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.

2023/24 Restated (See Note 20)			2024/25		
Net Expenditure Chargeable to the GF and HRA Balances	Adjustments	Net Expenditure in the CIES	Service Area	Net Expenditure Chargeable to the GF and HRA Balances	Net Expenditure in the CIES
£'000	£'000	£'000		£'000	£'000
226	95	321	Community Development	202	62
2,725	141	2,866	Corporate Management	1,813	(153)
(675)	518	(156)	Car Parks	(736)	500
765	(800)	(35)	Customer Services	768	(806)
946	1,282	2,228	Environmental Services	27	1,061
788	(816)	(28)	Finance and Performance	880	(908)
542	(566)	(24)	Grounds Maintenance	505	(524)
224	228	452	General Fund Housing	224	326
(6,186)	544	(5,642)	Housing Revenue Account	(5,667)	16,065
524	(531)	(7)	Human Resources	556	(570)
1,310	(1,152)	158	I.T. Services	1,300	(985)
1,182	111	1,294	Legal and Democratic Services	993	(25)
2,195	47	2,242	Planning and Regeneration	1,267	393
1,234	547	1,782	Property Services	764	(233)
689	125	814	Revenues and Benefits	996	127
810	1,256	2,065	Recreation and Sport	564	1,309
2,351	1,050	3,401	Waste Services	2,406	922
9,651	2,079	11,731	Cost of Services	6,863	16,562
(8,106)	(7,616)	(15,723)	Other Income and Expenditure	(6,863)	(12,088)
1,545	(5,537)	(3,991)	(Surplus) or Deficit on Provision of Services	-	4,474
(42,221)	Opening General Fund and HRA Balances as at 1 April			(38,798)	
1,878	Transfers (to)/from Earmarked Reserves			(1,530)	
1,545	(Surplus) or Deficit on Provision of Services			-	
(38,798)	Closing General Fund and HRA Balances as at 31 March			(40,328)	

Adjustments Showing within the Expenditure and Funding Analysis

2023/24						Service Area	2024/25					
Current Service Cost	Salary Accruals	Recharges	Capital Charges	Other Adjustments	Total Adjustments		Current Service Cost	Salary Accruals	Recharges	Capital Charges	Other Adjustments	Total Adjustments
£'000	£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000
(5)	(2)	90	12	-	95	Community Development	(4)	0	96	(30)	-	62
(29)	(12)	(231)	414	-	141	Corporate Management	(38)	(7)	(274)	167	-	(153)
-	-	302	217	-	518	Car Parks	-	-	311	189	-	500
(35)	(3)	(762)	-	-	(800)	Customer Services	(38)	1	(769)	-	-	(806)
(45)	(2)	791	518	-	1,261	Environmental Services	(57)	(3)	738	383	-	1,061
(28)	(1)	(787)	-	-	(816)	Finance And Performance	(29)	(4)	(876)	-	-	(908)
(24)	(1)	(586)	46	-	(566)	Grounds Maintenance	(26)	(2)	(547)	51	-	(524)
(21)	(3)	146	106	-	228	General Fund Housing	(27)	(1)	142	212	-	326
(192)	-	-	(1,021)	1,757	544	Housing Revenue Account	(232)	-	-	15,443	855	16,065
(15)	(2)	(514)	-	-	(531)	Human Resources	(19)	(2)	(549)	-	-	(570)
(27)	(2)	(1,246)	123	-	(1,152)	I.T. Services	(33)	1	(1,135)	182	-	(985)
(26)	3	134	-	-	111	Legal & Democratic Services	(27)	(2)	4	-	-	(25)
(88)	(6)	530	-	-	435	Planning And Regeneration	(107)	(1)	500	1	-	393
(35)	(5)	(1,152)	1,740	-	547	Property Services	(45)	2	(752)	562	-	(233)
(47)	(2)	173	1	-	125	Revenues And Benefits	(52)	(1)	178	3	-	127
(111)	(11)	589	788	-	1,256	Recreation And Sport	(124)	1	621	812	-	1,309
(161)	(8)	727	492	-	1,050	Waste Services	(187)	(4)	457	657	-	922
(889)	(59)	(1,796)	3,434	1,757	2,447	Net Cost of Services	(1,045)	(23)	(1,857)	18,632	855	16,562

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.

		2023/24 Restated (See Note 20)	2024/25
Expenditure and Income	Note	£'000	£'000
Expenditure			
Employee benefits		19,286	20,195
Other services		29,301	30,276
Depreciation, amortisation and impairment	18	2,631	18,376
Interest payments	9	2,004	1,658
Precepts and levies	8	2,310	2,483
Loss on the disposal of assets	8	269	-
Total Expenditure		55,801	72,988
Income			
Fees, charges and other service income		(39,487)	(45,423)
Interest and investment income	9	(2,250)	(1,434)
Income from Council Tax, NDR, RSDG and other government grants including NHB	10	(18,056)	(20,910)
Gain on the disposal of assets	8	-	(748)
Total Income		(59,793)	(68,515)
(Surplus) or Deficit on the Provision of Services		(3,991)	4,474

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 2025/26. Reserves indicated with an asterisk (*) are held for capital purposes.

General Fund Revenue Earmarked Reserves	Balance at 1/4/2023 Restated (See Note 20) £'000	Movement £'000	Balance at 31/3/2024 Restated (See Note 20) £'000	Movement £'000	Balance at 31/3/2025 £'000
Property Maintenance Reserves	2,953	685	3,638	414	4,052
NDR smoothing Reserve	720	81	801	959	1,759
Vehicle, Plant & Equipment Sinking Funds	1,365	169	1,534	205	1,739
New Homes Bonus Reserve	2,883	(1,082)	1,801	(131)	1,670
Other General Fund Reserves <£100k	2,066	(810)	1,256	(103)	1,153
Maintenance & Amenity Reserve (S106 Funds)	108	(22)	86	979	1,065
Statutory Development Plan Reserve	667	4	671	95	766
Waste Infrastructure Reserve	618	-	618	(23)	595
ICT Reserves	606	(100)	506	84	590
Homelessness Support Reserve	377	52	429	150	579
Business Systems Reserves	125	126	251	26	277
Recycling Plant Sinking Fund	161	30	191	30	221
Planning Appeal Reserve	-	200	200	-	200
Economic Development Reserves	328	(94)	234	(70)	164
General Revenue Earmarked Reserves	220	(83)	137	-	137
Property Services Staffing Reserve	97	32	129	-	129
Climate Change Reserve	47	29	76	41	117
Rough Sleeping Initiative	116	-	116	-	116
Decarbonisation Reserve	-	-	-	107	107
NDR New Burdens Grants Reserve	140	28	168	(75)	93
Community Housing Reserve	107	(2)	105	(17)	88
RCCO* Earmarked Reserves	215	(30)	185	(110)	75
ICT Equipment Sinking Fund *	533	(364)	169	(99)	70
Garden Village Reserve	179	(13)	166	(119)	47
Total Revenue Earmarked Reserves	14,632	(1,165)	13,466	2,339	15,805

*RCCO – Revenue contributions to capital outlay.

The table on the previous page shows the General Fund earmarked reserves balances held at 31 March 2025. The Other General Fund Reserves <£100k relate to a large number of smaller reserves that are for specific projects that will be delivered in 2025/26 and future years e.g. Flood Defences at Bampton (£67k), Private Sector Housing Grants (82k) to meet future expenditure, Corporate Training (£71k) to develop our staff and the Municipal Mutual Insurance Limited (MMI) reserve held in respect of our liability going back some years.

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 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 will offset business rates deficits that will unravel in future years and help smooth the implications arising from the significant changes to the retention scheme in 2026/27. 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 1/4/2023 £'000	Movement £'000	Balance at 31/3/2024 £'000	Movement £'000	Balance at 31/3/2025 £'000
Housing Maintenance Fund	15,775	(1,832)	13,943	(1,805)	12,138
HRA - PWLB Loan Premium Reserve	5,073	855	5,928	906	6,834
Renewable Energy Fund	653	93	746	(210)	536
HRA Affordable Rent surplus	419	(25)	394	56	450
Decarbonisation Reserve	189	-	189	-	189
HRA - Vehicle Reserve	50	50	100	50	150
Sewage Treatment Works	30	-	30	-	30
Total Revenue Earmarked Reserves	22,189	(859)	21,330	(1,003)	20,327

The table above shows the Housing Revenue Account (HRA) earmarked reserves balances held at 31 March 2025. 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. In 2024/25, the reserve was used to mitigate the in-year deficit arising from several one off adjustments. The PWLB Loan Premium Reserve 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. Affordable Housing Contributions have since been moved to long term creditors to better reflect the conditions of the contributions and have resulted in a restatement of 2023/24 balances and movements.

Total Funds Unapplied	Balance at 1/4/2023 Restated (See Note 20) £'000	Transfers In £'000	Transfers Out £'000	31/3/2024 Restated (See Note 20) £'000	Transfers In £'000	Transfers Out £'000	Balance at 31/3/2025 £'000
Repaid PSH Grants	158	-	(84)	74	-	-	74
Affordable Housing Contributions	-	-	-	-	-	-	-
Cullompton Town Centre Relief Road	-	-	-	-	2,140	(2,098)	41
Devon County Council Funding	20	-	-	20	-	-	20
MHCLG Disabled Facilities Grant	1,007	272	(659)	620	621	(867)	374
Total Capital Grants Unapplied	1,185	272	(744)	713	2,761	(2,966)	508

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	2023/24 £'000	2024/25 £'000
Parish Council precepts payable	2,310	2,483
Payments to the Government housing capital receipts pool	-	-
(Gains)/Losses on the disposal of non current assets	344	(748)
Proceeds from Sale of Easements	(75)	-
Total	2,579	1,736

Councils can currently retain 100% of the Right-to-Buy receipts, have more freedom in using them for replacement housing, and combine them with other funding sources like section 106 contributions. This provides councils with greater control over how they use these funds to build and acquire affordable homes.

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	2023/24 £'000	2024/25 £'000
Interest payable and similar charges	1,263	1,191
Net interest on the net defined benefit liability	741	467
Interest receivable and similar income	(2,431)	(1,348)
(Gains)/Losses recognised under IFRS 9 Financial Instruments*	181	(86)
Total	(246)	224

* 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 £4,544k; this is an overall loss of £456k since the investment in 2015/16. The in-year gain of £86k 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	2023/24 Restated (See Note 20) £'000	2024/25 £'000
Council Tax income (including Parish Council Precepts receivable)	(9,090)	(9,602)
Non Domestic Rates	(4,562)	(5,011)
Non-ringfenced Government grants*	(1,667)	(1,764)
Capital grants and contributions*	(2,736)	(4,532)
Total	(18,056)	(20,910)

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

11 Council Leasing Arrangements

Change in Accounting Policy and Transition to IFRS 16 Lease Accounting

In 2024/25, the Council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value (value less than £5k) and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Council's incremental borrowing rate at that date;
- the weighted average of the incremental borrowing rates used to discount liabilities was 5.3%;
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded;
- all leases were assessed as to whether they were onerous at 31 March 2024 and it was determined that there were none.

This has resulted in the following additions to the Balance Sheet:

- £1,634k Property, Plant and Equipment – land and buildings (right-of-use assets);
- £197k Current creditors (lease liabilities);
- £746k Non-current creditors (lease liabilities).

The newly recognised lease liabilities of £197k compare with the operating lease commitments of £189k at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. During 2024/25 the Council entered into an additional land lease arrangement which explains the increase in the lease liability.

For future liabilities for Finance Leases see Note 57.

Authority as a Lessor

The gross value of assets held for use in operating leases as at 31 March 2025 was £12,252k (£12,312k at 31 March 2024). The reason for the increase in rental income is due to lease renewals taking place during the year and the decrease in the Net Book Value (NBV) is due to the change in value of these land & buildings at the 31 March 2025.

Authority as Lessor	2023/24			2024/25		
	Gross Value	Net Book Value	Rental Income	Gross Value	Net Book Value	Rental Income
	£'000	£'000	£'000	£'000	£'000	£'000
HRA Shops	1,388	1,388	(118)	1,400	1,400	(156)
General Fund Shops	3,661	3,661	(322)	3,435	3,435	(363)
Other GF Land & Buildings	5,225	5,225	(97)	5,363	5,363	(121)
Industrial Units	2,038	2,038	(143)	2,054	2,054	(98)
Total	12,312	12,312	(680)	12,252	12,252	(739)

The Council also received £389k from the rental of garages (£359k 2023/24) and £14,552k from council houses (£13,630k 2023/24). 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	2023/24 Number of Employees	2024/25 Number of Employees
£50,000 - £54,999	3	4
£55,000 - £59,999	9	10
£60,000 - £64,999	1	-
£65,000 - £69,999	-	3
£70,000 - £74,999	4	1
£75,000 - £79,999	-	1
£80,000 - £84,999	1	-
£85,000 - £89,999	1	-
£90,000 - £94,999	-	-
£95,000 - £99,999	1	2
£100,000 - £104,999	-	-
£105,000 - £109,999	-	1
£110,000 - £114,999	-	-
£115,000 - £119,999	-	-
£120,000 - £124,999	1	-
£125,000 - £129,999	-	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 (Including Allowances) £	Compensation for Loss of Employment £	Total Remuneration exc pension contributions £	Pension Contributions £	Total Remuneration inc pension contributions £
Chief Executive	2024/25	125,765	-	125,765	25,414	151,180
	2023/24	121,660	-	121,660	23,115	144,776
Deputy Chief Executive (S151)	2024/25	107,625	-	107,625	20,449	128,074
	2023/24	97,834	-	97,834	18,588	116,422
Director of Corporate Affairs & Business Transformation³	2024/25	-	-	-	-	-
	2023/24	17,057	-	17,057	3,241	20,297
Director of Place	2024/25	99,425	-	99,425	18,891	118,316
	2023/24	89,762	-	89,762	17,055	106,817
Director of Legal, HR & Governance (Monitoring Officer)	2024/25	99,655	-	99,655	18,891	118,546
	2023/24	80,226	-	80,226	15,199	95,426

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 2024/25 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.

13 Termination Benefits

During 2024/25 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.

2024/25				
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	-	9	9	25
Total	-	9	9	25

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
Total	-	6	6	14

14 External Audit Costs

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

External Audit Costs	2023/24 £'000	2024/25 £'000
Additional fees in relation to 2023-24 audit	-	27
Fees payable with regard to the annual audit fee	149	163
Fees payable for the certification of claims and returns	37	58
Additional Fees relating to previous year audit	40	-
Total	226	248

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.

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 2024/25.

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 2024 to 26 November 2024, one Officer of Mid Devon District Council was appointed as a Director of 3 Rivers Developments Ltd, the Council's arms length company. During 2024/25 a minimal cash balance held as a float to cover any unforeseen closedown costs was returned. No other transactions took place

16 Members' Allowances and Expenses

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

Members Allowances and Expenses	2023/24	2024/25
	£'000	£'000
Allowances	332	345
Expenses	8	8
Total	340	353

17 Acquired and/or Discontinued Activities

The Council did not acquire any new activities during 2024/25.

However, the Council discontinued its wholly owned subsidiary company, 3 Rivers Developments Ltd, with the company formally dissolved on 26 November 2024.

18 Depreciation and Impairment of Non-Current Assets

A decrease in house prices of between 2-5% led to a revaluation decrease across council dwellings. 2024/25 saw the completion of a number of housing schemes, as well as 7 additional purchases bringing a total of 57 properties into use. In line with standard valuation practice, these 57 properties have since been revalued at existing use value - social housing (EUV-SH). The discount factor of 65% for EUV-SH has been used in 2024/25. See Notes 27 and 58 for further details.

Depreciation and Impairment of Non Current Assets	2023/24	2024/25
	£'000	£'000
Depreciation	5,026	5,293
Heritage assets	-	167
Net reversal of impairment of non current assets	(2,395)	12,917
Total	2,631	18,376

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	2023/24	2024/25
	£'000	£'000
Housing Revenue Account - Minimum Revenue Provision		
HRA self-financing settlement	911	911
Housing developments after 1/4/13	47	1,162
Finance leases	33	38
	991	2,111
General Fund - Minimum Revenue Provision		
Assets acquired prior to 1/4/13	55	53
Assets acquired by PWLB loans after 1/4/13	100	100
Assets funded from internal borrowing	673	153
Finance leases	390	728
	1,217	1,033
Total	2,208	3,144

20 Prior Year Adjustment

The comparator figures for 2023/24 within the Main Statements and associated Notes have been restated to reflect an amendment to the treatment of S106 funding held by the Council. Previously, the funds were held in Earmarked Reserves or the Affordable Housing Reserve. However, monies advanced as S106 contributions, for which conditions have not been satisfied, should be carried in the Balance Sheet as Creditors.

Following a technical review, £3,161k was moved from Earmarked Reserves along with £1,314k from the Affordable Housing Reserve and into Creditors and held on the Balance Sheet. 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 and are retained in Earmarked Reserves until the balances are required to fund appropriate expenditure.

21 Pensions

All of the pension figures included in the 2024/25 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 5a – 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 2025, the Continuous Mortality Investigation Bureau Model (CMI) is continued to be used as the update 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	
	2023/24	2024/25
	£'000	£'000
Service cost comprising:		
Current service cost	2,527	2,567
(Gain) / loss from settlements	-	(32)
Financing and Investment Income and Expenditure		
Net interest expense	690	410
Administrative expenses	51	57
Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	3,268	3,002
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)	5,405	(1,103)
Experience gain/(loss) on defined benefit obligation	(292)	270
Actuarial gains and losses arising on changes in demographic assumptions	1,339	258
Actuarial gains and losses arising on changes in financial assumptions	844	14,078
Changes in effect of asset ceiling (onerous funding commitment)	(1,533)	(13,497)
Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	5,763	6
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	3,268	3,002
Actual amount charged against the General Fund Balance for pensions in the year:		
Employer's contributions payable to the scheme	3,416	3,581
Retirement benefits payable to pensioners	3,940	5,201

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	
	2023/24	2024/25
	£'000	£'000
Present value of the defined benefit obligation	96,572	85,930
Fair value of plan assets	(88,587)	(92,016)
Present value of the unfunded obligation	648	562
Impact of asset ceiling (onerous funding commitment)	1,533	15,105
Net liability from defined benefit obligation	10,166	9,581

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	
	2023/24	2024/25
	£'000	£'000
Opening fair value of scheme assets	79,071	88,587
Interest income	3,804	4,368
Remeasurement gain / (loss):		
The return on plan assets, excluding the amount included in the net interest expense	5,405	(1,103)
Administrative expense	(51)	(57)
Contributions from employer	3,416	3,581
Contributions from employees into the scheme	882	935
Benefits paid	(3,940)	(5,201)
Other	-	906
Closing fair value of scheme assets	88,587	92,016

Additional pension asset transfer into the pension scheme as a result of the closure of 3 Rivers Developments Ltd has resulted in an increase of £906k for 2024/25.

Local Government Pension Scheme assets comprised:

Local Government Pension Scheme assets comprised	Fair value of scheme assets			
	2023/24		2024/25	
	£'000	%	£'000	%
Cash and cash equivalents	1,994	2%	2,376	3%
Equities:				
UK	1,244	1%	2,044	2%
Overseas	47,367	53%	46,467	50%
Sub-total equities	48,611		48,511	
Bonds:				
Other Bonds	20,130	23%	21,775	24%
Sub-total bonds	20,130		21,775	
Other investments:				
Infrastructure	8,974	10%	9,536	10%
Property	6,804	8%	7,650	8%
Target Return Portfolio	2,092	2%	2,165	2%
Alternative Assets	(18)	0%	3	0%
Sub-total other investment funds	17,852		19,354	
Total assets	88,587		92,016	

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	
	2023/24 £'000	2024/25 £'000
Opening balance at 1 April	95,148	97,220
Current service cost	2,527	2,567
Interest cost	4,494	4,703
Contributions from scheme participants	882	935
Remeasurement (gains) and losses:		
Actuarial gains and losses arising on changes in demographic assumptions	(1,339)	(258)
Actuarial gains and losses arising on changes in financial assumptions	(844)	(14,078)
Experience loss/(gain) on defined benefit obligation	292	(270)
Benefits paid	(3,858)	(5,120)
Unfunded pension payments	(82)	(81)
Other	-	874
Closing balance at 31 March	97,220	86,492

Additional pension asset transfer into the pension scheme as a result of the closure of 3 Rivers Developments Ltd has resulted in a liability increase of £874k for 2024/25.

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 2025.

The significant assumptions used by the Actuary have been:

Mortality assumptions	Local Government Pension Scheme	
	2023/24	2024/25
Longevity at 65 for current pensioners		
Men	21.5	21.4
Women	22.7	22.7
Longevity at 65 for future pensioners		
Men	22.8	22.7
Women	24.1	24.1
Rate of increase in salaries	3.95%	3.90%
Rate of increase in pensions (CPI)	2.95%	2.90%
RPI inflation	3.25%	3.20%
Rate for discounting scheme liabilities	4.90%	5.80%

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	80,689	85,275	86,492	87,737	93,035
Projected service cost	1,589	1,834	1,901	1,969	2,268
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	86,999	86,591	86,492	86,392	86,003
Projected service cost	1,901	1,901	1,901	1,901	1,901
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	92,689	87,672	86,492	85,340	80,996
Projected service cost	2,282	1,972	1,901	1,832	1,575
Adjustment to life expectancy assumptions		+1 Year	None	-1 Year	
Present value of total obligation		89,579	86,492	83,528	
Projected service cost		1,966	1,901	1,837	

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.

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 £'000	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Community Assets £'000	Infrastructure Assets £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'000
Valued at Historical Cost - 2024/25	14,572	-	-	6,092	353	189	-	21,206
Valued at Fair Value - 2024/25	-	163,209	46,842	-	-	-	1,986	212,037
Total Valuation - 2024/25	14,572	163,209	46,842	6,092	353	189	1,986	233,243
Previous Fair Valuations								
2023/24	16,796	164,350	46,199	3,699	362	198	3,326	234,931
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

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

2024/25	Assets Under Construction	Council Dwellings	Other Land & Buildings	Vehicles Plant & Equipment	Community Assets	Infrastructure Assets	Surplus Assets	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Historic Cost or Fair Valuation								
At 1 April 2024	16,796	164,350	46,199	8,845	516	280	3,326	240,313
IFRS 16 Adoption	-	-	-	1,634	-	-	-	1,634
Revised Values as at 1 April 2024	16,796	164,350	46,199	10,479	516	280	3,326	241,947
Additions	11,125	4,436	888	1,857	-	-	-	18,306
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(3,043)	(1,514)	(931)	-	-	-	(5,489)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(12,630)	(159)	-	-	-	105	(12,684)
Derecognition - Disposals	(425)	(1,173)	(29)	(8)	-	-	(1,000)	(2,635)
Reclassification	(12,924)	11,269	1,529	126	-	-	(445)	(445)
At 31 March 2025	14,572	163,209	46,914	11,523	516	280	1,986	239,000
Accumulated Depreciation and Impairment								
At 1 April 2024	-	-	-	(5,147)	(154)	(82)	-	(5,382)
Depreciation charge	-	(2,508)	(1,546)	(1,215)	(9)	(9)	(5)	(5,293)
Depreciation written out to the Revaluation Reserve	-	2,508	1,474	931	-	-	5	4,918
Reclassification	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	-	-	-	-
At 31 March 2025	-	-	(72)	(5,431)	(163)	(91)	-	(5,757)
Net Book Value								
At 31 March 2025	14,572	163,209	46,842	6,092	353	189	1,986	233,243
At 31 March 2024	16,796	164,350	46,199	3,699	362	198	3,326	234,931
Nature of asset holding								
Owned	14,572	163,209	46,842	3,182	353	189	1,986	228,888
Subject to Finance Leases	-	-	1,445	2,910	-	-	-	4,355

2023/24	Assets Under Construction £'000	Council Dwellings £'000	Other Land & Buildings £'000	Vehicles Plant & Equipment £'000	Community Assets £'000	Infrastructure Assets £'000	Surplus Assets £'000	Total Property, Plant and Equipment £'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	-	-	-	-	-	-	-	-
Reclassification	-	-	(58)	58	-	-	-	-
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
<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

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 2023 £'000	Expenditure £'000	Amount Financed or Written Off £'000	Balance at 31 March 2024 £'000	Expenditure £'000	Amount Financed or Written Off £'000	Balance at 31 March 2025 £'000
Private Sector Housing Grants & Disabled Facilities Grants	-	659	(659)	-	867	(867)	-
Cullompton Town Centre Relief Road (HIF bid)	-	(2)	2	-	2,098	(2,098)	-
Shared Prosperity & Rural Prosperity Grants	-	280	(280)	-	598	(598)	-
Total	-	938	(938)	-	3,564	(3,564)	-

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	2023/24	2024/25
	£'000	£'000
Opening Capital Financing Requirement	64,592	62,234
Capital Investment		
Property, plant and equipment	26,807	18,306
Revenue Expenditure Funded from Capital under Statute (REFCUS)	938	3,564
Loans to third parties (net of repayments)	(13,809)	72
Adjust for Capital Expenditure Written Off to CIES*	-	(89)
Sources of Finance		
Capital receipts applied	(4,445)	(2,207)
Use of Major Repairs Allowance (MRA) to finance HRA new capital expenditure	(2,684)	(2,577)
Government grants and contributions	(3,757)	(8,045)
Direct revenue contributions	(3,201)	(1,177)
Statutory provision for the financing of capital investment	(2,208)	(3,144)
Closing Capital Financing Requirement	62,234	66,936
(Decrease)/Increase in Capital Financing Requirement	(2,358)	4,702

*Adjustment of £89k made to the CFR on the disposal of land at Post Hill to reflect an amount previously charged to revenue in a prior year.

25 Heritage Assets

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

	2023/24	2024/25
Heritage Assets Movements	£'000	£'000
Cost or Valuation		
At 1 April 2024	330	330
Additions	-	-
Donations	-	-
Disposals	-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	(6)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(167)
Total	330	157

The Council is the owner of some paintings, which are on loan to Tiverton Town Council and remain at the Town Hall, Tiverton. The paintings were valued by Bearnese Hampton and Littlewood Auctioneers and Valuers as at March 2025, the reduction in the value of the assets is due to the expert assessing one of the artworks as not being an original but in the manner of Sir Joshua Reynolds.

The civic regalia was valued by Bearnese Hampton and Littlewood Auctioneers and Valuers as at February 2025, noting that the items were silver gilt and not solid silver.

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.

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 2025.

Commitments under Capital Contracts	2023/24	2024/25
	£'000	£'000
Various Major Repairs Allowance Works to Maintain Council Housing Stock	1,741	1,900
Property Lease Contracts	378	1,445
Vehicle Lease Contracts	1,961	2,905
Modular Housing Development Projects	371	549
Total	4,451	6,799

Contracts relating to Major Repairs Works to Council Housing stock include 2025/26 planned maintenance spend: roofing £600k, modernisation of kitchens and bathrooms 400k, Flooring and structural works £500k and window replacement £400k.

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 2025 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 2025. 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 2025.

28 Short-Term and Long-Term Borrowing

As at the 31 March 2025 the Council had two long-term loans outstanding from the Public Works Loan Board (PWLB) with an outstanding balance of £29,398k.

- 1 - £26,580k to fund the Housing Revenue Account stock purchase - 25 year loan @ 2.94% maturing 28 March 2037;
- 2 - £2,819k 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 31/3/2024	Balance at 31/3/2025
		£'000	£'000
Public Works Loan Board	< 1 year	1,975	2,033
	2 - 5 years	8,496	8,745
	Over 5 years	20,903	18,620
Total loan value outstanding		31,373	29,398

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 £340k as at 31 March 2025 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	2023/24	2024/25
	£'000	£'000
Park Lodge - Land	95	102
Park Lodge - Building	221	238
Total	316	340

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:

	2023/24		2024/25	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets	£'000	£'000	£'000	£'000
Financial Assets				
Long term investment	4,458	4,458	4,544	4,544
Short term investment	12,000	12,000	9,000	9,000
Cash and cash equivalents	3,401	3,401	3,392	3,392
Loans and trade receivables	3,776	3,776	3,890	3,890
Total	23,635	23,635	20,826	20,826
Financial Liabilities				
Long term borrowing	(31,373)	(29,855)	(29,398)	(27,282)
Finance leases	(2,017)	(2,017)	(4,355)	(4,355)
Trade payables	(1,311)	(1,311)	(1,986)	(1,986)
Total	(34,701)	(33,183)	(35,739)	(33,622)

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

2024/25	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	899	-	-	-	899
Interest payable on finance leases	-	292	-	-	292
Interest payable and similar charges	899	292	-	-	1,191
Interest income	-	-	(1,121)	-	(1,121)
Dividends received	-	-	(227)	-	(227)
Interest and investment income	-	-	(1,348)	-	(1,348)
Fair Value adjustment	-	-	-	(86)	(86)
Net (gain)/loss for the year	899	292	(1,348)	(86)	(243)

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)
Dividends received	-	-	(234)	-	(234)
Interest and investment income	-	-	(2,431)	-	(2,431)
Fair Value adjustment	-	-	-	181	181
Net (gain)/loss for the year	1,077	186	(2,431)	181	(987)

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 £27,282k 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 (£2,116k) 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 2025 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	2023/24 £'000	2024/25 £'000
CCLA Property Fund	4,458	4,544
Total	4,458	4,544

At the 31 March 2025, the Council held 1,634,480 units in the CCLA Local Authorities' Mutual Investment Trust Commercial Property Fund. During 2024/25, the income received amounted to £227k, a 4.54% return for the year. The carrying value of the investment in the Balance Sheet at 31 March 2025 based upon the Fair Value amounted to £4,544k.

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)	2023/24 £'000	2024/25 £'000
Other entities and individuals	2,143	2,237
Total	2,143	2,237

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 %	2023/24	2024/25
	From	To		£'000	£'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	
London Borough of Waltham Forest	03/09/2024	03/06/2025	4.85%		3,000
Uttlesford District Council	07/11/2024	07/08/2025	5.05%		3,000
Chesterfield Borough Council	09/12/2024	09/06/2025	5.60%		3,000
Total				12,000	9,000

This table excludes a £1,500k deposit with the Debt Management Office (DMO) placed for a period of 5 days on 27/03/2025 at an interest rate of 4.45%. Due to the duration of this loan being less 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	2023/24 £'000	2024/25 £'000
Opening Balance	30	3,104
Additions	3,135	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-	170
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(31)	(233)
Derecognition - Disposals	(30)	-
Reclassification	-	445
Net Book Value	3,104	3,486

Park Road Nursery has been reclassified as an asset held for sale, and subsequently revalued upward. The five unsold newly built houses at Haddon Heights (Elizabeth Penton Way) are being marketed for sale via Seddon's estate agents. The sale price has been reduced in year.

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 £407k:

Inventories	2023/24 £'000	2024/25 £'000
Raw materials	339	407
Total	339	407

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

Debtors are amounts owed to the Council as at 31 March 2025.

Short Term Debtors (amounts due in less than 12 months)	2023/24 £'000	2024/25 £'000
Trade Receivables	640	979
Central Government Bodies	2,509	3,381
Other Local Authorities	1,324	1,158
NDR Total Debtor	500	630
Council Tax Total Debtor	2,139	997
Housing Benefits	417	308
Other Receivable Amounts	2,367	3,654
Prepayments	290	232
Less Impairment Allowances	(1,893)	(2,014)
Total	8,292	9,325

The short term debtors stated above include the following main items:

- Trade Receivables – these are amounts outstanding on our sales ledgers and vary due to timing differences in when invoices are raised.
- Central Government Bodies – £714k of VAT reclaimed from HMRC, £2,140k Homes England grant funds, £323k Housing Benefits claim and £140k Elections income due in 2025/26.
- Other Local Authorities – this amount includes £144k Household Support Fund 6 (HSF6) grant, £412k Waste Shared Savings Scheme and £123k Recycling credits from Devon County Council, £195k accrued temporary investment interest and £84k for the Dual Use Agreement with Cullompton Community College.
- NDR and Council Tax – these include the debtors for tax arrears shown in Note 37, plus balances due back to the Council from preceptors or Government.
- Other Receivable Amounts – £1,017k of outstanding HRA rents, £1,577k outstanding capital project income and £776k outstanding loan repayment.
- Impairment Allowances are set to adjust for debts that may not be repaid – Council Tax £463k, NDR £342k, Sales Ledger £210k, HRA Rents £853k and Housing Benefit £145k. Each is assessed individually with appropriate assumptions to derive these values.

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 form part of the short term debtors stated in Note 36.

Debtors for Local Taxation	Non-Domestic Rates		Council Tax Precepts	
	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000
Up to one year	198	212	478	519
Less impairment allowance	(77)	(84)	(93)	(111)
Up to one year	121	128	385	408
One to three years	236	198	336	322
Less impairment allowance	(192)	(161)	(200)	(197)
One to three years	44	37	136	125
Over 3 years	66	98	122	156
Less impairment allowance	(65)	(97)	(121)	(154)
Over 3 years	1	1	1	2
Total Debtors for Local Taxation	500	508	936	997
Total Debtors for Local Taxation less impairment allowance	166	166	522	535

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	2023/24	2024/25
	£'000	£'000
Cash held by the Authority	1	1
Bank current accounts	1,400	1,891
Short-term deposits with financial institutions	2,000	1,500
Total	3,401	3,392

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

Creditors are amounts owed by the Council as at 31 March 2025.

Short Term Creditors (amounts due in less than 12 months)	2023/24	2024/25
	£'000	£'000
Central Government Bodies	(2,091)	(1,251)
NDR Preceptors	(2,336)	(2,096)
Council Tax Preceptors	(171)	(202)
Other Local Authorities	(287)	(2,329)
Trade Payables	(1,936)	(2,772)
Other Payables	(1,186)	(1,669)
Total	(8,008)	(10,319)

The main creditors outstanding as at 31 March 2025 are:

- Central Government Bodies – Includes £710k of Capital Receipts, £135k of NDR transitional relief, £200k of Homes for Ukraine and some other small grants due to be repaid or utilised in 2025/26.
- 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.
- 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.
- Other Local Authorities – £2,043k to Devon County Council for Cullompton Town Centre relief road.
- 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 2025.
- Other Payables – Finance Leases £805k, Service charge funds of £168k and receipts in advance £473k.

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

Long Term Creditors (amounts due in more than 12 months)	2023/24	2024/25
	Restated (See Note 20)	
	£'000	£'000
Finance Lease Liability	(1,568)	(3,550)
S106 Contributions	(4,560)	(4,319)
Other Payables	(35)	(24)
Total	(6,163)	(7,893)

The increase in the finance lease liability is down to the recognition of property leases following the implementation of IFRS 16 and additional vehicle leases taken on during the year. See Note 57 for more detail.

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	2023/24 £'000	2024/25 £'000
HRA Housing Rent Refund Provision	(1,545)	(1,777)
Non Domestic Rates (NDR) Appeals	(640)	(560)
Reimbursement of Anticipated Legal Costs	-	(32)
Total	(2,185)	(2,369)

HRA Housing Rent Refund Provision

Following the publication of the draft Statement of Accounts for 2023/24, an error with how formula rent had been calculated was discovered. Instead of using the capital value of each property to calculate the formula rent, an average capital value of the Council's housing stock was used. This has resulted in just under half (43%) of the Council's social rent tenants being overcharged rent, with the rest being undercharged. A provision has been created to cover refunds for overpayments based on an estimate of what may be due back to tenants. Work is ongoing to calculate actual refunds due to individual tenants, with the refund process due to start in the financial year 2025/26.

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 £1,400k in respect of the Non Domestic Rates Collection Fund. The Council's 40% share of this being £560k. 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. The S151 Officer recommends that a minimum balance of £2,000k is held, however at present the balance is below this following the creation of the Social Rent Refund Provision. Work is in train during 2025/26 that will also be linked to the 2026/27 budget setting process to replenish this reserve back to the agreed level;
- 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 1/4/2023	Movement	Balance at 31/3/2024	Movement	Balance at 31/3/2025
	Restated (See Note 20) £'000	£'000	£'000	£'000	£'000
General Fund Balance	(2,025)	-	(2,025)	-	(2,025)
Earmarked General Fund Reserves	(14,631)	1,165	(13,466)	(2,339)	(15,806)
General Fund Total	(16,656)	1,165	(15,491)	(2,339)	(17,830)
Housing Revenue Account	(2,000)	1,545	(455)	-	(455)
Earmarked HRA Reserves	(22,190)	860	(21,330)	1,003	(20,327)
Capital HRA Reserves	(1,375)	(147)	(1,522)	(194)	(1,717)
HRA Total	(25,565)	2,258	(23,307)	809	(22,498)
Capital Receipts Reserve	(7,309)	3,492	(3,817)	(605)	(4,423)
Capital Grants Unapplied	(1,185)	472	(713)	205	(508)
Capital Total	(8,494)	3,964	(4,530)	(401)	(4,931)
Total Usable Reserves	(50,715)	7,387	(43,328)	(1,931)	(45,259)

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	2023/24	2024/25
		£'000	£'000
Revaluation Reserve	44	(18,939)	(17,928)
Capital Adjustment Account	45	(159,406)	(153,106)
Deferred Capital Receipts Reserve	46	(148)	(175)
Pensions Reserve	47	10,166	9,581
Collection Fund Adjustment Account	48	(124)	93
Accumulating Compensated Absences Adjustment Account	49	135	110
Financial Instruments Adjustment Account	9	542	456
Total		(167,774)	(160,968)

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. The numbers in the following table relate to PPE (Note 22), Heritage Assets (Note 25) and Assets Held for Sale (Note 34).

Revaluation Reserve	2023/24 £'000	2024/25 £'000
At 1 April	(18,124)	(18,939)
Upward revaluation of assets	(2,249)	(1,294)
Downward revaluation of assets and impairment losses not posted to the Surplus or Deficit on the Provision of Services	773	1,701
Total of revaluations (surplus)/deficit	(1,476)	407
Surplus/deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(19,600)	(18,531)
Accumulated gains on assets sold	72	5
Difference between fair value depreciation and historical cost depreciation	589	598
Amount written off to Capital Adjustment Account	661	603
At 31 March	(18,939)	(17,928)

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. The numbers in the following table relate to PPE (Note 22), Heritage Assets (Note 25) and Assets Held for Sale (Note 34).

Capital Adjustment Account	2023/24 £'000	2024/25 £'000
At 1 April	(147,659)	(159,406)
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	5,026	5,293
Revaluation gains on Property, Plant and Equipment (PPE)	(2,395)	12,917
Revenue Expenditure Funded from Capital Under Statute (REFCUS)	938	3,564
Heritage asset revaluation	-	167
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	1,154	2,108
Adjusting amounts written out of the Revaluation Reserve	(589)	(598)
Net written out amount of the cost of non current assets consumed in the year	(143,525)	(135,955)
Capital financing applied in the year		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,445)	(2,207)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,684)	(2,577)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(3,032)	(5,079)
Application of grants to capital financing from the Capital Grants Unapplied Account	(725)	(2,966)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(2,208)	(3,144)
Capital expenditure charged against the General Fund and HRA balances	(3,201)	(1,177)
Impairment of financial instruments classified as capital transactions	414	-
At 31 March	(159,406)	(153,106)

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; then 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 2024/25 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	2023/24	2024/25
	£'000	£'000
At 1 April	(157)	(148)
Revaluations	9	(27)
Transfer to the Capital Receipts Reserve upon receipt of cash	-	-
At 31 March	(148)	(175)

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	2023/24	2024/25
	£'000	£'000
At 1 April	16,077	10,166
Remeasurement of net defined liability	(5,763)	(6)
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	3,268	3,002
Employer's pension contributions and direct payments to pensioners payable in the year	(3,416)	(3,581)
At 31 March	10,166	9,581

Pension reserve balance includes £751k relating to the secondary rate contribution for 2024/25.

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		2023/24	2024/25
		£'000	£'000
At 1 April		73	42
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		(31)	(151)
At 31 March		42	(108)

The balance of £108k represents MDDC's share (13.09%) of the overall Council Tax Collection Fund surplus of £829k at 31 March 2025 (£42k deficit at 31 March 2024) (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		2023/24	2024/25
		£'000	£'000
At 1 April		67	(166)
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		(233)	368
At 31 March		(166)	202

The balance of £202k represents MDDC's share (40%) of the overall NDR Collection Fund deficit of £618k at 31 March 2025 (£166k surplus at 31 March 2024), which is £247k; reduced by the element owed from Renewable Energy Schemes of £45k.

49 Accumulated Compensating Absences Adjustment Account

Accumulating Compensating Absences Adjustment Account	2023/24 £'000	2024/25 £'000
At 1 April	204	135
Settlement or cancellation of accrual made at the end of the preceding year	(204)	(135)
Amounts accrued at the end of the current year	135	110
At 31 March	135	110

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 further improvements in the management of annual leave balances across the Council.

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	2023/24 Restated (See Note £'000	2024/25 £'000
Depreciation	5,026	5,293
Impairment	(2,395)	13,083
Increase/(Decrease) in Impairment for Bad Debt	27	121
Increase/(Decrease) in Creditors	(2,150)	1,535
Increase/(Decrease) in Provisions	1,309	184
(Increase)/Decrease in Debtors	18,143	(1,248)
(Increase)/Decrease in Inventories	28	(68)
Carrying Amount of Non-Current Assets Sold	1,226	2,113
Pension Liability Reversal	(148)	(578)
Fair Value Equity Instrument Revaluation	181	(86)
Other Adjustments	(162)	-
Total	21,085	20,349

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	2023/24 £'000	2024/25 £'000
Other receipts from financing activities	(2,671)	(4,532)
REFCUS adjustment	938	3,564
Proceeds from the sale of Property, Plant and Equipment & Investment Property	(957)	(2,861)
Interest Paid	1,263	1,191
Interest received	(2,431)	(1,348)
Total	(3,858)	(3,986)

52 Cash Flow – Operating Activities on the Balance Sheet

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

Cash Flow Statement - Operating Activities on the Balance Sheet	2023/24 £'000	2024/25 £'000
Grant Funds Received		
Homes for Ukraine	273	384
Grant Funds Paid to Businesses/Beneficiaries		
Council Tax Energy Rebate	(47)	-
Alternative Fuel Payment £400	(275)	-
Alternative Fuel Payment £200	(123)	-
Homes for Ukraine	(426)	(215)
Increase/(Decrease) in Grant Funds held on the Balance Sheet	(598)	169

The items listed in the above table mainly relate to various Government grant schemes that the Council has administered. These schemes have gradually reduced in number and monetary value over the last few years, with the Homes for Ukraine scheme now the only live one.

53 Cash Flow – Investing Activities

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

Cash Flow Statement - Investing Activities	2023/24	2024/25
	£'000	£'000
Purchase of Property, Plant and Equipment (PPE) & Investment Property	(26,348)	(15,201)
Other cash payments (REFCUS)	(938)	(3,564)
Proceeds from the sale of Property, Plant and Equipment & Investment Property	957	2,861
Capital grants received	2,671	4,532
Purchase of temporary investments	4,000	3,000
Interest received	2,431	1,348
Interest paid	(1,263)	(1,191)
Net cash flows from investing activities	(18,490)	(8,215)

54 Cash Flow – Financing Activities

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

Cash Flow Statement - Financing Activities	2023/24	2024/25
	£'000	£'000
Cash payments for the reduction of the outstanding liabilities relating to finance leases	(423)	(766)
PWLB debt repayment	(1,937)	(1,975)
Net cash flows from financing activities	(2,360)	(2,741)

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	2023/24 £'000	2024/25 £'000
Council Tax Support Scheme New Burdens	(10)	-
Covid-19 Non-Ring Fenced Government Grants	(109)	-
Funding Guarantee Grant	(493)	(564)
New Homes Bonus	(320)	(414)
Revenue Support Grant	(98)	(105)
Rural Services Delivery Grant	(547)	(634)
Services Grant	(82)	(15)
Other Non-Ring Fenced Government Grants	(8)	(32)
Total	(1,667)	(1,764)

Credited to Services

Credited to Services	2023/24 £'000	2024/25 £'000
Business Rates - Cost of Collection Grant	(121)	(123)
Council Tax Support Scheme	(95)	-
Disabled Facilities Grant	(270)	(254)
Garden Communities Programme	(145)	-
Historic England	(588)	(13)
Homelessness Prevention Grant (HPG)	(362)	(370)
Homes For Ukraine - Service funding & staffing costs	(251)	(116)
Household Support Fund	(482)	(501)
Housing Benefit & CTB Admin Grant	(156)	(154)
Housing Benefit Subsidy	(10,896)	(10,530)
Homes and Communities Agency Grant	-	(109)
Rough Sleeping Initiative	(102)	(159)
Rural England Prosperity Fund	(145)	-
Section 106s	(21)	(1,425)
Shared Prosperity Fund (Revenue)	(318)	(406)
Other Grants & Contributions	(643)	(517)
Total	(14,595)	(14,677)

Capital Grants applied to the Income and Expenditure Account

Capital Grants applied to the Income and Expenditure Account	2023/24	2024/25
	Restated (See Note 20) £'000	£'000
Affordable Housing	(65)	-
Care Leaver Funding	-	(338)
Changing Places Grant	(62)	(86)
Disabled Facilities Grant	-	(10)
Homes and Communities Agency Grant	(173)	(3,241)
Homes for Ukraine Scheme	(788)	(187)
Housing Infrastructure Fund	-	(41)
Local Authority Housing Fund	(1,124)	(15)
One Public Estate Funding	(607)	(50)
Prisoners Building Homes	-	(174)
Repaid Private Sector Housing Grants	84	-
Revenue Contributions to Capital Outlay - S106	-	(15)
Rural England Prosperity Fund	-	(182)
Salix	-	(38)
Shared Prosperity Fund	-	(109)
Sports England Funding	-	(46)
Total	(2,736)	(4,532)

56 Contingent Assets and Liabilities

The Council has no Contingent Assets or Contingent Liabilities at the 31 March 2025.

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.

Authority as Lessee

Finance Leases

From 1st April 2024 IFRS16 came into effect, the main impact of the new requirement is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are brought into the balance sheet. Leases for items of low value and leases that expire on or before the 31st March 2024 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1st April 2024. This means that the right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always been applied and prior year figures have not been adjusted.

The impact of IFRS 16 is as follows:

- £1,445k future financing liability for Waste & Recycling depot – added to Property, Plant & Equipment – land & buildings (right-of-use-assets)

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	2023/24 £'000	2024/25 £'000
Not later than one year - Vehicles	398	607
Not later than one year - Equipment	51	1
Not later than on year - Land & Buildings	-	197
	449	805
Later than one year and not later than five years - Vehicles	1,225	1,918
Later than one year and not later than five years - Equipment	5	3
Later than on year and not later than five years - Land & Buildings		746
	1,230	2,667
Later than five years - Vehicles	338	380
Later than five years - Equipment	-	-
Later than five years - Land & Buildings		503
	338	883
Total	2,017	4,355

Authority as Lessor

Finance Leases

The Council holds no finances 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	2023/24	2024/25
	£'000	£'000
Not later than one year - GF Land & Buildings	372	437
Not later than one year - Industrial Units	19	33
Not later than one year - HRA Commercial Units	34	74
	425	544
Later than one year and not later than five years - GF Land & Buildings	987	901
Later than one year and not later than five years - Industrial Units	63	102
Later than one year and not later than five years - HRA Commercial Units	84	255
	1,134	1,258
Later than five years - GF Land & Buildings	570	791
Later than five years - Industrial Units	21	20
Later than five years - HRA Commercial Units	22	299
	613	1,110
Total	2,172	2,912

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 2024/25.

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	2023/24	2024/25
	£'000	£'000
Council Dwellings	4,405	(12,629)
Other Land & Buildings	576	(159)
Surplus Assets	(2,554)	105
Heritage Assets	-	(167)
Assets Held For Sale	(31)	(233)
Total	2,395	(13,083)

There is a net revaluation decrease of £12,629k for 2024/25. A decrease in house prices of between 2-5% led to a revaluation decrease of £4,170k across council dwellings. 2024/25 saw the completion of a number of housing schemes, bringing a total of 50 properties into use. In line with standard valuation practice, these 50 properties have since been revalued at existing use value - social housing (EUV-SH) which has resulted in a revaluation decrease of £7,761k. Additionally 7 additional properties have been purchased and revalued at EUV-SH resulting in a revaluation decrease of £702k. The impairment in assets held for sale shows the reduction in sale price of the Haddon Heights Properties.

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 13 June 2025. Where events took place before 13 June 2025, provided information about conditions existing as at 31 March 2025, 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 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		2023/24	2024/25
	Note	£'000	£'000
Expenditure			
Repairs and maintenance		4,038	5,309
Supervision and management		3,763	4,074
Depreciation and impairment/(revaluation) of Non-Current Assets		(1,021)	15,443
Rents, rates, taxes and other charges		77	240
Increase/(Decrease) in bad debt provision		142	97
Total Expenditure		6,999	25,163
Income			
Dwelling rents	72	(13,630)	(14,552)
Dwelling rents - refund provision for formula rent correction		1,545	232
Non-dwelling rents		(506)	(532)
Other chargeable services and facilities		(511)	(367)
Total Income		(13,102)	(15,219)
HRA services share of corporate and democratic core		165	160
HRA share of other amounts included in the Council's net expenditure of continuing operations but not allocated to specific services		296	295
Net Income or Expenditure of HRA Services as included in the Council's Comprehensive Income and Expenditure Statement		(5,642)	10,398
(Gain)/loss on sale of HRA fixed assets		317	(685)
Interest payable and similar charges - see note below	74	1,045	873
Interest and investment income		(598)	(459)
Capital grants and contributions receivable		(780)	(3,803)
(Surplus) for the year on HRA Services		(5,658)	6,325

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		2023/24	2024/25
	Note	£'000	£'000
Balance on the HRA at the end of the previous year		(2,000)	(455)
Deficit / (Surplus) for the year on the HRA Income and Expenditure Account		(5,658)	6,325
Adjustments between accounting basis and funding basis under statute	60	8,063	(5,322)
Net (increase) or decrease before transfers to or from reserves		2,405	1,003
Transfers (to) or from reserves		(860)	(1,003)
(Increase) or decrease in year on the HRA		1,545	-
Balance on the HRA at the end of the year		(455)	(455)

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 2024/25	Usable Reserves				
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'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	(2,814)	-	-	-	2,814
Revaluation (losses)/gains on Property, Plant and Equipment	(12,629)	-	-	-	12,629
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	(2,105)	-	-	-	2,105
Capital grants and contributions applied	3,803	-	-	-	(3,803)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement					
Statutory provision for the financing of capital investment	2,111	-	-	-	(2,111)
Capital expenditure charged against the General Fund and HRA balances	538	-	-	-	(538)
Adjustments primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment account	-	-	-	-	-
Adjustments involving the Capital Receipts Reserve					
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,763	(2,763)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	390	-	-	(390)
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	(21)	21	-	-	-
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	27	-	-	-	(27)
Transfer of deferred capital receipts realised in year to the Capital Receipts Reserve	-	-	-	-	-
Subtotal	(8,326)	(2,352)	-	-	10,678

Adjustments	Usable Reserves				Movement in Unusable Reserves
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
2024/25	£'000	£'000	£'000	£'000	£'000
Balance Brought Forward	(8,326)	(2,352)	-	-	10,678
Adjustment involving the Major Repairs Reserve					
Reversal of Major Repairs Allowance credited to the HRA	2,772	-	(2,772)	-	-
Use of the Major Repairs Allowance to finance new capital expenditure	-	-	2,577	-	(2,577)
Interest credited to the Major Repairs Allowance	-	-	-	-	-
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	-	-	-	-	-
Adjustment involving the Pensions Reserve					
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	232	-	-	-	(232)
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	2	-	-	-	(2)
Total Adjustments	(5,322)	(2,352)	(194)	-	7,868

Adjustments	Usable Reserves				
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'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	(2,831)	-	-	-	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 primarily involving the Capital Grants Unapplied Account					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-	-	-
Application of grants to capital financing transferred to the Capital Adjustment account	-	-	-	-	-
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 capital receipts realised in year to the Capital Receipts Reserve	(9)	-	-	-	9
Subtotal	5,030	2,841	-	-	(7,871)

Adjustments	Usable Reserves				
	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	2023/24	£'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)
Interest credited to the Major Repairs Allowance		-	-	-	-
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		-	-	-	-
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)

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 2024	2,937	1,225	4,162
Additions	57	-	57
Sales	(16)	(1)	(17)
Written Out	(3)	-	(3)
Reclassified	-	-	-
Transfers	-	-	-
At 31 March 2025	2,975	1,224	4,199

62 Number of Dwellings by Type

Type Of Dwelling	2023/24 No. of Units	2024/25 No. of Units
Houses	1,347	1,347
Bungalows	1,003	1,001
Flats	587	627
Total	2,937	2,975

63 HRA Dwelling Valuation

The vacant possession value of dwellings in the HRA is £466,313k as at the 1 April 2025, down by £3,259k 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 £163,210k 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 2024/25, the discount applied to determine this second valuation is 65%.

HRA Dwelling Valuation	2023/24 £'000	2024/25 £'000
Vacant Possession Value	469,572	466,313
Existing Use Value for Social Housing (EUV-SH) @ 35%	164,350	163,210

64 HRA Non-Current Asset Values

HRA Non-Current Asset Values	2023/24 £'000	2024/25 £'000
Dwellings	164,350	163,210
Other land and buildings	7,198	7,199
Vehicles, plant and equipment	227	189
Surplus sites	1,000	-
Infrastructure assets	136	129
Assets under construction	15,104	14,199
Total	188,015	184,926

Assets under construction includes costs to date for 18 housing developments.

65 Capital Expenditure

Capital expenditure within the HRA for 2024/25 and how it has been funded is shown below:

Expenditure	2023/24 £'000	2024/25 £'000
Improvements to dwellings	3,117	3,331
Construction of dwellings & Right To Buy buybacks	480	1,037
Assets under construction	12,950	10,363
Vehicle leasing	106	-
Total	16,653	14,731

Funding	2023/24 £'000	2024/25 £'000
Major repairs reserve	2,684	2,577
Capital grants	846	3,811
Revenue contribution	2,568	538
Borrowing	6,305	6,813
Usable capital receipts	4,250	992
Total	16,653	14,731

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	2023/24	2024/25
	£'000	£'000
At 1 April	1,375	1,523
Amount transferred from Housing Revenue Account	2,831	2,772
Capital expenditure incurred during the year	(2,684)	(2,577)
At 31 March	1,523	1,718

67 Capital Receipts

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

Capital Receipts	2023/24	2024/25
	£'000	£'000
Sale of council houses	851	1,758
Sale of land	25	1,005
Total	876	2,763

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 the Adjustments between Accounting Basis and Funding Basis under Regulations. See Note 60.

Pension Liability: Current Year Costs	2023/24	2024/25
	£'000	£'000
Net interest on the defined benefit liability	(192)	(232)
Total	(192)	(232)

69 HRA Arrears

At 31 March 2025, the total arrears as a proportion of gross dwelling rent income (£14,552k) totalled 6.7% (6.7% at 31 March 2024). Rent written off during 2024/25 amounted to £74k (£28k in 2023/24). The breakdown of the total arrears is shown below.

HRA Arrears	2023/24	2024/25
	£'000	£'000
Rent (dwellings & garages)	614	636
Housing benefit overpayments	22	31
Court costs	19	20
Rechargeable Repairs	212	223
Other	43	64
Total	911	975

70 Bad Debt Provision

The provision for bad debt for the HRA stands at £853k as at 31 March 2025 (£756k as at 31 March 2024). 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 84%.

71 Rents Paid in Advance

Rents Paid in Advance	2023/24	2024/25
	£'000	£'000
Dwellings rental income paid in advance	217	328

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 £96.81 per week based on a 52 week year (2023/24 £89.81).

73 Depreciation of Fixed Assets

Depreciation

Operational Assets	2023/24 £'000	2024/25 £'000
Dwellings	2,548	2,508
Other land and buildings	238	259
Infrastructure	8	8
Vehicles, plant and equipment	36	38
Total	2,831	2,814

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

There is a net revaluation decrease of £12,629k for 2024/25. A decrease in house prices of between 2-5% led to a revaluation decrease of £4,170k across council dwellings. 2024/25 saw the completion of a number of housing schemes, bringing a total of 50 properties into use. In line with standard valuation practice, these 50 properties have since been revalued at existing use value - social housing (EUV-SH) which has resulted in a revaluation decrease of £7,761k. Additionally 7 additional properties have been purchased and revalued at EUV-SH resulting in a revaluation decrease of £702k.

Operational Assets	2023/24 £'000	2024/25 £'000
Dwellings	(4,405)	12,629
Other land and buildings	(4)	-
Surplus sites	556	-
Total (Increase)/Decrease in Valuation	(3,852)	12,629

74 Interest Payable and Similar Charges

Interest payable and similar charges	2023/24	2024/25
	£'000	£'000
Interest charges on finance leases	12	14
PWLB loan interest - HRA self financing	874	822
Interest on S106 charges Post Hill	119	-
Internal self financing - General Fund (Wells Park, Crediton)	40	37
Total	1,045	873

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 are required to make payments of £2,645k per annum (£822k interest and £1,823k principal in 2024/25).

Self Financing Settlement Payment	2023/24	2024/25
	£'000	£'000
Opening Balance	(30,173)	(28,402)
Repaid in Year	1,771	1,823
Closing Balance	(28,402)	(26,579)

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		2023/24	2024/25
	Notes	£'000	£'000
Income			
Council Tax receivable		(69,185)	(74,067)
Transfer for Transitional Relief, S13A Reliefs and discount for prompt payment		(101)	(80)
Total Income		(69,286)	(74,147)
Expenditure			
Precepts, Demands and Shares	79		
- Devon County Council		48,751	51,851
- Mid Devon District Council		6,724	7,016
- Devon & Cornwall Police & Crime Commissioner		7,803	8,296
- Devon & Somerset Fire & Rescue Authority		2,888	3,013
- Parish Precepts		2,310	2,483
		68,476	72,659
Charges to Collection Fund			
- Change in allowance for impairment		386	701
		386	701
Apportionment of previous year's surplus/(deficit)			
- Devon County Council		136	(258)
- Mid Devon District Council		25	(48)
- Devon & Cornwall Police & Crime Commissioner		23	(41)
- Devon & Somerset Fire & Rescue Authority		7	(15)
		191	(362)
Total Expenditure		69,053	72,998
(Surplus) / Deficit for the year		(233)	(1,149)
Opening Balance at 1st April		553	320
Closing Balance at 31 March	48	320	(829)

The £829k represents the overall surplus on the Council Tax element of the Collection Fund at 31 March 2025 (2023/24 £320k deficit). Of this 13.09% is attributable to MDDC, which equates to £108k (2023/24 £42k – 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		2023/24	2024/25
	Notes	£'000	£'000
Income			
NDR receivable	77	(15,437)	(17,306)
Transitional Protection Payments		(2,383)	(962)
Total Income		(17,820)	(18,268)
Expenditure			
Payments of NNDR1 proportionate shares			
- Central Government		8,461	9,152
- Devon County Council		1,523	1,647
- Mid Devon District Council		6,769	7,322
- Devon & Somerset Fire & Rescue Authority		169	183
		16,922	18,304
Charges to Collection Fund			
- Write offs / (Write ons) charged to Collection Fund		(17)	(3)
- Change in allowance for impairment		232	75
- Appeals and list alterations charged to Collection Fund		(51)	(152)
- Change in provision for alteration of lists & appeals		(38)	(48)
- Allowance for cost of collection		121	123
- Disregarded amounts - renewable energy		343	403
		590	398
Apportionment of previous year's Surplus/(Deficit)			
- Central Government		(224)	335
- Devon County Council		(40)	60
- Mid Devon District Council		(179)	268
- Devon & Somerset Fire & Rescue Authority		(4)	7
		(447)	670
Total Expenditure		17,065	19,373
(Surplus) / Deficit for the year		(755)	1,105
Opening Balance at 1st April		267	(487)
Closing Balance at 31 March (Surplus) / Deficit	48	(487)	618

The £618k represents the overall deficit on the NDR element of the Collection Fund at 31 March 2025 (2023/24 £487k surplus). Of this 40% is attributable to MDDC, which equates to a deficit of £247k. (2023/24 £195k surplus – 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 (£54,793k at 31 March 2025) multiplied by a uniform rate (54.6p or 49.9p for those receiving small business relief for 2024/25). 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 lowers the levy paid on any growth and 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 £9,512k awarded in various discretionary and mandatory reliefs.

78 Calculation of Council Tax Base

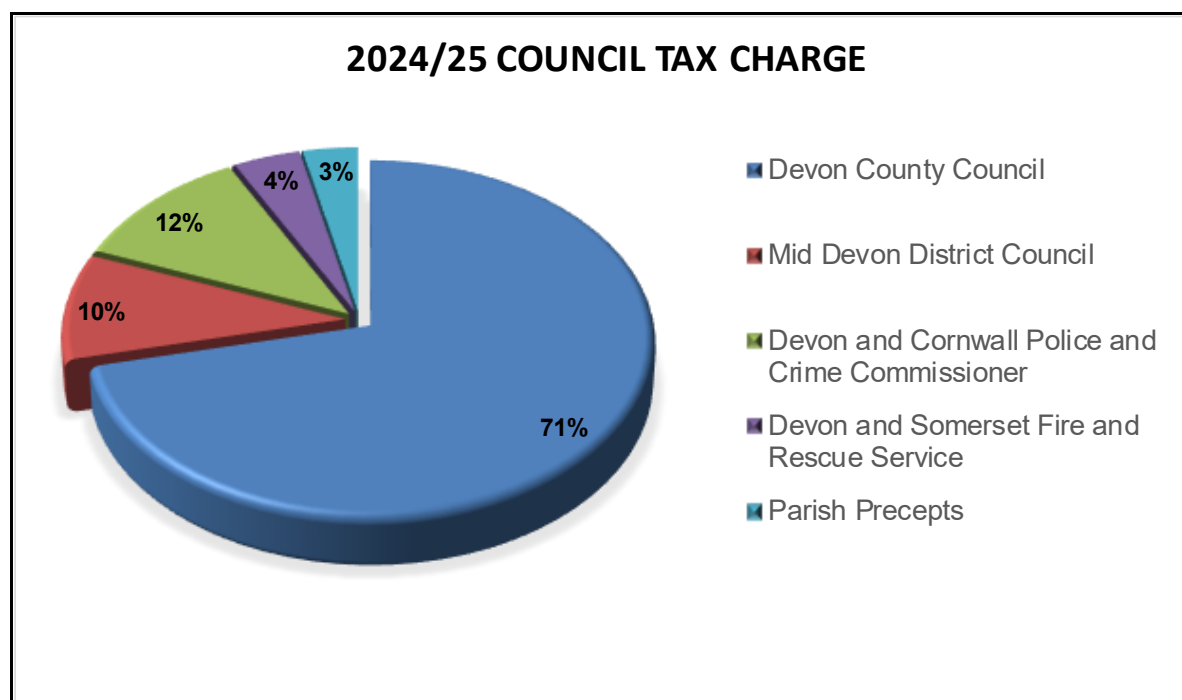
The Council Tax base is calculated by taking the number of chargeable dwellings in each valuation band (adjusted for discounts as necessary) and converted into the number of Band D equivalent properties.

Band	Chargeable Dwellings	Multiplier	Number of Dwellings		
			Band D equivalent properties	Less CTR properties	Revised Band D Equivalent
@	9.25	5/9	5.15	(3.15)	2.00
A	5,397.82	6/9	3,598.55	(828.11)	2,770.44
B	8,324.70	7/9	6,474.81	(681.01)	5,793.80
C	6,735.87	8/9	5,987.42	(319.00)	5,668.42
D	6,181.06	9/9	6,181.06	(147.47)	6,033.59
E	4,662.93	11/9	5,699.14	(72.15)	5,626.99
F	2,439.77	13/9	3,524.13	(32.59)	3,491.54
G	907.75	15/9	1,512.94	(7.71)	1,505.23
H	53.00	18/9	106.00	(0.99)	105.01
Total	34,712.15		33,089.20	(2,092.17)	30,997.03

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	2023/24 £'000	2024/25 £'000
Devon County Council	48,751	51,851
Mid Devon District Council	6,724	7,016
Devon and Cornwall Police and Crime Commissioner	7,803	8,296
Devon and Somerset Fire and Rescue Service	2,888	3,013
Parish Precepts	2,310	2,483
Total	68,476	72,659



17 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 five-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.