West Devon Borough Council

Audited Statement of Accounts

2022/2023

West Devon
Borough
Council

Contents

Statement of Accounts 2022-23

The Statement of Accounts 2022-23 can be made available in large print, Braille, tape format or other languages upon request.

West Devon Borough Council is committed to reflecting the full diversity of our community and to promoting equality of opportunity for everyone.

Section 1

Narrative Statement

Introduction to the 2022/23 Statement of Accounts by Councillor Mandy Ewings, Leader of West Devon Borough Council

As the newly elected Leader of the Council, I am pleased to welcome you to the 2022/23 Statement of Accounts for West Devon Borough Council. The last year has seen a cost of living crisis coupled with high inflation and households facing higher bills across the board, in particular in relation to energy. The Council has supported our communities and residents during these difficult economic circumstances.

The Council moved quickly to agree a cost of living action plan which has seen us work with partners to publish weekly newspaper articles signposting support, launching a scheme providing electric blankets and slow cookers to residents and acting quickly to process £2.8m of council tax energy support payments of £150 to 18,912 households in the Borough. We have also developed support programmes for those who have fled the war in Ukraine, by supporting 187 guests from Ukraine who have arrived in the Borough as part of the Homes for Ukraine scheme.

One of the highlights of 2022/23 was the announcement that the Council and its partners (DCC, GWR and Network Rail) were successful in attracting a £13.4million bid for Government funding, to develop a new railway station and integrated transport hub on the eastern edge of Okehampton. This will build on the fantastic success of the Dartmoor Line, which reopened with great success in November 2021.

The station's platform will include a passenger lift with greater accessibility for all travellers as well as cycle facilities and electric vehicle charging points to promote active and green travel. These actions will help to meet the Council's climate change objectives to reduce carbon across the Borough by 2050. The Borough Council are confident this will bring huge benefits to West Devon's economy and particularly to Okehampton and its surrounding area.

During 2022/23 we also received confirmation that the Borough would benefit from £1million of UK Shared Prosperity Funding. This funding will enable the delivery of a range of projects to encourage people to use sustainable travel for work and leisure as well as providing support and advice to businesses on decarbonising their activities.

The West Devon Alliance Group has developed a series of aims and ambitions for the Council. The new Corporate Strategy will set out action plans for delivery including taking a vigorous stance on the climate emergency. The Council declared a housing crisis in 2022 and will develop initiatives to promote climate-friendly housing. The Council continues to do everything it can to ensure residents, businesses and front-line services come first. The financial standing of the Council remains secure in the short to medium term. The Council’s year end position is a small surplus for the 22/23 year of £79,000 against the budget (equivalent to 1% of the net budget of £7.77m). This surplus will go into the Council’s unearmarked reserves, to be reinvested into our core services and the new Corporate Strategy.

Councillor M Ewings , Leader of the Council

Foreword by the Chief Executive

There's been a huge amount on the agenda this year; we've been working hard to respond to the housing crisis, continued to take action on climate change and worked hard to support local business and the economy with securing UK Shared Prosperity Funding. We have offered all the support we can to residents to help them through the cost-of-living crisis that we are all facing. We've also played our part in successfully implementing the Homes for Ukraine scheme across the Borough.

In January 2023, the Council released its plans to spend £1m of UK Shared Prosperity funding to help support the economy and reduce carbon emissions across the Borough. The Council has agreed to the commissioning of a Local Cycling and Walking Infrastructure Plan to improve both walking and cycling routes across West Devon. This will inform the Council's next steps in developing more inclusive and eco-friendly travel provisions and infrastructure. The Council's roll-out of its specialist advisors programme will see wider business support and consultancy across the West Devon community. Partnerships will be developed across the local agriculture sector, knowledge organisations, businesses and tech companies to develop a community of research and development in order to ensure the culture of regenerative farming.

During 2022/23, the Council has taken steps to support more residents to stay in their own homes for longer through supporting 51 disabled facility schemes, accessible homes grants and healthy homes grants. This represents a total investment of £790,000 of Government grant funding during the year.

We have been unrelenting in seeking and attempting to deliver efficiencies and improve services. The Council has taken a hard look at where it can save money to keep balancing the books and has a track record of strong financial management over many years.

Our strategic financial planning enables the Council to make fully informed decisions and to deliver the quality of services that our residents, visitors and businesses have every right to expect. The Council has once more managed to balance its budget exceptionally well, whilst continuing to provide a level of good service to residents of the Borough. Our staff have continued to impress me with their efforts to support the people and communities of West Devon.

Finally, I am immensely proud that West Devon and South Hams Councils won the category of 'Senior Leadership Team of the Year' at the MJ Awards in June. It is great recognition for West Devon and South Hams for the work we're doing to make a difference in our communities and for everything that our Councillors and staff achieve together as one team.

Andy Bates, Chief Executive

Message from the Section 151 Officer and Corporate Director for Strategic Finance - Lisa Buckle

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). The aim of the Accounts is to enable members of the public, Council Members, partners, stakeholders and other interested parties to:

- Understand the financial position of the Council as at 31 March 2023 and how the Council has performed against the budget set for 2022/23
- Be assured that the financial position of the Council is secure, with a degree of resilience.

This Narrative Statement provides information about West Devon Borough Council, including the key issues affecting the Council and its Accounts. It is very important to us to provide residents and other stakeholders with the confidence that the public money for which we are responsible has been properly accounted for. The current economic climate has seen the Bank of England increase the Bank Base rate to 5%, the highest level in 15 years, in order to tackle surging inflation. This follows a difficult few years, with the COVID 19 pandemic and a rise in energy and fuel costs and higher inflation and interest rates. This has put added pressure on the finances of Councils up and down the country, including West Devon Borough Council.

Prudent financial management in the past has meant that the Council was in a relatively healthy position financially before the pandemic hit. The management of risk and promoting financial resilience is a key principle of our budget strategy and this has helped facilitate our response and recovery. Key to the authority's financial resilience are our reserves, which are at a prudent level. We continue to support our residents and businesses through this period of uncertainty.

Through its Council Tax Reduction scheme, the Borough Council will ensure that those who are in financial hardship are able to pay less Council Tax, while receiving the full range of support services. At the moment, the Council is supporting 3,200 households and has awarded £3.7m to reduce residents' bills through the scheme. To help prevent further worry, financial advice is also offered. In April 2023, the Council has administered a new Government business rates relief scheme which has provided vital support to a further 542 businesses in the retail, leisure and hospitality sector, helping them respond to adapting consumer needs. It is hoped that this support will be a boost to our high streets and town centres.

The Council is on a stable financial footing and this will help the Council manage the uncertainty of the future reforms of Local Government finances such as the Fair Funding Review, New Homes Bonus scheme and the business rates baseline reset. There is no indication yet of the detailed local government funding levels for 2024/25 and beyond and therefore there are many uncertainties in preparing for the challenges we know we will face in the near future.

Mrs Lisa Buckle BSc (Hons), ACA
Corporate Director for Strategic Finance (S151 Officer)

NARRATIVE STATEMENT – INTRODUCTION

1. Each year West Devon Borough Council publishes a Statement of Accounts that incorporates all the financial statements and disclosure notes required by statute. The Statement of Accounting Policies summarises the framework within which the Council's accounts are prepared and published.

REVIEW OF THE YEAR – THE REVENUE BUDGET

2. The 2022/23 budget for West Devon was £7.77 million. A surplus of £79,000 means that the actual spend was 1.0% less than the budget. This saving will go into the Council's Unearmarked Reserves which now stand at £1.57 million. The main components of the General Fund budget for 2022/23 and how these compare with actual income and expenditure are set out below:

	Estimate £000	Actual £000	Difference Cost/ (Saving) £000
Cost of services	7,796	8,308	512
Parish Precepts	1,845	1,845	0
Interest and Investment income	(25)	(601)	(576)
Amount to be met from Government grants and taxation	**9,616**	**9,552**	**(64)**
Financed from:			
Business Rates (baseline funding level)	(1,648)	(1,648)	0
Business Rates (achieved over baseline funding level)	(52)	(52)	0
Business Rates Pooling Gain	(200)	(200)	0
Council Tax	(6,948)	(6,948)	0
Deficit on Collection Fund	(152)	(152)	0
Rural Services Delivery Grant	(487)	(487)	0
Lower Tier Services Grant	(74)	(75)	(1)
Services Grant	(114)	(114)	0
Business Rates Levy Account Surplus Grant	0	(14)	(14)
Budgeted Earmarked Reserve Contributions	59	59	0
UNDERSPEND FOR 2022/23	**0**	**(79)**	**(79)**

3. The movement in the General Fund Balance is shown in the Movement In Reserves Statement in Section 2B and can be summarised as follows:

	£000
General Fund Balance (un-earmarked revenue reserve) at 1 April 2022	(1,490)
Surplus for the 2022/23 financial year	**(79)**
General Fund Balance (un-earmarked revenue reserve) at 31 March 2023	(1,569)

*On including the earmarked reserves, Total General Fund Reserves are £10.47 million.

4. **The 2022/23 budget for West Devon was £7.77 million but the actual spend was 1.0% lower, providing an underspend of £79,000 for the year, as set out within these Accounts.**

5. The table below shows a reconciliation of the position shown on the bottom of the Comprehensive Income and Expenditure Statement and the underspend for 2022/23.

	£000
Total Comprehensive Income and Expenditure Statement	**(14,869)**
Deficit on the revaluation of Property, Plant and Equipment	(3,668)
Deficit on the revaluation of Financial Instruments	(91)
Remeasurements of the net defined benefit pension liability	19,895
Transfers to/(from) earmarked reserves	(287)
The detail of the items below are shown in Note 7 'Adjustments between Accounting Basis and Funding Basis under Regulations' in the General Fund Balance column.	
Adjustments primarily involving the Capital Adjustment Account	(2,778)
Adjustments primarily involving the Capital Grants Unapplied Account	195
Adjustments primarily involving the Capital Receipts Reserve	14
Adjustments primarily involving the Pensions Reserve	(1,165)
Adjustments primarily involving the Council Tax Collection Fund Adjustment Account	107
Adjustments primarily involving the Business Rates Collection Fund Adjustment Account	2,570
Adjustments primarily involving the Accumulated Absences Account	(2)
Underspend for the 2022/23 financial year	**(79)**

6. A summary of the main differences from budget in 2022/23 is provided below:

ANALYSIS OF VARIATIONS 2022/23 (% column shows variation against budget)	**£000**	**% variation**
Reductions in expenditure/additional income		
Treasury Management Income – extra investment income on the Council's investments following the recent successive increases in interest rates to 5% as the Bank of England looks to tackle surging inflation	(575)	2300.0%
Salary savings – partly due to vacancy savings and partly due to a reduction of £86K in WDBC salary costs following a review of the shared services apportionments for 22/23 (Audit Committee report 14.3.23). West Devon shares the cost of its workforce with South Hams. The £86K reflects the changes in the apportionments from South Hams DC bringing the waste service back in house.	(258)	5.7%
Homelessness prevention costs – Mainly due to additional unbudgeted grant income from the Homelessness prevention grants (including top ups).	(203)	-
Receipt of small unbudgeted in-year government grants	(40)	-
Savings on pension costs due to increased continuing national mortality rates	(26)	5.7%
Additional trade waste income	(25)	166.8%
Additional garden waste income	(23)	9.3%
Increases in expenditure/reduction in income		
National pay award – the national employer's pay offer for 2022/23 of £1,925 on all NJC pay points was significantly higher than the budgeted provision of 3%. The pay award resulted in additional salary costs.	230	255.6%
Waste and recycling contract additional costs – There are additional costs in 22/23 relating to the uplift in the waste and recycling contract sum, effective from 1 July 2022 (Hub Committee report 12 July 2022)	218	13.2%
Waste contract inflation – the actual rate of inflation on the contract was 12.2% and was significantly higher than the budgeted provision of 3%. Contract inflation is based on fuel inflation, wage inflation and consumer price index, all of which were higher than when the budget was set due to the rise in energy costs and inflation.	200	250.0%
Waste contract – increase in the number of households/collections from natural property growth.	110	4.4%
Planning income shortfall – Planning income is down by £185,000 (39%) against the budgeted income target of £473,000.	185	39.1%
ICT software and support contracts – additional costs from above inflation increases, increased number of users on the Council's network and increase in remote working.	89	18.4%
Shortfall in car parking income – There is an income shortfall of £168,000 (16%) against the budgeted income target of £1.036m. Covid and online shopping continue to have an impact and town centre car parks have not made a full recovery. Savings in other areas have partly offset the shortfall in income.	78	6.8%
Homelessness costs – additional expenditure on temporary accommodation over and above what is claimable through the DWP subsidy. This is due to a number of factors beyond the Council's control such as the housing crisis. This has been offset by additional grant income shown above.	52	16.0%
Other small variances	(91)	-
TOTAL UNDERSPEND FOR 2022/23	**(79)**	**(1.0%)**

The 2022/23 budget for West Devon was £7.77 million but the actual spend was 1.0% lower, providing an underspend of £79,000 as shown above.

KEY AREAS TO NOTE FROM THE 2022/23 STATEMENT OF ACCOUNTS

Pension Liability

7. International Accounting Standard 19 (IAS19) requires local authorities to recognise pension assets and liabilities within their accounts. The overall impact on the General Fund of the IAS 19 entries is neutral. The Net Cost of Services within the Comprehensive Income and Expenditure Statement includes current service costs and past service costs. Net Operating Expenditure includes the Council's share of the return on pension's assets and the net interest cost of the Council's liability due to under-funding.

8. During the autumn of 2022 the Actuary undertook the latest 3-yearly review of the Pension scheme and costs; with the next review due in 2025/26 year. The Local Government Pension Scheme has been reviewed nationally to ensure it meets the objectives of being viable and acceptable to both employees and the employer.

9. The pension liability as at 31 March 2023 of £5.5million is significantly lower than the previous year (£24.2million) as a result of the actuary reducing life expectancy projections and an increase in interest rates affecting the discount rate for liabilities. The Actuary has estimated the net deficit on the funded liabilities within the Pension Fund as at 31 March 2023 is £5.5 million. This is a significant reduction from the deficit of £24.2 million as at 31 March 2022. The deficit is derived by calculating the pension assets and liabilities at 31 March 2023. This large reduction in the pension liability for West Devon is mainly due to a change in financial assumptions (£19.7 million). This relates to an increase in the discount rate from 2.6% at 31 March 2022 to 4.8% at 31 March 2023. Accounting regulations prescribe that accounting valuations of pension liabilities should use a discount rate based on corporate bond yields. As interest rates have gone up, so have corporate bond yields and therefore the discount rate applied to our accounting liabilities.

10. The Council's liability relating to the Devon County Council defined benefit pension scheme is included within the Balance Sheet and further details are shown in note 36. The liability does not represent an immediate call on the Authority's reserves and is a snap-shot valuation in time, based on assumptions. The true value of the deficit is assessed on a triennial basis with contribution rates set to recover the balance over the longer-term.

11. The amount the Council contributes to the Pension Fund is re-assessed every three years; the most recent review was in the autumn of 2022 and took effect from April 2023. The Council has adjusted its pension contributions in line with the Actuary's recommendations, which have been factored into the Medium Term Financial Strategy (MTFS).

Business Rates

12. The Local Government Finance Act 2012 introduced a Business Rates Retention Scheme (BRRS) that enabled local authorities to retain a proportion of the business rates generated in their area, with effect from 1 April 2013. There is a risk of volatility in the system because Councils are exposed to any loss of income if businesses go into decline or if a Council's income from business rates falls due to successful business rates appeals.

13. Provision is made for likely refunds of business rates as a result of appeals against the rateable value of business properties. The provision is based on the total value of outstanding appeals at the end of the financial year as advised by the Valuation Office Agency. Using this information, an assessment was made about the likely success rate of appeals and their value.

14. In 2022/23 there has been a £469,000 decrease in the provision for appeals within the Collection Fund. The balance on the Business Rates Collection Fund at 31 March 2023 is a surplus of £0.94 million (deficit of £3.09 million in 2021/22). West Devon Borough Council's share of the surplus is 40% (£0.38 million).

15. Monies are set aside in the Business Rates Retention Earmarked Reserve to mitigate the impact of volatility in Business Rates income due to the complex accounting arrangements for Business Rates. In 2022/23 the balance of the Business Rates Retention Scheme (BRRS) earmarked reserve reduced by £0.01m to £1.08m as at 31 March 2023 (£1.09m at 31 March 2022). Some of this additional business rates income is due to timing differences in the way the Collection Fund operates and part of the funding will be needed to meet future years' budgets for business rates, in particular when business rates baselines are due to be re-set in the future.

16. In addition, a new earmarked reserve was created in 2020/21 called the s31 Compensation Grant (Business Rates) Reserve. This was set up to hold the s31 grant received in 2020/21 and 2021/22 totalling £3.85m to offset the business rate reliefs given to businesses during the pandemic and the 2020/21 Tax Income Guarantee s31 grant for Business Rates (£0.15m). Under current Collection Fund accounting rules, the s31 grants received are not discharged against the Collection Fund deficit until the following year. In 2021/22 £2.37m s31 grant was discharged to the Business Rates Collection Fund and a further £1.32m in 2022/23. This compensation grant will continue to be applied to the Collection Fund to smooth the impact of the Business Rates deficit. The balance on this reserve as at 31 March 2023 is £307,000.

Trading Company

17. West Devon Borough Council and South Hams District Council set up a trading company, Servaco Ltd, on 4th September 2014. This is a company limited by shares. The company has not traded in 2022/23 and a set of statutory dormant Accounts will be filed with Companies House for the period 1 April 2022 to 31 March 2023. At Council on 21 February 2023 Members approved to close down this dormant company, Servaco Ltd with effect from 31 March 2023.

Borrowing

18. In 2022/23 the long term borrowing of the Council decreased from £27,726,000 (21/22) to £27,012,000. Short term borrowing increased from £615,000 to £714,000. This is due to the profiling of the debt repayments where long term borrowing has moved to short term borrowing. Total borrowing as at 31 March 2023 has reduced from £28,341,000 to £27,726,000. No further external borrowing took place during 2022/23.

Capital Spending

19. The Council spent £2.0million on capital projects in 2022/23. The main areas of expenditure were as follows:

    - Housing renovation grants including disabled facilities grants (£1.1m)
    - Green Homes Grants (£0.5m)
    - IT scheme (£0.2m)

    The capital programme is funded from capital receipts, capital grants, external contributions, earmarked reserves and internal borrowing (please see note 33).

Financial Instruments – IFRS9 Election to treat Equity Instruments as Fair Value through Other Comprehensive Income

20. In February 2017, the Council made the decision to invest £500,000 in the CCLA Local Authority Property Fund, with the investment being placed in April 2017.

21. Upon transition to IFRS 9 – Financial Instruments on 1 April 2018, and in accordance with paragraphs 5.7.5 and 7.2.8 (b) of IFRS9, West Devon Borough Council made an irrevocable election to present in other comprehensive income, changes in the fair values of its equity instruments. These investments are eligible for the election because they meet the definition of equity instruments in paragraph 11 of IAS32 and are neither held for trading (the Council holds this investment as a long term strategic investment) nor contingent consideration recognised by an acquirer in a business combination to which IFRS3 applies. They are not considered to be puttable instruments because the Council does not have a contractual right to put the instrument back to the issuer for cash.

22. A summary of the position of these equity instruments as at 31 March 2023 is shown below:

	Purchase cost	Fair Value at 31 March 2023	Movement in Financial Instruments Revaluation Reserve 2022/23
	£000	**£000**	**£000**
Equity Instrument			
CCLA Local Authorities Property Fund	500	462	(91)

FINANCIAL NEEDS AND RESOURCES

23. The Council maintains both capital and revenue reserves. The provision of an appropriate level of balances is a fundamental part of prudent financial management, enabling the Council to build up funds to meet known and potential financial commitments.

24. General Fund reserves (which include earmarked reserves) have decreased by £0.20m from the preceding year and stand at £10.47m at 31 March 2023. This reflects the 2022/23 surplus of £79,000 and an decrease in earmarked reserves of £287,000.

25. The total Earmarked Reserves balance at 31 March 2023 of £8.9m includes £307,000 held in the Business Rates s31 Compensation Grant Reserve. This is due to a technical accounting adjustment where Councils were compensated for the business rates holidays that were announced by the Government for the retail, hospitality and leisure sectors in 2020/21 and 2021/22 (this funding is in the s31 Compensation Grant Reserve). This temporary increase in reserves will reverse back out again in the 2023/24 Accounts, to fund the deficit on the Collection Fund. Therefore this is not money which is available for the Council to spend and it is important that this is not misinterpreted in the Accounts, as this is a national issue.

26. The General Fund Balance (un-earmarked reserve) has increased by £79,000 in 2022/23 and totals £1.569m. Revenue reserves may be used to finance capital or revenue spending plans. The level of Reserves are assessed as adequate for the Council's operations.

27. Capital Reserves are represented by capital receipts and capital contributions unapplied. The balance at 31 March 2023 amounts to £0.382m, compared to £0.409m at the end of the previous year.

28. There are a number of Unusable Reserves which include the Revaluation Reserve, Capital Adjustment Account and Pensions Reserve which are subject to complex accounting arrangements. The Revaluation Reserve and Capital Adjustment Account are used primarily to account for changes in fixed asset values associated with revaluations and new capital expenditure and as such cannot be used to finance capital or revenue expenditure. In addition the Financial Instruments Revaluation Unusable Reserve was created in 2018/19 following the implementation of IFRS9 Financial Instruments on 1 April 2018.

29. When reviewing the amount of overall reserves held, consideration should be given to the possible implications of the Pension Fund deficiency disclosed within the notes to the balance sheet. The requirement to recognise the net pension liability in the balance sheet has reduced the reported net worth of the Authority by £5.5 million at 31 March 2023. This disclosure follows the implementation of the International Accounting Standards (IAS 19). This standard requires local authorities and other businesses to disclose pension assets and liabilities within the balance sheet.

30. It is important to gain an understanding of the accounts to appreciate the nature of this reported deficiency, which is based on a “snapshot” of pension assets and liabilities at the year end. This is quite different from the valuation basis used for the purposes of establishing the employer’s contribution rate and fund shortfall, which are calculated using actuarial assumptions spread over a number of years.

Annual Governance Statement (AGS)

31. The Council’s Annual Governance Statement sets out the arrangements for governance which the Council has in place. The AGS is published alongside the Accounts for 2022/23.

Housing Crisis

32. Throughout 2022/23, the Council has continued to focus on delivering its Housing Crisis action plan. Whilst seeking to address the issue locally, the size and significance of the housing crisis has appeared to grow, and new challenges arise. The war in Ukraine and Homes for Ukraine Scheme, the Cost-of-Living crisis and the global increase in materials and labour have all impacted on our ability to tackle the crisis and this will continue.

33. House prices in West Devon continue to be among the least affordable in Devon with average housing costs at over 12 times the average salary. An almost complete lack of long term rented accommodation is one of the leading problems contributing to the crisis, alongside the increasing trend for people to move to the area from urban locations. Whilst the Joint Local Plan is working well and we are beating the targets for new houses, this national initiative is not enough to match our current local situation.

34. There has recently been an increase in the amount of time it takes to source suitable long-term accommodation for those residents needing it, which has in turn increased the amount of time applicants are staying in our temporary accommodation, from 33 nights in B&B and 78 in self-contained accommodation to an average of 64 nights in B&B and 113 in self-contained accommodation.

35. In response, in March 2023, the Council considered a report setting out two options to address this including (subject to planning permission), converting a currently under-occupied Council property in Tavistock into a temporary accommodation site and also to access the Governments Local Authority Housing Fund to purchase up to 5 properties, primarily to provide housing for Ukrainians requiring temporary accommodation following the breakdown of a current placement.

A Plan for West Devon

36. During the year we continued to deliver against the actions set out in A Plan for West Devon (available on our website).

37. A Plan for West Devon was developed over 12 months in response to the impacts of Covid-19 and a post-Brexit UK and has ensured that the Council has a clear direction and focus for the period September 2021- March 2024.

38. Throughout the year, the Overview and Scrutiny Committee has considered a detailed update on each of the themes. Additionally, we have continued to deliver quarterly Integrated Performance Management reports to Hub Committee setting out overall progress against each theme, strategic risk overview, key service performance and capital project updates.

39. In March 2023, Hub Committee recommended to Council (HC92/21) that minor amendments be made to the 2023/24 delivery plan in order that it remains fit for purpose. The update plan was adopted by Full Council on 4th April 2023 and provides a clear direction until the delivery of the next Corporate Strategy.

UK Shared Prosperity Funding

40. During this year, the Council has been pleased to secure an investment in the Borough from Government Levelling Up and UK Shared Prosperity funds (UKSPF).

41. UKSPF action in West Devon will include spending just over £1m on projects to help support the economy and reduce carbon emissions including commissioning of a Local Cycling and Walking Infrastructure Plan, rolling out a specialist business support and consultancy programme to support business to set out pathways to decarbonise their activities and to support local building firms get ahead the curve to meet future planning and building regulations.

42. A further work stream will see the Council work with organisations such as the Devon Agri-Tech Alliance to move farming into new sustainable ways of working.

43. Finally, £13.4m has been awarded to the Council to develop a new railway station and integrated transport hub on the eastern edge of Okehampton. The station's platform will include a passenger lift with greater accessibility for all travellers as well as cycle facilities and electric vehicle charging points to promote active and green travel. These actions will help to meet the Council's climate change objectives to reduce carbon across the Borough by 2050.

LOOKING FORWARD TO THE FUTURE AND NEXT STEPS

Development of a new Corporate Strategy

44. It is important that the Council has an adopted corporate strategy in place and that it aligns its staff, budgets and other resources to delivering the agreed priorities and ambitions of the Council in responding to the needs of our residents.

45. In May 2023, the Council held elections and has now formed a new Council. While we have a clear plan for corporate priorities for 2023/24, work will commence at pace to develop the next iteration of the Council's Corporate Strategy alongside the budget setting process for 2024/25.

46. While the new strategy is being developed, the Council will continue to monitor performance against the Plan for West Devon Year 3 delivery plan as adopted in April 2023.

Continuing to respond to the housing crisis

47. A significant focus for us during 2023/24 will be on delivering our action plan to address the Housing Crisis in West Devon. We will be pressing ahead with our action plan while continuing to deliver on our longer-term housing strategy.

48. This will include progressing the purchase of up to 5 properties through the Local Authority Housing Fund and submitting a full planning application for the conversion and use of 20 Plymouth Road, Tavistock as temporary accommodation. At a meeting of the Hub Committee on 7th March 2023, the Committee also noted the progress on Springhill, Tavistock and Wonnacotts Road, Okehampton.

Climate Emergency Response

49. This year will be the fourth year of delivering of our Climate and Biodiversity Emergency Action Plan. We will be continuing to deliver on those actions including ensuring the Council delivers on commitments including progressing plans for an electric vehicle fleet and continuing with our wild flowering on Council land.

Our financial future

50. The financial standing of the Council is secure in the immediate future, but there is still much work to do to ensure the long term financial sustainability of the Council. The Fair Funding Review, business rates baseline reset, and other funding reforms now look set to be pushed back to 2025/26 at the earliest. In addition the timing of the cessation of the current New Homes Bonus scheme is not clear, but if it does continue, it will be smaller in value with no historic legacy payments.

51. Pushing these major changes back to 2025/26 means that they can be aligned with the next spending review period (the current spending review runs to 2024/25). 2025/26 now looks like it is shaping up to be a very significant financial year for local government, incorporating a new spending review and funding reforms.

Going Concern

52. As highlighted above there is a high degree of uncertainty about future levels of funding for local government. However, the S151 Officer is keeping a close watch on developments and planning for this longer-term uncertainty. The Council has a strong track record of financial prudence and as a result has set aside Reserves. For example, the Council has a Financial Stability earmarked reserve to help secure financial stability for the longer term. This will include addressing any future financial pressures from changes in local government funding levels. The balance on the Financial Stability earmarked reserve at 31 March 2023 is £0.617m.

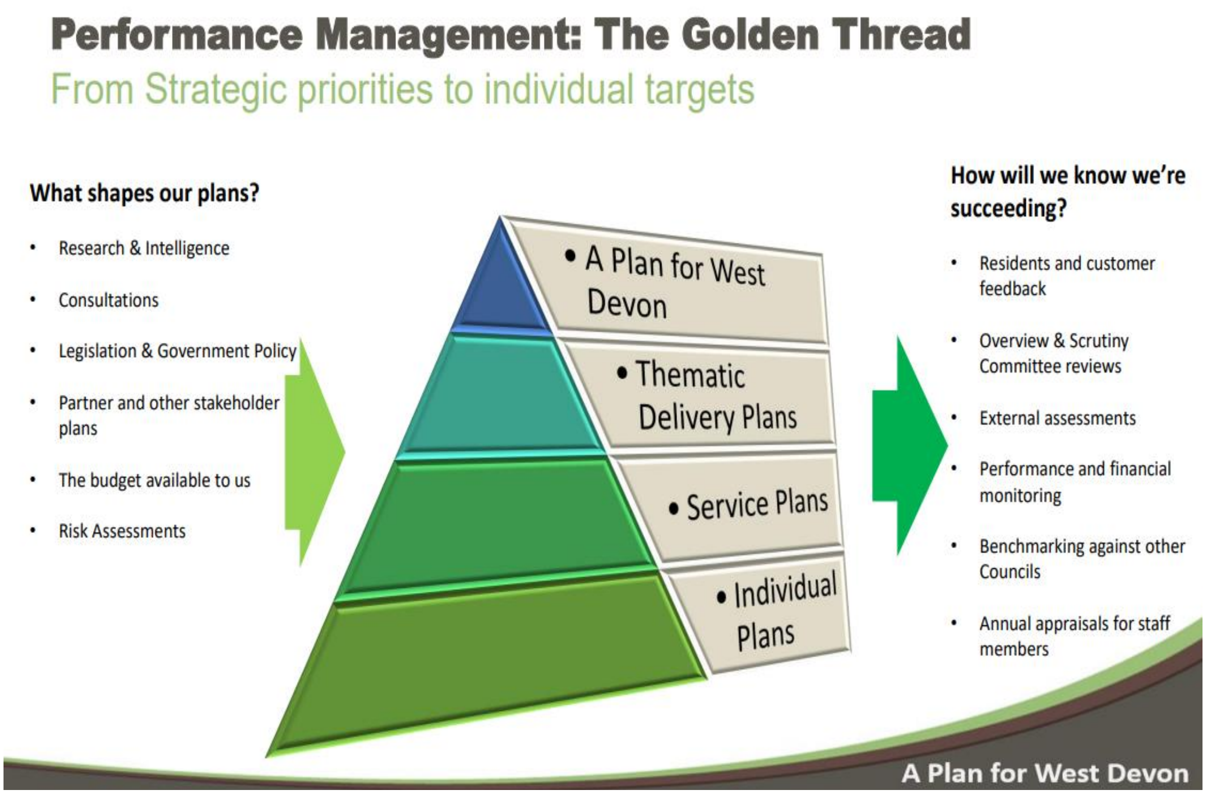
53. Based on the S151 Officer's management assessment (which has included consideration of the Government support available, the Council's current level of reserves, the level of working capital including cash and investments, a sensitivity analysis on forecast cashflows, income from local taxation and borrowing headroom etc.), there is no material uncertainty and as a result the Accounts for 2022/23 are prepared on a going concern basis.

Issue of the Accounts

54. The Corporate Director for Strategic Finance (Section 151 Officer) authorised the audited Statement of Accounts 2022/23 for issue on 19 March 2024. Events taking place after this date are not reflected in the financial statements or notes.

CORPORATE PERFORMANCE FOR 2022/23

55. The Council adopted its Plan for West Devon in September 2021 and regularly reports on the performance of the delivery plan to both Overview and Scrutiny and the Hub Committee. At the end of the year, the performance for the priorities within the strategy is as set out below. Overall, positive progress has been made across all themes. Each theme has a lead officer and lead Member who meet regularly to monitor progress. Performance against each theme is also considered by an Advisory Group consisting of 6-8 Councillors.



56. Positive progress against specific actions within A Plan for West Devon has continued throughout 2022/23 with 89% of the actions on track at the end of the year.

Overall Performance Against Actions

Status		Total Actions Within Category	% of overall actions
	This action is on track with good progress being made. There are no significant risks which require action and we are on track to deliver as planned	56	89%
?	There are some issues or risks which are requiring management but a plan is in place to bring back on track	7	11%
!	There is a significant risk that we cannot deliver this activity as planned. Regular monitoring and support from Lead Member and Senior Leadership Team is required	0	
	This activity is not yet due to start in the current year	0	
	Totals	63	100%

A highlight of some of the key achievements against each theme is set out below.

Strengthening Communities

Enabling our communities to deliver on schemes that matter to them has been important throughout 2022/23. The Council:

- ✓ Awarded £50,000 to community schemes delivering activities to support residents Health and Wellbeing through the cost-of-living crisis
- ✓ Supported 20 community events celebrating the Kings Coronation with grant funding of £10,000, enabling communities to come together.
- ✓ Awarded funding to a number of communities schemes such as installing a disabled ramp at Tavistock Bowling Club, rejuvenating Okehampton All Weather Pitch and resurfacing Tavistock Tennis Club courts – all schemes that will enable more people to participate in sport and leisure activities.
- ✓ Relaunched our Town and Parish Council network to share best practice and important information.
- ✓ Holding a Homes for Ukraine community event, bringing together over 100 hosts and guests from across the Borough

Community Wellbeing

Ensuring the wellbeing of our residents has continued to be a major focus for the Council and we've made positive progress on this front including:

- ✓ Developing a Cost of Living Action Plan, setting out the steps we would take to ensure residents who needed support could access it quickly and easily. This included reaching out to residents who are not online, via a weekly series of newspaper articles and publishing a leaflet over the Winter.
- ✓ Launched as Household Support fund providing grants of £300 to households in receipt of certain benefits
- ✓ Commissioned the delivery of a series of Mental Health Assemblies for primary school children, helping them look after their own mental health.

Improving Homes

We know that having a decent, safe home is essential for the wellbeing of all residents. This year we've taken the step of declaring a Housing Crisis in West Devon to highlight the significant shortage of homes within the Borough. During 2022/23 we have:

- ✓ Secured £300,000 to deliver a supported housing improvement programme – linked to our campaign for action in respect of supported housing.
- ✓ Launched a 'Downsize' Scheme where we provide a financial incentive for residents to move in to smaller houses, freeing up larger houses for those that need them – at the end of the year, 6 housing association tenants had accessed the scheme
- ✓ Delivered 51 disabled facility schemes, enabling those residents to stay in their existing home rather than moving
- ✓ Adopted a new homelessness strategy, setting out the steps we will take to reduce the risk of homelessness

Thriving Economy

2022/23 has seen the Council secure a number of investments that will make a positive difference to the economy across West Devon through the UK Shared Prosperity Fund (see point 41. above). We have also:

- ✓ Supported Sydenham Damerel residents to secure funding of £174,000 in a broadband voucher scheme – enabling 137 homes and businesses to access full fibre networks.
- ✓ Adopted a new business rates relief scheme which will provide vital support to businesses in retail, leisure and hospitality sectors.
- ✓ Progressed plans, with Okehampton Town Council and businesses, to explore the potential and appetite for a Business Improvement District.

Natural Environment

During the year we have continued to progress delivery of our ambitious Climate and Biodiversity Action Plan as well as delivering on our wider commitments for our Natural Environment.

✓ Planted 70 new large trees at three green spaces across Tavistock – made possible with funding from the Forestry Commission

✓ Worked with our Leisure Services Provider (Fusion Lifestyle) to secure funds to carry our a fully costed, heat decarbonisation plan for our two leisure centres

✓ Achieved an average recycling rate of 53.46% in 2022/23

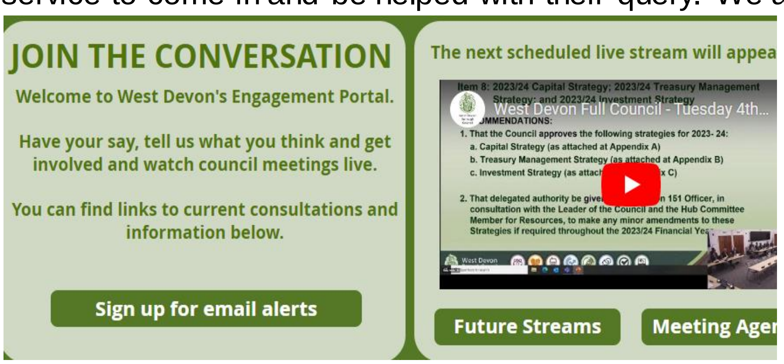
Built Environment

During the year we were able to support a number of events across the Borough that celebrated our heritage and also took steps to ensure that our Planning Service continues to adapt to meet the needs of residents. Specific actions throughout the year include:-

- ✓ Adopting the Plymouth and South West Devon Climate Emergency Planning Statement, setting new planning requirements to help shape new development in ways that minimise carbon emissions.
- ✓ Carrying out a consultation of our residents throughout the summer (My Place, My Views) enabling residents to tell us what they love (and should be protected) and what they feel needs improving. Over 1,500 residents took part in the consultation.
- ✓ We were again 'Highly Commended' at the 2023 Land Data Local Land Charges awards for its exceptional levels of customer service.

Inclusive Services

During 2022/23 we continued on our plans to improve the service that customer can receive. Our reception has reopened twice a week to enable those residents who prefer a face to face service to come in and be helped with their query. We also:-



✓ Launced a scheme whereby residents could request a visit from a Council Officer in order to be helped carry out Council business.

✓ Seen our website ranked as 22nd out of 402 Council websites for its positive accessibility

✓ Increased how much a resident can earn while still accessing Council Tax reduction

- ✓ Carried out a number of consultations to listen to our residents views including #MyPlace, asking for views to inform our new electric vehicle charging strategy and seeking views on Council Tax reduction scheme

Maximising Resources

This year, the Council again took steps to set a balanced budget and to effectively manage its resources. To ensure that the Council is fully aligned to deliver on Councillor priorities, this year we developed an Organisational Development Plan – a clear and measureable action plan setting out how we will support and develop our workforce. We also:-

- ✓ Continued to refine our Performance Management reporting, with a number of orgnisational performance reports being considered by the Hub Committee and the Overview & Scrutiny Committee throughout the year including an updated Key Performance Indicator Report.
- ✓ Took steps to ensure that all employees received a minimum 6% pay increase on this time last year which is key to ensuring we can retain existing staff and attract new talent. This included the national pay award.
- ✓ Progressed with plans to update our IT systems, with a focus on procuring a new Planning software package that will make it easier for residents and developers using our planning portal.

PRINCIPAL RISKS AND UNCERTAINTIES

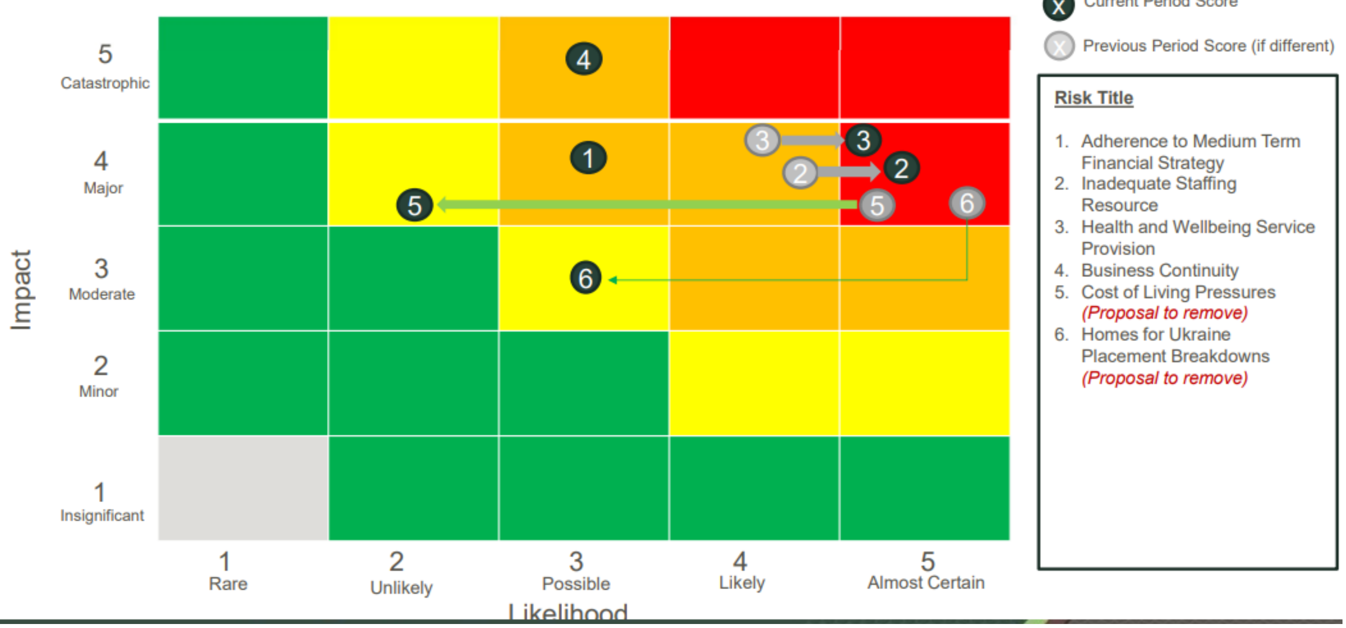
A risk and opportunity management strategy is in place to identify and evaluate risks. There are clearly defined steps to support better decision making through the understanding of risks, whether a positive opportunity or a threat and the likely impact. The latest update was presented to the Audit and Governance Committee on 14th March 2023 and a high-level summary considered by Hub Committee as part of the quarterly Integrated Performance Management Reports.

Our Risk Management Objectives

We have 6 key objectives that guide our approach to Risk Management

1. Adopt a strategic approach to risk management in order to make well informed decisions
2. Integrate risk management into how we run Council services and deliver key projects.
3. Support a culture of well-measured risk taking throughout the Council including setting risk ownership and accountabilities.
4. Accept that even with good risk management and our best endeavours, things can go wrong. We will learn lessons where this happens.
5. Ensure that the Council continues to meet all statutory and best practice requirements in relation to risk management
6. Ensure that risk management continues to be a key and effective element of our Corporate Governance

Summary of Strategic Risks March 2023



Risk Title

1. Adherence to Medium Term Financial Strategy
2. Inadequate Staffing Resource
3. Health and Wellbeing Service Provision
4. Business Continuity
5. Cost of Living Pressures *(Proposal to remove)*
6. Homes for Ukraine Placement Breakdowns *(Proposal to remove)*

Risk Title:	Adherence to Medium Term Financial Strategy				
What is the risk?	Failure to sustain a robust on-going medium term financial strategy in WDBC with adequate reserves to meet unforeseen circumstances, due to cost pressures and reduced income, Council decisions, changes in Government policy with regard to business rates and affordable housing.				
What is causing the risk?	Reduction in Government grant, increasing demand for services and other cost pressures and increased risks associated with localised business rates and council tax support. Additionally, income from activities may not materialise or may be reduced, e.g. a reduction in sales, fees and charges income or business rate appeals. The amount of income received can be adversely affected by a fall in collection rates due to economic downturn, the effects of the pandemic and other factors such as the bankruptcy/liquidation of large ratepayers or any sizeable rateable value reductions achieved by business rated properties in the area.				
What is the level of the risk? 12	Likelihood of risk occurring		3 *(Possible)*		**What are we doing to reduce the risk?** Robust horizon scanning to monitor changes in Government policy. SLT awareness of the risks, cautious approach to budgeting and robust systems of financial control. The Council is not intending to rely heavily on sources of income which may not be sustainable. SLT actively participate in Government consultations, MP discussions and keep aware of changes and the response by peer group, ensuring where appropriate the learning from this is incorporated into strategic plans. SLT engaged in the development of the MTFS.
	Impact	Financial	4 *(Major)*		
		Service Quality	4 *(Major)*		
		Reputation	4 *(Major)*		
		Legal / Regulatory	4 *(Major)*		
		Health and Safety	2 *(Minor)*		
		Morale / Staffing	2 *(Minor)*		
Current Update (March 2023)	As at the previous update to Audit and Governance Committee in September 2023, we were anticipating a longer term financial settlement to be made in December 2022 however Government again made only a single year settlement but with a commitment for consultation on further funding reforms to come forward during 2023. The Council has continued to work in partnership with South Hams District Council which has allowed West Devon to achieve annual savings of £2.2 million and more importantly protect all statutory front line services. Between both Councils the annual shared services savings being achieved are over £6 million per annum. However, the Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending. On 21st February 2023, Full Council approved its budget for 2023/24. The report to Council set out proposals for the Council to achieve a balanced budget for 2023/24, as shown in Appendix B. The Council is currently forecasting a £224,680 budget gap by the following year, 2024/25. The cumulative aggregated Budget Gap by 2025/26 is £0.7million if no action has been taken in each individual year to close the budget gap annually.				

<table>
<tr><th>Risk Title:</th><th colspan="5">Business Continuity</th></tr>
<tr><td>What is the risk?</td><td colspan="5">The risk is that we do not develop and keep maintained robust processes to ensure business continuity in the event of a significant event occurring, e.g. failure to ensure the continuous availability of critical IT systems leading to inability to deliver key council services.</td></tr>
<tr><td>What is causing the risk?</td><td colspan="5">Developing and maintaining robust Business Continuity Plans requires significant and sustained focus. During Covid-19 response, the Councils risk profile has changed as we have relied much heavier on working in different ways (for example more staff working from home the majority of time) and with significant pressures being placed on some of our key delivery partners/contractors. Work is required to update our BCP’s to the changing environment that we are operating in. We are also entering a period where extreme weather events increase the risk of a business continuity event triggering.</td></tr>
<tr><td rowspan="7">What is the level of risk?

15</td><td colspan="2">Likelihood of risk occurring</td><td>3 (Possible)</td><td rowspan="7"></td><td rowspan="7"><u>What are we doing to reduce the risk?</u>
Having two HQ locations is main mitigating factor - however an outage of power/ICT at either location would lead to a serious disruption of service.

Agile working further reduces reliance on two office buildings.

Locality workers can be despatched more easily to ensure customer engagement can be maintained during any incident.

Business Continuity plans have been updated - priority areas - ICT Networking - Payroll & Creditors Payments; other plans need to be made more robust – further work underway for the new year</td></tr>
<tr><td rowspan="6">Impact</td><td>Financial</td><td>5 (Catastrophic)</td></tr>
<tr><td>Service Quality</td><td>5 (Catastrophic)</td></tr>
<tr><td>Reputation</td><td>4 (Major)</td></tr>
<tr><td>Legal / Regulatory</td><td>2 (Minor)</td></tr>
<tr><td>Health and Safety</td><td>3 (Moderate)</td></tr>
<tr><td>Morale / Staffing</td><td>3 (Moderate)</td></tr>
<tr><td>Current Update (March 2023)</td><td colspan="5">Positive progress has been made and we have increased the resilience of our business continuity arrangements with new hardware in place to enable a more stable IT environment and more frequent off-site backups.
Cyber-security training has been rolled out to all employees and members so that everyone is better able to identify potential threats to our IT operating environment. Significant progress has also been made in updating our Business Continuity and recovery plan for our IT service, working with sector experts to ensure they are as robust as possible.
An officer planning day was held in January to develop an updated Business Continuity Planning framework and to lead business continuity planning moving forward. We have also undertaken a successful power-cut test of our IT systems. This was successful and back-up systems operated as expected, preventing loss of data or connection.</td></tr>
</table>

<table>
<tr><th>Risk Title:</th><th colspan="4">Inadequate Staffing Resource</th></tr>
<tr><td>What is the Risk?</td><td colspan="4">The risk is that the Council fails to have the right culture, organisational conditions or resources to deliver our priorities for our communities. Insufficient staffing arrangement resulting in a loss of staff morale, and inadequate resources for training and re-skilling in an ongoing period of change. Failure to engage staff resulting in uncertainty regarding changes in working practices and job security. Particular risk in relation to future terms and conditions. Cost and time of retraining/up-skilling staff. Unrealistic expectations in relation to staffing capacity.</td></tr>
<tr><td>What is causing the risk?</td><td colspan="4">The last few years have seen Local Government stepping up to provide significant and varied support to our residents, communities and businesses in addition to maintaining our core service delivery, This has been a sustained period of the council delivering additional support and services and is only likely to continue in to the short-medium term.</td></tr>
<tr><td rowspan="7">What is the level of the risk?

20</td><td colspan="2">Likelihood of risk occurring</td><td>5 (Almost certain))</td><td rowspan="7"><u>What are we doing to reduce the risk?</u>
Continuing to review services and update service plans to ensure that we can meet future demand

Reviewing our recruitment campaigns – ensuring that they are effective and targeted

Filling key roles with temporary resource to ensure services can continue to be delivered effectively while we progress with the recruitment of permanent employees

Developing plans to ‘Grow our own’ talent – through apprenticeships and similar</td></tr>
<tr><td rowspan="6">Impact</td><td>Financial</td><td>4 (Major)</td></tr>
<tr><td>Service Quality</td><td>4 (Major)</td></tr>
<tr><td>Reputation</td><td>4 (Major)</td></tr>
<tr><td>Legal / Regulatory</td><td>4 (Major)</td></tr>
<tr><td>Health and Safety</td><td>3 (Moderate)</td></tr>
<tr><td>Morale / Staffing</td><td>4 (Major)</td></tr>
<tr><td>Current Update (March 2023)</td><td colspan="4">The Council continues to experience recruitment and retention challenges. In February 2022, the Council introduced a market supplement policy that enables an enhancement to be made to the salary of certain roles in accordance with specified criteria. All enhancements are initially for a period of 2 years and are kept under review. The Council also undertook a job evaluation exercise on all principal professional and technical roles (level 4) and, with a new criterion that looked at the difficulty in attracting candidates for vacant roles and retaining existing employees.
As a result, it is proposed to implement a new pay band for senior, professional and technical roles (level 4b) and slight changes at the top of the salary range for senior and principal officers at Level 5 and above. A report on this matter will be considered by Hub Committee on 7th March 2023.
The recent staff survey, while reasonably positive, highlighted employees had particular concerns around pay. The changes to pay and grading identified above are also intended to demonstrate a positive response to the genuine concerns of staff facing cost of living pressures. Alongside this, a comprehensive Organisational Development plan has been developed to ensure that the Council makes the best ‘employment offer’ with an end-to-end approach covering recruitment, training and development, talent management and progression, to make us an employer of choice.</td></tr>
</table>

<table>
<tr><th>Risk Title:</th><th colspan="5">Health and Wellbeing (Leisure) Service Provision</th></tr>
<tr><td>What is the risk?</td><td colspan="5">The risk is that following the negative impacts to leisure centres as a result of Covid-19, leisure centres may now face further pressures due to the increased cost of living including through loss of revenue as residents consider where they can save money and through increased cost of operating the centres given the energy price increases and increasing inflation.</td></tr>
<tr><td rowspan="7">What is the level of risk?

20</td><td colspan="2">Likelihood of risk occurring</td><td>4 (Almost Certain)</td><td rowspan="7"></td><td rowspan="7"><u>What are we doing to reduce the risk?</u>

Worked with Fusion Lifestyle to revise the management fee profile in response to the reductions in income seen through Covid-19 (agreed by Council in Feb 2022)

Continue to engage with Fusion to understand issues and support where possible

Continue to monitor local and national position (given that all leisure providers will be In the same position)

Promote active participation in sport and leisure through Council communication channels</td></tr>
<tr><td rowspan="6">Impact</td><td>Financial</td><td>4 (Major)</td></tr>
<tr><td>Service Quality</td><td>2 (Minor)</td></tr>
<tr><td>Reputation</td><td>2 (Minor)</td></tr>
<tr><td>Legal / Regulatory</td><td>2 (Minor)</td></tr>
<tr><td>Health and Safety</td><td>4 (Major)</td></tr>
<tr><td>Morale / Staffing</td><td>2 (Minor)</td></tr>
<tr><td>Current Update (March 2023)</td><td colspan="5">The provision of leisure centres is a discretionary service. However the activities align with the Council's corporate strategic plan – 'A Plan for West Devon' in providing quality services and community wellbeing. This includes increasing active participation in sport and leisure activities
The likelihood of this risk occurring has now increased to '5' as leisure services nationally are continuing to be significantly impacted by the increases to energy costs and other supplies and services, with the issue being further compounded as individuals consider their own levels of expenditure and focus on essential spending – with discretionary spending on items such as leisure being areas where individuals consider making savings. The Council continues to regularly meet with the Chief Executive of Fusion Lifestyle to understand the impacts. We are actively taking steps to support Fusion progress plans for decarbonisation of its sites which will, in the longer term, result in a reduction of energy costs. This does not however address the immediate impacts.</td></tr>
</table>

<table>
<tr><th>Risk Title:</th><th colspan="4">Cost of Living Pressures</th></tr>
<tr><td>What is the risk?</td><td colspan="4">The risk is that the Council fails to plan and resource to respond to the significant increase in the cost of living as many more residents require urgent support to meet their basic needs and to keep on top of their essential bills. The increase in residents requiring support will put pressure on Council services – particularly Housing, Revenues and Benefits as well as for some of our key partners such as Citizens Advice and Fusion Lifestyle. Additionally, as residents have less disposable income, we are likely to see an impact on businesses across the borough.</td></tr>
<tr><td>What is causing the risk?</td><td colspan="4">There has been a marked increase in the cost of living, largely driven by an increase in energy bills (by 54% since April and a further predicted increase from October). Inflation is at a 40 year high and forecast to increase further in the coming months. This will lead to a reduction in the living standards of all residents within the Borough.</td></tr>
<tr><td rowspan="7">What is the level of risk?

8</td><td colspan="2">Likelihood of risk occurring</td><td>2 (Unlikely)</td><td rowspan="7"><u>What are we doing to reduce the risk?</u>
We have taken steps to quickly progress payments through the government Council Tax energy rebate scheme and launched a discretionary scheme for those households not eligible for the main scheme

Launched a Household Support Fund to provide emergency funding to households that are not able to meet their essential bills

Made one-off payments of £90 to all pensioners who are in receipt of Council Tax discount</td></tr>
<tr><td rowspan="6">Impact</td><td>Financial</td><td>4 (Major)</td></tr>
<tr><td>Service Quality</td><td>4 (Major)</td></tr>
<tr><td>Reputation</td><td>4 (Major)</td></tr>
<tr><td>Legal / Regulatory</td><td>3 (Moderate)</td></tr>
<tr><td>Health and Safety</td><td>3 (Moderate)</td></tr>
<tr><td>Morale / Staffing</td><td>4 (Major)</td></tr>
<tr><td>Current Update (March 2023)</td><td colspan="4">As at the last Risk update to Audit and Governance Committee in September 2022, the Council had not agreed a plan for responding to the Cost of Living impacts and was still not clear on the level of support Councils would be expected to provide to residents (grants etc) therefore this risk was escalated to the Strategic Risk Register. A Cost of Living Action plan was agreed by Hub and Council later in 2022 which has seen the Council deliver on:-
• Continuing with weekly newspaper articles developed with partners such as Citizens Advice
• Extending the funding for Citizens Advice for a further two years
• Delivering on the provision of slow cookers and electric blankets for those residents that require additional support in reducing bills and staying warm
• Awarding funding to voluntary and community groups across the District that are supporting residents locally in respect of the cost of living and general winter wellbeing
• Holding weekly officer meetings to plan and adapt our response as required
• Reviewing the Council Tax reduction scheme to enable more people to access Council Tax support
While the issues facing communities in respect of the Cost of Living continue to be significant, the Council has a clear plan in place and is resourced to meet the current needs of residents. For this reason this risk is de-escalated from the Strategic Risk Register and will be monitored at an operational level.</td></tr>
</table>

Risk Title:	Homes for Ukraine Placements			
What is the risk?	The risk is that the Council is not able to meet the longer-term housing needs of Ukrainians arriving in the Borough through the Homes for Ukraine scheme (or other routes) resulting in significant need for temporary accommodation or consideration of placements out of the area.			
What is causing the risk?	The Council has so far welcomed 162 Ukrainians to West Devon as at January 2023, we are anticipating a further arrivals in the coming months. There has been a fantastic level of response from West Devon residents opening their doors to Ukrainians that are fleeing the war, but we are already seeing a number of Guest/Host relationships breaking down for various reasons. It is anticipated that there will be further breakdowns in the coming months as placements come to the end of the initial 6 months of the scheme but also due to increased cost of living for hosts resulting in maintaining a larger number of individuals in their homes much more expensive that anticipated and far over and above the £350 per month 'Thank you' payment.			
What is the risk level? 9	Likelihood of risk occurring		5 (Almost Certain)	**<u>What are we doing to reduce the risk?</u>** Developed a dedicated team to work with hosts and guests to try to ensure as many placements as possible are maintained. Recruited 3 x case workers to undertake home visits Begun to prioritise the property checks of potential 'rematch' hosts, meaning that where a placement breaks down we have a 'pool' of alternative hosts available Continued work with Team Devon to develop longer term proposals
	Impact	Financial	3 (Moderate)	
		Service Quality	4 (Major)	
		Reputation	4 (Major)	
		Legal / Regulatory	3 (Moderate)	
		Health and Safety	2 (Minor)	
		Morale / Staffing	1 (Insignificant)	
Current Update (March 2023)	We now have certainty around the future of the Homes for Ukraine scheme from Government for the next 12 months. This extends the financial support available including making additional 'New Burdens' funding available for homelessness prevention. The Council has extended the contracts with its support workers for a further 18 months to continue to work with Ukrainian families including helping them in to longer term accommodation where current host/guest placements are approaching an end. The Council is also considering longer term, strategic options to ensure we can accommodate any Ukrainians (and other refugees) that find themselves at risk of homelessness. This is subject to a report to Hub on 7th March 2023/ As a result of these actions, and clarity over future funding of the scheme, we currently consider that we are able to meet the demands of the scheme within the budget provided by Government and with the resources we have secured so this risk is de-escalated from the Strategic Risk Register.			

Section 2

Core Financial Statements

SECTION 2A COMPREHENSIVE INCOME & EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2021/22 RESTATED*				2022/23		
Gross Expenditure £000	**Gross Income £000**	**Net Expenditure £000**	**Segment**	**Gross Expenditure £000**	**Gross Income £000**	**Net Expenditure £000**
15,032	(10,919)	4,113	Customer Service & Delivery	17,150	(11,739)	5,411
3,119	(2,232)	887	Strategic Finance**	1,665	(386)	1,279
5,202	(3,294)	1,908	Place and Enterprise***	7,236	(4,184)	3,052
2,289	(1,050)	1,239	Governance & Assurance	2,690	(1,846)	844
25,642	**(17,495)**	**8,147**	**Cost of Services**	**28,741**	**(18,155)**	**10,586**
		1,785	Other operating expenditure (note 9)			1,864
		779	Financing and investment income and expenditure (note 10)			2,066
		(11,196)	Taxation and non-specific grant income (note 11)			(13,249)
		(485)	**(Surplus) or Deficit on Provision of Services**			**1,267**
		(309)	(Surplus) or deficit on revaluation of Property, Plant and Equipment			3,668
		(4,038)	Remeasurements of the net defined benefit liability			(19,895)
		(83)	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income			91
		(4,430)	**Other Comprehensive Income and Expenditure**			**(16,136)**
		(4,915)	**Total Comprehensive Income and Expenditure**			**(14,869)**

*The 2021/22 Cost of Services have been restated in 2022/23 following a review of the Organisational Structure. The total cost of services figures remain the same, only the presentation of the individual service groups has changed.
**The reduction in Strategic Finance income of £1.8m relates to the Covid Business Grants received in 2021/22.
*** The increase in Place & Enterprise expenditure mainly relates to payment of the Green Homes grant of £0.9m and payment of District Household Support Grants of £0.3m in 2022/23.

SECTION 2B: MOVEMENT IN RESERVES STATEMENT

This statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Movement in Reserves statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The increase/decrease in year line shows the statutory General Fund balance movements in the year following these adjustments.

2022/23	General Fund Balance £000	Earmarked General Fund Reserves £000	**Total General Fund Reserves £000**	Capital Receipts Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Authority Reserves 2022/23 £000**
Balance at 31 March 2022 carried forward	**1,490**	**9,189**	**10,679**	**56**	**353**	**11,088**	**(5,309)**	**5,779**
Movement in Reserves during 2022/23								
Total Comprehensive Income & Expenditure	(1,267)	0	**(1,267)**	0	0	**(1,267)**	16,136	**14,869**
Adjustments between accounting basis & funding basis under regulations (note 7)	1,059	0	**1,059**	14	(41)	**1,032**	(1,032)	**0**
Transfers to/from Earmarked Reserves (note 8)	287	(287)	**0**	0	0	**0**	0	**0**
Increase/ (Decrease) in Year	**79**	**(287)**	**(208)**	**14**	**(41)**	**(235)**	**15,104**	**14,869**
Balance at 31 March 2023 carried forward	**1,569**	**8,902**	**10,471**	**70**	**312**	**10,853**	**9,795**	**20,648**

SECTION 2B: MOVEMENT IN RESERVES STATEMENT

2021/22 Comparatives	General Fund Balance £000	Earmarked General Fund Reserves £000	**Total General Fund Reserves £000**	Capital Receipts Reserve £000	Capital Grants Unapplied £000	**Total Usable Reserves £000**	Unusable Reserves £000	**Total Authority Reserves 2021/22 £000**
Balance at 31 March 2021 carried forward	**1,294**	**8,941**	**10,235**	**158**	**219**	**10,612**	**(9,748)**	**864**
Movement in Reserves during 2021/22								
Total Comprehensive Income & Expenditure	485	0	**485**	0	0	**485**	4,430	**4,915**
Adjustments between accounting basis & funding basis under regulations (note 7)	(41)	0	**(41)**	(102)	134	**(9)**	9	**0**
Transfers to/from Earmarked Reserves (note 8)	(248)	248	**0**	0	0	**0**	0	**0**
Increase/ (Decrease) in Year	**196**	**248**	**444**	**(102)**	**134**	**476**	**4,439**	**4,915**
Balance at 31 March 2022 carried forward	**1,490**	**9,189**	**10,679**	**56**	**353**	**11,088**	**(5,309)**	**5,779**

SECTION 2C. BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority. The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2022		**Notes**		**31 March 2023**
£000				**£000**
25,285	Property, Plant & Equipment	12		20,922
19,120	Investment Property	13		16,625
285	Intangible Assets			285
553	Long Term Investments	14		462
45,243	**Long Term Assets**			**38,294**
17,200	Short Term Investments	14		10,200
3,732	Short Term Debtors	15		5,118
10,011	Cash and Cash Equivalents	17		11,153
30,943	**Current Assets**			**26,471**
(14,602)	Short Term Creditors	18		(8,590)
(615)	Short Term Borrowing	14		(714)
(125)	Revenue Grants in Advance	31		(55)
(921)	Provisions	19		(733)
(16,263)	**Current Liabilities**			**(10,092)**
(184)	Long Term Creditors	18		(53)
(27,726)	Long Term Borrowing	14		(27,012)
(24,220)	Pension Fund Liabilities	36		(5,490)
(2,014)	Grants Receipts in Advance	31		(1,470)
(54,144)	**Long Term Liabilities**			**(34,025)**
5,779	**Total Net Assets**			**20,648**
11,088	Usable Reserves	20		10,853
(5,309)	Unusable Reserves	21		9,795
5,779	**Total Reserves**			**20,648**

The notes on pages 36 to 118 form part of these financial statements. The unaudited accounts were issued on 30 June 2023. The audited accounts were issued on 19 March 2024.

Lisa Buckle BSc (Hons), ACA
Corporate Director of Strategic Finance (Section 151 Officer)

SECTION 2D. CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

2021/22 £000		2022/23 £000
(485)	**Net (surplus) or deficit on the provision of services**	**1,267**
(4,802)	Adjustments to net surplus or deficit on the provision of services for non-cash movements (note 22)	3,674
754	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 23)	1,764
(4,533)	**Net cash flows from Operating Activities**	**6,705**
10,107	Net increase/(decrease) in Investing Activities (note 24)	(7,941)
(2,825)	Net cash outflow/(inflow) from Financing Activities (note 25)	94
2,749	**Net (increase) or decrease in cash and cash equivalents**	**(1,142)**
12,760	Cash and cash equivalents at the beginning of the reporting period	10,011
10,011	**Cash and cash equivalents at the end of the reporting period (note 17)**	**11,153**

Section 3

Notes to the Financial Statements

Notes to the Financial Statements

1. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty
2. Material Items of Income and Expenditure
3. Events After the Reporting Period
4. Expenditure and Funding Analysis
5. Note to the Expenditure and Funding Analysis
6. Expenditure and Income Analysed by Nature
7. Adjustments between Accounting Basis and Funding Basis under Regulations
8. Transfers to/from Earmarked Reserves
9. Other Operating Expenditure
10. Financing and Investment Income and Expenditure
11. Taxation and Non-Specific Grant Income
12. Property, Plant and Equipment
13. Investment Properties
14. Financial Instruments
15. Debtors
16. Debtors for Local Taxation
17. Cash and Cash Equivalents
18. Creditors
19. Provisions
20. Usable Reserves
21. Unusable Reserves
    - Revaluation Reserve
    - Capital Adjustment Account
    - Pensions Reserve
    - Financial Instruments Revaluation Reserve
    - Council Tax Collection Fund Adjustment Account
    - Business Rates Collection Fund Adjustment Account
    - Accumulated Absences Account

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

1. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or circumstances that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2023 for which there are significant risks of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. The carrying value of Property, Plant and Equipment as at 31 March 2023 is £21million.	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in an impact on the financial statements of approximately £2.1m. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. If the depreciation lives of the assets were to change by 1 year across all assets, this would have a £552,000 impact on the Council's finances.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The value of pension assets is estimated based upon information available at the Balance Sheet date, but these valuations may be earlier than the Balance Sheet date. The actual valuations at the Balance Sheet date, which may not be available until sometime later, may give a different value of pension assets, but this difference is not considered to be material. The Pension Fund's Actuary has provided updated figures for the year based on the last valuation in 2022. This valuation is based upon cash flow and assets values as at 31 March 2023. Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out during 2025/26 (as at 31 March 2025) and will set contributions for the period from 1 April 2026 to 31 March 2029. The carrying value of the Pensions Liability as at 31 March 2023 is £5.49 million. **See further information on the Pensions Liability in the Narrative Statement.** Movements in the value of investments due to current economic uncertainty will affect the valuation of the pension liability. This will include the impact on the value of Investment Properties held by the Local Government Pension Scheme on behalf of West Devon Borough Council.	The effects on the net pension liability of changes in individual assumptions can be measured. For example, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £0.5 million. The assumptions interact in complex ways. For example, in 2022/23, the Authority's actuaries advised that the pension liability has decreased by £19.7 million as a result of a change in "financial assumptions" and had decreased by £3.4 million as a result of a change in "demographic assumptions". Please refer to note 36 for further information about the assumptions used by the actuaries. If the value of investments is found to have changed from the estimates used by the actuaries, it will impact the overall value of the pension liability. For instance, a 5% increase in the pension liability would have an impact of £0.3m on the financial statements. The Council's share of these Pension Fund property investments would be material to the Council's net liability, this would also present a material uncertainty on the valuation of the Council's pension assets and liabilities as at 31 March 2023.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ITEMS OF INCOME AND EXPENDITURE

There are no material items of income and expense in 2021/22 or 2022/23.

3. EVENTS AFTER THE REPORTING PERIOD

The draft Statement of Accounts (SOA) for 2022/23 was approved for issue by the Section 151 Officer & Corporate Director for Strategic Finance on 30 June 2023. The Statement of Accounts were then reviewed by the Audit and Governance Committee on 25 July 2023 and the audited accounts were authorised for issue on 19 March 2024. This is also the date up to which events after the reporting period have been considered. There are no events which took place after 31 March 2023 which require disclosure.

4. EXPENDITURE AND FUNDING ANALYSIS

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Authority in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement in Section 2A. The Expenditure and Funding Analysis also fulfils the requirement to report by segments.

2022-2023	**Net Expenditure Chargeable to the General Fund £000**	**Adjustments between Funding and Accounting Basis (note 5) £000**	**Net Expenditure in the Comprehensive Income and Expenditure Statement £000**
Customer Service and Delivery	4,912	499	5,411
Strategic Finance	1,232	47	1,279
Place and Enterprise	436	2,616	3,052
Governance and Assurance	733	111	844
Net Cost of Services	**7,313**	**3,273**	**10,586**
Other income and expenditure	(7,105)	(2,214)	(9,319)
(Surplus)/Deficit on Provision of Services	**208**	**1,059**	**1,267**

	General Fund Balance £000	Earmarked Reserves £000	Total General Fund Reserves £000
Opening Balance at 31 March 2022	**(1,490)**	**(9,189)**	**(10,679)**
(Increase)/decrease in year	(79)	287	208
Closing Balance at 31 March 2023	**(1,569)**	**(8,902)**	**(10,471)**

2021-2022 Comparatives (restated)*	Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis (note 5) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Customer Service and Delivery	3,660	453	4,113
Strategic Finance	870	17	887
Place and Enterprise	335	1,573	1,908
Governance and Assurance	1,082	157	1,239
Net Cost of Services	**5,947**	**2,200**	**8,147**
Other income and expenditure	(6,391)	(2,241)	(8,632)
(Surplus)/Deficit on Provision of Services	**(444)**	**(41)**	**(485)**

	General Fund Balance £000	Earmarked Reserves £000	Total General Fund Reserves £000
Opening Balance at 31 March 2021	**(1,294)**	**(8,941)**	**(10,235)**
(Increase)/decrease in year	(196)	(248)	(444)
Closing Balance at 31 March 2022	**(1,490)**	**(9,189)**	**(10,679)**

5. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

This note explains the main adjustments from net expenditure chargeable to the general fund balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement (CIES).

Adjustments between Funding and Accounting Basis				
2022/23	**Adjustments for capital purposes (Note A) £000**	**Net change for the pensions adjustments (Note B) £000**	**Other Differences (Note C) £000**	**Total adjustments £000**
Customer Service & Delivery	349	148	2	**499**
Strategic Finance	28	19	0	**47**
Place and Enterprise	2,366	250	0	**2,616**
Governance & Assurance	0	111	0	**111**
Net Cost of Services	**2,743**	**528**	**2**	**3,273**
Other income and expenditure from the Expenditure & Funding Analysis	**(174)**	**637**	**(2,677)**	**(2,214)**
Difference between the General Fund surplus or deficit, and the surplus or deficit on the provision of services in the CIES	**2,569**	**1,165**	**(2,675)**	**1,059**

Adjustments between Funding and Accounting Basis				
2021/22 Comparatives (restated)*	**Adjustments for capital purposes (Note A) £000**	**Net change for the pensions adjustments (Note B) £000**	**Other Differences (Note C) £000**	**Total adjustments £000**
Customer Service & Delivery	348	102	3	**453**
Strategic Finance	0	17	0	**17**
Place and Enterprise	1,285	288	0	**1,573**
Governance & Assurance	0	157	0	**157**
Net Cost of Services	**1,633**	**564**	**3**	**2,200**
Other income and expenditure from the Expenditure & Funding Analysis	**(882)**	**552**	**(1,911)**	**(2,241)**
Difference between the General Fund surplus or deficit, and the surplus or deficit on the provision of services in the CIES	**751**	**1,116**	**(1,908)**	**(41)**

*The 2021/22 Net Cost of Services have been restated in 2022/23 following a review of the Organisational Structure. The total cost of services figures remain the same, only the presentation of the individual service groups has changed.

Note A: Adjustments for Capital Purposes
Adjustments for capital purposes reflect:
For services this column adds in depreciation and impairment and adjusts for revenue expenditure funded from capital under statute.
Other income and expenditure from the Expenditure and Funding Analysis – this adjusts for statutory charges for capital financing i.e. Minimum Revenue Provision and other capital contributions. It also adjusts for capital disposals with a transfer of the income on the disposal and the amounts written-off.
Note B: Net Change for the Pensions Adjustments
Net changes for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:
For services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs.
For other income and expenditure from the Expenditure and Funding Analysis – the net interest on the defined benefit liability is charged to the CIES.
Note C: Other Differences
Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
For services reflects the change in the annual leave accrual when compared with the previous year.

For other income and expenditure from the Expenditure and Funding Analysis represents the timing difference between what is chargeable under statutory regulations for Council Tax and Business Rates that was projected to be received at the start of the financial year, and the income recognised under generally accepted accounting practices.

6. EXPENDITURE AND INCOME ANALYSED BY NATURE

The Expenditure and Income Analysed by Nature note shows the amounts that make up the surplus or deficit on the provision of services on the CIES, but here they are categorised by nature instead of by service segment.

Expenditure and Income Analysed by Nature	**2021/22 £000**	**2022/23 £000**
Employee Benefits Expenses	8,102	8,679
Other Service Expenses*	15,935	17,324
Depreciation, Amortisation and Impairment**	1,633	2,743
Interest Payments	746	733
Pension Fund Administration Expenses	18	19
Net Interest on the net defined benefit liability	534	618
Losses/(Gains) from fair value adjustments***	714	2,495
Total Expenditure	**27,682**	**32,611**
Fees, Charges and Other Service Income	(6,765)	(7,201)
Interest and Investment Income	(35)	(601)
Income from Council Tax and Business Rates****	(5,036)	(6,379)
Revenue Grants and Contributions	(15,576)	(15,399)
Capital Grants and Contributions*****	(741)	(1,750)
Other Income	(14)	(14)
Total Income	**(28,167)**	**(31,344)**
(Surplus) or Deficit on Provision of Services	**(485)**	**1,267**

*** Other Service Expenses**
Other Service Expenses have increased by £1.4m in 2022/23. This mainly reflects an increase in the Waste Contract payments (£0.9m) plus grants payments made in respect of the Ukraine Humanitarian Crisis (£0.2m) and District Household Support Payments (£0.3m).

**** Depreciation, Amortisation and Impairment**
The increase in notional capital charges in 2022/23 relates to Leisure Centre impairments as part of the rolling revaluation programme.

***** Losses/(Gains) from fair value adjustments**
This impairment increase relates to Investment Properties and is predominantly caused by a softening of the yield.

****** Income from Council Tax and Business Rates**
The increase in this income stream is mainly from Retained Business Rates in respect of Renewable Energy Schemes (£0.96m). During 2022/23 the Council identified Renewable Energy projects that the billing authority should retain the Business Rates for. The 2022/23 figure also includes the backdated Business Rates retained from these properties. Under current Collection Fund accounting rules, this income will be discharged against the Collection Fund position in future years.

The figure for Council Tax and Business Rates in this statement is shown net of expenditure (precepts to other bodies).

*******Capital Grants and Contributions**
This increase in capital grants partly relates to the Green Homes Grant scheme which predominantly took place in 2022/23. In addition Disabled Facilities spend has returned to pre-Covid levels.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

	Usable Reserves			
2022/23	**General Fund Balance £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments primarily involving the Capital Adjustment Account (CAA):				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):				
Charges for depreciation and impairment of non-current assets	**941**			**(941)**
Movements in the market value of Investment Properties	**2,495**			**(2,495)**
Amortisation of Intangible Assets	**95**			**(95)**
Capital grants and contributions applied	**(1,555)**			**1,555**
Revenue expenditure funded from capital under statute (REFCUS)	**1,707**			**(1,707)**
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment	**(647)**			**647**
Capital expenditure charged against the General Fund	**(208)**			**208**
Revenue Contribution to Capital Outlay - RCCO	**(50)**			**50**
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	**(195)**		**195**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account			**(236)**	**236**

2022/23	Usable Reserves General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of unattached capital receipts	**(14)**	**14**		**0**
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 36)	**2,123**			**(2,123)**
Employer's pension contributions and direct payments to pensioners payable in the year	**(958)**			**958**
Adjustments primarily involving the Council Tax Collection Fund Adjustment Account:				
Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	**(107)**			**107**
Adjustments primarily involving the Business Rates Collection Fund Adjustment Account*:				
Amount by which Business Rates income credited to the CIES is different from Business Rates income calculated for the year in accordance with statutory requirements	**(2,570)**			**2,570**
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**2**			**(2)**
Total Adjustments between the Accounting Basis and Funding Basis under regulations in 2022/23	**1,059**	**14**	**(41)**	**(1,032)**

*The large adjustment in 2022/23 regarding the Business Rates Collection Fund Adjustment Account reflects the movement on the Business Rates Collection Fund balance at 31 March 2023 (£0.9m surplus compared to £3.1m deficit at 31 March 2022). During 2021/22 local authorities received further s31 grants to offset the business rate reliefs given to businesses during the pandemic. Under current Collection Fund accounting rules, the s31 grants received in 2021/22 are being discharged against the Collection Fund deficit in 2022/23 onwards.

	Usable Reserves			
2021/22 Comparatives	**General Fund Balance £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments primarily involving the Capital Adjustment Account (CAA):				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):				
Charges for depreciation and impairment of non-current assets	**929**			**(929)**
Movements in the market value of Investment Properties	**710**			**(710)**
Amortisation of Intangible Assets	**81**			**(81)**
Capital grants and contributions applied	**(504)**			**504**
Revenue expenditure funded from capital under statute (REFCUS)	**623**			**(623)**
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	**4**			**(4)**
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment	**(623)**			**623**
Capital expenditure charged against the General Fund	**(96)**			**96**
Revenue Contribution to Capital Outlay - RCCO	**(123)**			**123**
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	**(237)**		**237**	**0**
Application of grants to capital financing transferred to the Capital Adjustment Account			**(103)**	**103**

	Useable Reserves			
2021/22 Comparatives	**General Fund Balance £000**	**Capital Receipts Reserve £000**	**Capital Grants Unapplied £000**	**Movement in Unusable Reserves £000**
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of unattached capital receipts	**(13)**	**13**		**0**
Use of the Capital Receipts Reserve to finance new capital expenditure		**(115)**		**115**
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 36)	**2,047**			**(2,047)**
Employer's pension contributions and direct payments to pensioners payable in the year	**(931)**			**931**
Adjustments primarily involving the Council Tax Collection Fund Adjustment Account:				
Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	**(258)**			**258**
Adjustments primarily involving the Business Rates Collection Fund Adjustment Account*:				
Amount by which Business Rates income credited to the CIES is different from Business Rates income calculated for the year in accordance with statutory requirements	**(1,653)**			**1,653**
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	**3**			**(3)**
Total Adjustments between the Accounting Basis and Funding Basis under regulations in 2021/22	**(41)**	**(102)**	**134**	**9**

*The large adjustment in 2021/22 regarding the Business Rates Collection Fund Adjustment Account reflects the reduced deficit on the Business Rates Collection Fund at 31 March 2022 (£3.1m compared to £7.2m at 31 March 2021). During 2020/21 local authorities received s31 grants to offset the business rate reliefs given to businesses during lockdown. Under current Collection Fund accounting rules, the s31 grants received in 2020/21 are being discharged against the Collection Fund deficit in 2021/22 onwards.

8. TRANSFERS TO/ FROM EARMARKED RESERVES

This note details the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2022/23. The purpose of some of the more significant earmarked reserves are shown below:

Car Parking Maintenance – In line with the Council's car parking strategy, a car parking maintenance reserve is held to ensure that major planned works on car parks can be carried out at the appropriate time, in line with a cyclical programme of maintenance and repairs.

New Homes Bonus – This reserve was established to show how New Homes Bonus funding has been used on an annual basis.

Business Rates Retention Scheme – The business rates reserve covers any possible funding issues from the new accounting arrangements and also smooths the volatility in business rates income over a number of years.

Revenue Grants Reserve – This reserve holds revenue grants with no repayment conditions that have not been used during the year.

S31 Compensation Grant (Business Rates) Reserve – This reserve was set up to hold the business rates s31 grants received in 2020/21 and 2021/22 to offset the business rate reliefs given to businesses during lockdown. Under current Collection Fund accounting rules, the s31 grants received are not discharged against the Collection Fund deficit until the following year.

Financial Stability Reserve – This reserve was set up to help secure financial stability for the longer term.

Maintenance, Management and Risk Mitigation Reserve – The Council sets aside a proportion of rental income from investment property into this reserve to cover any longer-term maintenance issues. A contribution has not been made in 2022/23, due to specific individual circumstances in the year.

Strategic Waste Reserve – This reserve is used to support any unforeseen future waste cost pressures relating to market changes. Additional income from recycling credits is transferred to this reserve and this has been used to fund the uplift in the waste and recycling contract sum, effective from 1 July 2022 (Hub Committee report 12 July 2022).

Ukraine Humanitarian Crisis Reserve – This reserve was set up in 2022/23 to hold funding received to support the Ukraine Humanitarian Crisis which will be spent in 2023/24.

The total Earmarked Reserves balance at 31 March 2023 of £8.9m includes £307,000 held in the Business Rates s31 Compensation Grant Reserve. This is due to a technical accounting adjustment where Councils were compensated for the business rates holidays that were announced by the Government for the retail, hospitality and leisure sectors in 2020/21 and 2021/22 (this funding is in the s31 Compensation Grant Reserve). This temporary increase in reserves will reverse back out again in the 2023/24 Accounts, to fund the deficit on the Collection Fund. Therefore this is not money which is available for the Council to spend and it is important that this is not misinterpreted in the Accounts, as this is a national issue.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

The table below shows the earmarked reserve balances at 31 March 2023 and the movement during 2022/23.

2022/23 EARMARKED RESERVES	**Balance at 31.3.2022 £000**	**Transfers Out £000**	**Transfers In £000**	**Balance at 31.3.2023 £000**
Car Parking Maintenance	534	0	0	534
ICT Development	25	(37)	57	45
Planning Policy & Major Developments	146	(54)	30	122
Innovation Fund (Invest to Earn)	378	(7)	5	376
Strategic Waste	658	(205)	225	678
Leisure Services	48	(1)	87	134
Organisational Development Reserve	20	0	0	20
Environmental Health Initiatives	20	0	84	104
Financial Stability	454	0	163	617
Maintenance, Management & Risk Mitigation (Investment Properties)	418	0	0	418
Grounds Maintenance/Car Parks	78	0	21	99
Elections	34	(24)	50	60
Neighbourhood Planning Grants	47	(2)	0	45
Revenue Grants	1,417	(519)	405	1,303
Business Rates Retention Scheme	1,087	(115)	103	1,075
COVID-19	254	0	0	254
New Homes Bonus	506	(344)	352	514
Homelessness	244	(60)	0	184
Strategic Change	67	0	0	67
Maintenance Fund	361	(6)	80	435
Affordable Housing	0	(12)	172	160
Recovery Plan & Corporate Strategy	182	(24)	0	158
Broadband Community Support	50	0	0	50
Joint Local Plan	0	0	25	25
Vehicle Replacement	328	(1)	50	377
Tree Maintenance	17	(3)	0	14
Ukraine Humanitarian Crisis	0	0	669	669
Tamar Trails	0	0	55	55
Reserves with balances £10k or under (Grouped)	185	(204)	22	3
SUBTOTAL EARMARKED RESERVES	**7,558**	**(1,618)**	**2,655**	**8,595**
Business Rates S31 Compensation Grants	1,631	(1,324)	0	307
TOTAL EARMARKED REVENUE RESERVES	**9,189**	**(2,942)**	**2,655**	**8,902**

2021/22 Comparatives EARMARKED RESERVES	Balance at 31.3.2021 £000	Transfers Out £000	Transfers In £000	Balance at 31.3.2022 £000
Car Parking Maintenance	484	0	50	534
ICT Development	39	(39)	25	25
Planning Policy & Major Developments	147	(1)	0	146
16/17 Budget Surplus Contingency	86	0	0	86
Innovation Fund (Invest to Earn)	399	(21)	0	378
Outdoor Sports & Recreation	16	0	0	16
Strategic Waste	176	0	482	658
Leisure Services	58	(10)	0	48
Support Services Trading	31	(27)	16	20
Environmental Health Initiatives	20	0	0	20
Financial Stability	454	0	0	454
Maintenance, Management & Risk Mitigation (Investment Properties)	302	(3)	119	418
Grounds Maintenance	48	0	30	78
Invest to Save	12	0	0	12
Elections	20	0	14	34
Neighbourhood Planning Grants	10	(23)	60	47
Revenue Grants	912	(53)	558	1,417
Business Rates Retention Scheme	1,260	(173)	0	1,087
COVID-19	221	(249)	282	254
Town Teams & Economic Grants	26	0	0	26
Flood Works	15	0	0	15
New Homes Bonus	452	(239)	293	506
Homelessness	173	(19)	90	244
Strategic Change	67	0	0	67
Maintenance Fund	242	0	119	361
Recovery Plan & Corporate Strategy	200	(18)	0	182
Broadband Community Support	50	0	0	50
Vehicle Replacement	298	(20)	50	328
Tree Maintenance	0	0	17	17
Reserves with balances £10k or under (Grouped)	114	(90)	6	30
SUBTOTAL EARMARKED RESERVES	**6,332**	**(985)**	**2,211**	**7,558**
Business Rates S31 Compensation Grants	2,609	(978)	0	1,631
TOTAL EARMARKED REVENUE RESERVES	**8,941**	**(1,963)**	**2,211**	**9,189**

9. OTHER OPERATING EXPENDITURE

2021/22 £000		2022/23 £000
1,763	Parish council precepts	1,845
4	(Gains)/losses on the disposal of non-current assets	0
18	Pension administration expenses	19
1,785	**Total**	**1,864**

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2021/22 £000		2022/23 £000
746	Interest payable and similar charges	733
(35)	Interest receivable and similar income	(601)
(14)	Other investment income	(14)
534	Net interest on the net defined benefit liability	618
(452)	Investment properties (note 13)*	1,330
779	**Total**	**2,066**

*The movement in Investment Properties relates to the reduction in the value of these properties, predominantly one property in Bristol. The reduction in value is caused by a softening of the yield. The accommodation is open plan and as such is set up for a single occupier. The office market is witnessing a trend towards good quality, smaller office suites, which better suit the new hybrid ways of working.

11. TAXATION AND NON-SPECIFIC GRANT INCOME

2021/22 £000		**2022/23 £000**
	Council Tax	
(6,653)	• Income	(6,948)
(257)	• Collection Fund adjustment	(107)
10	• Collection Fund - distribution of deficit/(surplus)	(152)
	Business Rates	
(4,250)	• Income*	(3,313)
3,230	• Tariff	3,231
1	• Pooling administration costs	1
(127)	• Pooling gain	(150)
344	• Levy payment	154
903	• Transfer of Collection Fund deficit/(surplus)	19
0	• Renewable Energy Disregarded Amounts**	(960)
	Non ring - fenced Government Grants:	
(2,323)	• S31 Business Rate Relief Grants	(2,188)
(293)	• New Homes Bonus Grant	(352)
(487)	• Rural Services Delivery Grant	(487)
(70)	• Lower Tier Services Grant	(75)
0	• Levy Account Surplus Grant	(14)
0	• Services Grant	(114)
	Non ring – fenced Government Grants: COVID-19	
(282)	• LA Response Grant	0
(70)	• Sales, Fees and Charges Compensation	0
(131)	• New Burdens Admin Support Grant	(44)
(741)	Capital grants and contributions***	(1,750)
(11,196)	**Total**	**(13,249)**

*Income from Business Rates in the Comprehensive Income and Expenditure Statement is based on the Government NNDR1 return. The reduction in Business Rates income during 2022/23 of £0.94m relates to the allowance for the Retail, Hospitality and Leisure Relief. However, there was no equivalent adjustment for this Business Rate Relief in the 2021/22 NNDR1 return. For West Devon this reduced the net rates payable in 2022/23 by £0.97m (40% share of total net rates payable of £2.44m).

**During 2022/23 the Council identified Renewable Energy projects that the billing authority should retain the Business Rates for. The 2022/23 figure of £0.96m also includes the backdated Business Rates retained from these properties. Under current Collection Fund accounting rules, this income will be discharged against the Collection Fund position in future years.

*** This increase in capital grants relates to Disabled Facilities spend returning to pre-Covid levels as well as the Green Homes Grants scheme which predominantly took place in 2022/23.

12. PROPERTY, PLANT AND EQUIPMENT

Movements in 2022/23:

	Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation					
At 1 April 2022	**23,585**	**2,882**	**0**	**0**	**26,467**
Additions	91	144			235
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(4,540)				(4,540)
At 31 March 2023	**19,136**	**3,026**	**0**	**0**	**22,162**
Accumulated Depreciation and Impairment at 1 April 2022	**622**	**1,173**	**0**	**0**	**1,795**
Charge for 2022/23	555	357			912
Depreciation written out to the Revaluation Reserve	(872)				(872)
De-recognition - Disposals					
At 31 March 2023	**305**	**1,530**	**0**	**0**	**1,835**
Balance Sheet amount at 31 March 2023	**18,831**	**1,496**	**0**	**0**	**20,327**
Balance Sheet amount at 31 March 2022	**22,963**	**1,709**	**0**	**0**	**24,672**

In accordance with the Temporary Relief offered by the update to the code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not represent a true and fair view of the asset position to the users of the financial statements.

Comparative Movements in 2021/22:

	Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation					
At 1 April 2021	**23,327**	**2,799**	**0**	**0**	**26,126**
Additions	208	102			310
Revaluation increases/(decreases) recognised in the Revaluation Reserve	50				50
De-recognition - Disposals		(19)			(19)
At 31 March 2022	**23,585**	**2,882**	**0**	**0**	**26,467**
Accumulated Depreciation and Impairment at 1 April 2021	**312**	**858**	**0**	**0**	**1,170**
Charge for 2021/22	569	331			900
Depreciation written out to the Revaluation Reserve	(259)				(259)
De-recognition - Disposals		(16)			(16)
At 31 March 2022	**622**	**1,173**	**0**	**0**	**1,795**
Balance Sheet amount at 31 March 2022	**22,963**	**1,709**	**0**	**0**	**24,672**
Balance Sheet amount at 31 March 2021	**23,015**	**1,941**	**0**	**0**	**24,956**

Infrastructure Assets

	2021/22 £000	2022/23 £000
Balance at start of year	**638**	**613**
Additions	4	11
Depreciation charge for year	(29)	(29)
Balance at end of year	**613**	**595**

	2021/22 £000	2022/23 £000
Infrastructure Assets	613	595
Other Property Plant and Equipment Assets	24,672	20,327
Total Property Plant and Equipment Assets	**25,285**	**20,922**

Depreciation

The Council provides for depreciation on all assets other than freehold land and community assets. The provision for depreciation is made by allocating the cost (or revalued amount) of the assets over the accounting period expected to benefit from their use. The straight line method of depreciation is used. Assets are depreciated in the year following acquisition and in the year of disposal.

Asset lives are reviewed regularly as part of the property revaluation and annual impairment review. Where the useful life of an asset is revised the carrying amount of the asset is depreciated over the revised remaining life.

Capital Commitments

As at 31 March 2023 the Authority has not entered into any contracts for the construction or enhancement of Property, Plant and Equipment.

As a comparison, as at 31 March 2022 the Authority had entered into one contract for the construction or enhancement of Property, Plant and Equipment. This was Tavistock Temporary Accommodation for £0.85 million.

Revaluations

All material freehold land and buildings which comprise the Authority's property portfolio are revalued by the Council's valuer on a rolling basis.

Valuations of land and buildings were carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Assets are valued in accordance with a five year rolling programme (with ad hoc valuations taking place, for example where assets have been enhanced). In addition, a formal impairment review of the entire holding of land and buildings is undertaken at the end of each financial year, to ensure the carrying value reflects the fair value at the Balance Sheet date. The basis of valuation is set out in the Statement of Accounting policies in note 39.

	Land and buildings £000	Vehicles, plant furniture & equipment £000	Total £000
Valued at historical cost	**0**	**1,496**	**1,496**
Valued at current value in:			
2022/23	8,138	0	8,138
2021/22	3,647	0	3,647
2020/21	6,496	0	6,496
2019/20	550	0	550
Total	**18,831**	**1,496**	**20,327**

Impairment Losses

Impairment losses and impairment reversals charged to the Surplus or Deficit on the Provision of Services and to Other Comprehensive Income and Expenditure, are summarised in the preceding movements table, reconciling the movement over the year in the Property, Plant and Equipment balances. No impairment losses other than those relating to revaluation losses were incurred.

13. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

A. Income & Expenditure Account	**2021/22 £000**	**2022/23 £000**
Rental income from investment properties	(1,190)	(1,170)
Direct operating expenses arising from investment properties (this includes the change in valuation on investment properties)	739	2,500
Net (gain)/ loss	**(451)**	**1,330**

The following table summarises the movement in the fair value of investment properties over the year:

B. Movement in fair value	**2021/22 £000**	**2022/23 £000**
Balance at start of the year	**19,830**	**19,120**
Net gains/(losses) from fair value adjustments	(710)	(2,495)
Balance at end of the year	**19,120**	**16,625**

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal.

The Code requires that Investment Properties are measured annually at fair value. The fair value valuation was £16.6 million as at 31 March 2023.

There has been a net loss on the fair value valuations of the four investment properties of £2,495,000 in 2022/23. This predominantly relates to one investment property in Bristol and the reduction in value is caused by a softening of the yield. The accommodation is open plan and as such is set up for a single occupier. The office market is witnessing a trend towards good quality, smaller office suites, which better suit the new hybrid ways of working.

The Code confirms that movements in fair value are debited to the provision of services and are not proper charges to the General Fund. They are reversed out to the Capital Adjustment Account in the Movement in Reserves Statement. Therefore this change in valuation does not impact on the Council's 'bottom line' of the Income and Expenditure account, as it is reversed out through the Capital Adjustment Account.

Fair Value Measurement of Investment Property

Observable Inputs – Level 2

The commercial land and buildings are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted using a market-derived discount rate to establish the present value of the net income stream. The approach has been developed using the Council's own data factoring in assumptions such as duration and timing of cash inflows and outflows, rent growth, occupancy levels, bad debt levels and maintenance costs.

The Council's commercial land and buildings are therefore categorised as Level 2 based on assumptions on observable inputs in the fair value hierarchy as the measurement technique uses observable inputs to determine the fair value measurements.

Highest and Best Use of Investment Properties

In estimating the fair value of the Council's Investment Properties, it has been established that their current use is the highest and best use of the properties.

Valuation Techniques

There has been no change in the valuation techniques used during the year for Investment Properties.

14. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cash flow characteristics.

Financial Liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus outstanding interest payable).

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

To meet the code requirements, financial assets are now classified into one of three categories:

- **Financial assets held at amortised cost** – These represent loans and loan-type arrangements where repayments of interest and principal take place on set dates and at specific amounts. The figure presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the Comprehensive Income and Expenditure Statement (CIES) is the amount receivable as per the loan agreement.

- **Fair Value Through Other Comprehensive Income (FVOCI)** – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.

- **Fair Value Through Profit and Loss (FVTPL)** – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit loss method. Changes in loss allowances (including balances outstanding at the date of recognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES. Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

The value of debtors and creditors reported in the table below are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the Balance Sheet and notes 15 and 18 also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

Summary of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

	Long term			Current	
	31 March 2022 £000	**31 March 2023 £000**		**31 March 2022 £000**	**31 March 2023 £000**
Financial Assets at Amortised Cost					
Investments*	0	0		17,200	10,200
Cash and Cash Equivalents	0	0		10,011	11,153
Debtors	0	0		1,307	3,749
Fair Value through Other Comprehensive Income – Financial Assets					
Investments – Local Authorities' Property Fund	553	462		0	0
Total Financial Assets	**553**	**462**		**28,518**	**25,102**
Financial Liabilities at Amortised Cost					
Borrowing	(27,726)	(27,012)		(615)	(714)
Creditors	(184)	(53)		(8,394)	(2,567)
Total Financial Liabilities	**(27,910)**	**(27,065)**		**(9,009)**	**(3,281)**

*****The reduction in investments as at 31 March 2023 of £7m partly relates to the timing of the Council Tax energy rebate grant (£2.99m) which was received at the end of 2021/22 and the payments were made on behalf of Central Government at the beginning of 2022/23. In addition the Council also administered various Business Grants on behalf of Central Government in 2021/22 and part of the reduction in investments relates to unapplied funding being repaid to Central Government in 2022/23. The decrease in investments is partly offset by an increase in Money Market Fund deposits at 31 March 2023 of £1.15m. Due to their liquidity Money Market Funds are classified as cash equivalents and are therefore shown in note 17 'Cash and Cash Equivalents'.

Designated to Fair Value Through Other Comprehensive Income

At 31 March 2023 the Council had a £0.5 million investment with the CCLA Property Fund and up to 31 March 2018 this was held as an 'Available for Sale Financial Asset' and measured at fair value each year. Any change in fair value was posted to Other Comprehensive Income and Expenditure and accumulated gains and losses have been held in an Available for Sale Financial Instruments Reserve.

Following the adoption of accounting standard IFRS 9 Financial Instruments in 2018/19, the 'Available for Sale Financial Asset' category is no longer available. The new standard requires that investments in equity to be classified as fair value through profit and loss unless there is an irrevocable election to designate the asset as fair value through other comprehensive income.

The Council has elected to designate the CCLA investment as fair value through other comprehensive income. These investments are eligible for the election because they meet the definition of equity instruments in paragraph 11 of IAS32 and are neither held for trading (the Council holds this investment as a long term strategic investment) nor contingent consideration recognised by an acquirer in a business combination to which IFRS3 applies. They are not considered to be puttable instruments because the Council does not have a contractual right to put the instrument back to the issuer for cash.

This election means there is no impact on the revenue budget. Any gains or losses on the valuation of the CCLA investment will therefore be transferred to a Financial Instruments Revaluation Reserve until they are realised.

Statutory Override on Pooled Investments

As a result of the change in accounting standards for 2018/19 under IFRS 9, the Ministry for Housing, Communities and Local Government (MHCLG) have agreed a temporary override to allow English Local Authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from April 2018. The Council will use the statutory override to account for any changes in the fair value on its pooled investments. For the Council's Money Market Fund investments the change in fair value was immaterial in 2022/23.

Investments in Equity Instruments Designated at Fair Value Through Other Comprehensive Income

The Council had the following investments in equity instruments at 31 March 2023:

Investment	Nominal	Fair Value March 2023	Change in Fair Value During 2022/23
	£000	£000	£000
CCLA Property Fund	500	462	(91)

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

Net Gains and Losses on Financial Instruments

The following gains and losses have been recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments:

	2021/22	2022/23
	£000	**£000**
Net gains/losses on: Financial Assets measured at fair value through other comprehensive income	83	(91)
Total Net Gains/(Losses)	**83**	**(91)**

Fair Value of Financial Instruments

The following financial asset is measured in the Balance Sheet at fair value on a recurring basis:

Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation Technique Used to Measure Fair Value	31 March 2022 Fair Value	31 March 2023 Fair Value
			£000	**£000**
Fair Value Through Other Comprehensive Income CCLA Property Fund	Level 2	Inputs other than quoted market prices that are observable for the asset or liability	553	462
TOTAL			**553**	**462**

Except for the financial assets carried at fair value, all other financial liabilities and financial assets represented are carried forward on the Balance Sheet at amortised cost. Their fair values are as follows:

	31 March 2022		31 March 2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	**£000**	**£000**	**£000**
PWLB Debt – Maturity	(5,692)	(6,646)	(5,692)	(4,671)
PWLB Debt – Annuity	(22,649)	(22,483)	(22,034)	(16,291)
Long Term Creditors	(184)	(184)	(53)	(53)

15. DEBTORS

31.3.2022 £000		31.3.2023 £000
	Short Term	
584	Central Government bodies*	2,535
354	Other Local Authorities	433
	Other debtors	
503	Council Tax	432
1,192	Business Rates**	241
1,099	Other entities and individuals	1,477
3,732	**Total**	**5,118**

*The significant increase of £1.95m in the Central Government debtor mainly relates to the money owed to the Council in respect of the 2022/23 Housing Benefit subsidy of £2.3m. This was calculated as part of the final HB subsidy claim for 2022/23.

**There is a significant decrease in the short term Business Rates debtor as at 31 March 2023. The large debtor as at 31 March 2022 (£1.192m) was due to the deficit position on the Business Rates Collection Fund resulting from the timing differences in the Collection Fund accounting treatment of the s31 compensation grant. The balance on the Business Rates Collection Fund as at 31 March 2023 has moved from a £3.1m deficit to a £0.9m surplus following the release of s31 compensation grant received in 2021/22 to the Collection Fund.

16. DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and business rates) can be analysed by age as follows:

31.3.2022 £000		31.3.2023 £000
384	Up to one year	276
322	One to three years	246
144	Over three years	150
850	**Total Debtors for Local Taxation**	**672**

17. CASH AND CASH EQUIVALENTS

31.3.2022 £000		31.3.2023 £000
361	Cash held by the Authority	353
9,650	Money Market Funds*	10,800
10,011	**Total Cash and Cash Equivalents**	**11,153**

*Cash and Cash Equivalents have increased by £1.14m in 2022/23 mainly due to an increase in Money Market Fund deposits at 31 March 2023. This is offset by a reduction in the Council's longer term investments shown in note 14 'Financial Instruments'.

18. CREDITORS

31.3.2022 £000		31.3.2023 £000
	Short Term	
(7,013)	Central Government bodies*	(682)
(986)	Other Local Authorities	(422)
	Other Creditors	
(1,429)	Council Tax**	(2,395)
(3,569)	Business Rates***	(2,290)
(1,605)	Other entities and individuals****	(2,801)
(14,602)	**Total**	**(8,590)**
	Long Term	
(184)	Other entities and individuals	(53)
(184)	**Total**	**(53)**

*The reduction in the short term Central Government creditor of £6.3m partly relates to the timing of the Council Tax energy rebate grant (£2.99m) which was received at the end of 2021/22 and the payments were made on behalf of Central Government at the beginning of 2022/23. In addition the Council also administered various Business Grants on behalf of Central Government in 2021/22 and a significant movement in this creditor (£2.7m) relates to unapplied funding as at 31 March 2022 being repaid to Central Government in 2022/23.

** There is a large increase in the short term Council Tax creditors as at 31 March 2023 which reflects the favourable movement in the Council Tax Collection Fund balance in 2022/23. As at 31 March 2022, the Council owed Council Tax Preceptors £1.34m (a creditor balance) and this has increased to £2.29m at 31 March 2023. The Council collected 98.34% in council tax in 2022/23 (against a target of 97%) and this has resulted in an increase in the Council Tax Collection Fund surplus from £2.45m as at 31 March 2022 to £3.16m as at 31 March 2023. The Council Tax creditor position above also reflects the Preceptors' share of Council Tax prepayments as at 31 March 2023.

*** The large reduction in the short term Business Rates creditor at 31 March 2023 mainly relates to the Business Rates s31 compensation grants received in 2021/22. No equivalent grants were received in 2022/23.

**** The increase in the short term Other Entities and Individuals creditor of £1.2m mainly relates to payment in arrears accruals in respect of the Waste Contract.

19. PROVISIONS

Provisions payable within twelve months of the Balance Sheet date are classified as current liabilities; provisions payable more than twelve months from the Balance Sheet date are classified as long term liabilities. No long term provisions were created in 2022/23 or 2021/22. The breakdown of the 2022/23 provision is shown in the following table:

	Business Rates Appeals £000
Balance at 1 April 2022	**921**
Provisions made in year	61
Amounts used in year	(249)
Balance at 31 March 2023	**733**

Short term Provision – Business Rates Appeals:

Provision is made for likely refunds of business rates as a result of appeals against the rateable value of business properties. The provision is based on the total value of outstanding appeals at the end of the financial year as advised by the Valuation Office Agency. Using this information, an assessment was made about the likely success rate of appeals and their value. In 2022/23 there has been a £469,000 decrease in the provision for appeals within the Collection Fund. The Council's share of this is 40% (£188,000).

20. USABLE RESERVES

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement in Section 2B. The Council has the following usable reserves:

General Fund Balance – This balance has been established from surpluses on the Council's total expenditure. It provides a financial cushion should anything unexpected happen which would require unplanned expenditure.

Earmarked Reserves – The Council has set aside monies for specific purposes e.g. vehicle and plant replacement and the funding of strategic issues. In addition, on an annual basis monies are set aside in the Business Rates Retention Earmarked Reserve to mitigate the impact of business rates income volatility in future years. The movements in the 2022/23 Earmarked Reserves balance is explained in detail in the Narrative Statement.

Capital Receipts Reserve – Proceeds from the sale of assets are held in this reserve to be made available for future capital expenditure.

Capital Grants Unapplied – This reserve represents grants and contributions received in advance of matching to new capital investment.

21. UNUSABLE RESERVES

31.3.2022 £000		31.3.2023 £000
10,593	Revaluation Reserve	6,714
9,196	Capital Adjustment Account	6,865
(24,220)	Pensions Reserve	(5,490)
53	Financial Instruments Revaluation Reserve	(38)
370	Council Tax Collection Fund Adjustment Account	477
(1,234)	Business Rates Collection Fund Adjustment Account	1,336
(67)	Accumulated Absences Account	(69)
(5,309)	**Total Unusable Reserves**	**9,795**

Revaluation Reserve

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

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

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

31.3.2022 £000	31.3.2022 £000	Revaluation Reserve	31.3.2023 £000	31.3.2023 £000
	10,327	**Balance at 1 April**		**10,593**
408		Upward revaluation of assets	669	
(99)		Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	(4,337)	
	309	**Surplus or (Deficit) on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**		**(3,668)**
(43)		Difference between fair value depreciation and historical cost depreciation	(211)	
		Accumulated gains on assets sold or scrapped		
	(43)	**Amount written off to the Capital Adjustment Account**		**(211)**
	10,593	**Balance at 31 March**		**6,714**

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement, as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to an historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Authority.

2021/22 £000	2021/22 £000	Capital Adjustment Account	2022/23 £000	2022/23 £000
	9,936	**Balance at 1 April**		**9,196**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES) :		
(929)		▪ Charges for depreciation of non-current assets	(941)	
(710)		▪ Revaluation gains/(losses) on Investment Properties	(2,495)	
(81)		▪ Amortisation of Intangible Assets	(95)	
(623)		▪ Revenue expenditure funded from capital under statute (REFCUS)	(1,707)	
(4)		▪ Amounts of Revaluation Reserve balance written off on disposal or sale of PPE	0	
	(2,347)	**Total**		**(5,238)**
43		Adjusting amounts written out of the Revaluation Reserve	211	
	43	**Net written out amount of the cost of non-current assets consumed in the year**		**211**
		Capital financing applied in the year:		
115		• Use of the Capital Receipts Reserve to finance new capital expenditure	0	
504		• Capital grants and contributions credited to the CIES that have been applied to capital financing	1,555	
103		• Application of grants to capital financing from the Capitals Grants Unapplied Account	236	
96		• Capital expenditure charged against the General Fund	208	
623		• Statutory provision for the financing of capital investment charged against the General Fund (Minimum Revenue Provision)	647	
123		• Revenue Contribution to Capital Outlay (RCCO)	50	
	1,564	**Total**		**2,696**
	9,196	**Balance at 31 March**		**6,865**

Pensions Reserve

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

31.3.2022 £000	Pensions Reserve	31.3.2023 £000
(27,142)	**Balance at 1 April**	**(24,220)**
4,038	Actuarial gains or (losses) on pension assets and liabilities*	19,895
(2,047)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	(2,123)
931	Employer's pensions contributions and direct payments to pensioners payable in the year	958
(24,220)	**Balance at 31 March**	**(5,490)**

The pension liability as at 31 March 2023 of £5.49million is significantly lower than the previous year (£24.22million) as a result of the actuary reducing life expectancy projections and an increase in interest rates affecting the discount rate for liabilities. See further information on the Pensions Liability in the Narrative Statement.

*The actuarial gain on pension assets and liabilities has increased by £15.9m in 2022/23 to £19.9m. This is mainly due to a change in financial assumptions in 2022/23 (£19.7m) which relates to an increase in the discount rate from 2.6% at 31 March 2022 to 4.8% at 31 March 2023. The Actuary has estimated a net deficit on the funded liabilities within the Pension Fund as at 31 March 2023 of £5.5m, which compares to a deficit of £24.2m as at 31 March 2022.

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

31.3.2022 £000	Financial Instruments Revaluation Reserve	31.3.2023 £000
(30)	**Balance at 1 April**	**53**
83	Upward revaluation of assets	0
0	Downward revaluation of assets	(91)
53	**Balance at 31 March**	**(38)**

Council Tax Collection Fund Adjustment Account

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

31.3.2022 £000	Council Tax Collection Fund Adjustment Account	31.3.2023 £000
112	**Balance at 1 April**	**370**
258	Amount by which Council Tax income credited to the CIES is different from Council Tax income calculated for the year in accordance with statutory requirements	107
370	**Balance at 31 March**	**477**

Business Rates Collection Fund Adjustment Account

A scheme for the retention of business rates came in to effect on 1 April 2013 and established new accounting arrangements. The Business Rates Collection Fund Adjustment Account manages the differences arising from the recognition of business rates income in the Comprehensive Income and Expenditure Statement (CIES) as it falls due from ratepayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

31.3.2022 £000	Business Rates Collection Fund Adjustment Account	31.3.2023 £000
(2,887)	**Balance at 1 April**	**(1,234)**
1,653	Amount by which Business Rates income credited to the CIES is different from Business Rates income calculated for the year in accordance with statutory requirements*	2,570
(1,234)	**Balance at 31 March**	**1,336**

*The large movement in the Business Rates Collection Fund Adjustment Account between 2021/22 and 2022/23 reflects the improved position on the Business Rates Collection Fund at 31 March 2023 (£0.9m surplus compared to a £3.1m deficit at 31 March 2022). During 2021/22 local authorities received further s31 grants to offset the business rate reliefs given to businesses during the pandemic. Under current Collection Fund accounting rules, the s31 grants received could not be discharged against the Collection Fund deficit until the following year in 2022/23.

Accumulated Absences Account

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

31.3.2022 £000	31.3.2022 £000	Accumulated Absences Account	31.3.2023 £000	31.3.2023 £000
	(64)	**Balance at 1 April**		**(67)**
64		Settlement or cancellation of accrual made at the end of the preceding year	67	
(67)		Amounts accrued at the end of the current year	(69)	
	(3)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		**(2)**
	(67)	**Balance at 31 March**		**(69)**

22. CASH FLOW STATEMENT – ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES FOR NON-CASH MOVEMENTS

2021/22 £000		2022/23 £000
(929)	Depreciation	(941)
(710)	Movement in investment properties*	(2,495)
(81)	Amortisation	(95)
(320)	Increase/(decrease) in Debtors**	2,408
(1,707)	(Increase)/decrease in Creditors***	5,962
(1,116)	Movement in pension liability	(1,165)
61	Other non-cash items charged to the net surplus or deficit on the provision of services	0
(4,802)	**Total**	**3,674**

***This increase relates to Investment Property impairments and is predominantly caused by a softening of the yield.

** The significant increase in debtors is mainly due to the money owed to the Council in respect of the 2022/23 Housing Benefit subsidy of £2.3m. For further information please see note15 Debtors.

***The large reduction in creditors is mainly due to a reduction in the short term Central Government creditor of £6.3m. For further information please see note 18 Creditors.

23. CASH FLOW STATEMENT – ADJUSTMENTS TO NET SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES THAT ARE INVESTING AND FINANCING ACTIVITIES

2021/22 £000		2022/23 £000
13	Proceeds from the sale of non-current assets	14
741	Other non-cash items charged to the net surplus or deficit on the provision of services*	1,750
754	**Total**	**1,764**

*****This increase relates to capital grants and partly relates to the Green Homes Grant scheme which predominantly took place in 2022/23. In addition Disabled Facilities spend has returned to pre-Covid levels.

24. CASH FLOW STATEMENT – INVESTING ACTIVITIES

2021/22 £000		2022/23 £000
480	Purchase of non-current assets	341
10,700	Increase/(decrease) in investments*	(7,000)
(13)	Proceeds from the sale of non-current assets	(14)
(1,060)	Other receipts from investing activities (capital grants & contributions)	(1,268)
10,107	**Net cash flows from investing activities**	**(7,941)**

*The reduction in investments as at 31 March 2023 of £7m partly relates to the timing of the Council Tax energy rebate grant (£2.99m) which was received at the end of 2021/22 and the payments were made on behalf of Central Government at the beginning of 2022/23. In addition the Council also administered various Business Grants on behalf of Central Government in 2021/22 and part of the reduction in investments relates to unapplied funding being repaid to Central Government in 2022/23.

25. CASH FLOW STATEMENT – FINANCING ACTIVITIES

2021/22 £000		2022/23 £000
604	Repayments of short and long term borrowing	615
(3,429)	Other receipts/payments from financing activity*	(521)
(2,825)	**Total**	**94**

*****The movement between 2021/22 and 2022/23 is due to the significant decrease in short term Business Rates debtors and large increase in the short term Council Tax creditors. For further information please see note 15 Debtors and note 18 Creditors.

26. TRADING OPERATIONS – BUILDING CONTROL

The Building (Local Authority Charges) Regulations 1998 require the disclosure of information regarding the setting of charges for the administration of the Building Control function. Building Regulations Control Services operate as a separate trading unit.

As of 1 April 2017, West Devon Borough Council (WDBC), South Hams District Council (SHDC) and Teignbridge District Council (TDC) entered into an updated partnership agreement and a new hosting agreement with respect to the staff and functions delivered by the Devon Building Control Partnership (DBCP) to the three Council areas. This agreement saw the transfer of all staff who had DBCP responsibilities from WDBC or SHDC to TDC. WDBC and SHDC retain an active participation in the controlling Devon Building Control Partnership Committee.

The Summary Accounts for the year will be detailed in the DBCP, which can be found on Teignbridge District Council's website under the Devon Building Control Partnership Committee 2022/2023.

27. BUSINESS IMPROVEMENT DISTRICTS

The Tavistock Business Improvement District (BID) was set up in Tavistock on the 1st September 2011 for the purpose of providing additional services or improvements to the Tavistock BID area. The BID is funded in part by a levy which is based on the rateable value of each property within the BID area and this is charged in addition to the non-domestic rates. West Devon Borough Council acts as agent for the BID Company.

28. MEMBERS' ALLOWANCES

The Authority paid the following amounts to Members of the Council during the year. Members allowances are published on the Council's website under 'Your Council' in the 'Councillors and Committees' section.

2021/22 £000		2022/23 £000
208	Allowances	226
5	Expenses	9
213	**Total**	**235**

29. OFFICERS' REMUNERATION

SENIOR EMPLOYEES

Regulation 4 of the Accounts and Audit (Amendment No.2) (England) Regulations 2009 [SI 2009 No. 3322] introduced a legal requirement to increase transparency and accountability in Local Government for reporting remuneration of senior employees.

A senior employee is defined as an employee whose salary is more than £150,000 per year, or alternatively one whose salary is at least £50,000 per year (to be calculated pro rata for a part-time employee) and who is:

- the designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989
- the head of staff for a relevant body which does not have a designated head of paid service; or
- any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body, in particular activities involving the expenditure of money, whether solely or collectively with other persons.

The remuneration paid to the Authority's senior employees is as follows:

Post	Year	Salary, Fees and Allowances £	Expenses £	Pension Contribution £	Total £
Strategic Director of Customer Service Delivery and Deputy Chief Executive	21/22	87,500	500	13,600	**101,600**
	22/23	97,700	100	14,400	**112,200**
Corporate Director of Strategic Finance (S151 Officer)	21/22	77,400	0	11,400	**88,800**
	22/23	81,400	0	12,000	**93,400**
Strategic Director of Place & Enterprise	21/22	79,700	900	10,900	**91,500**
	22/23	81,600	900	12,100	**94,600**

Note A: Definition of Senior Employees
A review of the employees that meet the criteria for the definition of a "Senior Employee" in line with Regulation 4 of the Accounts and Audit (Amendment No.2) (England) Regulations 2009 [SI 2009 No. 3322] has resulted in the decision to remove some employees from the Senior Employees note from 22/23 onwards and in place provide a Remuneration Above £50,000 table.

Note B: Shared Services with South Hams District Council
South Hams District Council and West Devon Borough Council have been in a shared services arrangement since 2007. Following the implementation of the joint Transformation Programme (T18), all of the Councils' non-manual workforce are shared across both Councils.

The total cost of senior employees employed by South Hams District Council has been included in the equivalent note of South Hams District Council's Accounts in accordance with the accounting requirements and is therefore excluded from the table above.

In 2022/23 West Devon Borough Council reimbursed costs amounting to £135,400 (2021/22 £131,000) in respect of the senior employees who are employed by South Hams District Council. West Devon Borough Council received a reimbursement in 2022/23 from South Hams District Council of £145,800 (2021/22 £155,200) in respect of the above shared senior employees.

Note C: Salary Sacrifice Schemes

West Devon Borough Council offer various Employee Salary Sacrifice Schemes as part of the employee benefits package. Figures quoted in the remuneration table are before any salary sacrifice deductions are made.

REMUNERATION ABOVE £50,000

The Council is required by statute to disclose the number of employees for the year to which the accounts relate whose remuneration fell in each bracket of a scale in multiples of £5,000, starting with £50,000 (excluding employer pension contributions).

The following numbers do not include the senior employees as disclosed above.

Remuneration Bandings	2021/22	2022/23
£50,000 - £54,999	5	2
£55,000 - £59,999	2	3
£60,000 - £64,999	3	5
TOTAL	**10**	**10**

30. PAYMENTS TO EXTERNAL AUDITORS

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and to non-audit services provided by the Authority's external auditors:

	2021/22 £000	2022/23 £000
Fees payable with regard to external audit services	**70**	**90**
Core Audit Fees	58	57
Audit of Grants and Returns	12	33
Variation from Public Sector Audit Appointments Ltd	**(6)**	***10**
Other adjustments		8
TOTAL	**64**	**108**

***** relates to a fee variation from 2021/22

31. GRANT INCOME

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2021/22 £000	2022/23 £000
Credited to Taxation and Non-Specific Grant Income		
Capital grants and contributions:		
Disabled Facilities Grants	(741)	(1,195)
Green Homes Grant	0	(436)
Other Capital Grants and Contributions	0	(119)
Non ring - fenced Government grants and contributions:		
New Homes Bonus Grant	(293)	(352)
S.31 Business Rate Relief Grants	(2,323)	(2,188)
Levy Account Surplus Grant	0	(14)
Rural Services Delivery Grant	(487)	(487)
Lower Tier Services Grant	(70)	(75)
Service Grant	0	(114)
COVID-19 LA Response Grant	(282)	0
COVID-19 Sales, Fees & Charges Compensation	(70)	0
COVID-19 New Burdens Admin Support Grant	(131)	(44)
Total	**(4,397)**	**(5,024)**

	2021/22 £000	2022/23 £000
Credited to Services		
Rent Allowance subsidy	(8,484)	(8,952)
Ukraine Humanitarian Crisis	0	(958)
Recycling credits	(347)	(321)
District Household Support Scheme	0	(310)
Flexible Homelessness Support Grant	(211)	(203)
Section 106 deposits	(97)	(188)
Discretionary housing payments	(118)	(116)
Housing Benefit administration subsidy	(111)	(111)
Supported Home Improvement Programme	0	(104)
Business Rates cost of collection allowance	(82)	(83)
New Burdens Council Tax Rebate Final Assessment	0	(82)
Rent rebate subsidy	(62)	(76)
COVID-19 Additional Restrictions Grant	(1,355)	0
COVID-19 LA Support Grant	(138)	0
COVID-19 Council Tax Hardship Grant Fund	(103)	0
COVID-19 Contain Outbreak Management Fund	(73)	0
COVID-19 Track & Trace Administration Support Grant	(12)	0
Electoral Commission - General Elections, Referendum and Police & Crime Commissioners	(88)	0
Devon County Council – County Council Elections	(75)	0
Other grants and contributions	(566)	(621)
Total	**(11,922)**	**(12,125)**

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have repayment conditions attached to them. Until these conditions are met these grants are held as receipts in advance. Should these conditions not be met the monies would need to be returned to the grantor. The balances at the year-end are as follows:

Capital Grants Receipts in Advance	**31 March 2022 £000**	**31 March 2023 £000**
Hayedown, Tavistock	(20)	0
Batheway Fields, North Tawton	(9)	0
Annan Down Park Drive, Tavistock	(29)	0
Land adjacent to Shellsley, North Tawton	(47)	(47)
The Barton, Spreyton	(72)	(72)
Land at Butcher Park Hill, Tavistock	(171)	(78)
The Beeches, Yelverton	(21)	(21)
The Highwayman Inn, Sourton	0	(87)
Land South of Exeter Road Okehampton	0	(69)
Former Tavistock Hockey Club	0	(42)
Land adjacent to Callington Road, Tavistock	0	(34)
New Launceston Road, Broadleigh Park	0	(27)
Devonia House, Yelverton	0	(26)
Land at Lower Trendle, Tavistock	(46)	(46)
Barns at Hurlditch Horn, Gulworthy	(32)	(32)
Rear of Rowan Cottage, Lewdown	(26)	(55)
Land at New Launceston Road, Tavistock	(228)	(224)
Harewood House, Tavistock	(164)	(164)
Land North of Crediton Road, Okehampton	(50)	(49)
Other Section 106 deposits	(406)	(186)
Green Homes Grant	(693)	0
Local Authority Housing Fund (LAHF)	0	(211)
Total	**(2,014)**	**(1,470)**

Revenue Grants Receipts in Advance	**31 March 2022 £000**	**31 March 2023 £000**
Council Tax Rebate - Discretionary Scheme	(111)	0
Nottingham City Council - Minimum Energy Efficiency Standard Grant	(14)	0
UK Shared Prosperity Fund (UKSPF)	0	(55)
Total	**(125)**	**(55)**

32. RELATED PARTIES

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

Central Government
Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework, within which the Authority operates and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from Government departments are detailed in note 31.

Members
Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2022/23 is shown in note 28.

33. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below with the resources that have been used to finance it, giving rise to the movement in the Council's Capital Financing Requirement.

Summary of Capital Expenditure and Financing (incorporating the Capital Financing Requirement)	**2021/22 £000**	**2022/23 £000**
Opening Capital Financing Requirement	***25,362***	***24,901***
Capital Investment		
Property, Plant and Equipment	314	247
Intangible Assets	166	95
Revenue expenditure funded from capital under statute (REFCUS)*	623	1,707
Total expenditure for capital purposes	**1,103**	**2,049**
Sources of Finance		
Capital receipts	(115)	0
Capital grants and external contributions*	(607)	(1,791)
Earmarked reserves	(96)	(208)
Revenue Contributions to Capital Outlay (RCCO)	(123)	(50)
Total funding	**(941)**	**(2,049)**

Minimum Revenue Provision	**(623)**	**(647)**
Closing Capital Financing Requirement	***24,901***	***24,254***
Movement in Capital Financing Requirement	***(461)***	***(647)***
Explained by:		
Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(461)	(647)
Increase/(decrease) in Capital Financing Requirement	**(461)**	**(647)**

* The increase in REFCUS and capital grants both relate to Disabled Facilities spend returning to pre-Covid levels as well as the Green Homes Grants scheme which predominantly took place in 2022/23.

34. LEASES

Authority as Lessee

The Authority has, in the past, acquired some assets through operating leases. These have included vehicles and printers. However, all remaining material operating leases have ceased and no lease payments have been made since 2009/10.

Authority as Lessor

The Authority leases various parcels of land and buildings to external organisations. The most significant are shown below:

Detail of lease	Term	Expiry date	Segment in CIES
The rental of office accommodation	15 years	17/09/2033	Investment Properties
The operation of a supermarket	39 years	08/01/2028	Investment Properties
The rental of an industrial unit	10 years	28/11/2028	Investment Properties
The rental of an industrial unit	10 years	11/12/2027	Investment Properties
The rental of an industrial unit	15 years	28/09/2032	Investment Properties

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

	31 March 2022 £000	31 March 2023 £000
Not later than one year	1,062	1,067
Later than one year & not later than five years	4,248	4,229
Later than five years	4,783	3,788
Total	**10,093**	**9,084**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

35. EXIT PACKAGES AND TERMINATION BENEFITS

There were no exit packages in 2022/23 or 2021/22.

Shared Services with South Hams District Council

There were no shared services recharges in respect of the costs of Exit Packages for South Hams District Council or West Devon Borough Council for 2022/23 or 2021/22.

36. DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Authority makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Authority has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

The administering Authority for the Fund is Devon County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering Authority. Where appropriate some functions are delegated to the Fund's professional advisers.

Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions. Funding levels are monitored on an annual basis. The total contributions expected to be made to the LGPS by the Council in the year to 31 March 2024 is £865,000. The Actuary has estimated the duration of the Employer's liabilities to be 16 years.

Further information can be found in Devon County Council Pension Fund's Annual Report, which is available upon request from The County Treasurer, Devon County Council, County Hall, Exeter, EX2 4QJ.

Transactions Relating to Post-employment Benefits

The cost of retirement benefits are recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The movement in the pension scheme assets and liabilities together with the treatment of the corresponding transactions in the CIES is summarised in the following tables:

Comprehensive Income and Expenditure Statement	**2021/22 £000**	**2022/23 £000**
Cost of Services		
Service cost comprising		
- Current Service Cost	1,495	1,486
Financing and Investment Income and Expenditure		
- Net Interest Expense	534	618
- Administration Expenses	18	19
Total Post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**2,047**	**2,123**
Other post-employment benefits charged to the comprehensive income and expenditure statement		
Re-measurement of the net defined benefit liability comprising;		
- Change in financial assumptions	(2,498)	19,667
- Change in demographic assumptions	0	3,395
- Experience loss/(gain)	144	(1,727)
- Return on fund assets in excess of interest	(1,684)	(1,226)
- Return on fund assets in excess of interest	0	(214)
Total re-measurement recognised	**(4,038)**	**19,895**
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	**(1,991)**	**22,018**
Movement in Reserves Statement		
- Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the code	(2,047)	(2,123)
Actual amount charged against the General Fund Balance for pensions in the year		
- Employers contributions payable to scheme	931	958

Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the balance sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

Net Pension Liability	**31 March 2022 £000**	**31 March 2023 £000**
Present value of the defined benefit obligation	54,558	34,757
Fair value of Fund assets	(31,085)	(29,950)
Deficit/(Surplus)	**23,473**	**4,807**
Present value of unfunded obligation	747	683
Net defined benefit liability/(asset)*	**24,220**	**5,490**

Reconciliation of opening and closing balances of the fair value of Fund assets	**31 March 2022 £000**	**31 March 2023 £000**
Opening fair value of Fund assets	**29,292**	**31,085**
Interest on assets	581	802
Return on assets less interest	1,684	(1,226)
Other actuarial gains/(losses)	0	(214)
Administration expenses	(18)	(19)
Contributions by employer including unfunded	931	958
Contributions by Scheme participants	204	222
Estimated benefits paid plus unfunded net of transfers in	(1,589)	(1,658)
Closing fair value of Fund assets	**31,085**	**29,950**
Reconciliation of opening and closing balances of the present value of the defined benefit obligation	**31 March 2022 £000**	**31 March 2023 £000**
Opening defined benefit obligation	**56,434**	**55,305**
Current service cost	1,495	1,486
Interest cost	1,115	1,420
Change in financial assumptions	(2,498)	(19,667)
Change in demographic assumptions	0	(3,395)
Experience loss/(gain) on defined benefit obligation	144	1,727
Estimated benefits paid net of transfers in	(1,521)	(1,588)
Contributions by Scheme participants	204	222
Unfunded pension payments	(68)	(70)
Closing defined benefit obligation	**55,305**	**35,440**

*The pension liability as at 31 March 2023 of £5.49million is significantly lower than the previous year (£24.22million) as a result of the actuary reducing life expectancy projections and an increase in interest rates affecting the discount rate for liabilities. See further information on the Pensions Liability in the Narrative Statement.

Basis for Estimating Assets and Liabilities

Assets and liabilities are assessed by Barnett Waddingham, an independent firm of actuaries. As required under IAS19 they use the projected unit method of valuation to calculate the service cost.

To assess the value of the Employer's liabilities at 31 March 2023, they have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2022, using financial assumptions that comply with IAS19.

To calculate the asset share they have rolled forward the assets allocated to West Devon Borough Council as at 31 March 2022 allowing for investment returns (estimated where necessary), contributions paid into and estimated benefits paid from the Fund, by and in respect of the Employer and its employees.

The demographic assumptions are projected using the CMI_2020 Model and are summarised in the following table:

Basis for estimating assets and liabilities	**31 March 2022**	**31 March 2023**
Mortality assumptions (in years):		
Longevity at 65 for current pensioners		
- Men	22.7	21.8
- Women	24.0	22.9
Longevity at 65 for future pensioners (in 20 years)		
- Men	24.0	23.1
- Women	25.4	24.4
Financial assumptions (in percentages):		
- Salary increases	4.20%	3.95%
- Pension increases (CPI)	3.20%	2.95%
- Discount rate	2.60%	4.80%

The table below looks at the sensitivity of the major assumptions:

Sensitivity analysis	**£000s**	**£000s**	**£000s**
Adjustment to discount rate	+0.1%	0.0%	(0.1%)
Present value of total obligation	34,917	35,440	35,976
Projected service cost	601	623	647
Adjustment to long term salary increase	+0.1%	0.0%	(0.1%)
Present value of total obligation	35,480	35,440	34,947
Projected service cost	624	623	600
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	(0.1%)
Present value of total obligation	35,945	35,440	34,947
Projected service cost	647	623	600
Adjustment to life expectancy assumptions	+ 1 Year	None	-1 Year
Present value of total obligation	36,969	35,440	33,980
Projected service cost	646	623	601

The estimated asset allocation for West Devon Borough Council as at 31 March 2023 is as follows:

Employer asset share	**31 March 2022**		**31 March 2023**	
	£000	**%**	**£000**	**%**
Gilts	4,134	13%	0	0%
UK equities	2,771	9%	2,363	8%
Overseas equities	15,633	50%	13,415	45%
Property	2,929	10%	2,625	9%
Infrastructure	1,755	6%	2,693	9%
Target return portfolio	2,873	9%	2,082	7%
Cash	367	1%	356	1%
Other bonds	636	2%	6,404	21%
Alternative assets	(13)	0%	12	0%
Private equity	0	0%	0	0%
Total	**31,085**	**100%**	**29,950**	**100%**

Of the total fund asset at 31 March 2023, the following table identifies the split of those assets with a quoted market price and those that do not:

Employer Asset Share – Bid Value		**31 March 2023**	
		% Quoted	**% Unquoted**
Fixed interest government securities	UK	0%	0%
	Overseas	0%	0%
Corporate bonds	UK	7%	0%
	Overseas	0%	0%
Equities	UK	7%	0%
	Overseas	44%	0%
Property	All	0%	9%
Others	Absolute return portfolio	7%	0%
	Private Equity	0%	1%
	Infrastructure	0%	9%
	Multi sector credit fund	0%	0%
	Private Debt	12%	0%
	Cash/Temporary investments	0%	3%
Net current assets	Debtors	0%	1%
	Creditors	0%	0%
Total		**77%**	**23%**

McCloud Judgment

A judgment in the Court of Appeal about cases involving judges' and firefighters' pensions (the McCloud judgement) has the potential to impact on the Council. The cases concerned possible age discrimination in the arrangements for protecting certain scheme members from the impact of introducing new pensions arrangements. As the Local Government Pension Scheme was restructured in 2014, with protections for those members who were active in the Scheme at 2012 and over the age of 55, the judgement is likely to extend to the Scheme.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud case. The consultation closed on 8 October 2020 and a ministerial statement in response to this was published on 13 May 2021, however a full response to the consultation is still awaited; the outcome of these matters is still to be agreed so the exact impact they will have on LGPS benefits is unknown.

The actuary valuation within the financial statements includes an allowance for the McCloud judgement.

37. CONTINGENT LIABILITIES

The Council had no contingent liabilities at 31 March 2022 or 31 March 2023.

38. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Key Risks

Financial Instruments held by the Council are detailed in note 14. The Council's activities expose it to a variety of financial risks:

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** – the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements;
- **Re-financing risk** - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its Financial Regulations/Standing Orders/Constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
    - The Council's overall borrowing;
    - Its maximum and minimum exposures to fixed and variable rates;
    - Its maximum and minimum exposures regarding the maturity structure of its debt;
    - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the Council's annual Council Tax setting budget or before the start of the year to which they relate. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported to Members during the year.

The Annual Treasury Management Strategy which incorporates the prudential indicators was approved by Council on 5 April 2022 and is available on the Council's website (Minute CM 73).

These policies are implemented by the Finance team. The Council maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures from the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with Fitch and Moody's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above.

The Council uses the creditworthiness service provided by Link Group. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Institutions are split into colour bandings to determine the maximum level and duration of the investment.

The full Investment Strategy for 2022/23 was approved by Council on 5 April 2022 and is available on the Council's website (Minute CM 73).

The Council's Counterparty limits are as follows:

- £3.0 million for Money Market Funds
- £1.0 million on CCLA Property Investment Fund
- £3.0 million on term deposits with banks and building societies within the UK (£4.0 million with Lloyds Bank PLC)

The Council takes a very prudent approach regarding the collection of debts from its customers and calculates an annual provision for bad debts based on the age of its debt. A detailed review of potential bad debts was undertaken at 31 March 2023 and is reflected in the current figure of £309,000. This compares to £278,000 in 2021/22. The bad debt provision is adequate to deal with the historical experience of default and current market conditions. An analysis of the Council's debtors is provided in note 15 to the accounts.

Amounts Arising from Expected Credit Losses

The Council's short term investments have been assessed and the expected credit loss is not material and therefore no allowances have been made.

	Balance at 31 March 2023	Historical Experience of Default	Estimated Maximum Exposure to Default and Uncollectability at 31 March 2023
	£000	%	£000
Deposits with Bank and Financial Institutions			
Aberdeen Standard Money Market Fund	1,800	0.000%	0
Deutsche Money Market Fund	3,000	0.000%	0
Blackrock Money Market Fund	3,000	0.000%	0
LGIM Money Market Fund	3,000	0.000%	0
Debt Management Office (DMO)	4,200	0.001%	0
Standard Chartered Bank	3,000	0.001%	0
Lloyds Bank Plc	3,000	0.012%	0
Total	**21,000**		**0**

Liquidity risk

The Authority manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. An analysis of the Council's cash and cash equivalents is provided in note 17 to the accounts. This seeks to ensure that cash is available when needed.

The Authority has ready access to borrowing from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Market Risk

The Council is exposed to market risk in terms of its exposure that the value of an instrument will fluctuate because of changes in:

- Interest rate risk;
- Price risk; and
- Foreign exchange rate risk.

Interest rate risk

The Authority is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Authority, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in fixed interest rates would have the following effects:

- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances).
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements.

From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The Finance team will monitor markets and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

Price risk

The Council has an investment of £0.5 million in the CCLA Local Authorities Property Fund. At the end of each financial year the value of the Local Authority's investment is adjusted to equal the number of units held, multiplied by the published bid price.

The above investment has been elected as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instruments Revaluation Reserve, therefore there will be no impact on the General Fund until the investment is sold or impaired.

Foreign exchange risk

The Council does not have any financial assets or liabilities denominated in foreign currencies, and thus has no exposure to loss arising from movements in exchange rates.

Refinancing and Maturity Risk

The Council maintains a debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the Finance team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Authority's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period:

	Approved minimum limits	**Approved maximum limits**	**31 March 2022**		**31 March 2023**	
	%	**%**	**£million**	**%**	**£million**	**%**
Less than 1 year	0%	10%	0.615	2.2%	0.714	2.6%
Between 1 and 2 years	0%	10%	0.713	2.5%	0.642	2.3%
Between 2 and 5 years	0%	30%	2.057	7.3%	1.869	6.7%
Between 5 and 10 years	0%	50%	2.185	7.7%	2.135	7.7%
More than 10 years	0%	100%	22.771	80.3%	22.366	80.7%
Total			**28.341**	**100.0%**	**27.726**	**100.0%**

39. ACCOUNTING POLICIES

a) General Principles

The **Statement of Accounts** summarises the Authority's transactions for the 2022/23 financial year and its position at the year end of 31 March 2023. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the accounts 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 2022/23, supported by International Financial Reporting Standards (IFRS) (and statutory guidance issued under section 12 of the Local Government Act 2003).

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.

The accounting policies are applicable to all of the Council's transactions including those of the Collection Fund (council tax and business rates).

b) Accruals 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;

- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction 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 **Statement of Financial Position** (also known as the Balance Sheet);

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

- Where revenue 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 **Statement of Financial Position** (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.

The Council operates a de minimis policy for accruals. For revenue and capital, the de minimis has remained at £5,000 in 2022/23.

c) 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 are readily convertible to known amounts of cash with insignificant risk of change in value. Our policy is shown in the following table:

Type of Investment	Settlement Terms	Gain/Loss on Sale	Cash Equivalent
Money Market Fund	T + 0	✗	✓
Call Account	T + 0	✗	✓
Notice Deposit	Maturity	✗	✗
Term Deposit	T + 7 days	✗	✓
Other Term Deposits	Maturity	✗	✗

Key: T = trade date

The Council's view is that investments made with an investment period of greater than 7 days would not be classified as cash equivalents because they are not sufficiently liquid to meet short term cash commitments.

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.

d) Material items of Income and Expense

When items of income and expense are material (in excess of £300,000), their nature and amount is disclosed separately, either on the face of the **Comprehensive Income and Expenditure Statement** (CIES) or in the notes to the accounts, depending on how significant the items are to an understanding of the Authority's financial performance.

e) 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 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. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior 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.

f) 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 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 assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. These charges are therefore replaced by the contribution in the General Fund Balance – Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement, for the difference between the two.

g) 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 can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. 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 end an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits. These benefits are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the **Comprehensive Income and Expenditure Statement**, to terminate at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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 Pensions Scheme, administered by Devon County Council. This scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Scheme is accounted for as a defined benefits scheme in the following way:

- The liabilities of the Devon County Council Pension Fund attributable to the Council are included in the **Statement of Financial Position** (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 estimates of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate.

- The assets of the pension fund attributable to the Council are included in the **Statement of Financial Position** (Balance Sheet) at their fair value.

For further information please refer to note 36.

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

- **Service cost comprising:**
  - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the **Comprehensive Income and Expenditure Statement** to the services for which the employees worked
  - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment 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 (asset), i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) 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 obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- **Re-measurements comprising:**
  - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – 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 Devon County Council pension fund – 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 pensioners and any such amounts payable but unpaid at the 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 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.

h) Events after the Reporting Period

Events after the Reporting Period 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**.

i) Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the **Statement of Financial Position** (Balance Sheet) when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the *Financing and Investment Income and Expenditure* line in the **Comprehensive Income and Expenditure Statement** (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings held by the Council, this means that the amount presented in the **Statement of Financial Position** (Balance Sheet) is the outstanding principal repayable (plus accrued interest); and interest charged to the **CIES** is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics.

The three main classes of financial assets are measured at:

- Amortised cost
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

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

Financial Assets Measured at Amortised Cost

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

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

Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)

The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI).

The Council has made an irrevocable election to designate its equity instruments as FVOCI on the basis that it is held for non-contractual benefits, it is not held for trading but for strategic purposes.

The asset is initially measured and carried at fair value.

Dividend income is credited to *Financing and Investment Income and Expenditure* in the **Comprehensive Income and Expenditure Statement** when it becomes receivable by the Council.

Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

Expected Credit Loss Model

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

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Fair Value

The Council measures some of its assets and liabilities at their fair value at the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability. The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Authority can access at the measurement date.

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 – unobservable inputs for the asset or liability.

j) <u>Government Grants and Contributions</u>

General

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 **Statement of Financial Position** (Balance Sheet) as creditors. 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*. Where it has been applied, it is posted to the *Capital Adjustment Account*. Amounts in the *Capital Grants Unapplied Reserve* are transferred to the *Capital Adjustment Account* once they have been applied to fund capital expenditure.

A Business Improvement District (BID) scheme operates in Tavistock. This scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as an agent for the Tavistock BID Company, the Council is the billing authority and collects the levy on the BID company's behalf. No income or expenditure is included in the Comprehensive Income and Expenditure Statement, and any cash balance collected by the Council but not yet paid to the BID company at the year-end is carried in the Balance Sheet as a creditor.

k) Heritage Assets

Heritage assets are assets that are held by the Authority principally for their contribution to knowledge or culture. The Council has reviewed its insurance and assets registers and has not identified any material assets that require disclosure.

l) Intangible Assets

Expenditure on non-monetary assets that do not have 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. As with Property, Plant and Equipment a de minimis level of £10,000 has been set for capitalisation.

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. The depreciable amount of an intangible asset is amortised over 3 years to the relevant service line(s) in the **Comprehensive Income and Expenditure Statement**.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation charges are not permitted to have an impact on the General Fund Balance. Therefore, these charges are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

m) Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the **Comprehensive Income and Expenditure Statement**. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements 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 £10,000) the Capital Receipts Reserve.

n) Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Council in conjunction with other partners that involve the use of the assets and resources of the partners rather than the establishment of a separate entity. The Council recognises on its **Statement of Financial Position** (Balance Sheet) the assets that it controls and the liabilities that it incurs and debits and credits the **Comprehensive Income and Expenditure Statement** with the expenditure it incurs and the share of income it earns from the activity of the operation.

o) Leases

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

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 on the use of specific assets (i.e. embedded leases).

The Authority as Lessee

Finance Leases

The Council does not hold any finance leases as a lessee.

Operating Leases

Rentals paid under operating leases are charged to the **Comprehensive Income and Expenditure Statement** as an expense of the services benefitting from use of the leased property, plant or equipment. Where material, 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

The Council does not hold any finance leases as a lessor.

Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the **Statement of Financial Position** (Balance Sheet). Rental income is credited to the relevant line within the '*Cost of Services*' or '*Financing and Investment Income*' in the **Comprehensive Income and Expenditure Statement**. Where material, the rental income is credited on a straight line basis over the life of the lease, even if this does not match the pattern of payments.

p) Overheads and Support Services

Costs of overheads and support services are only recharged to services requiring full cost recovery. Apart from these exceptions support services are shown in the Customer Service and Delivery service group within the **Comprehensive Income and Expenditure Statement** in their own reporting segment, which is in line with the Council's internal reporting method.

q) 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 (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

The Council does not capitalise borrowing costs incurred while assets are under construction. The cost of assets acquired other than by purchase is deemed to be 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 Council). 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 **Statement of Financial Position** (Balance Sheet) using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- all other assets – current 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.

For non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the **Statement of Financial Position** (Balance Sheet) at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but at a minimum every five years. Increases in valuations are matched by credits to the *Revaluation Reserve* to recognise unrealised gains. Exceptionally, 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 as follows:

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

De minimis policy for capital controls and accounting purposes

CIPFA have not set specified de minimis levels and it is up to authorities to decide for themselves having regard to their particular circumstances.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

In order to reduce the administrative burden a general de minimis limit of £10,000 has been set for the recognition of capital expenditure except for:

- Vehicles and Plant for which the limit is £7,000
- Loans which have no limit

Component Accounting

The International Financial Reporting Standards (IFRS) code requires separate accounting for depreciation of significant components of assets that are:

- acquired on or after 1 April 2010
- enhanced on or after 1 April 2010
- revalued on or after 1 April 2010

Where there is more than one significant part of the same asset which has the same useful life and depreciation method, such parts may be grouped in determining the depreciation charge.

Significant components which have different useful lives and/or depreciation methods, will be accounted for separately.

Where a component is replaced or restored, the carrying amount of the old component shall be derecognised and the new component reflected in the assets carrying amount, subject to the recognition principles of capitalising expenditure. Derecognition of a component from the **Statement of Financial Position** (Balance Sheet) takes place when no future economic benefits are expected from its use. Such recognition and derecognition takes place regardless of whether the replaced part has been depreciated separately.

Assets eligible to be considered for componentisation are those classified within the following categories:

1. Operational Buildings
2. Assets Held for Sale

The following will be considered outside the scope for componentisation:

1. Non-Depreciable Land
2. Assets Under Construction
3. Investment Properties
4. Infrastructure
5. Plant and Equipment
6. Community Assets
7. Intangible Assets

The criteria for components to be separately valued are that:

De minimis threshold - *The overall gross asset value must be in excess of £400k to be considered for componentisation* ***and***

Materiality - *The component must have a minimum value of £200k* ***or***
be at least 20% of the overall value of the asset (whichever is the higher) ***and***

Asset lives - *The estimated life of the component is less than half of that of the main asset.*
All three rules above must be met to consider componentisation.
These rules will apply to revaluations and when replacing components within an asset.

Where enhancement is integral to the whole asset then unless there is significant evidence to the contrary, the asset life of the enhancement will have the same remaining life as the existing asset and will not be separately identified as a component.

Where assets are material and will therefore be reviewed for significant components, it is recommended that the **minimum** level of apportionment for the non-land element of assets is:

- Plant and equipment and engineering services
- Structure

The Valuer will assign to each standard property type a group of significant components common to all property assets within that property type.

Where a component is replaced the existing component shall be derecognised and the new component cost added to the carrying amount. The amount derecognised will be estimated based on the cost of the replacement part. This principle will apply to componentised and non-componentised assets.

Assets and asset components will be revalued in accordance with the annual valuation schedule agreed with the Valuer. The Valuer will be responsible for providing valuations apportioned in accordance with the assets property type.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. This formal impairment review is undertaken by the Council's Valuer. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the **Comprehensive Income and Expenditure Statement**.

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

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Deprecation is calculated on a straight-line allocation over the useful life of the asset. Useful lives are determined on a case by case basis. Typical and maximum useful lives are:

Asset	Typical Useful Life	Maximum Useful life
Buildings	Up to fifty years	Up to fifty years
Infrastructure	Up to forty years	Up to fifty years
Refuse vehicles	Up to seven years	Up to nine years
Light vans	Up to five years	Up to seven years
IT equipment	Up to three years	Up to three years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

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 revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the **Comprehensive Income and Expenditure Statement**. Gains in fair value are recognised only up to the amount of any losses previously 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 Assets Held for Sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Assets 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 carrying amount of the asset in the **Statement of Financial Position** (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. 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 received for a disposal in excess of £10,000 are categorised as capital receipts.

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

r) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a present 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.

If it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the **Comprehensive Income and Expenditure Statement** in the year that the Council becomes aware of the obligation and are measured at the best estimate at the **Statement of Financial Position** (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 **Statement of Financial Position** (Balance Sheet). Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

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 occurrence or otherwise 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 **Statement of Financial Position** (Balance Sheet) but disclosed in a note to the accounts. The Council operates a disclosure de minimis policy for contingent liabilities of £50,000.

Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the **Statement of Financial Position** (Balance Sheet) but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential. The Council operates a disclosure de minimis policy for contingent assets of £50,000.

s) Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

t) Revenue Recognition

With the adoption of accounting standard IFRS 15, revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient. Material revenue sources will be disclosed on the face of the **Consolidated Income and Expenditure Statement** and as part of note 2, Material Items of Income and Expenditure.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

The analysis carried out to date indicates that there will be no material impact on the revenue recognised in relation to the significant contracts entered into by the Council. A review will take place each year to identify whether any disclosure is necessary.

Further details of specific revenue recognition are provided in policies b) Accruals of Income and Expenditure and y) Accounting for Local Taxes.

u) Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the **Comprehensive Income and Expenditure Statement** in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

v) Section 106 Deposits

Developer contributions are initially treated as Capital Receipts in Advance unless a clear capital use is identified in the terms of the agreement, in which case they are defined as Capital Contributions Unapplied.

w) Shared Services

West Devon Borough Council and South Hams District Council have been in a shared services arrangement since 2007. Following the implementation of the joint Transformation Programme (T18), all of the Councils' non-manual workforce are shared across both Councils.

Officers have produced a methodology for recharging the salary costs of shared officers based on the most appropriate cost driver and ratio to best reflect the officer's split of workload between the two Councils. Examples of the cost drivers used are caseloads, call volumes, property numbers, number of claims or cases processed etc., and other methods such as time recording. The work carried out includes establishing from the Heads of Practice/Group Managers the relevant recharge requirements for all of the non-manual workforce. On an annual basis, the Audit and Governance Committee approve the methodology for recharging the salary cost of shared officers.

x) VAT

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

y) Accounting for Local Taxes

Billing authorities act as agents, collecting council tax and business rates on behalf of the major preceptors (including government for business rates) and, as principals, collecting council tax and business rates for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

Accounting for Council Tax and Business Rates

The council tax and business rates income included in the **Comprehensive Income and Expenditure Statement** is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and business rates that must be included in the Council's *General Fund*. Therefore, the difference between the income included in the **Comprehensive Income and Expenditure Statement** and the amount required by regulation to be credited to the *General Fund* is taken to the *Collection Fund Adjustment Account* and included as a reconciling item in the *Movement in Reserves Statement*. The **Statement of Financial Position** (Balance Sheet) includes the Council's share of the end of year balances in respect of council tax and business rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due are under the statutory arrangements will not be made, the asset is written down and a change made to the taxation and non-specific grant 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 revised future cash flows.

z) Minimum Revenue Provision

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement equal to either an amount calculated on a prudent basis or as determined by the Council in accordance with statutory guidance.

40. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) introduces changes in accounting policies that will have to be adopted fully by the Council in the 2023/24 financial statements i.e. from 1 April 2023.

The Council is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new/amended standard that has been issued but is not yet required to be adopted by the Council.

In response to the Covid-19 pandemic and an urgent consultation being ran across Local Government in February 2022, CIPFA/LASAAC deferred the implementation of IFRS 16 'Leases in the Public Sector' until the 2024/25 financial year, with an effective date of 1 April 2024.

Following this deferral to 1 April 2024, it is not yet possible to determine the impact of IFRS16 on the Council's financial performance or financial position.

41. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in note 39, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The main critical judgement made in the Statement of Accounts is:

- The cost drivers used to apportion Shared Service costs are appropriate and result in recharges which fairly reflect actual workloads and costs. The methodology for the apportionment of costs (predominantly staffing costs) are split on a defined basis which reflects the level of caseload attributable to each individual service. The methodology and mechanisms used to calculate the cost allocations are reviewed and reported to the Audit and Governance Committee on an annual basis. The final actual shared services split formulae are adjusted if they exceed a tolerance level of 3% from the original estimate.

SECTION 4 COLLECTION FUND

COLLECTION FUND FOR THE YEAR ENDED 31 MARCH 2023

This account reflects the statutory requirements for the Council as a billing Authority to maintain a separate Collection Fund. The statement shows the transactions of the billing Authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and business rates.

2021/22 Business Rates £000	2021/22 Council Tax £000		2022/23 Business Rates £000	2022/23 Council Tax £000
		INCOME		
	(45,839)	Income from Council Tax		(48,132)
(8,136)		Business Rates Receivable	(8,888)	
(60)		Transitional Relief	15	
(8,196)	**(45,839)**		**(8,873)**	**(48,132)**
		EXPENDITURE		
		Precepts, Demands and Shares:		
5,313		Central Government	4,141	
956	30,588	Devon County Council	745	32,200
	4,788	Devon & Cornwall Police & Crime Commissioner		5,101
106	1,822	Devon & Somerset Fire Authority	83	1,899
4,251	6,653	West Devon Borough Council (net including Towns/Parishes)	3,313	6,947
(339)		Business Rates written off and change in impairment allowance	64	
	348	Council Tax written off and change in impairment allowance		270
86		Business Rates increase/(decrease) in provision for appeals	(469)	
0		Disregarded Amounts	960	
82		Business Rates – Costs of collection	83	
		Distribution/collection of previous year's estimated surplus/(deficit):		
(3,196)		Central Government	(2,037)	
(575)	(44)	Devon County Council	(366)	697
	(7)	Devon and Cornwall Police		109
(64)	(3)	Devon and Somerset Fire Authority	(41)	42
(2,557)	(10)	West Devon Borough Council	(1,629)	152
4,063	**44,135**		**4,847**	**47,417**
(4,133)	**(1,704)**	**MOVEMENT ON BALANCE**	**(4,026)**	**(715)**

1. COUNCIL TAX AND COUNCIL TAX BASE

In 2022/23, the Council's average Band D Council Tax was £2,230.64 (£2,166.58 in 2021/22). The charge for each band is a ratio of band D. The 2022/2023 charges therefore were:

Band	Ratio to Band D	Council Tax (£)
Disabled A	5/9	1,239.24
A	6/9	1,487.09
B	7/9	1,734.94
C	8/9	1,982.79
D	1	2,230.64
E	11/9	2,726.34
F	13/9	3,222.04
G	15/9	3,717.73
H	18/9	4,461.28

These charges are before any appropriate discounts or benefits. The Council tax base, which is used in the tax calculation, is based on the number of dwellings in each band on the listing produced by the Listing Officer. This is adjusted for exemptions, discounts, disabled banding changes, appeals and new builds. The tax base estimate for 2022/23 was **20,687.75** as calculated below (20,239.51 in 2021/22).

Band	Dwellings per Valuation List	Adjustment for Disabled Banding Appeals, Discounts and Exemptions	Revised Dwellings	Ratio to Band D	Band D Equivalent
Dis A	0	7.50	7.50	5/9	4.17
A	3,546	(625.00)	2,921.00	6/9	1,947.33
B	6,528	(795.75)	5,732.25	7/9	4,458.42
C	5,510	(525.75)	4,984.25	8/9	4,430.44
D	4,305	(321.25)	3,983.75	1	3,983.75
E	3,497	(230.00)	3,267.00	11/9	3,993.00
F	1,839	(89.50)	1,749.50	13/9	2,527.06
G	1,017	(67.00)	950.00	15/9	1,583.33
H	81	(9.75)	71.25	18/9	142.50
Total	**26,323**	**(2,656.50)**	**23,666.50**		**23,070.00**
Less allowance for non-collection					(692.10)
Plus adjustment for armed forces dwellings					18.80
Other adjustments including Council Tax Support					(1,708.95)
Tax base					**20,687.75**

2. Rateable value

The total business rates rateable value at 31 March 2023 was £32,897,479. This compares to £32,873,454 at 31 March 2022. The standard non-domestic rate multiplier was 51.2p in 2022/23 (2021/2022 51.2p). Without reliefs this would generate a total income of £16,843,509.25 (2021/2022 £16,831,208.44). These figures are a snapshot only and differ from the value of business rate bills issued mainly due to changes in rateable values during the year, small business rate relief, void properties and charitable relief. In 2022/23 the Government continued to fund a Retail, Hospitality and Leisure Relief in response to the Covid-19 pandemic.

3. Collection Fund balance

2021/22 Business Rates* £000	2021/22 Council Tax £000		2022/23 Business Rates* £000	2022/23 Council Tax £000
7,218	(742)	Fund balance at 1 April	3,085	(2,446)
(4,133)	(1,704)	Deficit/(surplus) for year	(4,026)	(715)
3,085	**(2,446)**	**Fund balance as at 31 March – deficit/(surplus)**	**(941)**	**(3,161)**

***Business Rates Position**
During 2021/22 local authorities received further s31 grants to offset the business rate reliefs given to businesses during the pandemic. Under current Collection Fund accounting rules, the s31 grants received could not be discharged against the Collection Fund deficit until the following year. The balance on the Business Rates Collection Fund as at 31 March 2023 has moved from a £3.1m deficit to a £0.9m surplus following the release of this s31 compensation grant to the Collection Fund in 2022/23.

****Council Tax Position**
The Council collected 98.34% in council tax in 2022/23 (against a target of 97%) and this has resulted in an increase in the Council Tax Collection Fund surplus from £2.45m as at 31 March 2022 to £3.16m as at 31 March 2023. The Preceptors' element of this surplus is reflected in the large increase in the Council Tax Creditor as at 31 March 2023 detailed in note 18.

SECTION 4 COLLECTION FUND

The balance on the Collection Fund is split between the preceptors as follows:

2021/22 Business Rates* £000	2021/22 Council Tax** £000		2022/23 Business Rates* £000	2022/23 Council Tax** £000
1,542	0	Central Government	(471)	0
278	(1,706)	Devon County Council	(85)	(2,204)
0	(269)	Devon and Cornwall Police	0	(350)
31	(101)	Devon and Somerset Fire Authority	(9)	(130)
1,851	**(2,076)**	**Total deficit/(surplus) due to Preceptors**	**(565)**	**(2,684)**
1,234	(370)	West Devon Borough Council	(376)	(477)
3,085	**(2,446)**	**Fund balance as at 31 March – deficit/(surplus)**	**(941)**	**(3,161)**

***Business Rates Position**
The balance on the Business Rates Collection Fund as at 31 March 2023 has moved from a £3.1m deficit to a £0.9m surplus following the release of s31 compensation grant received in 2021/22 to the Collection Fund. This balance is shared between the Preceptors and West Devon Borough Council as shown in the table above. The Preceptors element of this surplus is reflected in the significant reduction in the Business Rates Debtor as at 31 March 2023 detailed in note 15.

****Council Tax Position**
The Council collected 98.34% in council tax in 2022/23 (against a target of 97%) and this has resulted in an increase in the Council Tax Collection Fund surplus from £2.45m as at 31 March 2022 to £3.16m as at 31 March 2023. The Preceptors' element of this surplus is reflected in the large increase in the Council Tax Creditor as at 31 March 2023 detailed in note 18.

SECTION 5 STATEMENT OF RESPONSIBILITIES / APPROVAL OF THE ACCOUNTS

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 Corporate Director of Strategic Finance (Section 151 Officer)

- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets

- approve the Statement of Accounts

The Chief Financial Officer's responsibilities

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

In preparing this Statement of Accounts, the Chief Financial Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.
- assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error,

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at the reporting date and its income and expenditure for the year ended 31 March 2023.

This image cannot currently be displ…

……………………………………………………

Lisa Buckle BSc (Hons), ACA
Corporate Director of Strategic Finance (Section 151 Officer)

19 March 2024

Approval of the Statement of Accounts

I confirm that these accounts were approved by the Audit and Governance Committee at its meeting held on 19 March 2024

Signed on behalf of West Devon Borough Council

……………………………………………….

Councillor G Dexter

Chairman of the Audit and Governance Committee

SECTION 6 AUDITORS REPORT

The Auditors' report will be received following the annual audit of the accounts.

GLOSSARY OF TERMS

ACCRUALS	A sum included in the account to cover income or expenditure attributable to an accounting period for goods received or work done, but for which payment has not been received/made by the end date of the period for which the accounts have been prepared.
ACTUARIAL GAINS & LOSSES	These are changes in actuarial deficits or surpluses that arise because either actual experience or events have not been exactly the same as the assumptions adopted at the previous valuation (experience gains and losses) or the actuarial assumptions have changed.
BALANCES	The surplus or deficit on any account at the end of the year. Amounts in excess of that required for day to day working may be used to reduce the demand on the Collection Fund.
BUSINESS IMPROVEMENT DISTRICT (BID)	A Business Improvement District is a partnership between a local Authority and the local business community to develop projects and services that will benefit the trading environment within the boundary of a clearly defined commercial area.
CAPITAL EXPENDITURE	Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.
CAPITAL RECEIPTS	Income received from sale of assets which is available to finance other capital expenditure or to repay debt on assets financed from loans.
CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY	The governing body responsible for issuing the statement of recommended practice to prepare the accounts.
COLLECTION FUND	A separate fund which must be maintained by a district for the proper administration of Council Tax and Non Domestic Rates.
CURRENT SERVICE COST	Amount chargeable to Services based on the Actuary's assessment of pension liabilities arising and chargeable to the financial year.

CURTAILMENTS	The amount the Actuary estimates as costs to the Authority of events that reduce future contributions to the scheme, such as granting early retirement.
DEFINED BENEFIT SCHEME	A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).
DEMAND	The charging authorities own Demand is, in effect, its precept on the fund.
FAIR VALUE	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date
FEES & CHARGES	In addition to the income from charge payers and the Governments, Local Authorities charge for services, including Planning Consents, Hire of Sporting Facilities, Car Parking etc.
FINANCIAL INSTRUMENTS	A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.
GOVERNMENT GRANTS	Payments by Central Government towards the cost of Local Authority services, including both Revenue and Capital.
IMPAIRMENT ALLOWANCE ("BAD DEBT PROVISION")	Provisions against income to prudently allow for non-collectable amounts.
INTEREST COST	For the pension fund this represents the discount rate at the start of the accounting period applied to the liabilities during the year based on the assumptions at the start of the accounting period.
INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) & THE CODE OF PRACTICE (CODE)	Formal financial reporting standards adopted by the accounting profession and to be applied when dealing with specific topics within its accounting Code. The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements.

LIBID — Acronym for the London Inter-bank Bid Rate, being the interest rate at which a market maker or underwriter will offer to buy bonds and securities.

MINIMUM REVENUE PROVISION (MRP) — This is a statutory requirement to make an annual calculation of an amount or MRP considered prudent to offset against borrowings made under the Prudential Borrowing rules.

PAST SERVICE COST — These will typically be additional benefits awarded on early retirement. This includes added years or augmentation and unreduced pension benefits awarded before eligible retirement age in the pension scheme.

PRECEPT — The levy made by precepting authorities including the County Council and Parish Councils, on the District Council requiring it to collect the required income from council taxpayers on their behalf.

PROJECTED UNIT METHOD — An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

a) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases,
b) the accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

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

REVENUE EXPENDITURE — Recurring items of day to day expenditure consisting principally of Salaries and Wages, Debt Charges and general running expenses etc.

SETTLEMENTS	A settlement will generally occur where there is a bulk transfer out of the Pension Fund or from the employer's share of the Fund to a new contractor's share of the Fund as a result of an outsourcing. It reflects the difference between the IAS 19 liability transferred and the assets transferred to settle the liability.
STRAIN ON FUND CONTRIBUTIONS	Additional employers pension contributions as a result of an employee's early retirement
SUNDRY CREDITORS	Amounts owed by the Authority at 31 March.
SUNDRY DEBTORS	Amounts owed to the Authority at 31 March.