Mid Devon

DISTRICT COUNCIL

STATEMENT OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2016

CONTENTS - OVERVIEW

Cover Photo: Our new housing development at Fir Close in Willand

Introduction by the Leader of the Council

It is my pleasure to introduce our annual accounts for 2015/16 in what has been a year of significant change and achievement for Mid Devon.

We have adopted our new Corporate Plan which now clearly sets out the ambitions and priorities of the council over the next 4 years. As well as committing to our objectives, we have reflected this in the constitutional makeup of the council by creating a new policy development group (PDG) purely to look at the Mid Devon economy and explore ways in which we can improve economic outcomes for our area.

During the year the council appointed a new Chief Executive and I am pleased to see the early results of his actions and his views on how the operational delivery of services can be tailored, targeted and improved to deliver on our Corporate Plan. I have every confidence that he will provide the necessary level of strategic support to the elected members and leadership to the officer structure to drive Mid Devon forward during the challenging times ahead, as the council is determined to do.

As well as deciding to relocate the council's depot and streetscene services out to Uffculme over this coming summer, the council has also agreed to share office space with the Department for Work and Pensions as part of our drive to maximise property and asset efficiency. This is exactly the type of approach that the public expects to see and should benefit our shared customers as well as ensuring the council's own property 'footprint' is as effective as it can be.

Finally, as new strategic approaches for both tourism and economic development are brought forward to define and guide how the council interacts and supports our business and visitor economies, we are actively seeking out effective strategic collaborations for the future. At the level of service provision, this year the council has agreed to share our Building Control activity with North Devon to enhance our commerciality and service offer. At a strategic level we have agreed to work more closely with the 'Greater Exeter' authorities comprising Exeter City, Teignbridge and East Devon Districts in order to work together at the level of strategy across a geography that is most relevant to Mid Devon.

These are times of challenge and change. What is important is that we focus on every opportunity for Mid Devon and I am confident the council is more than up to the task.

Clive Eginton

Leader of the Council

Views from the Chief Executive

My first reflection inevitably focuses on the strategic financial context within which the council is now operating; with government grant being £2.5m lower than in 2010/11 it is testament to the dedication, hard work and determination of all those involved in delivering services to the public that we continue to maintain and improve delivery. With our collection rates across council tax, business rates and housing rents all being in the top quartile nationally, and success in attracting funds such as the £1.2m Leader funding for rural economic development, our financial efficiency is bolstered by prudent investment decisions and tactical asset purchases that are realising financial gains as well as regenerative ones.

This year the council rolled out major changes to our Waste service, collecting more products and implementing our new garden waste collection scheme. Of course while the council can improve services, systems and processes, it is the people of Mid Devon who transform this into a successful reality. A huge thank you therefore must go to all residents who have helped us achieve a recycling rate of over 50% for the first time, with 8,000 households making use of our garden waste scheme, as well as delivering a phenomenal 10% reduction in residual waste per household in a single year.

Performance highlights include Mid Devon winning the 'Best Small Food Market' at the Great British Market Awards for our popular Electric Nights Streetfood market, and our Land Charges team winning the Gold Award for Customer Satisfaction at the 2016 Land Data awards. The council was also successful in combining with neighbours Exeter City, Teignbridge and East Devon in bidding to become a pilot authority for introducing a statutory register of brownfield land to improve development potential. Our experience will be used by government to inform and develop national legislation in this area.

Finally, having joined the authority towards the end of the financial year and secured agreement on both our depot move to Uffculme and the sharing of office space at Phoenix House with the Department for Work and Pensions, I look forward to the coming year where we have a number of major operational changes to implement that will challenge us to deliver without any discernible impact to our customers. The coming year may also provide a better view on our long-term financial future as we learn more about structural changes to the future of both business rates and the new homes bonus scheme. And I will continue to be challenging in the exploration of new options for efficiency and partnership that will allow us to deliver the best possible outcomes for Mid Devon's residents, businesses and visitors.

Stephen Walford

Chief Executive

Narrative Report

Financial Commentary by Head of Finance Andrew Jarrett

Strong financial stewardship has enabled the Authority to end 2015/16 with core spending close to budget and healthy reserves to face an uncertain future. This year we had the benefit of our investment in the shopping complex of Market Walk, Tiverton which generated a net profit of £190k. A long term investment of £2.5m was made with the CCLA LAMIT commercial property fund and the net return achieved to date has been around 4.5%, much higher than our cash based deposits. A more detailed review of the various revenue and capital elements are shown in the following pages.

Looking into the future we will be relocating our recycling and waste activities to a new multi-purpose depot. The new recently produced Corporate Plan shows the Council's ambitions for the next four years and a new Policy Development Group is to be established to provide support/challenge for the economy. The economic and tourism strategy will involve working more closely with the business community. There is also the finalisation of the Local Plan for the development of private and commercial property and we are looking to reduce costs further by bringing the Department of Work and Pensions into Phoenix House.

The Authority now faces more inherent risks in managing to balance its budgets and with more pressure to reduce our net revenue budget greater innovation and collaboration will be required. We have recently received an offer from Central Government of a three year funding settlement, which confirmed the complete removal of the Revenue Support Grant by 2019/20. This means the Council will need to save an additional £1.7m during this period, on top of the £2.5m it has already saved since 2010/11. However, I am confident of the Council's ability to continue providing a wide range of services within an ever reducing funding envelope.

Andrew Jarrett

Head of Finance

1.1 Introduction

The Council's Narrative Report sets out the overall financial position and details the financial transactions relating to the District Council's activities for the year ended 31 March 2016. The financial statements have been prepared in accordance with the requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom for 2015/16.

1.2 The Core Financial Statements

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

1.3 Movement in Reserves Statement

This statement analyses the in-year changes in both useable and unusable reserves and clearly shows the real value of cash reserves held by the Council.

1.4 Comprehensive Income and Expenditure Statement

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

1.5 The Balance Sheet

This statement is fundamental to the understanding of the Council's financial position at the year-end. 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 together with summarised information on the non current assets held.

1.6 Cash Flow Statement

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

1.7 The Housing Revenue Account (HRA) Income and Expenditure Account

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

1.8 Collection Fund

This account reflects the statutory requirement for the Council to maintain a separate Collection Fund which shows its transactions in relation to national non-domestic rates and council tax and illustrates how these have been distributed to Devon County Council, Devon and Cornwall Police Authority, Devon and Somerset Fire Authority, central government and the Council itself. The Balance Sheet and the Cash Flow Statement only reflect Mid Devon's share of any Collection Fund surplus or deficit.

2.0 Review of the Year

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

2.1 Revenue Expenditure – General Fund Financial Performance

During the year regular monthly financial monitoring information has been produced and reported to senior management and members. This monitoring report consistently forecasted a small underspend during 2015/16. The month 12 outturn report tabled at the 12 May 2016 Cabinet meeting declared an estimated outturn deficit of £417k on the General Fund (this detailed report can be found on the council's website).

The main budget variances which reconcile the year end General Fund deficit are shown in the table overleaf.

2015/16 Savings & Additional Costs	Budget variances £k
One off service restructuring	358
Income below budget	229
Loss of business rates due to GP surgeries	100
Fall in recycling material prices	54
Reduced grass cutting contribution from Devon County Council	31
Additional income	(140)
Maintenance underspends	(138)
Salary savings	(68)
Sharing Head of ICT with North Devon District Council	(35)
Other minor variations and use of earmarked reserves	(222)
Net overall loss for the year	**169**

Note – since this outturn position was declared a number of minor revisions have been made which have resulted in an overall loss of £169k for the year on the General Fund as shown in the Movement in Reserves Statement (so a change of £248k).

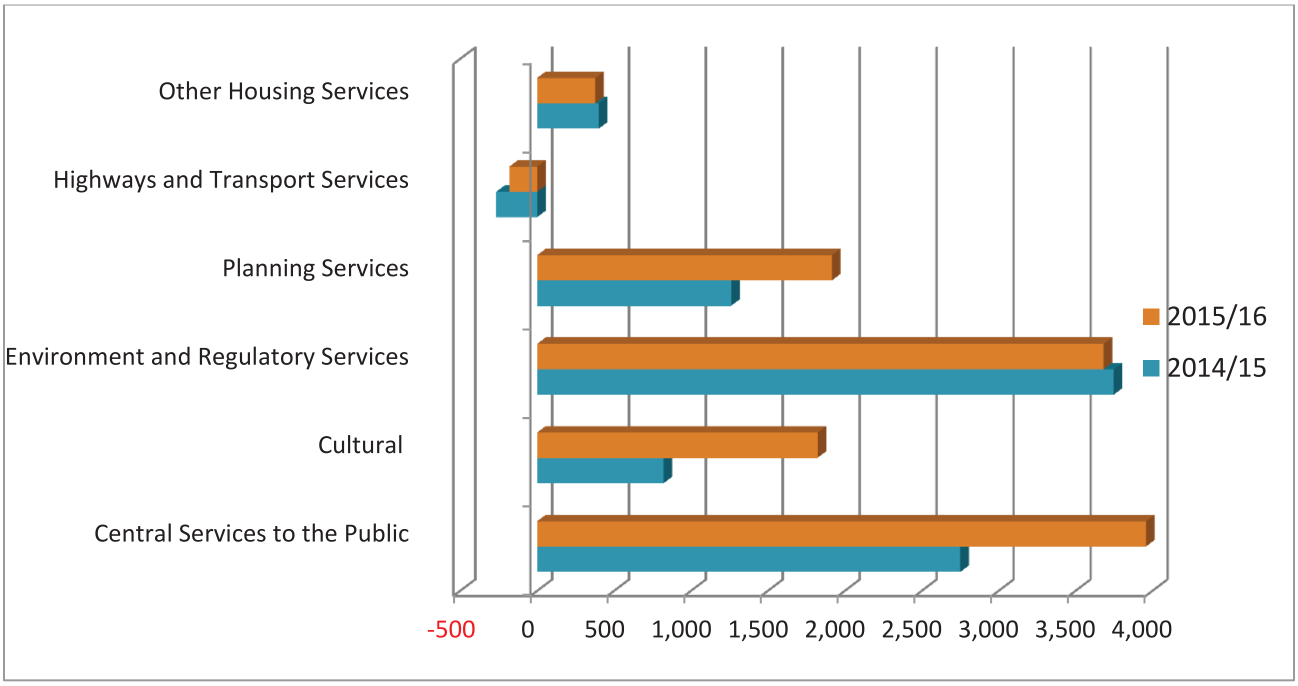
The overall General Fund position delivered in 2015/16 reflects the continued efforts of both officers and members to provide high quality services at an affordable cost and demonstrates the Council's on-going commitment to further reduce operational cost to mitigate against further cuts in Central Government funding.

The closing General Fund Balance (GFB) of £2,211k can be reconciled by:

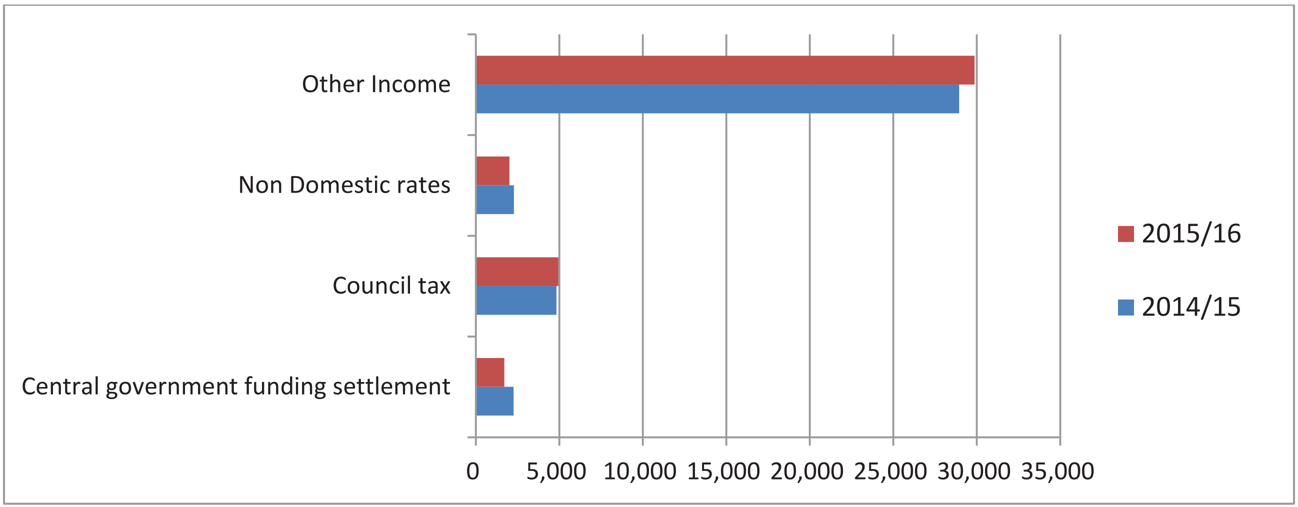
GFB as at 31 March 2015	(£2,380k)
General Fund overspend in 2015/16 (after transfers to / from earmarked reserves)	£169k
Closing GFB as at 31 March 2016	(£2,211k)

Note – Minimum GFB agreed at 25% of net expenditure = £2.2m.

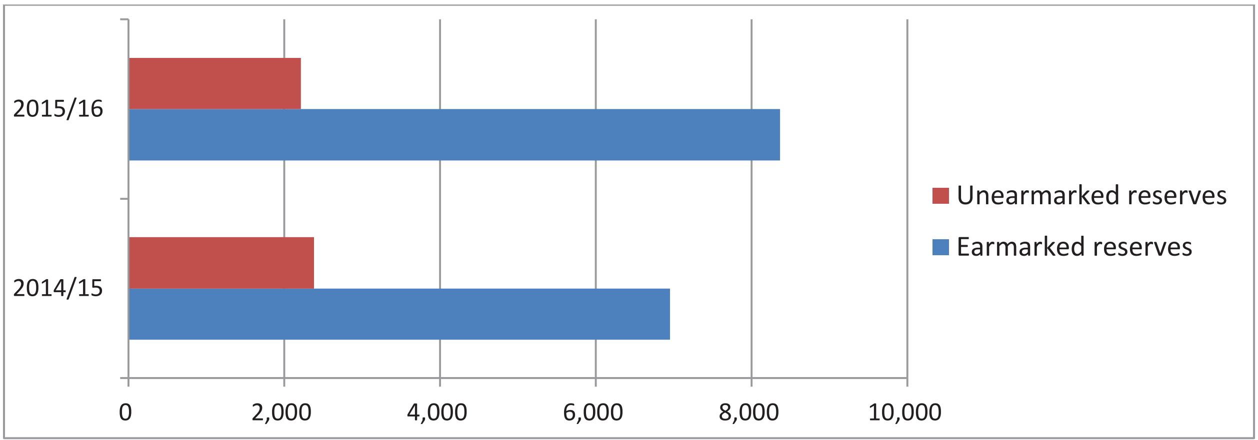
General Fund Net Service Expenditure £k



General Fund Revenue Income £k



General Fund Account Reserves £k



2.2 Revenue Expenditure - Housing Revenue Account (HRA)

The 2015/16 financial year has seen a very positive financial position delivered by the HRA. Overall spending levels have been below budget during the year and the HRA Balance has ended the year well above the minimum approved level of £1m. The outturn report showed a year end under spend of £916k and Cabinet approved the recommendation to transfer this £916k into the 30yr Modernisation reserve.

The main budget variances which reconcile this outturn position are shown in the table below:

2015/16 Savings & Additional Costs	**Budget variances £k**
Repairs carried out by DLO reducing the need for contractors	(371)
Increased income	(192)
Staff savings across a number of teams	(173)
Other minor savings	(109)
Reduced equipment spend	(43)
Reduction in bad debt provision	(28)
Overall surplus	**(916)**

Note - A detailed explanation of the end of year financial position on the HRA was reported to the Cabinet at its meeting on the 12 May 2016 which can be accessed on the Council's website.

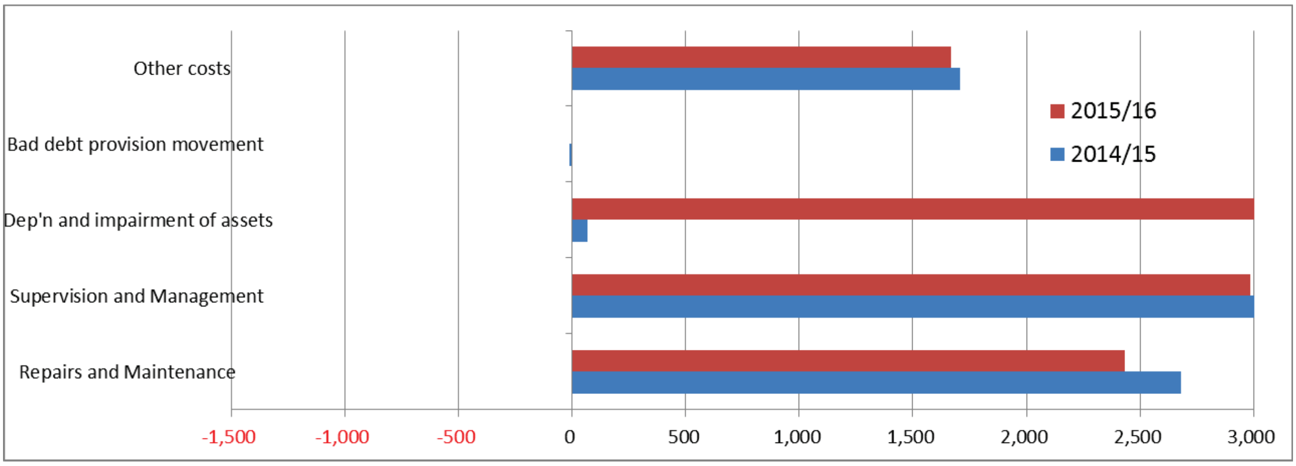
The Housing Service continues to prioritise its spending to ensure the delivery of the Decent Homes Standard and to this end has continued to target additional resources into increased expenditure on major stock improvements. This additional investment has resulted in 100% of our Council housing stock achieving the Decent Homes Standard.

The final year end position after accounting for transfers into earmarked reserves is a surplus of £nil on the HRA for 2015/16.

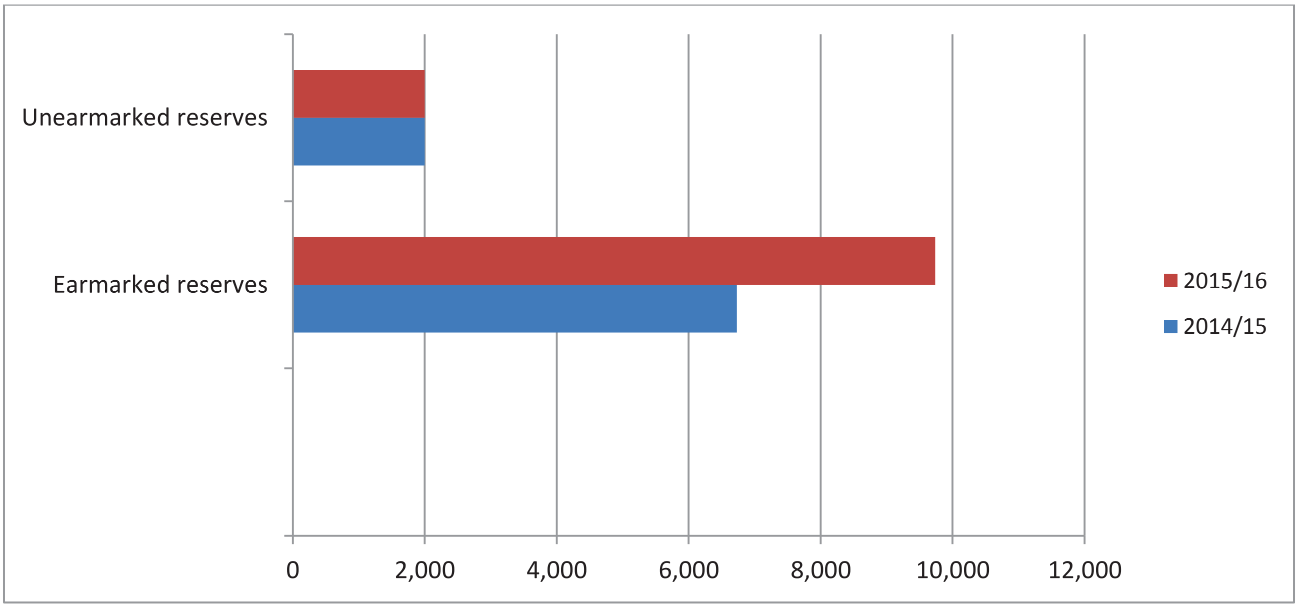
The closing HRA Balance (HRAB) of £2,000k can be reconciled by:

HRAB as at 31 March 2015	(£2,000k)
HRA surplus delivered in 2015/16	0k
Closing HRAB as at 31 March 2016	(£2,000k)

Housing Revenue Account Service Expenditure £k



Housing Revenue Account Reserves £k



2.3 Revenue Expenditure – Non Financial Performance And Risk

When reviewing the performance of the Council in 2015/16 one needs not only to see how we perform against budget one must also assess how we performed against the operational/strategic targets set within the context of the Corporate Plan during the year. The performance reports that follow highlight the achievements for the financial year against the targets set for both of the General Fund and Housing Revenue account.

In addition the Council pro-actively reports any major risk to its' Cabinet, Policy Development Groups and Scrutiny meetings at regular intervals during the year

2.4 Capital Expenditure

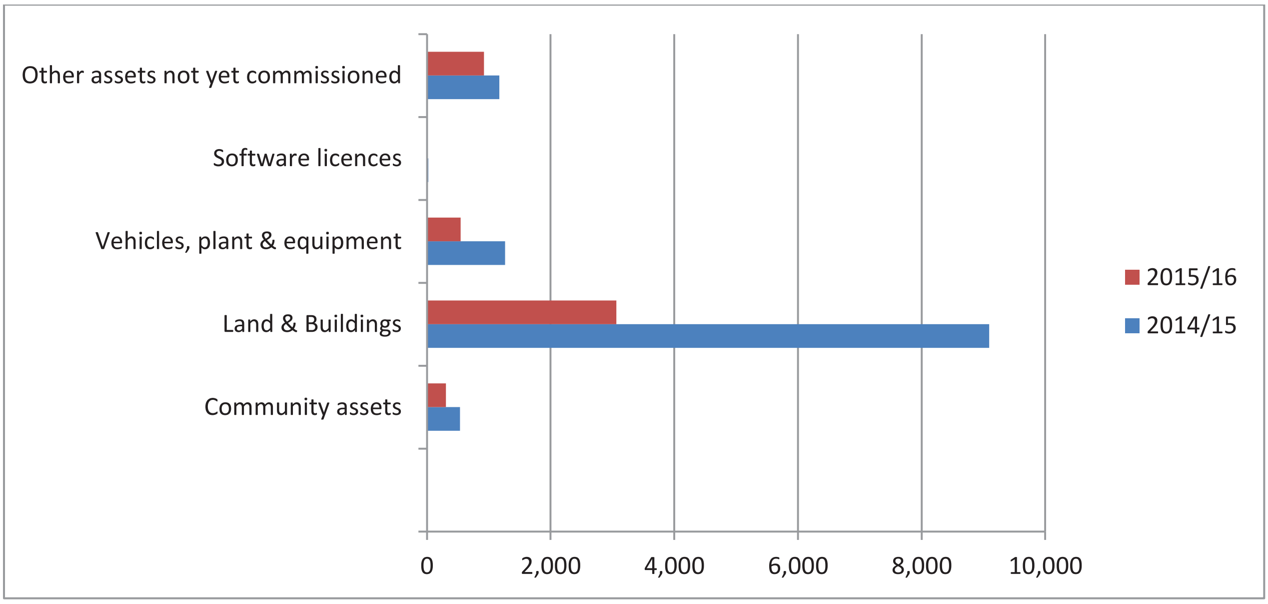
During the year capital expenditure amounted to £4,839k. The Council used £568k of capital receipts to fund the capital programme with the balance of the expenditure met by a combination of borrowing, external grants and earmarked reserves.

The largest areas of expenditure in the 2015/16 capital programme were: £2,846k spent on improvements and additions to our existing housing stock, £736k on council house building projects, £547k on plant and equipment and £281k spent on various housing related grants/projects.

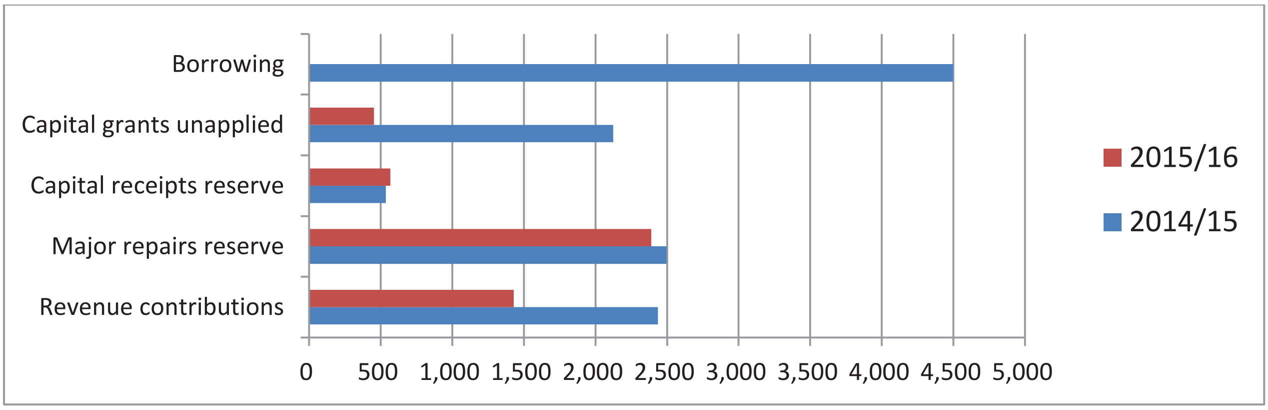
In its medium term financial plan the Council has a draft capital programme which shows a funding deficit of £3.123m. In order to help manage this funding gap we have already been reserving sums from specific grants/receipts and from the new Homes Bonus to ensure sufficient funding is available where required.

A review of each of the financial statements will provide further details of the financial position of the Council for 2015/16.

Capital Expenditure £k



Capital Financing £k



2.5 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 useable reserves have increased by £4,994k to £25,476k during 2015/16.

2.6 The Comprehensive Income and Expenditure Statement

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

Page 3 of the Accounts shows an overall surplus on the Comprehensive I & E Account of £7,923k, however this position also includes the consolidation of the Council's HRA. In addition there are a number of technical accounting adjustments made to the final accounts which need to be "reversed out" in order to reflect the final cash position. These entries are included in the Adjustments between Accounting Basis and Funding Basis under Regulations, shown on pages 8 to 13. Once all of these adjustments are accounted for, then the final outturn deficits of £169k on the General Fund and £0k on the HRA shown on the Movement in Reserves Statement is delivered.

For information purposes, in addition to the various fees and charges levied by services, the General Fund was funded by £1,705k from Central Government Formula Grant, £2,009k from Business Rates, and Council Tax of £6,087k. In addition there were miscellaneous grants totalling £2,198k (which included £1,619k of New Homes Bonus).

2.7 Balance Sheet

The financial highlights for the Balance Sheet are shown below:

- The Property, Plant and Equipment valuation, after adjustment for additions, disposals, and finance leases, decreased by £1,201k during 2015/16, due to sales of right to buy properties and some valuation movements.

- The overall Pension Scheme deficit decreased by £3,596k.

2.8 Cash Flow Statement

The Council had a net cash inflow during 2015/16 of £3,428k.

2.9 Housing Revenue Account (HRA) Income and Expenditure Account

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

- The Council experienced a £3,090k surplus on the HRA during 2015/16.

But after accounting for the adjustments made in the Movement on the HRA Statement of £84k and the transfers to Earmarked Reserves of £3,006k you arrive at the end of year break even position.

3.0 Major Repairs Reserve (MRR)

The Housing Revenue Account also holds a MRR, which is ring fenced for capital expenditure on HRA properties. This reserve effectively carries forward any unspent major repairs allowance. During 2015/16 the Council credited £2,390k to the MRR which was fully utilised. Therefore, there was no carrying balance on the MRR as at the 31/3/16.

3.1 The Collection Fund

The financial highlights for the Collection Fund are given below:

- The Council Tax Collection Fund made an overall deficit of £181k in the year. This leaves an overall surplus on the fund of £60k; of which 13.71% is due to MDDC, which amounts to £8k.
- The Council Tax collection rate achieved in the year was 98.1% (97.8% in 2014/15).
- The Council set a Band D equivalent council tax rate of £182.15 in 2015/16 (frozen for the 6th successive year).
- The Business Rates Collection Fund has resulted in an overall deficit of £1,896k in the year. This leaves an overall deficit on the fund of £1,852k; of which 40% is due to MDDC, which amounts to £741k. The primary reason for this deficit is an increase in the appeals provision of £1,581k with £1,555k of the increase relating to the projected cost of settling GP Surgery appeals.
- The Business rates collection rate achieved in the year was 99.1% (99.0% in 2014/15).

3.2 Pension Fund

The financial highlights of the pension fund are:

- Pension assets have decreased to £52,033k (£52,379k in 14/15)
- Pension liabilities have decreased to £97,897k (£101,722k in 14/15)
- Unfunded liabilities have decreased to £1,168k (£1,285k in 14/15)
- The net deficit on the fund is £47,032k (£50,628k in 14/15)

The requirement to recognise the net pension liability on the Balance Sheet arises from Financial Reporting Standard 17 “Retirement Benefits” and IAS19. IAS19 requires all councils and other businesses to disclose pension assets and liabilities within the Balance Sheet. Further analysis of the pension movements can be found in the notes following the core financial statements.

3.3 Valuation of Property Portfolio

The Council instructed the District Valuer to undertake a full valuation of 1/5 of its asset portfolio and review the remaining assets in order to establish a “true and fair” view for the 31 March 2016 Balance Sheet.

3.4 Treasury Activities

The table below gives an overview of the Council’s treasury activities during 2015/16:

31/3/15 £k	Investment Categories	31/3/16 £k
3	Cash floats	3
4,846	Bank deposits	4,884
500	Short term deposits	1,500
0	CCLA LAMIT property fund	2,390
5,349	**Total**	**8,777**

In addition to above cash equivalents the Council also held £13.5m of short term investments as at the 31 March 2016.

The Council generated investment interest of £148k, which gave an average rate of return of 0.74%. It also paid £1,637k off the outstanding balances of five PWLB loans.

3.5 Borrowing

At the end of 2015/16 the Council had five Public Works Loan Board loans outstanding with a principle of £45.65m. Interest of £1.3m was paid during 2015/16.The interest rates on these loans range from 1.32% to 2.68% pa.

3.6 Post Balance Sheet Events

There have been none.

3.7 The Financial Future of Mid Devon

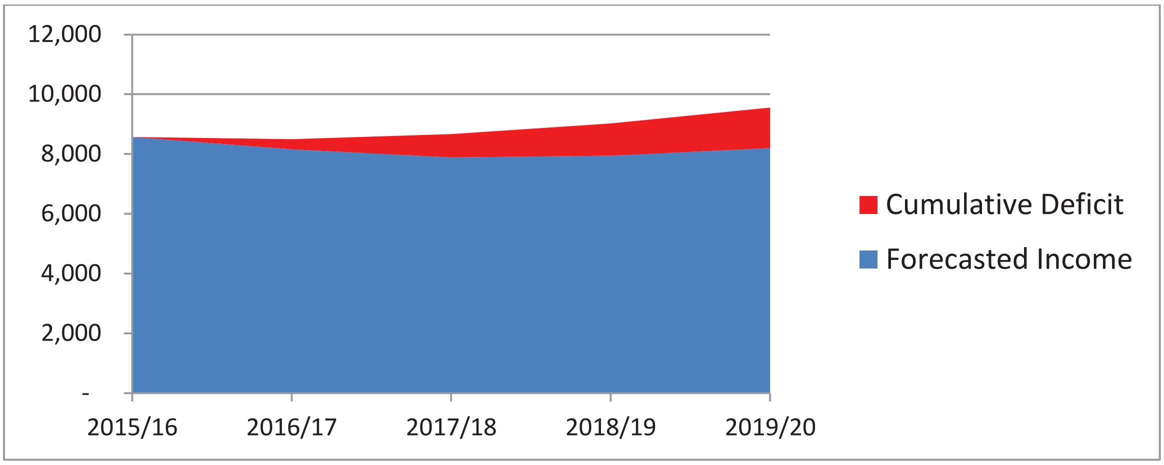
2015/16 was again a challenging financial year for the Council. The continuing large reductions in grant funding settlements from Central Government (a cut of circa £2.5m from the 2010/11 level of £6.186m) have resulted in the need to make very significant cuts in the level of expenditure that can be directed to general service provision.

There are major concerns over current volatility risks associated with localised business rates especially with the current consultation on the complete control of business rates by 2019/20 and the changes to the funding of New Homes Bonus. In addition central government have confirmed the abolition of the Revenue Support Grant by 2019/20

However, due to more commercial attitudes, better procurement, increased income, delivery of a number of spend to save projects (e.g. solar panels/renewable energy initiatives and leisure centre enhancements) and continued reductions in staffing levels the Council has managed to work within this ever tightening funding envelope and not see a reduction in the quality or range of services being delivered. Further significant budget cuts remain highly likely and must at least be factored into updated Medium Term Financial Plans.

Strategic financial planning meetings are planned for the summer months, in order to establish what level and range of services can be delivered in the future against this back drop of ever reducing funding levels. These meetings will not simply be about exploring ways of delivering existing services at a reduced cost, they will also need to consider different delivery models, including greater partnership working and reviewing more commercial opportunities. The Council starts this process from a position of relative strength as a result of strategically strengthening a number of reserves including its General Fund Balance in order to provide a short term buffer whilst it decides how to reduce its overall net operating costs by another £2m by 2019/20.

Medium Term Forecast Expenditure and Funding £k (As discussed at the October 2015 Cabinet meeting)

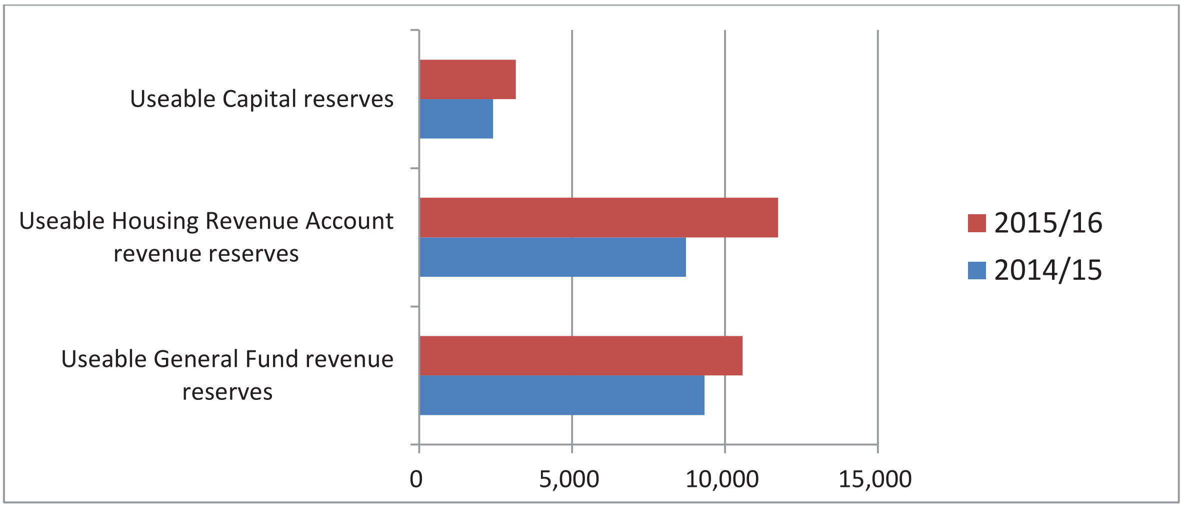


Notes

1. This diagram 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 £1.4m by the end of 2019/20.

2. Central government has reduced the main Revenue Support Grant from £6.2m, in 2010/11 down to £1.7m for 2016/17. This is a funding cut of just over 72% over the last five years, but we retain £2m of business rates.

Total Useable Reserves £k



Andrew Jarrett
Head of Finance

MTE PDG Performance Report

Quarterly report for 2015-2016
No headings
For Environment - Cllr Neal Davey Portfolio
For MDDC - Services
Filtered by Performance Status: Exclude PI Status: Data not due, Not calculable

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target

MTE PDG Performance Report

Performance Indicators

Status	Title	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
Well below target	**Reduce the carbon footprint of our offices and public buildings by 2% pre adjustment**	+28.2	+2.0	+2.0	n/a	n/a	n/a	-0.5
Management Notes: (2015 - 2016) Increases in the leisure properties do not necessarily mean this is a negative indication of poor energy managment ie more people coming through the door using more electricity/gas. Also, this can be further explained in the annual EEVS (independant energy report). Electricity isnt degree day corrected. (SK)								
Well above target	**Reduce the carbon footprint of our offices and public buildings by 0.5% post adjustment**	21.7%	0.5%	0.5%	n/a	n/a	n/a	3.4%
Management Notes: (2015 - 2016) Last years reduction was following the installation of the energy saving project and high investment therefore, 2015/16 is showing at a much lower % reduction. (SK)								
No Target	**Number of Fixed Penalty Notices (FPNs) Issued (Environment)**	16	No target - for information only.	No target - for information only.	2	8	16	21
Management Notes:								
Above target	**Residual household waste per head (measured in Kilograms)**	462.6	455.00	455.00	117.44	225.63	329.42	426.82
Management Notes: (Quarter 1 - 4) The large diversion of waste (nearly 10%) from residual collections to recycling and a reduction in overall total tonnage of waste collected is very encouraging and will relate to the new recycling scheme introduced. Figures yet to be verified by DCC (SK)								
Below target	**% of Household Waste Reuse, Recycled and Composted**	48.2%	52.0%	52.0%	50.2%	52.2%	50.9%	50.6%
Management Notes: (Quarter 4) The recycling rate has increased in all quarters compared to the same quarters in the previous year. The recycling rate in the second half of the year rose by between 4% and 5% following the launch of the new scheme. Figures yet to be verified by DCC (SK)								
Well	**Number of Households**	n/a	15%	15%	0%	0%	18%	20%

MTE PDG Performance Report

Performance Indicators

Status	Title	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
above target	on Chargeable Garden Waste							
Management Notes: (Quarter 4) There were 7,021 customers at the end of the financial year which is above the target set. Numbers continue to grow in April and move toward the final target of 10,000. (SK)								
Well above target	% of missed collections reported per Quarter (refuse and organic waste)	0.10%	0.03%	0.03%	0.02%	0.02%	0.02%	0.02%
Management Notes:								
Well below target	% of Missed Collections logged per Quarter (recycling)	0.13%	0.03%	0.03%	0.05%	0.08%	0.13%	0.12%
Management Notes: (Quarter 4) Missed collections were up in the year due to two round reschedules for both phases of the roll out of the new scheme. The second phase of roll out in Q3 involved changing collections cycles and rounds to match refuse rounds. Perm staff were used for deliveries and agency staff used on rounds leading to reduced route knowledge. Missed collections began to reduce again in Q4 and were down to 66 (0.04%) in March as rounds bec a me established and route knowledge grew. (SK)								
Well above target	Number of Missed Collections reported per Quarter (refuse and organic waste)	1,797	540	540	99	203	354	472
Management Notes:								
Well below target	Number of Missed Collections reported per Quarter (Recycling)	1,162	270	270	126	380	895	1,294
Management Notes: (Quarter 4) Missed collections were up in the year due to two round reschedules for both phases of the roll out of the new scheme. The second phase of roll out in Q3 involved changing collections cycles and rounds to match refuse rounds. Perm staff were used for deliveries and agency staff used on rounds leading to reduced route knowledge. Missed collections began to reduce again in Q4 and were down to 66 (0.04%) in March as rounds bec a me established and route knowledge grew. (SK)								

DAH PDG Performance Report

Quarterly report for 2015-2016
No headings
For Decent and Affordable Homes - Cllr Ray Stanley Portfolio
For MDDC - Services
Filtered by Performance Status: Exclude PI Status: Data not due, Not calculable

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target

DAH PDG Performance Report

Performance Indicators

Status	Title	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
Well below target	**Deliver 15 homes per year by bringing Empty Houses into use**	12	15	15	1	4	5	8
Management Notes: (Quarter 4) 2 year fixed term arrangement with Exeter CC for provision of an Empty Homes Officer working 2 days per week for MDDC. (HS)								
Well below target	**Number of affordable homes delivered (gross)**	58	80	80	0	14	19	27
Management Notes: (Quarter 1 - 4) The original target of 80 new homes for the year has not been met as there has been some delays on various sites so these completions will roll over into the new financial year. (AH)								
On target	**% Emergency Repairs Completed on Time**	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Management Notes:								
Below target	**% Urgent Repairs Completed on Time**	99.94%	100.0%	100.0%	100.0%	100.0%	100.0%	99.8%
Management Notes: (March) Throughout the year we completed 1270 jobs abd 1268 of these were completed on time. Just two jobs were failed to be completed on time. (AH)								
On target	**% Routine Repairs Completed on Time**	99.98%	100.0%	100.0%	100.0%	100.0%	99.9%	100.0%
Management Notes:								
Below target	**% Repairs Completed at First Visit**	99.87%	100.00%	100.00%	98.28%	98.30%	97.75%	97.63%
Management Notes: (March) Throughout the year we completed 6,546 jobs and out of these 6,391 were completed during the first visit. Therefore, there were 155 job which were not completed on our first visit to the property. The reason for the majority of these is that we have had to leave site to order specific material such as glass, doors, heating parts etc. (AH)								

DAH PDG Performance Report

Performance Indicators

Status	Title	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
Above target	**Ratio of expenditure between planned and responsive repairs**	81.19	70.30	70.30	29.71	55.45	69.31	73.27
Management Notes:								
Below target	**Rent Collected as a Proportion of Rent Owed**	100.09%	100.75%	100.75%	97.16%	99.04%	99.36%	99.74%
Management Notes: (March) Although outside target, performance here was good. As Universal Credit is being rolled out in Mid Devon rent arrears may go up. Performance is closely minitored so we can review procedures if collection levels begin to fall. (AH)								
Well above target	**Rent Arrears as a Proportion of Annual Rent Debit**	0.60%	1.00%	1.00%	0.94%	1.05%	0.81%	0.66%
Management Notes:								
On target	**% Decent Council Homes**	100.00%	100.00%	100.00%	99.38%	99.28%	99.45%	100.00%
Management Notes:								
Below target	**% Properties With a Valid Gas Safety Certificate**	99.86%	100.00%	100.00%	99.72%	99.72%	99.91%	99.86%
Management Notes: (March) At the end of the financial year we had three properties without a valid gas certificate. Legal services are dealing with two of the instances, trying to gain access to the properties, and the remaining instance is due to an absent tenant. (AH)								
Above target	**Average Days to Re-Let Local Authority Housing**	14.9days	17.0days	17.0days	15.2days	15.5days	16.1days	16.3days
Management Notes:								
No Target	**Dwelling rent lost due to voids**	n/a	no target - for information only	no target - for information only	0.73%	0.64%	0.68%	0.75%
Management Notes:								

CWB PDG Performance Report

Quarterly report for 2015-2016
No headings
For Community Well-Being - Cllr Colin Slade Portfolio
For MDDC - Services
Filtered by Performance Status: Exclude PI Status: Data not due, Not calculable

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target

CWB PDG Performance Report

Performance Indicators

Status	Definition	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
Well above target	**The number of Empty Shops. (TIVERTON)**	12	20	20	17	16	16	16
Management Notes: (Quarter 4) Empty shop count January 2016 = 16 empty shops out of 249 (ZL)								
Well above target	**The number of Empty Shops. (CREDITON)**	10	10	10	9	9	6	7
Management Notes: (Quarter 4) Empty shop count in January 2016 = 7 empty shops out of 118 (ZL)								
Well above target	**The number of Empty Shops (CULLOMPTON)**	11	14	14	12	10	7	8
Management Notes: (Quarter 4) Empty shop count in January 2016 = 8 empty shops out of 94 (ZL)								
Well below target	**Percentage of food premises inspections that should have been carried out that were carried out for A & B (High Risk) premises**	46%	100%	100%	n/a	n/a	n/a	75%
Management Notes: (2015 - 2016) There has been reduced resource in food, an Environmental Health Officer has now been recruited. This has helped to reduce the backlog of inspections which has improved the figure achieved this year. (SK)								
Below target	**The percentage of Leisure's operational expenditure recovered through customer receipts**	88.16%	88.50%	88.50%	79.19%	83.76%	84.36%	85.15%
Management Notes: (Quarter 4) There were a number of reasons why the operational recovery rate was slightly under target for the quarter, but the main areas of underperformance								

CWB PDG Performance Report

Performance Indicators

Status	Definition	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
were Health & Fitness and Westside. However, Front of House exceeded its target due to cash sales of advanced zest membership. Going forward, the service will be monitored by business area which will give a clearer indication of performance. (NC)								
Below target	**% of Leisure members retained from month beginning to month end.**	95.33%	96.50%	96.50%	96.87%	95.46%	95.65%	96.13%
Management Notes: (Quarter 4) The performance for the final quarter for retention has recovered significantly since a dip in mid 2015/16. We will be changing the way we record this to 'attrition rate' for 2016/17 in line with UK Active Benchmarking. The national average for attrition across the sector is 5% (source UK Active data 2014/15) and as we have been performing at above 95% **retention** for all of 2015/16, our attrition rate is performing well against the national average, as it was less than 5%. (NC)								
Above target	**Issue of TENS within 3 working days**	n/a	97%	97%	94%	97%	98%	99%
Management Notes:								

AGENDA ITEM

PLANNING COMMITTEE **DATE: 11TH MAY 2016**

REPORT OF JENNY CLIFFORD, THE HEAD OF PLANNING AND REGENERATION

PLANNING PERFORMANCE 2015/16

RECOMMENDATION:
For information and discussion.

REASON FOR REPORT:
To provide the Committee with information on the performance of Planning Services for the quarter 4 and the full 2015-16 financial year

MATTERS FOR CONSIDERATION:
Performance against targets, Government proposals to implement further changes to the planning system and resources within the Planning Service.

RELATIONSHIP TO CORPORATE PLAN:
The Planning Service is central to achieving priorities in the Corporate Plan.

FINANCIAL IMPLICATIONS: Planning performance has the potential for significant financial implications in the event that applications are not determined within 26 weeks or an extension of time negotiated. In that instance the planning fee is returned. Through the issue of planning permissions for new dwellings the Service enables the award of New Homes Bonus money to the Council.

LEGAL IMPLICATIONS: The Government monitors planning performance in terms of speed and quality of decision making. In the event minimum standards are not met, an authority may be designated as underperforming with special measures applied that allow applicants for major development to apply for permission direct from the Planning Inspectorate and bypassing local decision making. The speed measure is the number of major applications determined within 13 weeks as measured over a 2 year period. The new target of more than 50% has been met. The quality measure is the percentage of major applications determined over a two year period that have been overturned at appeal. The less than 20% target has been met (10%). However the Government proposes to tighten performance requirements.

RISK ASSESSMENT: Financial risk as a result of fee return and the designation of planning authorities in special measures for underperformance is referred to above. These aspects are actively monitored, to allow priorities to be adjusted as required to reduce the risk. However this risk is increasing with the Government having identified through the Autumn Statement and subsequent technical consultation on planning changes the intention to tighten existing measures and introduce new ones.

1.0 PLANNING PERFORMANCE

Set out below are the Planning Service performance figures for quarter 4 from 1st January – 31st March 2016 together with the performance figures for the whole of the 15/16 financial year.

Performance data is published quarterly on the Council's website at https://new.middevon.gov.uk/planning/performance-standards/

Performance by year and quarter is set out below and expressed as a percentage unless marked otherwise and reports against a mix of Government and local performance targets.

Planning Service Performance	Target	2014/15	2015/16				2015/16
			Q1	Q2	Q3	Q4	
Major applications determined within 13 weeks	60%	64	*57	*50	*75	*33	47%
Minor applications determined within 8 weeks	65%	67	68	73	74	64	68%
Other applications determined within 8 weeks	80%	78	91	85	75	89	86%
Householder applications determined in 8 weeks	85%	90	92	97	95	88	93%
Listed Building Consents	80%	70	70	67	85	70	71%
Enforcement site visits undertaken within 15 days of complaint receipt	87%	94	100	94	89	91	89%
Delegated decisions	90%	95	94	93	94	94	94%
No of applications over 13 weeks old without a decision	Less than 45 applications	36	25	26	36	40	40
Major applications determined within 13 weeks (over last 2 years)	More than 50%	50	51	58	56	53	53%
Major applications overturned at appeal as % of all major decisions in last 2 years	Less than 20%	14%					10%
Determine all applications within 26 weeks or with an extension of time (per annum –Government planning guarantee)	100%	95	97	96	94	99	99%
Building Regulations Applications examined within 3 weeks	95%	74	70	70	76	67	72%
Building Regulation Full Plan applications determined in 2 months	95%	98	99	98	97	87	97%

*Important note on major application statistic reporting: The 53% statistic for major applications determined within 13 weeks reported above includes all major applications and does not take into account any extensions of time agreed with the applicant or planning performance agreements (PPAs) that have been entered into. Government instructions to Councils over this performance target remove reporting applications with extensions of time or PPAs from this target as they are reported separately. Once these have been removed 87% of major applications were determined within 13 weeks compared with the target 60%. This performance target has therefore been met.

Application processing- Development Management.

The Government sets a range of additional performance targets for planning authorities in order to drive performance. Those for major planning application decision making are currently used by the Government as indicators of performance in terms of both speed and quality of decision making as follows:

Speed: More than 50% of major applications determined within 13 weeks. MDDC 15/16 85% excluding those with extensions of time (see note * above).
Quality: Of major applications determined over a 2 year period, no more than 20% of decisions to be overturned at appeal. MDDC currently 10%.

Authorities not meeting these targets risk being designated as underperforming, resulting in the application of special measures. Some of these are set out in more detail in the accompanying report on appeal performance for 45/16.

The Autumn Statement and 'Technical consultation on implementation of planning changes' issued by the Department for Communities and Local Government in February 2016 indicate that it is the intention of the Government to tighten these performance measures and add to them. Through the Housing and Planning Bill this performance approach is to be extended for applications for non-major development. The Government is consulting on tightening the quality of decision making target to no more than 10% of major applications determined over a 2 year period to be overturned at appeal.

New non-major application performance targets currently being consulted upon are more than 60-70% of such applications to be determined within the required time including any agreed extension of time. Furthermore that as a quality of decision indicator there be no more than 10 – 20% of decisions on non-major applications overturned at appeal.

During 15/16 the Planning Service determined 1008 planning applications including 26 majors, 127 prior notifications, 85 certificates of lawful use and 49 notifications. Work in addition to this included pre-application advice requests as well as general advice and queries.

Planning enforcement.
Activity within the enforcement part of the Planning Service by quarter is as follows:

Enforcement 2015/16	**Qu 1**	**Qu 2**	**Qu 3**	**Qu 4**
New enforcement cases registered	14	71	54	To follow
Enforcement cases closed	47	53	39	To follow
Committee authorisations sought	3	2	1	2
Planning contravention notices served	Data available from Qu 2	9	5	10
Breach of condition notices served	0	1	0	0
Enforcement notices served	2	1	0	3

Statistics for the number of enforcement cases closed are an indication of there either not being a breach of control, or that the breach was resolved without formal action. Resolution of breaches may take significant work that is by its nature not clearly reflected in statistics. A report will shortly come before Scrutiny Committee with the results of benchmarking performance in enforcement against other authorities in the area. This benchmarking is currently underway. In addition, the establishment of more meaningful and measureable performance indicators for the planning enforcement is being progressed.

Staffing in enforcement was below the 2.5 FTE posts towards the beginning of the 2015/16 financial year. One Enforcement Officer post will be vacant at the time of the consideration of this report. Recruitment is underway and a temporary resource is proposed to assist the team during this period.

Building Control.

Building Control performance in plan checking has not met the local performance target over the last financial year. The Building Control team has seen significant changes over 2015/16 with the legacy following the redundancy of the previous Building Control Manager at the end of 2014. This previous Manger acted as an Inspector over part of the District and managed a caseload of applications. With the reduction in the size of the team the time taken for certain activities has increased. Staff levels have been low for part of this period following the departure of 2 Building Control Officers. The service has been restructured to replace them with Building Surveyors and appointments have been made to these posts. The new post holders are due to start work within approximately one month. Arrangements have been put in place to manage and cover plan checking during this period of reduced staffing. A review of the Building Control service including workloads and level of staffing has also been undertaken within 15/16 and there is now a Building Control Manager in place on a shared basis with North Devon Council. Authority has been given by Cabinet to develop a framework for future delivery of the service in partnership with North Devon Council.

Planning policy – Forward Planning.

Planning policy production targets reported in 2015 are as follows together with the updated position:

Document	2015 position	Current position
Local Plan Review	Pre-submission consultation in progress until 27th April 2015	In progress (see below for more detail)
CIL Draft charging schedule	Pre-submission consultation in progress until 27th April 2015	Draft charging schedule prepared. Consultation responses assessed. Awaits Local Plan Review due to proposed joint examination.
Annual Monitoring Report	2014 AMR presented to Cabinet February 2015	2015 AMR agreed under delegated powers
Cullompton Article 4 Review	Consultation completed December 2014, target to Cabinet 4th June 2015	Completed
Conservation Area Appraisals and Management Plans: Thorverton Morchard Bishop Newton St Cyres Cheriton Fitzpaine Silverton	In preparation Consultation completed mid March	Completed
Solar & Wind Landscape Sensitivity SPD	In preparation	Solar landscape sensitively to Cabinet June 2015
Self Build guidance / SPD	In preparation	Self build register requirements met
Open Space SPD	In preparation	No longer required.

The latest version of the Local Development Scheme (October 2015) indicates Local Plan Review timescale as follows:

- Sustainability appraisal scoping: May 2013 (completed)
- Preparation stage consultation : January 2014 (completed)
- Publication stage consultation: February - April 2015 (completed)
- Submission: June 2016
- Hearings: September 2016

- Adoption: January 2017
- Revision: 2020

Since the Local Development Scheme was prepared, further technical work in respect of flood modelling and highway infrastructure design at junction 28 of the M5 at Cullompton has been commissioned and is currently taking place. The outcomes of this technical work are expected in June / July. The latest estimate for Local Plan submission to the Inspectorate assuming no major modifications is August 2016.

At the meeting of Council on 27th April 2016 it was agreed that the outcomes of the Local Plan pre-submission consultation and subsequent technical work be considered by Council and Cabinet. It is likely that this will be via special meetings in August 2016. Plan submission now also expected August 2016 (assuming no major modification is made).

The Government has set out the expectation that Councils should have a local plan in place and that they should be kept up to date. It proposes to publish league tables setting out local plan progress and intervening where <u>no</u> local plan has been produced by early 2017. A new delivery test is also to be introduced to ensure delivery against the number of homes set out in local plans. The Government has indicated that priority for intervention will be Councils without a local plan in place and those that have not kept policies in local plans up to date.

The priority for the Forward Planning Team is currently the Local Plan Review and associated tasks. An interim Team Leader was secured in 2015 to supplement staffing and will cover a further period of maternity leave in 2016. Further resources have been secured via consultancy in order to ensure sufficient staff resources are in place to complete the Local Plan Review process through examination and to adoption.

Other current planning policy related work streams are as follows:

- Review of the Statement of Community Involvement
- Waste storage SPD
- Sustainable Urban Drainage Systems SPD
- Brownfield land register
- Strategic planning work
- Tiverton town centre masterplan
- Area B Tiverton Eastern Urban Extension masterplan
- Neighbourhood planning screening and support as resources allow

Over 15/16 the Planning Service has also produced a Tiverton Eastern Urban Extension design guide following the adoption of the Area A masterplan and adopted a masterplan SPD for the Cullompton NW Urban Extension.

Performance for 2015/16 shows that in the majority of instances targets are being met or exceeded. However there remain areas of concern, particularly given the ever tightening performance environment.

Planning Service staffing continues to still not be at full strength due to the maternity leave of several senior staff. This continues to have knock-on effects in terms of associated arrangements for cover and redeployment of staff into different roles and is expected to continue to do so into the first half of this financial year. Not all posts have been backfilled, but are being kept under review. The performance of the service in meeting the majority of targets over 15/16 represents a significant achievement, particularly in light of the challenges over this financial year referred to above.

Planning Service workload is expected to rise in 2016 due to the Local Plan Review and other emerging policy work, largescale major applications expected in Tiverton and Cullompton associated with urban extensions, the programmed submission of a planning application for development at J27 and the implementation of further changes to the planning system.

Planning performance continues to be closely monitored. The performance of the planning service against targets is increasingly important, requires resourcing and presents an ongoing risk to the authority both financially and reputationally. Every effort continues to be made to maintain our charter standards of customer service and our performance levels within the eight and thirteen week government target periods.

Contact for Information:	Jenny Clifford, Head of Planning and Regeneration 01884 234346
List of Background Papers:	PS1 and PS2 returns DCLG Improving planning performance – Criteria for designation. June 2014 DCLG Planning performance and the planning guarantee –Government response to consultation. June 2013 HM Treasury ‘Fixing the foundations – creating a more prosperous nation’ July 2015 Department of Communities and Local Government – Technical consultation on implementation of planning changes. February 2016
Circulation of the Report:	Cllr Richard Chesterton Members of Planning Committee

Working Environment Portfolio Performance

Quarterly report for 2015-2016
No headings
For Working Environment and Support Services - Cllr Margaret Squires Portfolio
For MDDC - Services
Filtered by Performance Status: Exclude PI Status: Data not due, Data not entered

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target

Working Environment Portfolio Performance

Performance Indicators

Status	Title	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
No Target	**Number of phone calls to CF per month**	12,670	For Information Only	For Information Only	11,192	11,420	12,483	12,492
Management Notes:								
Above target	**Satisfaction with front-line services**	81.75%	80.00%	80.00%	80.00%	81.50%	81.33%	80.75%
Management Notes:								
Well below target	**% complaints acknowledged w/in 3 days**	46%	80%	80%	45%	57%	76%	66%
Management Notes: (Quarter 4) 100% of complaints were acknowledged, but the system only shows 45% as acknowledged with in 3 days. This is not accurate, checking against manual files indicates that more were acknowledged in time. Full analysis will be completed for the annual report to Members on complaints. (LR)								
Above target	**% of complaints resolved w/in timescales (10 days - 12 weeks)**	97%	90%	90%	93%	100%	98%	93%
Management Notes: (Quarter 4) 7 complaints remain at invesigation stage, but are still within the policy SLA. These complaints will be resolved in 2016-17. The % resolved within time over all is 96% . (LR)								
Above target	**% Emails received by Customer Services responded to within 5 days**	98.0%	95.00%	95.00%	99.00%	98.50%	98.67%	99.00%
Management Notes:								
Not calculable	**Number of Complaints**	74	For information only	For information only	61	39	87	95
Management Notes:								
Not calculable	**Number of Digital payments**	8,989	For information only	For information only	7,083	10,892	14,705	10,407
Management Notes:								

Working Environment Portfolio Performance

Performance Indicators

Status	Title	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
(Quarter 4) figures for 2015-16 include payments made at the post office, these will not be included in future years as digital as these are assisted cash- cheque payments. (LR)								
No Target	**Number of web hits per month**	n/a	For information only	For information only	0	0	0	0
Management Notes: (Quarter 4) data not available while the website is both Umbraco and Goss. Final Goss pages to be closed at the end of march. Communications Officer to receive training on Google analytics to ensure information can be gathered and reported from Umbraco for 2016/17 (NC)								
On target	**% electoral registration forms returned during annual canvass of electors**	0%	90%	90%	0%	0%	98%	0%
Management Notes:								
On target	**% Electoral Commission Registration Performance Standards**	0%	90%	90%	0%	0%	100%	0%
Management Notes:								
On target	**% Electoral Commission Returning Officer Performance Standards**	100%	90%	90%	n/a	n/a	n/a	0%
Management Notes: (2015 - 2016) no elections until May and June 2016 (JS)								
Well below target	**Response to FOI Requests (within 20 working days)**	95%	100%	100%	70%	90%	88%	87%
Management Notes: (Quarter 4) 145 requests responded to 19 over 20 days (LC)								
Below target	**Working Days Lost Due to Sickness Absence**	9.21days	8.00days	8.00days	1.64days	3.68days	5.71days	8.12days
Management Notes: (Quarter 4) The total number of days lost to sickness absence is 1062 which is split into 623 days for long Term Sickness (15 + days) and 439 for short term sickness (less than 15 days). (JC)								

Finance Portfolio Performance

Quarterly report for 2015-2016
No headings
For Finance - Cllr Peter Hare-Scott Portfolio
For MDDC - Services

Key to Performance Status:

Performance Indicators:	No Data	Well below target	Below target	On target	Above target	Well above target

Finance Portfolio Performance

Performance Indicators

Status	Title	Prev Year End	Annual Target	Current Target	Q1 Act	Q2 Act	Q3 Act	Q4 Act
Below target	**% total Council tax collected - monthly**	97.80%	98.5%	98.5%	29.4%	56.7%	83.4%	98.1%
Management Notes: (March) Prior to this year the monthly targets were always achieved until the last month which in my opinion made them pointless. In order to make them more meaningful I asked Audit to change the Targets to reflect the best monthly figures we have achieved in the past. Therefore the figures give the Office something to aim for each month instead of waiting till the end of the year. (JC)								
Above target	**% total NNDR collected - monthly**	99.00%	98.00%	98.00%	31.10%	55.80%	80.59%	99.10%
Management Notes: (March) Both Ctax and NNDR monthly collection rates have changed in their make up because we have now added 12 monthly instalments. The effect of this is that the April - January monthly instalment figures are slightly down on previous years wherea s the February and March instalments bring the collection back up. (JC)								
Above target	**Percentage of Invoices Paid on Time**	99.26%	97.50%	97.50%	n/a	99.57%	n/a	99.73%
Management Notes: (October - March) The Creditors team continue to perform very well, continually looking to improve processes; including being very proactive in encouraging departments to GRN invoices promptly on receipt of goods. (RF)								
Well above target	**Time taken to process Housing Benefit/Council Tax Benefit new claims and change events**	8days	14days	14days	14days	13days	12days	10days
Management Notes:								

Risk Report

Report for 2015-2016
Filtered by Flag:Include: * CRR 5+ / 15+
For MDDC - Services
Not Including Risk Child Projects records or Mitigating Action records

Key to Performance Status:

Risks: **No Data (0+)** **High (15+)** **Medium (5+)** **Low (1+)**

Risk Report

Risk: Asbestos Health risks associated with Asbestos products such as lagging, ceiling/wall tiles, fire control.		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Housing Services		
Current Status: Medium (5)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Nick Sanderson		
Review Note: Recommendations from the HSE after the events last year have now been implemented.		

Risk Report

Risk: Breaches in HR Legislation Failure to keep Council policies up to date, that complement the appropriate legislation Failure to develop staff knowledge and competence regarding legislation/changes		
Effects (Impact/Severity): - The Council could face poor reports from assurance bodies - Failure to meet statutory duties could result in paying penalties, stretching already thin financial resources - Failure to comply with legislation could lead to legal challenge against individuals or the Council as a whole - Future legislation changes, their impact on services and the cost of implementing changes to policies, procedures and service delivery		
Causes (Likelihood):		
Service: Human Resources		
Current Status: No Data	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Jill May		
Review Note: The council employs four Chartered Ins of Personnel and Development (CIPD) staff who undertake regular employment law updates. All policies are reviewed on an three year programme which has slipped lately due to pressure of work (reorganisations, consultations and redundancies) however we always prioritise legislative change. Therefore whilst this is a huge risk it is a risk which is managed.		

Risk: Chemicals Staff using chemicals incorrectly.		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Leisure Services		
Current Status: Medium (5)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Jill May		
Review Note:		

Risk Report

Risk: Council Finances - Banking Arrangements Problems with banks and online services may affect ability to access funds when we need to or receive / process payments on a timely basis		
Effects (Impact/Severity): Unable to promptly pay suppliers or treasury commitments		
Causes (Likelihood): ICT systems down at Council or Bank so impossible to review cash position or make urgent payments		
Service: Financial Services		
Current Status: Medium (5)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Andrew Cawdron, Andrew Jarrett		
Review Note:		

Risk: Council Finances - Investments Failure to invest in the Council's funds in an efficient and effective manner may cause potential of a loss of monies invested		
Effects (Impact/Severity): • Could result in cash flow loss of up to £3M		
Causes (Likelihood): • Future banking collapses		
Service: Financial Services		
Current Status: Medium (5)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Andrew Cawdron, Andrew Jarrett		
Review Note: Cabinet have recently agreed to invest in CCLA		

Risk: Council Finances - Treasury Management Failure to comply with the CIPFA Code of Practice on Treasury Management /local authority accounting would be a breach in statutory duty		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Financial Services		
Current Status: Medium (5)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Andrew Cawdron, Andrew Jarrett		
Review Note: Strategy is approved by Cabinet annually. 2015 Audit found no issue with this		

Risk Report

Risk: Document Retention If documents fail to be retained for the statutory period then we may face financial penalties		
Effects (Impact/Severity): • The Council may be disadvantaged in taking or defending legal action if prime documents are not retained; • Performance statistics cannot be verified; • The external auditor may not be able to verify the Council's final accounts and subsidy may be lost. • Mismanagement of burial records		
Causes (Likelihood): • "Data debris" cluttering system and storage space		
Service: Management Team		
Current Status: Medium (5)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Liz Reeves		
Review Note:		

Risk: Failure to comply with card security standards As an organisation we need to comply with the requirements of TrustWave to be authorised as card payment processors.		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Management Team		
Current Status: Medium (5)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Liz Reeves		
Review Note: Annual review of policy and training for all staff. ICT advise on all payment systems to ensure comply to PCI standard.		

Risk: Fire and Explosion Risks associated with storage of combustible materials, fuels and flammable substances and sources of ignition, as well as emergency procedures (existence, display and knowledge of), accessibility (or obstruction) of emergency exits and walkways to. Also, risks associated with use of fire extinguishers, having correct type in location, in date and trained operatives on site.		
Effects (Impact/Severity): Very High (5) – Although the risk is low, a fire in the server or storage room could potentially cause loss of life, have serious financial implications and severely impact the councils ability to provide services due to loss of IT infrastructure.		
Causes (Likelihood): Very Low (1) – The likelihood of a fire within ICT is extremely low. No quantities of combustible materials are stored within the work area. There is easy access to the emergency exit and all staff have received fire awareness training.		
Service: I C T		
Current Status: No Data	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Liz Reeves		
Review Note: we had an incident 7 pm Tuesday evening and our heat sensors and recovery team worked all as it should and problem averted		

Risk Report

Risk: H&S RA - Refuse Driver/Loader Risk Assessment for Role - Highest risk from role RA. - Risk of RTA from sever weather conditions		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Street Scene Services		
Current Status: Medium (10)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 2 - Low**
Head of Service: Stuart Noyce		
Review Note: Annual Review of Risk Assesment		

Risk: Information Security Inadequate Information Security could lead to breaches of confidential information, damaged or corrupted data and ultimately Denial of Service. If the council fails to have an effective information strategy in place. Risk of monetary penalties and fines, and legal action by affected parties		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: I C T		
Current Status: Medium (5)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Liz Reeves		
Review Note:		

Risk: Legionella Legionella		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Leisure Services		
Current Status: Medium (5)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Jill May		
Review Note:		

Risk Report

Risk: Plant Rooms plant rooms		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Leisure Services		
Current Status: Medium (5)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Jill May		
Review Note:		

Risk: St Andrew Street A staircase in the new development does not meet current building regulations due to conservation requirements.		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Property Services		
Current Status: High (15)	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 3 - Medium**
Head of Service: Nick Sanderson		
Review Note: The staircase has to remain in position, no further issues reported from the housing team. We will continue to monitor and will take action where possible and permitted.		

Risk: Vehicles, Transport, Driving Risk of collisions with other moving or stationary vehicles, cycles and/or pedestrians.		
Effects (Impact/Severity):		
Causes (Likelihood):		
Service: Street Scene Services		
Current Status: No Data	**Current Risk Severity: 5 - Very High**	**Current Risk Likelihood: 1 - Very Low**
Head of Service: Stuart Noyce		
Review Note:		

Risk Report

Risk: Waste Collection - Health and Safety Inadequate training with regards to Manual Handling and workplace hazards (eg contact with broken glass) could result in Health and Safety risks		
Effects (Impact/Severity):		
Causes (Likelihood): - Increasing demand and service costs due to increasing population, consumer society and an increasing amount of waste		
Service: Street Scene Services		
Current Status: Medium (9)	**Current Risk Severity: 3 - Medium**	**Current Risk Likelihood: 3 - Medium**
Head of Service: Andrew Jarrett, Stuart Noyce		
Review Note: All staff received manual handling training in Dec 2015 with M Lowe		

4.0 STATEMENT OF ACCOUNTING POLICIES

4.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2015/16 financial year and its position at the year end of 31 March 2016. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the "Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 and the Service Reporting Code of Practice for Local Authorities 2015/16 (SeRCOP), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under the 2015 Act. 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.

4.2 Accruals and Prepayments of Income and Expenditure

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

Revenue from the sale of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
Expenses in relation to services provided (including services provided by employees) are recorded as expenditure when the services are received rather than payments 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.

4.3 Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice for Local Authorities 2015/16 (SeRCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi- functional, democratic organisation.

- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any deprecation and impairment losses chargeable to non-operational properties.

These two cost categories are defined in SeRCOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Cost of Services.

4.4 Charges to Revenue for Non Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service

The Council is not required to raise council tax to cover depreciation, revaluations, impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (equal to at least 4% of the underlying amount measured by the adjusted Capital Financing Requirement, excluding amounts attributable to HRA activity). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision 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.

4.5 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 paid sick leave, bonuses and non-monetary benefits e.g. cars for current employees and are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year-end which employees carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the accounting year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits
Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Authority is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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

Post-Employment Benefits

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

4.6 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 the annualised yield on the iBoxx credit index over the fifteen year AA rated non-gilt bond index.

- The assets of the Devon County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value:

- *quoted securities* – current bid price
- *unquoted securities* – professional estimate of fair value
- *unitised securities* – average of the bid and offer rates
- *property* – market value

The change in the net pensions 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.

- *net interest on the net defined benefit liability*, i.e. net interest expense for the authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – 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 benefit 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 Local Government Pensions Scheme - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and any such amounts payable but unpaid at year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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

4.7 Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as either short term or long term creditors depending upon the conditions. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

4.8 Revenue Expenditure Funded from Capital under Statute (REFCUS)

REFCUS represents expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets controlled by the Council. Service revenue accounts have been charged on the basis of the benefit that the service received as a result of the expenditure, net of any capital grants received during the year. As the asset created is not owned by the Authority at the end of the accounting period the expenditure, net of any capital grants received during the year, is immediately written off in full in the year of creation. Where the Council has determined to meet the cost of the REFCUS from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amounts charged in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account.

4.9 Value Added Tax

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

4.10 Exceptional Items

When items of income and expenses are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

4.11 Minimum Revenue Provision

The Prudential Code requires that all capital expenditure is financed by a credit to the Capital Adjustment Account. If funding is not immediately available then a capital financing requirement (CFR) arises.

Essentially the CFR has to be mitigated over time on a prudent basis by making a "minimum revenue provision". This is a charge to the General Fund made from the "Adjustments between Accounting Basis and Funding Basis under Regulations" and the Capital Adjustment account.

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

1. To make a minimum revenue provision of 4% on assets acquired prior to 1 April 2008.
2. Finance leases have their capital financing applied on a straight line basis over the life of the lease contract.
3. 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.

4.12 Events after the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period the Statement of Accounts is adjusted to reflect such events

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

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

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

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

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

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

4.14 Reclassifiable Amounts in the Surplus or Deficit on the Provision of Services

Property, Plant and Equipment

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

Recognition
Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. repairs and maintenance) is charged as an expense when it is incurred. Expenditure is treated as *revenue* in nature unless the expenditure exceeds £20k. (Except in the case of some projects where the total funding grant

exceeds £20k but an individual project using this money may amount to less than this.)

Measurement
Assets are initially measured at cost comprising:

- the purchase price
- any costs attributable to bringing the asset into the working condition necessary for it to be capable of operating in the manner intended by management
- any costs attributable to dismantling and removing the item and restoring the site on which it is located

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

Assets are then carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction depreciated historical cost
- dwellings - fair value, determined using the basis of existing use value for social housing (EUV-SH). The adjustment factor to give EUV-SH has remained at 31%
- all other assets - fair value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV)

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 asset 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 might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for by:

- 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 Comprehensive Income and Expenditure Statement.

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

Componentisation

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

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

Impairment

Assets are assessed at year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- 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 Comprehensive Income and Expenditure Statement.

The Council had the District Valuer estimate current values of 1/5 of all of the property portfolio at 31 March 2016.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systemic 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

Applying this model, with current rebuilding costs, a depreciation charge of £1,959k for the year has been determined. This charge has been allocated pro rata across all of the council dwellings, including new additions based upon the property's value

- other buildings – straight-line allocation over the life of the property as estimated by the Valuer

- Vehicles, plant and equipment – straight-line allocation over the life of the asset as estimated by suitably qualified and experienced officers. Examples of the sort of time scales are given below:

Plant	Expected asset life of 10 years
Vehicles	Expected asset life of 5 to 7 years
ICT Equipment	Expected asset life of 5 years
Specialist equipment	Expected asset life of 3 to 10 years
CVSC Boilers & Solar Panels on Council Buildings (Phoenix House, 3 Leisure Buildings & Moorhayes Community Centre)	Expected asset life of 25 years

- Infrastructure – straight-line allocation over the life of the property as estimated by the Valuer

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.

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 re-valued 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 Comprehensive Income and Expenditure Statement. Gains or losses on sale are posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. 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 Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10k are categorised as capital receipts. A proportion of receipts relating to housing disposals and other assets, net of statutory deductions and allowances is payable to the Government. Part of the retained balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow and part is required to be set aside in a ring fenced reserve for future Council house building. Receipts are appropriated to the Reserve from the Adjustments between Accounting Basis and Funding Basis under Regulations.

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

4.15 Heritage Assets

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

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

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

Any impairment is recognised and measured in accordance with the Authority's general policies on impairment shown in note 4.15 above.

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

4.16 Art Collection

The Authority's art collection includes paintings (oil on canvas, oil on board), statues and busts and some furniture, most of which are contained within the Town Hall at Tiverton. The assets which were donated in years past were valued for insurance purposes by Chilcotts professional Fine Art Valuers and Auctioneers in March 2012. These asset values will be re-visited at 5 yearly intervals.

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

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

Acquisition, Preservation and Management

The Authority does not have a defined policy to acquire further Heritage assets. Those owned by the Authority have been bequeathed or donated to the Authority. The Authority's Estates team maintain a record of the assets, working with relevant professional advisers to ensure their continued preservation. Members of the public do not currently have access to the assets contained within the Town hall.

4.17 Intangible Assets

Expenditure on non-monetary assets that do not have a physical substance but are controlled by the Authority as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Authority will be able to generate future economic benefits or deliver service potential by being able to sell the asset or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority meets this criterion, and they are therefore carried at amortised cost.

Capitalised internally developed software costs associated with in-house commissioning and configuration of software have been amortised over one year as there is no readily ascertainable market value.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

4.18 Leases

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

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

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

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant and equipment - applied to write down the lease liability, and

- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

The Authority as Lessor

Finance Leases

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

Lease rentals are apportioned between:

- a charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received), and

- finance income (credited to the Financing And Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement. For this set of accounts the Council has no lessor finance leases.

4.19 Investments including Cash on Deposit with Banking Institutions

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

4.20 Accounting for Local Taxes

Non Domestic Rates (NDR)

- Retained Business Rate income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.
- Top Up Income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.

Council Tax

- Council Tax income included in the Comprehensive Income & Expenditure Statement for the year will be treated as accrued income.

Both NDR, Top Up Income and Council Tax will be recognised in the Comprehensive Income & Expenditure Statement in the line Taxation & Non-Specific Grant Income. As a billing authority the difference between the NDR and

Council Tax included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and reported in the Movement in Reserve Statement. Each major preceptor's share of the accrued NDR and Council Tax income will be available from the information that is required to be produced in order to prepare the Collection Fund Statement. The income for Council Tax, NDR is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the authority, and the amount of the revenue can be measured reliably .

Revenue relating to such things as council tax, general rates, etc. shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

4.21 Inventories

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

4.22 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 no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

4.23 Financial Instruments

Financial Assets

Financial assets are classified into two types:

- loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- available-for-sale-assets – assets that have a quoted market price and/or do not have fixed or determinable payments

Available-for-Sale-Assets

Available-for-sale assets are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. where the asset has fixed or determinable payments, annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure statement for interest receivable are based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Where there are no fixed or determinable payments, income (e.g. dividends) is credited to the Comprehensive Income and Expenditure Statement when it becomes receivable by the Authority, Assets are maintained in the Balance sheet at fair value. Values are based on the following technique:

Instruments with quoted market prices – the market price

The input to the measurement technique is categorised in accordance with the following technique:

Level 1 input – quoted price (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Changes in fair value are balanced by an entry in the Available-for-Sale Financial Instruments Reserve and the gain /loss is recognised in the Surplus or Deficit on revaluation of Available-for-Sale Financial Assets. The exception is where impairment losses have been incurred – these are debited to the Financing and Investment Income and Expenditure liner in the Comprehensive Income and expenditure Statement, along with any net gain or loss for the asset accumulated in the Available-for-sale Financial Instruments reserve.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made (fixed or determinable payments) or fair value falls below cost, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as any shortfall of fair value against the acquisition cost of the instrument (net of any principal repayment and amortisation).

Any gains or losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment and Expenditure line in the Comprehensive Income and Expenditure Statement, along with any accumulated gains or losses previously recognised in the Available–for-Sale Financial Instruments Reserve.

Loans and receivables

Loans and receivables are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the relevant service (for receivables specific to that service) or the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the present value of the revised future cash flows discounted at the asset's original effective interest rate.

Any gains and losses that arise on the derecognition of the asset, would be credited or debited to the Financing and Investment Income line in the Comprehensive

Income and Expenditure Statement.

4.24 Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, based on 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 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.

For this set of accounts the Council has no provisions.

4.25 Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts. For this set of accounts the Council has no contingent liabilities.

4.26 General Fund Reserve

Council has approved a policy whereby the level of the General Fund balance should not fall below 25% of the net General Fund budget. Transfers from earmarked reserves have been made to ensure this minimum balance is retained. (£2.2m for 2016/17).

5.0 THE STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

5.1 The Authority's Responsibilities

The authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Head of Finance.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the statement of accounts.

5.2 The Head of Finance's Responsibilities

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

In preparing this Statement of Accounts, the Head of Finance has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the Code of Practice.

The Head of Finance has also:

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

5.3 Opinion

In my opinion the Statement of Accounts gives a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2016.

Date 31/5/16 **Signature:**

Andrew Jarrett – CPFA
Head of Finance
Mid Devon District Council