

West Devon Audit & Governance Committee



West Devon
Borough
Council

Title:	Agenda						
Date:	Tuesday, 25th July, 2023						
Time:	11.00 am						
Venue:	Chamber - Kilworthy Park						
Full Members:	<p style="text-align: center;">Chairman Cllr Dexter</p> <p style="text-align: center;">Vice Chairman Cllr Oxborough</p> <p><i>Members:</i></p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td>Cllr Ball</td> <td>Cllr Sellis</td> </tr> <tr> <td>Cllr Cheadle</td> <td>Cllr Watts</td> </tr> <tr> <td>Cllr Cunningham</td> <td></td> </tr> </table>	Cllr Ball	Cllr Sellis	Cllr Cheadle	Cllr Watts	Cllr Cunningham	
Cllr Ball	Cllr Sellis						
Cllr Cheadle	Cllr Watts						
Cllr Cunningham							
Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.						
Committee administrator:	Democratic.Services@swdevon.gov.uk						

1. Apologies for absence	
2. Declarations of interest	
In accordance with the Code of Conduct, Members are invited to declare any Disclosable Pecuniary Interests, Other Registerable Interests and Non-Registerable Interests including the nature and extent of such interests they may have in any items to be considered at this meeting;	
3. Items Requiring Urgent Attention	
To consider those items which, in the opinion of the Chairman, should be considered by the Meeting as matters of urgency (if any).	
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Meeting held on 14 March 2023	
5. Draft Statement of Accounts and Draft Annual Governance Statement 2022/23	7 - 160
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Agenda Item 4

At a Meeting of the **AUDIT COMMITTEE** held in the Council Chamber, Council Offices, Kilworthy Park, Drake Road, **TAVISTOCK** on **TUESDAY** the **14th** day of **March 2023** at **12.30am**

Present: Cllr K Ball (Chairman)
Cllr A Bridgewater
Cllr M Davies
Cllr P Ridgers
Cllr J Yelland

Officers in attendance: Section 151 Officer
Deputy Section 151 Officer
Internal Auditors
External Auditor
Head of Strategy and Projects (via Teams)
Senior Specialist Finance
Senior Democratic Services Officer
Principle Accountants (via Teams)
Director of Strategy & Governance (via Teams)
Director of Strategy and Organisational Development

Also in attendance: Cllr C Edmonds (Lead Hub Committee Member) Cllr N Jory (Leader) and Cllr C Mott (via Teams), Cllr P Crozier and Cllr R Cheadle

***AC 20 APOLOGIES**

Apologies for absence were received from Cllr Samuel.

***AC 21 CONFIRMATION OF MINUTES**

The Minutes of the Committee Meeting held on 22 November 2022 were confirmed by the Committee as a true and correct record.

***AC 22 DECLARATIONS OF INTEREST**

Cllr Ball declared a personal interest in Item 8: '2023/24 Capital Strategy; 2023/24 Treasury Management Strategy; and 2023/24 Investment Strategy' (Minute AC 26 below refers) with the reference to OkeRail being one of the partners in the forthcoming Transport hub at Okehampton. He is part of the OkeRail Executive Committee and remained in the meeting and took part in the debate and vote thereon.

For transparency reasons, Cllr Yelland declared that she was appointed by West Devon Borough Council to sit on the Okehampton Rail Forum Outside Body.

GRANT THORNTON AUDIT PROGRESS REPORT AND SECTOR UPDATE

The External Auditor introduced the progress report and sector update to Members. For the 2021/22 Financial Statement Audit, Grant Thornton had issued its opinion on 30 November 2022, which was the legislative target deadline for that financial year.

The 2022/23 audit timetable would see the finance team produce draft accounts by the end of May 2023. Audited accounts would need to be published by the end of September 2023. Grant Thornton stated that they believed they would not be able to start the audit until October 2023 (due to a shortage of audit staff) and therefore they were unable to meet the national target date for audited accounts to be published by the end of September 2023. Grant Thornton were aware of the reputational implications on public opinion and the press and the added workload to the finance team. Nationally, there had been a drop off in meeting the target date to complete the audit.

The External Auditor also stated that nationally, there had been a difficulty in recruiting and retaining auditors and a proposal for a joint value for money report for 2021/22 and 2022/23 was suggested.

Following his presentation, the Committee expressed its disappointment over the situation that the audit of the accounts would not be ready in time and the reputational damage it would cause to the Council. Members also voiced their concern for the added work pressure it would cause to the finance team.

The Section 151 Officer also expressed her concerns over the extra workload to her team and echoed the Member concerns over the reputational risk to the Council. The Council would put a notice on its website to state why the accounts had not been audited within the legislated timescale and would state that it was due to lack of resources within Grant Thornton. However, a member of public looking would probably only see that there was not a set of audited accounts published and may not look for the reason why.

A Member of the Committee suggested that the Council should be given a reduction in its audit fees. The External Auditor confirmed that he would need to be realistic in giving a completion date and would have dialogue with the finance team. He also said that there would be no reduction in audit fees as the work would still need to be completed, but not within the legislative timescale.

A Member was of the view that this delay should be added to the Council's risk register due to the pressure on officers through the extra workload. Another Member questioned the level of scrutiny within the audit. He felt that this needed to be reduced for those smaller Borough and District Councils and felt that lobbying should be carried out accordingly. The Section 151 Officer stated that the Redmond Review did not reduce the amount of audit work on areas such as pensions and fixed assets, however a Government Call for Evidence and consultation on the audit process was now taking place and a response from the Council would be made by 17 April 2023.

The Chairman **PROPOSED** and it was subsequently **SECONDED** that a formal request from the Chairman and the Section 151 Officer be sent to Grant Thornton asking for the audit to be expedited. Also, for the Audit Committee in 2023/24 to ensure that this was at the forefront of its considerations. An agenda item to be put on the first Committee agenda in the 2023/24 Municipal Year in regard to this item and to lobby local MPs. It was also requested that Group Leaders should feed back to their Members regarding the issues around the delays in the external audit.

Finally, the finance team was thanked for its work with reaching the unqualified Audit opinion.

It was then **RESOLVED** that:

1. The Grant Thornton Audit Report: Audit Findings Report 2021/22 be noted;
2. A letter be sent to Grant Thornton from the Chairman of the Audit & Governance Committee and the Section 151 Officer to request that the audit be expedited;
3. The Committee Annual Work Programme be updated to ensure that an agenda item be put forward to the next Audit & Governance Committee meeting that includes reference to: lobbying on this item around the audit of smaller local authorities; the lack of audit resources in national audit firms; and the Council's response to the Call for Evidence.

***AC 24 PROPOSED INTERNAL AUDIT PLAN FOR 2023/24**

The Lead Hub Committee Member introduced the Audit Plan to the Committee.

In discussion, the Devon Audit Partnership Officer confirmed that job recruitment and staff retention was also an issue within the Partnership. A Member asked why some of the areas of the Council needed to be audited so regularly. In reply, the Officer stated that a four-year plan was in place and Members could be provided with a copy of it.

It was then **RESOLVED** that the proposed Internal Audit Plan for 2023/24 (as set out at Appendix A of the published agenda report) be approved.

***AC 25 UPDATE ON PROGRESS ON THE 2022/23 INTERNAL AUDIT PLAN**

The Lead Hub Committee Member took Members through the update on progress report. In so doing, he stated that a new Head of Operations was now in place in the assets team.

The Committee noted that building maintenance issues were being revisited in more detail so assurance could be brought back to the Committee.

It was then **RESOLVED** that the progress made against the 2022/23 Internal Audit Plan be noted and approved.

AC 26

2023/24 CAPITAL STRATEGY, 2023/24 TREASURY MANAGEMENT STRATEGY AND 2023/24 INVESTMENT STRATEGY

The Lead Hub Committee Member introduced the draft 2023/24 Capital Strategy; 2023/24 Treasury Management Strategy; and 2023 Investment Strategy reports for consideration. The Member highlighted the development of a new railway station and transport hub in Okehampton following a successful bid of £13.4million from Central Government and informed that West Devon Borough Council would be the accountable body for the project.

The Section 151 Officer confirmed that the budget for investment income had been set at £400,000. A Member of staff monitored treasury management on a daily basis and invests out with UK banks and building societies on a 1 year, 6 month, 3 month or 1 month basis.

Members voiced their delight at the successful bid for funding for the transport hub in Okehampton. The Section 151 Officer confirmed that West Devon Borough Council would have the ultimate responsibility for the project and submitting of the monitoring returns on a regular basis. It was noted that Devon County Council were the transport authority and would be responsible for the procurement of the project.

The project had been added to the Council's internal audit plan for review, as requested by the S151 Officer. Staff resources on the project was raised as an issue and the S151 Officer stated that there would be no extra Government funding for this resource. The positives of new business being brought to the area with the project was also discussed.

It was then **RESOLVED** that the Audit Committee has scrutinised and **RECOMMENDS** to Council approval of the 2023/24:

- i) Capital Strategy (as attached at Appendix A of the presented agenda report);
- ii) Treasury Management Strategy (as attached at Appendix B of the presented agenda report);
- iii) Investment Strategy (as attached at Appendix C of the presented agenda report); and
- iv) That delegated authority be given to the Section 151 Officer, in consultation with the Leader of the Council and the Hub Committee Member for Resources, to make any minor amendments to these Strategies if required throughout the 2023/24 Financial Year.

***AC 27**

BUDGET BOOK 2023/24

The Committee considered a report that presented the draft Budget Book for 2023/24 for approval.

In discussion, the Committee highlighted the costs on public conveniences as the Council had agreed in 2019 that these facilities would be offered to the Town and Parish Councils to take on responsibility. The S151 Officer stated that the costs were associated with utilities, inflation and staff salary costs, with a more detailed written response to be provided outside of this Committee meeting.

For future iterations of this Committee report, a request was made for an explanation in the covering report to be given to the largest changes in the budget (to be added as a table).

It was then **RESOLVED** that the content of the Budget Book for 2023/24 be noted.

***AC 28 SHARED SERVICES METHODOLOGY**

A report was considered that presented the Shared Services Methodology for 2022/23. In his introduction, the lead Hub Committee Member advised that there was a one-off saving of £85,500 on the waste salary budget for West Devon for bringing the waste service back in house at South Hams. This sum was attributed to salaries within the Senior Leadership Team, Human Resources and the legal, design and waste teams.

The methodology illustrated a higher salary cost within Planning and Environmental Health (facilities grants) due to an increased workload. The External Auditor gave a brief overview of how sample testing was taken with transactions to ensure that they were apportioned appropriately.

It was then **RESOLVED** that the Committee note the methodology of the shared services apportionment of the costs between West Devon Borough Council and South Hams District Council for 2022/23, as attached in Appendix A of the published agenda report.

***AC 29 TREASURY MANAGEMENT MID-YEAR REPORT 2022/23**

The Lead Member introduced the report to the Committee. In so doing, it was noted that the Council had achieved an investment interest rate of 1.21% against the industry benchmark of 1.19%. The Council held £27.9 million of investments and a debt portfolio of £28 million (as at 30 September 2022). The S151 Officer stated that some money was invested with CCLA, however the advice was not to tie up any more than 10% of the Council's investment portfolio in longer term strategic investments.

It was then **RESOLVED** that the Committee endorse the content of the Treasury Management Mid-Year Report 2022/23

***AC 30 STRATEGIC RISK UPDATE**

The Leader of the Council introduced the Strategic Risk Update. Staffing issues were one area of identified risk and was being addressed with a recruitment and retention plan. The other area of concern identified was with the leisure service provision. The cost of living and energy costs was impacting on this service area. The Council continued to work with Fusion to promote active participation in healthy activities. The Council had performed well in two other previous areas of identified risk being: the response to the cost-of-living crisis and the placement of Ukrainian refugees. In both, the risks had been significantly reduced with the implementation of suitable policies and provision of appropriate resources. The risk had been managed sufficiently to deescalate these risks and remove them from the risk register.

The Assistant Director of Strategy and Organisation highlighted the intention of officers to review the risk strategy given the last review was carried out in 2018. The review would be brought to the next Audit and Governance Committee for adoption. This would be followed by Member workshops on risk management.

A Member commented on the temporary closure of Parklands Leisure Centre not helping in regard to leisure provision. The Leader stated that a new funding pot had been announced by Sport England to assist local leisure centres.

It was then **RESOLVED** that the Committee note the update on the Strategic Risk.

***AC 31 SUNDRY DEBT**

The Lead Hub Committee Member took Members through the published Sundry Debt report. The Member stated that arrears covered in the report were split into three categories which were: sundry debt; housing benefit overpayment by those still in receipt of housing benefit; and those no long in receipt. There was a decrease in levels of sundry debt from £181,000 to £135,000. There was a small reduction in housing benefit arrears with teams working hard to recover the debt.

The delivery of grants and the speed of which they were delivered over the covid-19 period was commented on and the fact that there was only one debt at the end of it. The Committee thanked the finance team for their hard work. A debt of 4 years was questioned and the Deputy S151 Officer stated that those that were not considered to be cost effective would be reviewed.

It was then **RESOLVED** that the Committee note the position in relation to the Sundry Debt.

(The Meeting terminated at 3.10pm)

Dated this

Chairman

Report to: **Audit and Governance Committee**

Date: **25 July 2023**

Title: **Draft Statement of Accounts and Draft Annual Governance Statement 2022/2023**

Portfolio Area: **Resources – Cllr C Edmonds**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **12 March 2024**

Author: **Clare Scotton** Role: **Principal Accountant**
Pauline Henstock **Head of Finance Practice and Deputy S.151 Officer**

Contact: **01822 861559** clare.scotton@swdevon.gov.uk
01803 861377 pauline.henstock@swdevon.gov.uk

Recommendations:

1. The Draft Statement of Accounts and the Draft Annual Governance Statement (AGS) for the financial year ended 31 March 2023 are noted.

1. Executive summary

- 1.1 The report advises Members that an underspend of £79,000 was generated in 2022/2023 which was transferred to the General Fund Balance (un-earmarked revenue reserve). The level of this reserve now stands at £1.57 million at 31 March 2023.
- 1.2 The Narrative Statement to the Accounts gives a summary of the main items in the Statement of Accounts for 2022/2023.

2. Background

- 2.1 The Accounts and Audit (England) Regulations 2015 set out the requirements for the production and publication of the local authority's annual Statement of Accounts (SOA). These regulations introduced revised procedures for the approval and publication of accounting statements. In line with common practice in the commercial sector, local authorities are now required to approve the accounts following the completion of the audit. The target date for the unaudited accounts to be produced and certified by the Chief Finance Officer was 31 May for 2022/23, so that the accounts could be made available for public inspection for 30 working days from the first working day of June.

- 2.2 As a response to the disruption caused by the Covid-19 pandemic, the Government extended the date by which local authorities should publish their draft accounts from 31 May to 31 July for previous financial years. 2022/23 is therefore the first year since the pandemic that the regulation date has been brought forward to 31 May, two months earlier than the past two years.
- 2.3 The Council has been unable to complete all the necessary processes in order to meet the earlier deadline and the draft 2022/23 Statement of Accounts were published on 30 June 2023. As required a notice was added to our website setting out this position and explaining that this was mainly due to the demand on staff time resolving complex technical matters such as the impact of the triennial pension valuation data on IAS 19 Employee Benefits which has a material impact on the Accounts. As at 31 March 2023, the Actuary estimated a net deficit on the funded liabilities within the Pension Fund of £5.5 million which compares to a deficit of £24.2 million as at 31 March 2022. Therefore the movement on the Pension Fund Liability was a material amount.
- 2.4 Days before the end of the financial year, the Department for Levelling Up, Housing and Communities (DLUHC) consulted on whether the 31 May deadline should remain for making accounts available for public inspection for 2023. Responses on our behalf by the Local Government Association, Society of District Treasurers, along with the Association of Local Authority Treasurers and others stated that the 31 May 2023 deadline was not realistic in the current environment and the national state of ongoing audit delays. Despite this response to the consultation, the Government re-introduced the 31 May target deadline for the publication of the 2022/23 accounts.
- 2.5 It is becoming apparent through publicly available reports and industry sources that most Authorities have not been able to meet the regulation date of 31 May for 2022/23. As at 1 June, according to research by a local government expert, only 30% of upper and lower tier authorities had published their 2022/23 accounts by 31 May 2023.
- 2.6 The national position in respect of the timeliness of local government accounts is a matter of concern. A National Audit Office report on the timeliness of local auditor reporting dated 25 January 2023, stated that only 12% of local authority audited accounts for 2021/22 were signed off by the extended November deadline, and at the end of 2022 over 600 audit opinions were outstanding, some of which being for several years. The West Devon accounts for 2021/22 were signed off before the deadline on 22 November 2022 and **therefore West Devon Borough Council were part of only 12% of Local Authorities that had their audited Accounts signed off by the statutory deadline.**
- 2.7 On 24 May, Rob Whiteman, Chief Executive of CIPFA was reported to state that "senior leaders in local government finance have told us that the 31 May deadline will not be achievable without considerable risk to their organisations and their professional standing".

- 2.8 The view of the S151 Officer was that the accuracy of the financial statements was paramount. As per 2.3, the movement on the Pension Fund liability was a material amount and this needed to be further considered before publication of the Draft Statement of Accounts.
- 2.9 The Audited Accounts should be brought to the Audit and Governance Committee by 30 September 2023 but the 2022/23 audit has been delayed by Grant Thornton due to their lack of staffing capacity and therefore the audit is due to start later in the year during the winter months.
- 2.10 The SOA is an essential feature of public accountability, since it provides the stewardship report on the use of funds raised from the public. The closing of accounts is also important to the budgetary process, since it confirms the availability of reserves and balances for future use.
- 2.11 The attached booklet in Appendix A contains the Council's final accounts in full, including details of the Comprehensive Income and Expenditure Statement (CIES), the Balance Sheet and Collection Fund together with statements setting out movements in reserves and cash flow.
- 2.12 The accounts have been prepared in accordance with all relevant and appropriate accounting standards, including International Accounting Standard (IAS) 19 which deals with pension costs. This standard ensures that the full cost of employing people is recognised systematically in the accounts and that creditors reflect the Council's liability to pay money into the pension fund. A full explanation of the pension's liability is included in the Council's Statement of Accounts. Members are advised that the accounting arrangements for IAS 19 are for reporting purposes only. Indeed the required entries are reversed out of the accounts and consequently, IAS 19 has no impact on the Council's surplus for the year.
- 2.13 The Annual Governance Statement (AGS) for 2022/23 shown in Appendix B reflects the reporting requirements introduced by CIPFA/SOLACE's 2016 Delivering Good Governance in Local Government Framework. The new requirements include:
- An acknowledgement of responsibility for ensuring there is a sound system of governance
 - A reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment.
 - An opinion on the level of assurance that the governance arrangements can provide.
 - An agreed action plan.
 - A conclusion.
- 2.14 The CIPFA/SOLACE 2016 Framework recommends that the Council carries out annually a self-assessment of the extent to which it complies with seven core principles of good governance. Examples of the framework the Council adopts to comply with the Code's key principles are included within the AGS, as well as an accompanying assurance statement.

3. Outcomes/outputs

Revenue Expenditure

- 3.1 Revenue expenditure represents the ongoing costs of carrying out day-to-day operations, and is financed from council tax, business rates, fees and charges, government grants and interest earned on investment activity. The underspend on the General Fund in 2022/2023 of £79,000 is essentially a break-even position. ***The 2022/23 budget was £7.77 million and therefore the surplus of £79,000 means that the actual net spend was 1.0% less than the budget.*** This surplus will go into the Council's Unearmarked Reserves which now stand at £1.57 million. The main variations from budget are shown on Page 9 of the Narrative Statement in the Statement of Accounts.

Capital Expenditure

- 3.2 Capital expenditure represents monies spent on the purchase, construction or major refurbishment of assets. The Council's capital expenditure amounted to £2.0 million 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 schemes (£0.2m)

The capital programme is funded from capital receipts, capital grants, external contributions and earmarked reserves (see Note 33 of the Statement of Accounts for 2022/23).

4. Proposed Way Forward

- 4.1 Members are advised that the accounts are being audited by our External Auditors, Grant Thornton during the winter months. Following the Audit, the Audited Statement of Accounts will be brought back to the Audit and Governance Committee for approval in March 2024.

5. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Statutory Powers that apply to this report are Section 151 Local Government Act 1972 Section 21 (12), Local Government Act 2003 and the Accounts and Audit (England) Regulations 2015.</p> <p>The Accounts and Audit (England) Regulations 2015 requires all relevant bodies to prepare an Annual Governance Statement (AGS).</p>
Financial implications to include reference to value for money		<p>The financial implications to this report are that an under spend of £79,000 was generated in 2022/2023. This means that the Council's actual net spend for 2022/2023 was 1.0% less than the budget set for the year.</p> <p>As part of Grant Thornton's external audit of the Statement of Accounts for 2022/2023, they will assess the arrangements the Council has in place for:-</p> <ul style="list-style-type: none"> • Improving economy, efficiency and effectiveness • Financial Sustainability • Governance <p>The outcome of Grant Thornton's work in this area will be reported to Members at the Audit and Governance Committee meeting on 12 March 2024.</p>
Risk		<p>Public Accountability – the accounts have been drawn up in strict accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 which is recognised by statute as representing proper accounting practice.</p> <p>Resource Planning – the Council takes into account any significant issues when developing the Council's Medium Term Financial Strategy.</p>
Supporting Corporate Strategy		<p>The Annual Statement of Accounts and Annual Governance Statement support all of the Thematic Delivery Plans within the Council's strategic vision, 'A Plan for West Devon'.</p> <p>In particular for the 'Council Theme', the Accounts summarise how the Council is delivering efficient and effective services and demonstrating strong financial management and strategic financial planning.</p>

		Our Guiding Principles of the Corporate Strategy are 'to provide value for money and good customer service'.
Climate Change - Carbon / Biodiversity Impact		None directly arising from this report.
Comprehensive Impact Assessment Implications		
Equality and Diversity		None directly arising from this report.
Safeguarding		None directly arising from this report.
Community Safety, Crime and Disorder		None directly arising from this report.
Health, Safety and Wellbeing		None directly arising from this report.
Other implications		None directly arising from this report.

Supporting Information

Appendices:

Appendix A – Draft Statement of Accounts 2022/23

Appendix B – Annual Governance Statement 2022/23

Background Papers:

None

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes
SLT Rep briefed/sign off	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes



West Devon Borough Council
Draft Statement of Accounts
2022/2023



**West Devon
Borough
Council**

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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

- 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

- 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)
<i>Financed from:</i>			
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.

<p>Achieving our Vision</p> <p>Our longer term vision will be delivered by concentrating on the following areas. These areas of focus will be supported by detailed annual delivery plans.</p>	 <p>Strengthening our communities</p> <p>An area that our communities can be proud of</p>	 <p>Enhancing community wellbeing</p> <p>Every resident is able to live a healthy and active life</p>	 <p>Improving homes</p> <p>Every resident has access to a quality and safe home</p>	 <p>Maximising Council resources</p> <p>Making the best use of our resources</p>
	 <p>Stimulating a thriving economy</p> <p>A Borough that attracts high quality employment opportunities and space for business to grow</p>	 <p>Growing our natural environment</p> <p>An environment where people and nature thrive together</p>	 <p>Adapting our built environment</p> <p>Planning for the future, celebrating the past</p>	 <p>Delivering inclusive and accessible services</p> <p>A listening, accessible and caring council</p>

- 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.

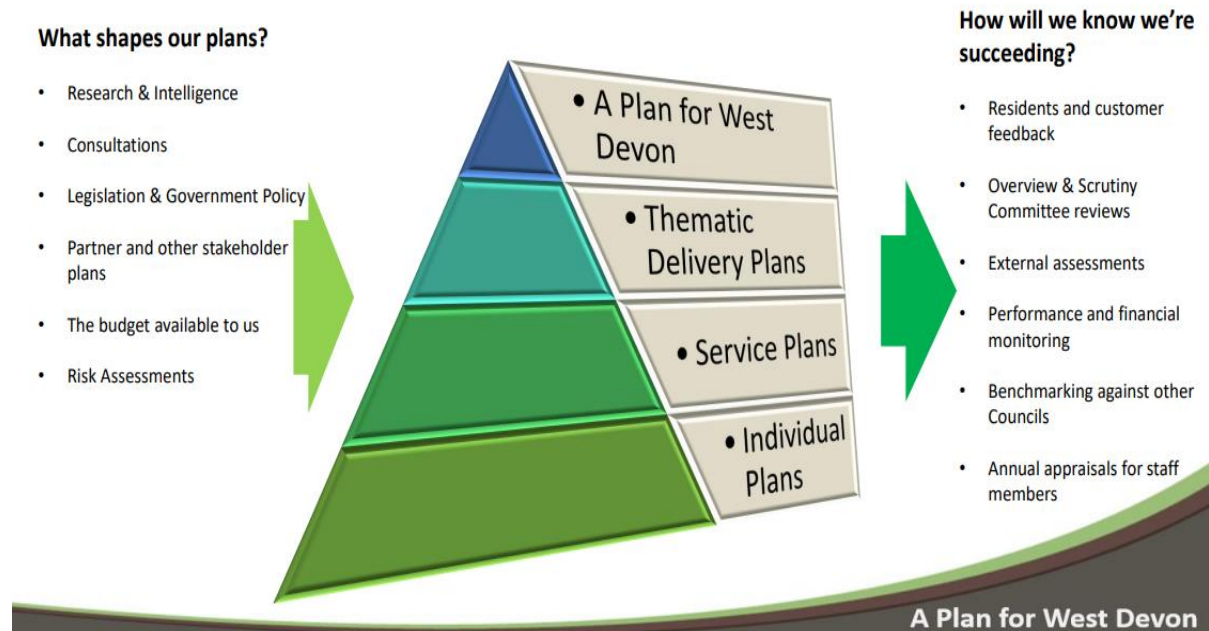
Issue of the Accounts

54. The Corporate Director for Strategic Finance (Section 151 Officer) authorised the unaudited Statement of Accounts 2022/23 for issue on 30 June 2023. 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.

Performance Management: The Golden Thread
 From Strategic priorities to individual targets



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.
- ✓ Relunched 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 out 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:-



- ✓ Launched 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 organisational 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

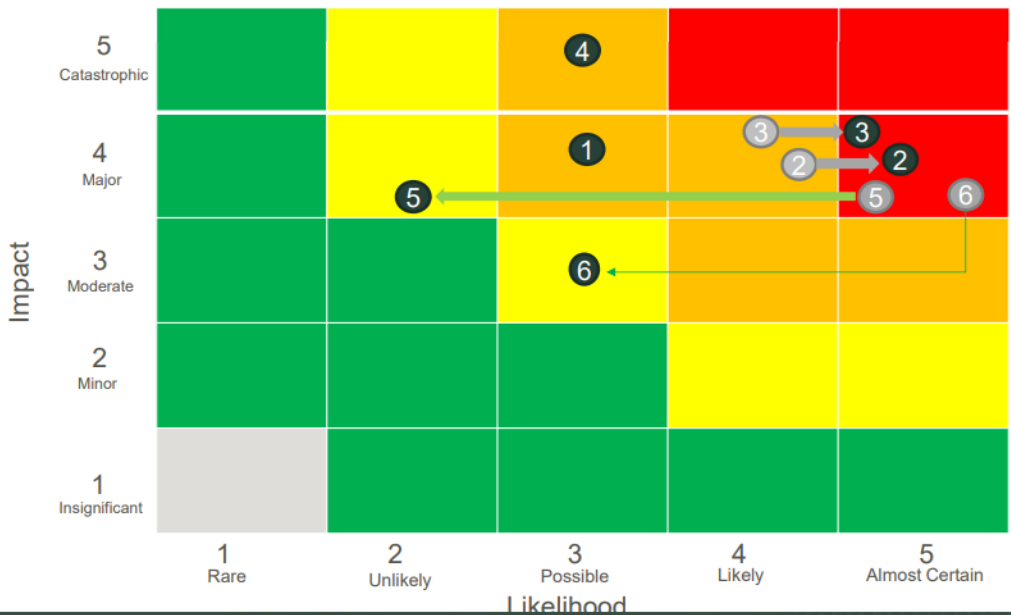
We have 6 key objectives that guide our approach to Risk Management

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

Benefits of Effective Risk Management

- Improved Strategic Management**
 - Greater Ability to deliver against our corporate objectives and targets
 - Improved decision making, planning and prioritisation
- Improved Operational Management**
 - Plans in place to response to incidents when they occur
 - Better service delivery
- Improved Financial Management**
 - Better informed financial decision making
 - Greater financial control
 - Minimising waste and improving Value for Money
- Improved Customer Service**
 - Service disruption to customer minimized


Summary of Strategic Risks March 2023




- X Current Period Score
- X Previous Period Score (if different)


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 maybe 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? 	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)	<p>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.</p> <p>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.</p> <p>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.</p>		

Risk Title:	Business Continuity		
What is the risk?	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.		
What is causing the risk?	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.		
<div data-bbox="155 877 342 1052" style="background-color: yellow; border-radius: 50%; width: 115px; height: 83px; display: flex; align-items: center; justify-content: center; margin: 10px auto;">15</div> What is the level of risk?	Likelihood of risk occurring	3 <i>(Possible)</i>	<p><u>What are we doing to reduce the risk?</u> <i>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.</i></p> <p>Agile working further reduces reliance on two office buildings.</p> <p>Locality workers can be despatched more easily to ensure customer engagement can be maintained during any incident.</p> <p>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</p>
Impact	Financial	5 <i>(Catastrophic)</i>	
	Service Quality	5 <i>(Catastrophic)</i>	
	Reputation	4 <i>(Major)</i>	
	Legal / Regulatory	2 <i>(Minor)</i>	
	Health and Safety	3 <i>(Moderate)</i>	
	Morale / Staffing	3 <i>(Moderate)</i>	
Current Update (March 2023)	<p>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.</p> <p>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.</p> <p>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.</p>		

Risk Title:	Inadequate Staffing Resource		
What is the Risk?	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.		
What is causing the risk?	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 the short-medium term.		
What is the level of the risk? 	Likelihood of risk occurring	5 (Almost certain))	<p><u>What are we doing to reduce the risk?</u></p> <p>Continuing to review services and update service plans to ensure that we can meet future demand</p> <p>Reviewing our recruitment campaigns – ensuring that they are effective and targeted</p> <p>Filling key roles with temporary resource to ensure services can continue to be delivered effectively while we progress with the recruitment of permanent employees</p> <p>Developing plans to ‘Grow our own’ talent – through apprenticeships and similar</p>
Current Update (March 2023)			<p>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.</p> <p>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.</p> <p>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.</p>

Risk Title:	Health and Wellbeing (Leisure) Service Provision				
What is the risk?	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.				
	Likelihood of risk occurring	4 (Almost Certain)		<p><u>What are we doing to reduce the risk?</u></p> <p>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)</p> <p>Continue to engage with Fusion to understand issues and support where possible</p> <p>Continue to monitor local and national position (given that all leisure providers will be in the same position)</p> <p>Promote active participation in sport and leisure through Council communication channels</p>	
	Impact	Financial	4 (<i>Major</i>)		
		Service Quality	2 (<i>Minor</i>)		
		Reputation	2 (<i>Minor</i>)		
		Legal / Regulatory	2 (<i>Minor</i>)		
		Health and Safety	4 (<i>Major</i>)		
		Morale / Staffing	2 (<i>Minor</i>)		
Current Update (March 2023)	<p>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</p> <p>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.</p>				

Risk Title:	Cost of Living Pressures			
What is the risk?	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.			
What is causing the risk?	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.			
What is the level of risk? 	Likelihood of risk occurring	2 (Unlikely)		<p><u>What are we doing to reduce the risk?</u></p> <p>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</p> <p>Launched a Household Support Fund to provide emergency funding to households that are not able to meet their essential bills</p> <p>Made one-off payments of £90 to all pensioners who are in receipt of Council Tax discount</p>
Impact	Financial	4 (Major)		
	Service Quality	4 (Major)		
	Reputation	4 (Major)		
	Legal / Regulatory	3 (Moderate)		
	Health and Safety	3 (Moderate)		
	Morale / Staffing	4 (Major)		
Current Update (March 2023)	<p>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:-</p> <ul style="list-style-type: none"> • 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 <p>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.</p>			

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 than anticipated and far over and above the £350 per month 'Thank you' payment.			
What is the risk level? <div style="text-align: center; font-size: 2em; background-color: yellow; border-radius: 50%; width: 40px; height: 40px; margin: 0 auto; display: flex; align-items: center; justify-content: center;">9</div>	Likelihood of risk occurring	5 (Almost Certain)		
	Impact	Financial	3 (Moderate)	<p><u>What are we doing to reduce the risk?</u></p> <p>Developed a dedicated team to work with hosts and guests to try to ensure as many placements as possible are maintained.</p> <p>Recruited 3 x case workers to undertake home visits</p> <p>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</p> <p>Continued work with Team Devon to develop longer term proposals</p>
		Service Quality	4 (Major)	
		Reputation	4 (Major)	
		Legal / Regulatory	3 (Moderate)	
		Health and Safety	2 (Minor)	
		Morale / Staffing	1 (Insignificant)	
Current Update (March 2023)	<p>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.</p> <p>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/</p> <p>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.</p>			

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.

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

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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
<p>Property, Plant and Equipment</p>	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>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.</p> <p>The carrying value of Property, Plant and Equipment as at 31 March 2023 is £21million.</p>	<p>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.</p> <p>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.</p> <p>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.</p>

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Pensions Liability</p>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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".</p> <p>Please refer to note 36 for further information about the assumptions used by the actuaries.</p> <p>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.</p> <p>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.</p>

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. This is also the date up to which events after the reporting period have been considered.

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

	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)

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

***** 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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

2022/23	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	
Adjustments primarily involving the Capital Adjustment Account (CAA):				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement (CIES):</i>				
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)
<i>Insertion of items not debited or credited to the CIES:</i>				
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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

2022/23	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

2021/22 Comparatives	Usable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

2021/22 Comparatives	Useable Reserves			Movement in Unusable Reserves £000
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO 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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

	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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

	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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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'.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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)

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

*** 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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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	<u>0</u>	
	(2,347)	Total		(5,238)
<u>43</u>		Adjusting amounts written out of the Revaluation Reserve	<u>211</u>	
	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	
<u>123</u>		• Revenue Contribution to Capital Outlay (RCCO)	<u>50</u>	
	1,564	Total		2,696
	9,196	Balance at 31 March		6,865

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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)
	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		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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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		Accumulated Absences Account	31.3.2023	
£000	£000		£000	£000
	(64)	Balance at 1 April		(67)
64		Settlement or cancellation of accrual made at the end of the preceding year	67	
<u>(67)</u>		Amounts accrued at the end of the current year	<u>(69)</u>	
	(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		2022/23
£000		£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 note 15 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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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	69
Core Audit Fees	58	57
Audit of Grants and Returns	12	12
Rebate from Public Sector Audit Appointments Ltd	(6)	0
TOTAL	64	69

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)

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

	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)

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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
Bathway 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 Hurditch 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)

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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	2022/23
	£000	£000
<i>Opening Capital Financing Requirement</i>	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)

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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:

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

Comprehensive Income and Expenditure Statement	2021/22 £000	2022/23 £000
Cost of Services		
<i>Service cost comprising</i>		
- Current Service Cost	1,495	1,486
<i>Financing and Investment Income and Expenditure</i>		
- 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		
<i>Re-measurement of the net defined benefit liability comprising;</i>		
- 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)
<i>Total re-measurement recognised</i>	<i>(4,038)</i>	<i>19,895</i>
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	(1,991)	22,018
<i>Movement in Reserves Statement</i>		
- 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)
<i>Actual amount charged against the General Fund Balance for pensions in the year</i>		
- Employers contributions payable to scheme	931	958

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

*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):		
<u>Longevity at 65 for current pensioners</u>		
- Men	22.7	21.8
- Women	24.0	22.9
<u>Longevity at 65 for future pensioners (in 20 years)</u>		
- 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%

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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%

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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)

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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%

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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;

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

- 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	x	✓
Call Account	T + 0	x	✓
Notice Deposit	Maturity	x	x
Term Deposit	T + 7 days	x	✓
Other Term Deposits	Maturity	x	x

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

- **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**.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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) Government Grants and Contributions

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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).

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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).

Depreciation 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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

r) Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the **Comprehensive Income and Expenditure Statement** in the year that the Council becomes aware of the obligation and are measured at the best estimate at the **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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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.

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.

SECTION 3 NOTES TO THE FINANCIAL STATEMENTS

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		
(8,136)	(45,839)	Income from Council Tax		(48,132)
(60)		Business Rates Receivable	(8,888)	
		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)

SECTION 4 COLLECTION FUND

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	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

SECTION 4 COLLECTION FUND

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

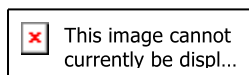
The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

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.

The Statement of Accounts is unaudited and may be subject to change.



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

30 June 2023

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SECTION 5 STATEMENT OF RESPONSIBILITIES / APPROVAL OF THE ACCOUNTS

Approval of the Statement of Accounts

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

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.

SECTION 7 GLOSSARY OF TERMS

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.

SECTION 7 GLOSSARY OF TERMS

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
FEEES & 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.

SECTION 7 GLOSSARY OF TERMS

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	<p>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:</p> <ul style="list-style-type: none">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. <p>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.</p>
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.

SECTION 7 GLOSSARY OF TERMS

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.

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**West Devon
Borough
Council**

West Devon Borough Council

Draft Annual Governance Statement 2022/23

1. Scope of Responsibility

Introduction

West Devon Borough Council is responsible for ensuring that:

- its business is conducted in accordance with legal requirements and proper standards
- public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, West Devon Borough Council is also responsible for ensuring that there is a sound system of governance (incorporating the system of internal control) and maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including arrangements for the management of risk.

Governance Responsibilities

The role of the Chief Executive is to implement the plans and policies that support the strategic direction of the Council as set by Members. The Chief Executive leads the Senior Leadership Team consisting of the Directors of Strategic Finance, Customer Service and Delivery, Strategy & Governance and Place & Enterprise, who are in turn supported by Assistant Directors and Heads of Service.

The Council's Director of Strategic Finance is a qualified accountant with statutory responsibility for the administration of the Council's financial affairs as set out in section 151 of the Local Government Act 1972 – 'The S.151 Officer' or 'Chief Financial Officer'

The CFO leads the promotion of good financial management including through the provision and publication of Financial and Contract Procedure Rules. The Council's S.151 Officer is a qualified accountant.

A review of the Council's arrangements against the CIPFA guidance on the Role of the Chief Finance Officer in Local Government has concluded that the recommended criteria have been met in all areas.

2. The Governance Framework

The Council's Governance Arrangements

The governance framework comprises the cultural values, systems and processes used by the Council to direct and control its activities, enabling it to engage, lead and account to the community.

The framework allows the Council to monitor the achievement of its strategic objectives and to consider whether appropriate, cost-effective services have been delivered.

A significant part of the framework is the Council's system of internal control which is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

Governance Responsibilities

The governance framework was in place at West Devon Borough Council for the year ended 31 March 2023 and is expected to continue up to the date of approval of the Accounts by the Audit and Governance Committee.

This Statement explains how West Devon Borough Council has met the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) and set out in the Society of Local Authority Chief Executive's (SOLACE) Framework, Delivering Good Governance in Local Government: Guidance Notes for English Authorities (2016).

Included within this framework are seven core principles of governance as set out to the right.

- Principle A: Behaving with Integrity, demonstrating a strong commitment to ethical values and respecting the rule of law
- Principle B: Ensuring openness and comprehensive stakeholder engagement
- Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits
- Principle D: Determining the intervention necessary to achieve intended outcomes
- Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Principle F: Managing risks and performance through robust strong financial management
- Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Principle A: Behaving with Integrity, demonstrating a strong commitment to ethical values and respecting the rule of law

Steps we take to uphold the principle

In order to promote ethical behaviours amongst Members and Officers, the Council has a number of policies such as those relating to procurement, whistleblowing, counter fraud and anti-money laundering. The Council also reviews and adopts annually its Constitution which comprises rules of procedure and codes of conduct.

All Council decisions incorporate a legal implications section within the report and these are published on the Council's website as part of our agenda packs.

Officers and Members receive support from Legal Services in considering legal implications and if specialist legal advice is required then the Council will engage external advisors. The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal and financial requirements and for reporting any such instances to Members.

In addition the Council undertakes the following to ensure a strong commitment to ethical values and behaving with integrity including:

- ✓ Having Codes of Conduct in place for Members and Officers which include arrangements for registering interests and managing conflicts of interest. This is supported by an e-learning course for officers and face to face training through Member Induction.
- ✓ The Council's Constitution defines the roles and protocol of Members and officers in their dealings with each other.
- ✓ Staff are assessed against a set of key behaviours to establish the right organisational values and culture both during the recruitment process and throughout the year through the Performance Management process.
- ✓ The Council has effective counter fraud and anti-corruption arrangements which are maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPA, 2014). The Council also participates in the National Fraud Initiative (NFI).
- ✓ The Council's whistle-blowing (Confidential Reporting) policy, has been updated
- ✓ Operating a robust information governance regime including promoting a culture of openness and encouraging reporting and investigation of data breaches. 21 breaches were reported through the year, none meeting the threshold to report to the Information Commissioner.
- ✓ Commissioning an Annual IT Health check from an accredited external security specialist who found our overall security to be 'Excellent'

Principle B: Ensuring openness and comprehensive stakeholder engagement

Steps we take to uphold the principle

All Council business is conducted in public unless legislation deems it appropriate for it to be considered in private.

During this year we have taken further steps to enhance the technology enabling remote participation at meetings (for non-committee members and officers). This has meant that other partner agencies have been able to participate in meetings such as Overview & Scrutiny who may not typically have been able to attend.

During the year the Council has undertaken a number of consultation & engagement exercises including the following topics:

- Council Tax reduction scheme
- My Place, My Views consultation
- Homelessness Strategy development
- Electric Vehicle Charging Points
- Budget engagement with businesses

In addition the Council undertakes the following to ensure a strong commitment to ethical values and behaving with integrity including:

- ✓ Publishes consultations and surveys on the Council website and uses a consultation checklist based on the Gunning Principles to structure consultations to ensure good communication guidelines are adhered to.
- ✓ Streams all public council meetings to Youtube and Facebook live enabling anyone to access the content of meetings.
- ✓ Utilises social media on a daily basis including Twitter, Instagram, Facebook, LinkedIn and YouTube to provide instant information on Council services thus allowing for a free flow of comments from stakeholders.
- ✓ Uses dedicated Locality Engagement Officers to attend local events to canvas the opinions of stakeholders to help shape the delivery of Council services.
- ✓ Produces specific e-bulletins for various interest groups including Business, Housing, Neighbourhood Planning, etc.
- ✓ Prepares an Annual Report, extracts of which are in the Statement of Accounts (Section 1 – Narrative Statement)

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

Steps we take to uphold the principle

The Council has a number of strategic documents and plans that guide its approach to achieving its vision and ensuring that it remains financially sustainable.

The Council's adopted Priorities are set out in the Plan for West Devon Strategy and detailed delivery plans. These can be seen [here](#). These include:

- a commitment to mitigating climate change and increasing biodiversity
- promoting the visitor economy
- Delivering on key infrastructure projects such as Okehampton Transport Hub
- Supporting town and businesses
- Ensuring we have a sustainable built and natural environment
- Buying local where possible

The Council's policies, aims and objectives are well established and monitored at various levels for example forward plans, annual service planning process and personal development reviews.

In addition the Council undertakes the following to define outcomes in terms of sustainable economic, social and environmental benefits:

- Demonstrates the work of the Council through an Annual Report of Achievements
- Provides quarterly updates to Hub Committee on progress against our adopted priorities
- Shows how the Council supports its priorities in the decisions it makes in each report that the Council considers
- Demonstrates its commitment to sustainability in the planning applications it determines
- Delivery of more EV installations on Council land
- Working with partners on an approach to tackling rural poverty
- Facilitating urban tree planting

Principle D: Determining the interventions necessary to achieve intended outcomes

Steps we take to uphold the principle

The Council has implemented an enhanced performance management framework to report on the progress against our adopted Better Lives for All strategy. This framework includes:-

- Quarterly Integrated Performance Management Reports to Hub Committee
- Monthly 'Deep-dives' in to a specific theme by Overview & Scrutiny Committee
- Six monthly Key Performance Indicator reports considered by Overview & Scrutiny
- Six-monthly Strategic Risk reports to Audit & Governance Committee setting out the key risks in achieving our ambitions
- An Annual Report of achievements aligned to our strategic priorities

During this year, the performance management framework has been further enhanced with the implementation of a number of officer boards and we have taken further steps to enhance our performance management framework including :

- Establishing a Strategic Delivery Board consisting of the Senior Leadership Team, Assistant Directors and other Heads of Service as required. This board has oversight of key strategic programmes including corporate strategy delivery.
- Establishing a Performance Board to be responsible for overseeing organisational performance and to take operational service based decisions around resource deployment and management
- Establishing Planning and Capital Programme Management boards to oversee progress of these key service areas.
- Audit report tracking

Partnerships & Governance

The Council has several partnerships that help to deliver our Strategic Priorities. Regular updates are provided by key partnerships to Members with them being provided either formally to the Overview & Scrutiny Panel or informally through the weekly Member Bulletin.

During 2022/23, the Council has taken steps to extend funding to those key partners that contribute to our priorities. Agreement was made to extend funding for partners such as Citizens Advice, Council for Voluntary Service and community transport schemes for a further two years. We have also increased funding to Citizens Advice in recognition of the additional collaboration required to respond to the Cost of Living Challenges.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Steps we take to uphold the principle

Through regular staff briefings, e-bulletins, team meetings and an online staff appraisal system, West Devon Borough Council ensure that all staff understand our corporate priorities and how their work contributes to them.

During 2022/23 there has been a significant focus on organisational development (including a clear OD Plan developed with input from staff) and people management with the bringing together of core functions (HR, Comms, Organisational Development and Strategy).

In September we carried out an employee survey (delivered by the LGA). This has enabled us to identify the key drivers to unlocking further potential within the organisation as well as benchmarking with other similar authorities. We will be following this up with a further survey during 2023/24 to see how we're progressing.

In addition the Council undertakes the following to develop the entity's capacity of its leadership and the individuals within it:

- Delivered a Management Development Programme for a cohort of over 30 senior officers within the Council
- Provided a Member training and development programme
- Promoted to staff the use of "Learning Pool" an extensive online learning resource
- Delivered focused training on specific issues (e.g. complaints, data protection, information security)
- Worked in partnership with local authorities and other bodies to achieve economies of scale -South Hams for our full Shared Services, Teignbridge District Council for Procurement support and Plymouth City Council through our Joint Local Plan.
- Conducted a staff survey to gauge employee satisfaction and assist in improving how the organisation performs.
- Held a Staff Awards ceremony to recognise outstanding performance, and highlighted compliments paid to staff from customers and colleagues in the weekly staff bulletin

Principle F: Managing risks and performance through robust internal control and strong public financial management

Steps we take to uphold the principle

There is a culture of risk ownership and management throughout the Council with Strategic Risks being logged centrally and are updated regularly. For each risk, the uncertainties are identified, along with the consequences, likelihood of occurrence and strategic impacts that would result.

Elected Members have the opportunity to raise concerns with the mitigating actions being taken by officers and can suggest new risks for consideration. In addition to continuing to report risks to the Council's Audit Committee twice a year, an overview of the risk profile is provided to the Executive on a quarterly basis.

All Committee reports include a reference, where relevant, to the potential impact on the Council's priorities and corporate strategy themes, and address as appropriate any financial, staffing, risk, legal and property implications.

In addition, the Council undertakes the following to manage risks and performance:-

- Continuous managerial review of services to ensure continuous improvement and the economic, effective and efficient use of resources
- Financial management arrangements, where managers are responsible for managing their services within available resources and in accordance with agreed policies and procedures. Quarterly budget monitoring reports are considered by the Executive.
- Active performance management arrangements including regular reports to Overview & Scrutiny Panel and Development Management Committee on performance measures.
- Identifies key risks for each service as part of its annual service planning cycle
- Maintains risk registers for significant projects – capital programme, future IT etc.
- A robust complaints/ compliments procedure is in place and is widely publicised, with the Ombudsman's Annual Report being reported to the Overview and Scrutiny Panel.
- Freedom of Information requests are dealt with in accordance with established protocols.
- Fraud/Irregularity - There have been no irregularities to report regarding the day-to-day operation of the Council. However, there have been 23 cases investigated (value of £74,429) which relate to COVID-19 business grant applications. None of these were proven to be fraud but were errors or non-compliance with the grant conditions. As a result, £58,617 has been repaid to the Council and central Government. Any cases identified have been reported to Devon Audit Partnership's Counter Fraud Team and to the National Anti-Fraud Network (NAFN).

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

Steps we take to uphold the principle

The Council follows the Government Communication Service guidance on providing clear and accurate information and has a number of measures in place to demonstrate transparency and accountability.

An Audit & Governance Committee meets between five and six times a year and its role is to provide an oversight of the financial reporting and audit processes plus the system of internal controls and compliance with laws and regulations.

The Council also has two internal audit staff managed by the Devon Audit Partnership who provide an opinion on the internal control environment and governance processes. In March 2019 (Minute AC39), it was recommended to Council for West Devon Borough Council to join the Devon Audit Partnership as a 'non-voting' partner. This was approved by Council in March 2019 with the Council joining the partnership as a non-voting partner from 1 April 2019.

Process for maintaining and reviewing effectiveness of the Council's Governance arrangements

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This responsibility is in practice carried out by Senior Managers, with the Chief Executive informing the Hub Committee of any significant matters warranting their attention. The Council ensures the delivery of services in accordance with Council policies and budgets, which includes long term financial planning, the Council's Constitution, good financial management and ensuring up to date risk management across the Council.

In addition the Council undertakes the following to implement good practices in transparency, reporting and audit:-

- Appointing an external auditor (Grant Thornton) for 2022/23 to make conclusions on our accounting and value for money arrangements
- Ensured all Member decisions are formally minuted
- Streams all of its public meetings online
- Publishes all Council decisions online together with background reports
- Produces an Annual Report detailing Council performance and spend

How we ensure the Governance Framework and controls are effective

The review of effectiveness of the system of internal control is informed by three main sources: the work of Internal Audit; by managers who have responsibility for the development and maintenance of the internal control environment; and also by comments made by external auditors and other review agencies/inspectorates.

The Audit & Governance Committee

The Audit & Governance Committee has a specific role in relation to the Council's financial affairs including the internal and external audit functions and monitors the internal workings of the Council (broadly defined as 'governance'). It is responsible for making sure that the Council operates in accordance with the law and laid down procedures and is accountable to the community for the spending of public money.

The Audit & Governance Committee provide:-

- I. independent assurance of the adequacy of the risk management framework and the associated control environment
- II. independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment
- III. oversight of the financial reporting process.

Internal Audit

The Council's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2011. This responsibility is delegated to the S151 Officer.

The Internal Audit function operates in accordance with best practice professional standards and guidelines to independently and objectively review the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient and effective use of resources. The Senior Leadership Team consider all Internal Audit reports and ensure that agreed recommendations are implemented.

The Internal Audit annual report for 2022/23 was considered by the Audit & Governance Committee on 14 March 2023 (Minute AC/25). The report contains the Head of Internal Audit's Opinion for the 2022/23 year which is that of "Reasonable Assurance" on the adequacy and effectiveness of the Authority's internal control framework

Senior Managers

Individual managers are responsible for establishing and maintaining an adequate system of internal control within their own sections and for contributing to the control environment on a corporate basis. There are a number of significant internal control areas which are subject to review by internal audit.

External Auditors and other review agencies/ inspectorates

The key messages from Grant Thornton's External Audit 'The Audit Findings' report for 2021/22 were considered by the Audit & Governance Committee at its meeting on 22nd November 2022 (Item AC14)

Grant Thornton made specific reference to the high quality of the work and accounting records by the Council's finance team with only presentational adjustments to the draft accounts as a result of the audit. They stated that this reflected favourably in comparison to other Councils.

It is anticipated that our external auditors (Grant Thornton) will issue their 'External Audit Report (ISA260)' for 2022/23 by March 2024 which will then be considered by the Audit and Governance Committee.

The document will summarise their key findings in relation to their external audit of the Council for 2022/23 and will contain an opinion on the Council's financial statements, the control environment in place to support the production of timely and accurate financial statements and the Council's significant risk areas.

Value for Money Arrangements

Grant Thornton's Value for Money work provides a commentary on the work the Council have undertaken to address the key elements of governance, financial sustainability and how to improve economy, efficiency and effectiveness.

The Value for Money arrangements for 2021/22 were not able to be considered during this year due to capacity issues for our Auditor, Grant Thornton. The proposal is that a joint Value for Money report will be undertaken for 2021/22 and 2022/23.

The key messages from Grant Thornton's External Audit 'The Audit Findings' report for 2022/23 will be inserted here when received.

Significant Governance Issues

Over the coming pages, we set out key issues for the Council during the year and the actions we will take to address any weaknesses identified in our governance system. The issues identified within this section of the report are informed by our own testing and assessment including any significant risks from our Strategic Risk Register.

Issue Identified	Action to be taken	Responsible Officer and target date
<p><u>Financial Uncertainty</u></p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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 £0.22m 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.</p> <p>The Council will continue to lobby Government for fairer funding for rural services, and respond to the committed consultation on funding reforms which we anticipate to be launched in 2023.</p> <p>Following the commencement of the new Council term in May 2023, officers will work with the Leader and Hub Committee to review the Medium Term Financial Strategy, the capital programme and reserves. This activity will be aligned to the development of a new Corporate Strategy for the next 4 year period.</p>	<p>Director Strategic Finance - 2023</p> <p>Director Strategic Finance – September 2023</p>

Issue Identified	Action to be taken	Responsible Officer and target date
<p><u>Inadequate Staffing Resource</u></p> <p>During 2022/23, the risk that the Council is unable to retain existing and attract new staff has continued to increase, to the point where it is an issue rather than a risk.</p> <p>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. In addition to increasing the pressure on our workforce, it has resulted in longer term changes to recruitment and retention.</p> <p>Throughout 2022/23, the Council has experienced recruitment and retention challenges. In February 2022, we introduced a market supplement policy that enables an enhancement to be made to the salary of certain roles where there is a demonstrable difficulty in recruiting (such as Planning and Legal Officers). These supplements are for an initial 2 year period and kept under review.</p> <p>The Council has also undertaken a job evaluation exercise on all principal professional and technical roles, comparing salaries to other similar employers and considering any recruitment and retention challenges. Steps taken have ensured that all Council employees will have received a minimum 6% pay increase since April 2022.</p>	<p>The Council will continue to monitor the issue and impacts of recruitment and retention challenges. In January 2023 we developed a comprehensive Organisational Development Plan setting out all of the steps we will implement to place the Council as an employer of choice, supporting and developing our workforce to deliver our future priorities. The delivery of this plan will be a significant focus throughout 2023/24.</p> <p>In the Autumn, we will undertake a further employee survey and, if required, adapt our plans in response.</p>	<p>Assistant Director Strategy and Organisational Development – 2023/24 ongoing</p>

Issue Identified	Action to be taken	Responsible Officer and target date
<p>Health and Wellbeing Service Provision</p> <p>Leisure services continue to be provided at the leisure centres. Leisure services nationally continue 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.</p> <p>The Council continues to regularly meet with the Chief Executive and Financial Director of Fusion Leisure to understand the impacts. We are actively taking steps to support the fusion progress plan for the decarbonisation of its sites which will, longer term, result in a reduction of energy costs – although this does not address the immediate impacts. Plans are already in place and have been approved to install solar panels on each leisure centre. The Council will apply to the Swimming Pool Support Fund, with applications being opened in the Summer. This was the £60m of new government funding that was announced in the Spring 2023 Budget. The Government funding is being distributed by Sport England although the amounts of funding available to leisure centres is likely to be minimal. The membership level for Meadowlands, Tavistock has increased by 3.7% compared to the pre-covid level (1,115 memberships in March 2023 compared to 1,075 in March 2020).</p> <p>The membership level for Parklands, Okehampton is 18% lower than the pre-covid levels (677 memberships in March 2023 compared to 824 in March 2020).</p>	<p>The Council has regularly met with the Chief Executive of our outsourced Leisure Service (Fusion Leisure) to monitor the impacts. We are actively taking steps to progress plans for the decarbonisation of its sites which will, longer term, result in a reduction of energy costs – although this will not address the immediate impacts.</p> <p>The Director of Place and Enterprise & Section 151 Officer will work with the provider and bring further updates to Members as required.</p>	<p>Director Place and Enterprise and Section 151 Officer – 2023/24</p>

Issue Identified	Action to be taken	Responsible Officer and target date
Internal Audit Recommendations	<p>During the year, the Council’s internal audit team have carried out a number of reviews in order to provide an annual opinion of the adequacy and effectiveness of the Councils internal control framework.</p> <p>At the meeting of the Audit and Governance Committee on 14 March 2023, the Head of Internal Audit concluded an opinion of Reasonable Assurance for the 2022/23 financial year. This means that following Internal audits undertaken during the year, the Internal Audit team consider that there are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified with the most significant recommendations being as follows.</p> <p><u>Building Maintenance Works Scheduling – Follow Up Audit (Limited Assurance)</u></p> <p>This follow up Audit has carried forward a number of High Priority recommendations which relate to:-</p> <ul style="list-style-type: none"> •Creating a formal building maintenance strategy and delivery plan to guide and prioritise building maintenance work. •Review the resourcing and roles and responsibilities of the Building Maintenance Team, and prioritise their work •Consider the balance between planned and reactive maintenance work and review the staff resource allocated <p><u>Procurement Audit (Limited Assurance)</u></p> <p>Two high priority recommendations were made</p> <ul style="list-style-type: none"> •Follow an appropriate procurement route when current energy contracts expire •Maintaining a central contract register 	<p>Head of Assets – Target date June 2023</p> <p>Head of Assets – July 2023</p> <p>Head of Assets – March 2024</p> <p>Head of Assets – Target September 2024</p> <p>Assistant Director Strategy – Feb 2023</p>

Conclusion

The Council is satisfied that appropriate governance arrangements are in place. However it remains committed to maintaining and where possible, improving these arrangements, in particular by addressing the issues identified by Internal Audit and External Audit in their regular reports to the Audit and Governance Committee.

Signed:

Signed:

Cllr Mandy Ewings

Andy Bates Chief Executive

Leader of West Devon Borough Council

**On behalf of West Devon
Borough Council**

Date: Draft issued on 30th June 2023

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Agenda Item 6

Report to: **Audit Committee**

Date: **25 July 2023**

Title: **Review of Internal Audit Plan for 2023-24**

Portfolio Area: **Performance & Resources - Cllr C Edmonds**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Paul Middlemass** Role: **Audit Manager**

Contact: Paul.Middlemass@devon.gov.uk **07736 155687**

Tony.D.Rose@devon.gov.uk **01392 383000**

Recommendation:

It is recommended that the Committee reconfirm the proposed Internal audit Plan for 2023-24 at Appendix A.

1. Executive summary

The purpose of this report is to provide the new members of the Committee with the opportunity to review and comment upon the internal audit plan for 2023/24 which was originally agreed by the March 2023 Committee (Minute reference AC25/22).

The 2023/24 audit plan sets out the proposed audit resource allocated to each audit area, although the plan needs to remain flexible to be able to respond to any changing risks and priorities of the Authority given the significant changes across the public sector and the country.

At the March 2023 Audit Committee, Members requested a copy of the four-year internal audit plan and this has been included within this report.

2. Background

All principal Local Authorities, including West Devon Borough Council, are subject to the Accounts and Audit (England) Regulations 2015, which state:

“A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

The Public Sector Internal Audit Standards require that the Head of Internal Audit must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Head of Internal Audit should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the 2023/24 year in accordance with the above requirements.

Whilst West Devon Borough Council and South Hams District Council operate as two unique councils, services are delivered by one integrated organisation. To reflect that shared services working arrangement, the 2023/24 audit plan is presented as one combined plan. Where there are risks or issues that relate specifically to one council and not the other, the audit plan will be varied to include those areas of work as appropriate.

3. Outcomes/outputs

The focus of the paper in this meeting is on the plan for 2023-24 (Appendix A). This is underpinned by a four-year plan to ensure all core council areas are periodically audited which we have discussed with management (see Appendix B). More significant or important areas are audited more frequently in their period. Member input to the plan is useful to ensure that the audit plan will covering the areas of most concern. That said, the plan will be reviewed and amended in year as required to reflect emerging issues.

4. Options available and consideration of risk

No alternative operation has been considered as the failure to develop a risk-based plan to determine the priorities of internal audit activity which is consistent with the priorities of the organisation would be contravene the Public Sector Internal Audit Standards and the Accounts and Audit Regulations 2015.

5. Proposed Way Forward

On agreement to the plan, we will undertake our audits while agreeing audit timing to ensure our work is delivered at the most appropriate time for the council.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Accounts and Audit Regulations 2015 issued by the Secretary of State require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards.</p> <p>The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds.</p> <p>The service has a role in promoting robust service planning, performance monitoring and review</p>

		throughout the organisation, together with ensuring compliance with the Council's statutory obligations.
Financial	Y	There are no additional or new financial implications arising from this report. The cost of the internal audit team is in line with budget expectations.
Risk	Y	The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.
Supporting Corporate Strategy	Y	This plan and the work of Internal; Audit supports all of the Council's corporate strategy themes.
Climate Change – Carbon / Biodiversity Impact	Y	None directly arising from this report. The Internal Audit function, managed by Devon Audit Partnership is very mindful of the need to minimise travel in completing the internal audit plan. Where possible, desk-top review of documents, and the use of electronic records, is used to support the audit process, although it is inevitable that on-site verification may be required at times. The team use an audit management system (Mki) which enables managerial review to take place remotely, thus also saving on the need for travel.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	There are no specific equality and diversity issues arising from this report.
Safeguarding	N	There are no specific safeguarding issues arising from this report.
Community Safety, Crime and Disorder	N	There are no specific community safety, crime and disorder issues arising from this report.
Health, Safety and Wellbeing	N	There are no specific health, safety and wellbeing issues arising from this report.
Other implications	N	There are no other specific implications arising from this report.

Supporting Information

Appendices:

Appendix A – Internal Audit Plan for 2023-24

Appendix B – Four Year Plan

Background Papers:

None

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A

Internal Audit Plan 2023-24

West Devon Borough Council Audit Committee

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Agreed - 14 March 2023

Tony Rose
Head of Audit Partnership

Paul Middlemass
Internal Audit Manager



Auditing for achievement

Introduction

Internal auditing is defined by the Public Sector Internal Audit Standards (PSIAS) which set out the requirements of a 'Board' and of 'senior management'. For the purposes of the internal audit activity within the Council the role of the Board within the Standards is taken by the Council's Audit Committee and senior management is the Council's Leadership Team.

This Council's Internal Audit Charter formally describes the purpose, authority, and principal responsibilities of the Council's Internal Audit Service, which is provided by the Devon Audit Partnership (DAP) as represented in the audit framework at appendix 1, and the scope of Internal Audit work. The PSIAS refer to the role of "Chief Audit Executive". For the Council this role is fulfilled by the Head of Devon Audit Partnership.

The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to review the Internal Audit Plan to provide assurance on the governance framework (see appendix 2).

The Chief Audit Executive is responsible for developing a risk-based plan which considers the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation as represented in appendix 3.

The audit plan represents the proposed internal audit activity for the year and an outline scope of coverage. At the start of each audit the scope is discussed and agreed with management with the view to providing Senior Management and members with assurance on the control framework to manage the risks identified. The plan will remain flexible, and any changes will be agreed formally with management and reported to Audit Committee.

Expectations of the Audit Committee for this annual plan

Members are requested to consider:

- the annual governance framework requirements.
- the basis of assessment of the audit work in the proposed plan.
- the resources allocated to meet the plan.
- proposed areas of internal audit coverage in 2023-24.

Following consideration of the above, the Audit Committee are required to approve the proposed audit plan.

Contents

Introduction
Development of the Plan
Audit Plan Summary
Fraud and IA Governance Audit Plan

Appendices

1 – Audit Framework
2 – Annual Governance Framework
3 – Audit Needs Assessment
4 – Audit delivery Cycle
5 – Sector Risk Model

Development of the Plan

This year's audit plan has been developed through discussions with Senior Management, and consideration of the Council's risk register and plan. It is also informed by previous audit findings, and our awareness of current themes in Devon and elsewhere, such as Climate Change and Homelessness.

Within the plan, we have provided good coverage of Council Corporate risks, and current public sector risks (see appendix 5). Audit coverage for the year is in the region of 436 days compared to 430 planned for 2022/23. To help identify future resource requirements and ensure good coverage of risk areas over the period we maintain an indicative four-year plan, but our focus for this meeting is to agree the audit days for 2023/24. The plan is a combined plan for South Hams and West Devon, but it indicates those audits relevant to South Hams or West Devon only.

We have provided coverage of all Corporate Risks and include Follow Up audits for any Limited Assurance opinion audits we provided in 2022/23.

Audit Plan Summary

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Audit days per Directorate



Our audit plan is grouped into the different management areas as shown in this chart. Further detail of the audits in each management area are provided in the table

Within the management areas, we identify the following different types of audits:

Key Financial Systems audits focused on the process and systems dealing with most of the Council's income and expenditure and which have a significant impact on the reliability and accuracy of the annual accounts. These include Payroll, Creditors, Main Accounting System, Council Tax, Housing Benefit. This work will provide assurance that core controls continue to be effective despite the changing environment.

Risk based audits, particularly those relating to:

- **Strategic Risk** which has a significant impact on the council.
- **Operational Risk** which may impact on individual service areas.

We have provided indicative days for each audit to show the expected time to complete the audit. However, actual time to deliver may vary depending on the findings, but also other factors such as ease of audit access.

In accordance with the PSIAS, the plan is flexible, to reflect and respond to the changing risks and priorities of the Authority. As a result, it will be regularly reviewed and updated to ensure it remains valid and appropriate. As a minimum, the plan will be reviewed in six months' time to ensure it continues to reflect the key risks and priorities.

Detailed terms of reference will be drawn up and agreed with management prior to the start of each assignment – in this way we can ensure that the key risks to the operation or function are considered during our review.

Other Essential Activity

This includes areas such as Audit Management, support to the National Fraud Initiative and Grant work. Compared to the last two years, we have not put in provision to support Covid-19 grant work, or LAG / LEAF grant work. During 2022/23, auditor resource continued to support this work above what was included in the plan resulting in the requirement to carry over work into 2023/24. We have estimated 20 days for this work.

We also include Audit Management in this area. This is work supporting effective and efficient audit services to the Council and ensuring the internal audit function continues to meet statutory responsibilities. In some instances, this work will result in a direct output (i.e., an audit report) but in other circumstances the output may simply be advice or guidance. It includes:

- Preparing the internal audit plan and monitoring implementation.
- Preparing and presenting monitoring reports to Leadership and the Audit Committee.
- Assistance with the Annual Governance Statement.
- Liaison with other inspection bodies such as External Audit.
- Financial Regulations Exemptions, and waivers.
- Corporate Governance - Internal Audit has become increasingly involved in corporate governance and strategic issues; this involvement is anticipated to continue.

Fraud Prevention and Detection and Internal Audit Governance

Fraud is a recognised risk area for the public sector and effective counter fraud activity assists in the protection of public funds and accountability. Our Counter Fraud Service continues to support work by the council to identify its fraud risks and consider effectiveness of its controls. To support this the authority is encouraged to agree a separate plan of counter fraud work. Our Counter Fraud service also oversees investigations, instances of suspected fraud and irregularities referred to it by managers and can also carry out testing of systems considered most at risk to fraud. Our services will liaise with the Council to focus resource on identifying and preventing fraud before it happens. This work is informed by the Fraud Strategy for Local Government “Fighting Fraud Locally”, and the publication “Protecting the English Public Purse”. Additional guidance recently introduced by CIPFA, in their ‘Code of practice on managing the risk of fraud and corruption’, and the Home Office ‘UK Anti-Corruption Plan’, are also relevant.

Partnership working with other auditors

We continue to work to develop effective partnership working arrangements between ourselves and other audit agencies where appropriate and beneficial. We participate in a range of internal audit networks, both locally and nationally, which provide for a beneficial exchange of information and practices. This often improves the effectiveness and efficiency of the audit process, through avoidance of instances of “re-inventing the wheel” in new areas of work which have been covered in other authorities. The most significant partnership working arrangement that we currently have with other auditors continues to be that with the Council’s external auditors (Grant Thornton), One West, and Audit Southwest (Internal Audit for NHS).

Changes to the Plan since its agreement.

Since March, the following amendments have been made:

1. Allocation of approximately four days of one auditor to support review of Council Tax Rebates.
2. The twenty days allowed for completion of the 2022/23 have been allocated to:
 - A full review of the Salcombe Harbour.
 - The audit of Comments and Complaints.
 - A review of Project Management.

WDBC Proposed Plan for 2023-24

Customer Services & Delivery

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days
S.Hams & W.Devon	Key Financial Systems	Council Tax	2022/23	CORPORATE RISK: COST OF LIVING IMPACT ON SERVICES	Annual	10
S.Hams & W.Devon	Key Financial Systems	Housing Benefits	2022/23	Undertake late summer along with other Revenues reviews.	Annual	10
S.Hams & W.Devon	Key Financial Systems	Business Rates (NDR)	2022/23		Annual	10
S.Hams & W.Devon	Operational Risk	Building Maintenance & Works Commissioning	2021/22 (Limited Assurance); 2022/23 (Limited Assurance)	Further Follow Up audit of Limited Assurance report	2 yearly	10
S.Hams & W.Devon	IT Audit	ICT / Cyber Security Audit	2020/21 Health check; Access Management; 2021/22 Incident and Problem Management; Change Management; Business Continuity and Disaster Recovery; 2022/23 Cyber Security Malware and Ransomware (Reasonable Assurance)	Information asset owners & the processes for identifying/ managing systems users for: Northgate R&Bs, Civica Financials, HR & Payroll, W2, APP. Ascertain which ICT people have access to these systems, including remote access to core infrastructure. Consider back-up & resilience. Are back-up cycles same / different, are they appropriate and resilience – how easy to recover, bring systems back up.	Annual	25

S.Hams & W.Devon	Strategic Risk	Comments & Complaints	2019/20	Corporate system for recognising, recording & responding to comments & complaints.	3 yearly	10
S.Hams Only	Operational Risk	Waste - Household Waste & Recycling Collection	SH 15/16 - Improvement Required SH 17/18 F/U - Good	CORPORATE RISK: DELIVERY OF WASTE & RECYCLING Service brought back in house for SHAMS Aug 2022.	3 yearly	10
West Devon Only	Operational Risk	Contract Management - Waste & Recycling West Devon	SH 15/16 - Imp Required SH 17/18 F/U - Good	Contract management of this Service.	4 yearly	10
S.Hams Only	Operational Risk	Depots & Stores Control	2019/20 (Improvements Required)	Control of Vehicle, Plant, Fuel, Fuel Cards and Fuel Containers, New software to capture assets - review assets/vehicle/store controls	3 yearly	10
S.Hams & W.Devon	Operational Risk	Grounds Maintenance	2019/20 (Good Standard)	In 16/17 some issues with "ownership" for responsibilities identified - follow-up to check if issues now resolved.GM (incl Cemeteries & Churchyards) Community Parks & Open Spaces	3 yearly	15
S.Hams & W.Devon	Operational Risk	Car Parking	2019/20 (Good Standard)	Including income collection and enforcement	3 yearly	10
CS&D TOTAL DAYS						130

Strategy and Governance

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days
S.Hams & W.Devon	Strategic Risk	Corporate Governance	2016/17	Assess compliance with CIPFA Corporate Governance code	3 yearly	15
S.Hams & W.Devon	Strategic Risk	Culture & Ethics	16/17 (Good Assurance)	16/17 review looked to see if the "building blocks" were in place, future reviews likely to need a different slant. Perhaps concentrate on Staff Surveys, development of the organisation, risk appetite, compliance with rules (Constitution).	3 yearly	10
S.Hams & W.Devon	Strategic Risk	Counter Fraud arrangements	2022/23 - Annual Assurance	Annual report on Fraud arrangements	Annual	3
Page 771 S.Hams & W.Devon	Procurement	Procurement	2022/23 (Limited Assurance)	Follow up of Limited Assurance report. Can include any aspect of procurement including the Sustainability of Significant Suppliers (financial resilience)	3 yearly	10
S.Hams & W.Devon	Operational Risk	Elections / Electoral Registration	Not Known	Arrangements to manage elections	3 yearly	5
S.Hams & W.Devon	Operational Risk	Members - allowances	2018/19	Administration of Members expenses.	3 yearly	6
S.Hams & W.Devon	Strategic Risk	Performance Management inc KIP's & Data Quality	2021/22 (Limited Assurance)	Follow up of Limited Assurance audit. Inc key performance indicators and the quality of source data (data quality). PI's - meaningful, add value, reported accurately, guidance notes.	3 yearly	5

S.Hams & W.Devon	Strategic Risk	Safeguarding	2020/21 (Reasonable Assurance)		2 yearly	10
S.Hams & W.Devon	IT Audit	Social Networking & Media	2019/20 (Good Standard)	High reputational risk, and important communication tool. Controls on posting on Social Media.	3 yearly	7
S.Hams & W.Devon	Operational Risk	Travel and Subsistence	2017/18 (Improvements Required)	Compliance with internal policies & HMRC requirements to retain receipts for VAT purposes.	2 yearly	10
S.Hams & W.Devon	Strategic Risk	Recruitment	Not Known	CORPORATE RISK: INADEQUATE STAFFING RESOURCES Includes right to work, DBS checks, checking of professional qualifications.	2 yearly	10
S.Hams & W.Devon	Operational Risk	Health and Safety	2020/21 (Reasonable Assurance)	Safety of staff and public impacted by council work	2 yearly	10
S.Hams & W.Devon	Operational Risk	Planning - Development Management	16/17 (Improvements Required)	Review of the planning process (meeting timescales) and new system (planned for end 23/24 or later).	4 yearly	10
S.Hams & W.Devon	Operational Risk	Insurance Service	2020/21 (Limited Assurance)		4 yearly	7
S&G TOTAL DAYS						118

Finance

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days
S.Hams & W.Devon	Key Financial Systems	Creditors	2022/23		Annual	15
S.Hams & W.Devon	Key Financial Systems	Debtors	2022/23		Annual	15
S.Hams & W.Devon	Key Financial Systems	Main Accounting System (inc budgetary control)	2022/23	CORPORATE RISK: ADHERENCE TO MEDIUM TERM FINANCIAL STRATEGY	Annual	15
S.Hams & W.Devon	Key Financial Systems	UK Shared Prosperity Fund	2022/23	Review & sign off of grants paid out from the Shared Prosperity Fund	Annual	5
West Devon	Key Financial Systems	Okehampton Railway Station Levelling Up Fund	Not applicable	Arrangements of DCC & WD to deliver the work commissioned via the Grant etc.	NA	5
S.Hams & W.Devon	Key Financial Systems	Treasury Management	2022/23 (Substantial Assurance)		Annual	5
FINANCE TOTAL DAYS						60

Place and Enterprise

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days
S.Hams & W.Devon	Operational Risk	Environmental Services (Health & Safety)	Not Known	Fly tipping, abandoned vehicles, Air quality	2 yearly	8
S.Hams & W.Devon	Operational Risk	Food Safety	2018/19 (Good Standard)		3 yearly	10
S.Hams & W.Devon	Operational Risk	Commercial Properties and Rent	2019/20 (Limited Assurance); 2021/22 (Limited Assurance)	Follow up to Limited Assurance 2021/22 audit	2 yearly	10
S.Hams & W.Devon	Operational Risk	Housing	2020/21 (Limited Assurance) related to Housing Programme	CORPORATE RISK: COST OF LIVING IMPACT ON SERVICES Includes: Housing Strategy & RSL's & Housing Standards	3 yearly	10
S.Hams & W.Devon	Operational Risk	Homelessness	2018/19 (Good Standard)	CORPORATE RISK: HOMES FOR UKRAINE PLACEMENT BREAKDOWNS Includes Homes for Ukraine	3 yearly	10
PLACE & ENTERPRISE TOTAL DAYS						48

Other Essential Activities

Task	Days
Completion of Previous Year Plan	20
Audit Management	30
Annual Internal Audit Report	2
Exemptions from Financial Regulations	3
Grants - LEAF and LAG	0
National Fraud Initiative	5
Contingency, Advice & Emerging Risks	20
TOTAL DAYS	80

Overall Total Days **436**

Appendix 1 - Audit Framework

Internal Audit is a statutory service in the context of The Accounts and Audit (England) Regulations 2015, which state: “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards (PSIAS) or guidance”.

DAP, through external assessment, demonstrates that it meets the Public Sector Internal Audit Standards (PSIAS).

The Standards require that the Chief Audit Executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. When completing these plans, the Chief Audit Executive should take account of the organisation’s risk management framework. The plan should be adjusted and reviewed, as necessary, in response to changes in the organisation’s business, risk, operations, programs, systems and controls. The plan must take account of the requirement to produce an internal audit opinion and assurance framework.

This audit plan has been drawn up, therefore, to enable an opinion to be provided at the end of the year in accordance with the above requirements.



We will seek opportunity for shared working across member authorities. In shared working Devon Audit Partnership will maximise the effectiveness of operations, sharing learning & best practice, helping each authority develop further to ensure that risk remains suitably managed.

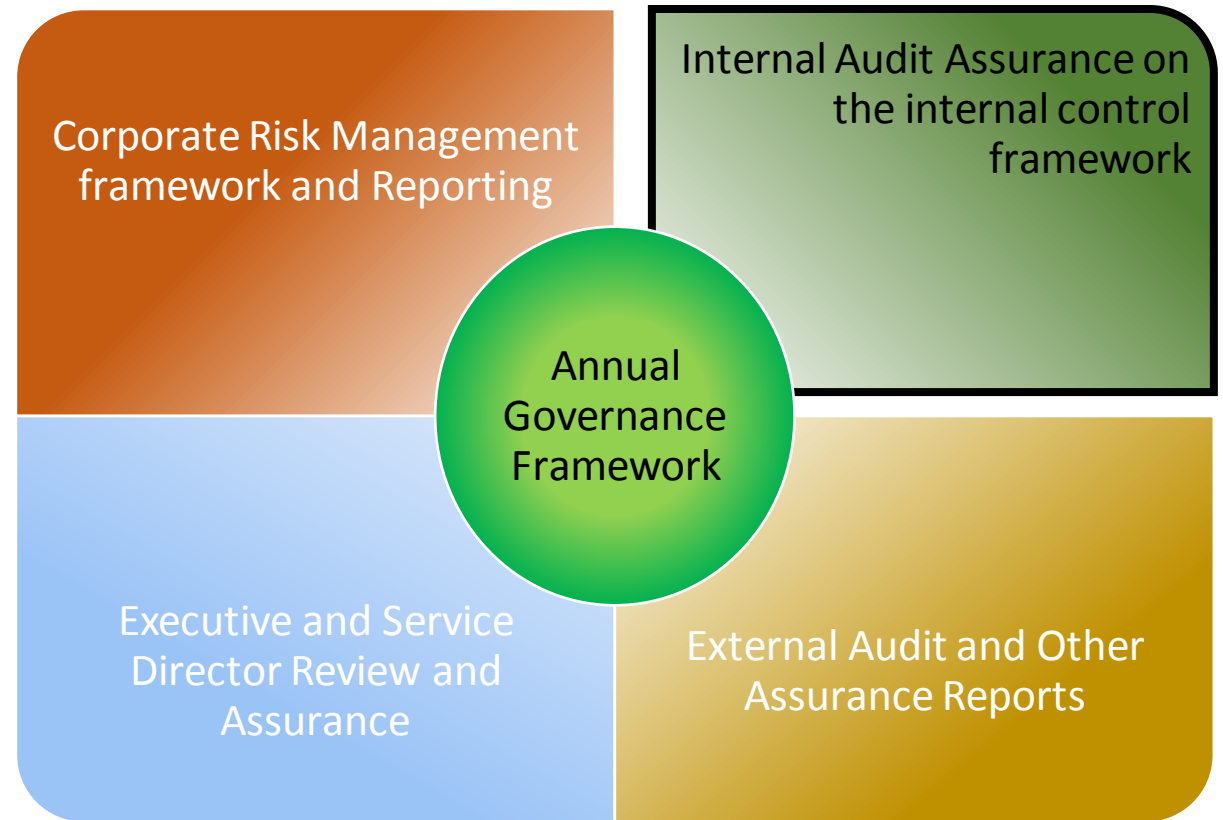
Appendix 2 - Annual Governance Framework Assurance

The Annual Governance Statement provides assurance that

- The Authority's policies have been complied with in practice.
- high quality services are delivered efficiently and effectively.
- ethical standards are met.
- laws and regulations are complied with.
- processes are adhered to.
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should:

- be prepared by senior management and signed by the Chief Executive.
- highlight significant events or developments in the year.
- acknowledge the responsibility on management to ensure good governance.
- indicate the level of assurance that systems and processes can provide.
- provide a narrative on the process that is followed to ensure that the governance arrangements remain effective. This will include comment upon.
 - The Authority.
 - Governance Committee.
 - Risk Management.
 - Internal Audit
 - Other reviews / assurance
- Provide confirmation that the Authority complies with CIPFA's recently revised International Framework – Good Governance in the Public Sector. If not, a statement is required stating how other arrangements provide the same level of assurance.



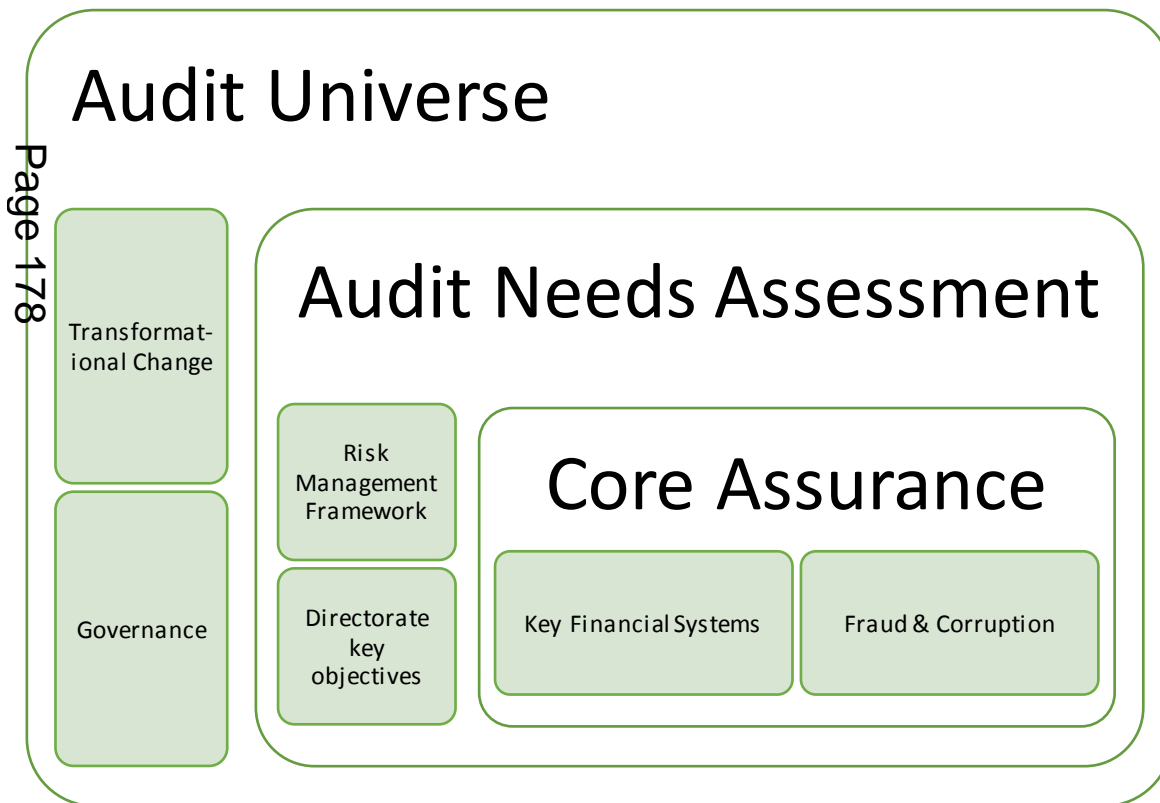
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Annual Governance process, SLT, Internal Audit, and other assurance providers (e.g. Audit South West) that the statement meets statutory requirements.

Appendix 3 - Audit Needs Assessment

Our process to create the audit plan includes discussions with management, review of risk registers, consideration of previous work. We also consider the Audit Universe we maintain for the council. Ultimately, our requirement is to undertake a broad-based audit plan of work that supports provision of an end of year assurance report to support the council's own governance statement.

The result is the Internal Audit Plan set out earlier in this report.



The audit plan for the year plan has been created by:

Consideration of risks identified in the Authority's strategic and operational risk registers

Review and update of the audit universe

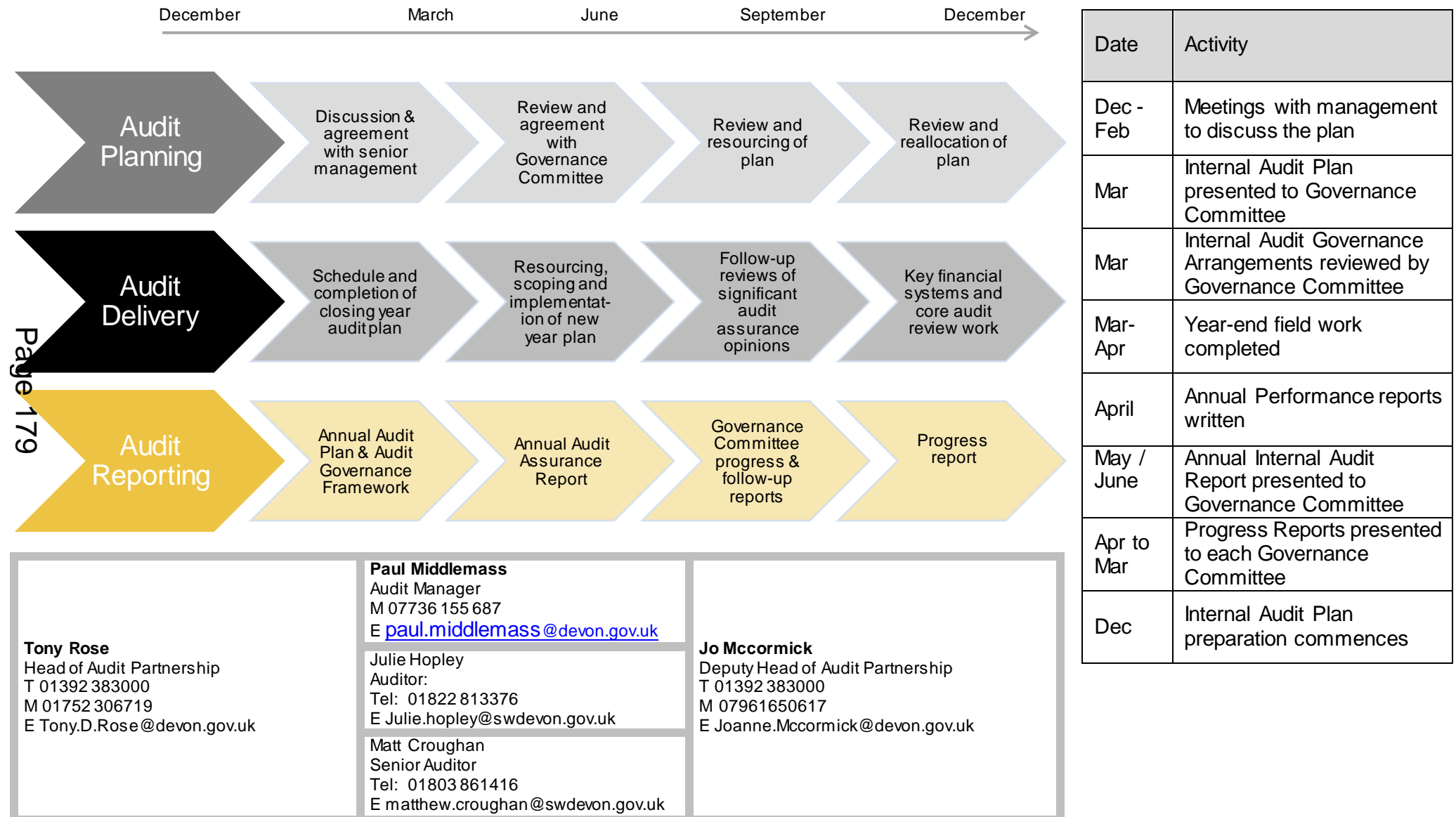
Discussions and liaison with Directors and Senior Officers regarding the risks which threaten the achievement of corporate or service objectives, including changes and / or the introduction of new systems, operations, programs, and corporate initiatives

Taking into account results of previous internal audit reviews

Taking into account Internal Audit's knowledge and experience of the risks facing the Authority, including factors and systems that are key to successful achievement of the Council's delivery plans

Requirements to provide a "collaborative audit" approach with the external auditors

Appendix 4 - Our Audit Team and the Audit Delivery Cycle



Appendix 5 Sector Risk Model

(Source Institute of Internal Auditors – Risk in Focus 2023)

Key Risk areas:

Cyber security remains the number one concern for almost everyone.

Human Capital – staffing has become more important given manpower shortages.

Macroeconomic and geographical uncertainty has also increased in importance, not surprising given the international situation of conflict in Ukraine and tension with China.

Changes in laws and regulations are also important although a slight reduction since last year.

Climate change is increasingly back on the agenda.



Appendix B - SH&WD Four Year Plan

Customer Services & Delivery									
Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days	2024/25	2025/26	2026/27
S.Hams & W.Devon	Key Financial Systems	Council Tax	2022/23	RISK: COST OF LIVING IMPACT ON SERVICES	Annual	10	10	10	10
S.Hams & W.Devon	Key Financial Systems	Housing Benefits	2022/23	Undertake late summer along with other Revenues reviews.	Annual	10	10	10	10
S.Hams & W.Devon	Key Financial Systems	Business Rates (NDR)	2022/23		Annual	10	10	10	10
S.Hams & W.Devon	Operational Risk	Building Maintenance & Works Commissioning	2021/22 (Limited Assurance); 2022/23 (Limited Assurance)	Further Follow Up audit of Limited Assurance report	2 yearly	10		10	
S.Hams & W.Devon	IT Audit	ICT / Cyber Security Audit	2020/21 Healthcheck; Access Management; 2021/22 Incident and Problem Management; Change Management; Business Continuity and Disaster Recovery: 2022/23 Cyber Security	Identify information asset owners & the processes in place for identifying/ managing systems users for the following systems; Northgate R&Bs, Civica Financials, HR & Payroll, W2 and APP. Also ascertain of the people in ICT who has what access to these systems, including remote access to core infrastructure. Consider back-up & resilience. Are back-up cycles same / different, are they appropriate and	Annual	25	25	25	25
S.Hams & W.Devon	Strategic Risk	Comments & Complaints	2019/20	Corporate system for recognising, recording & responding to comments & complaints.	3 yearly	10			10
S.Hams & W.Devon	Strategic Risk	New ICT Systems	Not applicable	System procurement / implementation. Perhaps review the FIT Future IT Project - request by SMT to do in 24/25.	AS		8		
S.Hams Only	Operational Risk	Waste - Household Waste & Recycling Collection	SH 15/16 - Imp Req SH 17/18 F/U - Good	RISK: DELIVERY OF WASTE AND RECYCLING Service brought back in house for SHAMS Aug 2022.	3 yearly	10			10
West Devon	Operational Risk	Contract Management - Waste & Recycling West Devon	SH 15/16 - Imp Req SH 17/18 F/U - Good	Service brought back in house for SHAMS Aug 2022.	4 yearly	10			10
S.Hams Only	Operational Risk	Depots & Stores Control	2019/20 (Improvements Required)	Control of Vehicle, Plant, Fuel, Fuel Cards and Fuel Containers, New software to capture assets - review assets/vehicle/store controls	3 yearly	10			10
S.Hams & W.Devon	Operational Risk	Grounds Maintenance	2019/20 (Good Standard)	In 16/17 some issues with "ownership" for responsibilities identified - follow-up to check if issues now resolved.GM (incl Cemeteries & Churchyards) Community Parks & Open Spaces	3 yearly	15			15
S.Hams & W.Devon	Operational Risk	Car Parking	2019/20 (Good Standard)	Including income collection and enforcement	3 yearly	10			10
TOTAL DAYS						130	63	65	120

Strategy and Governance

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days	2024/25	2025/26	2026/27
S.Hams & W.Devon	Strategic Risk	Corporate Governance	2016/17	Assess compliance with CIPFA Corporate Governance code	3 yearly	15			15
S.Hams & W.Devon	Strategic Risk	Culture & Ethics	16/17 (Good Assurance)	16/17 review looked to see if the "building blocks" were in place, future reviews likely to need a different slant. Perhaps concentrate on Staff Surveys, development of the organisation.	3 yearly	10			10
S.Hams & W.Devon	Strategic Risk	Counter Fraud arrangements	2022/23 - Annual Assurance	Annual report on Fraud arrangements	Annual	3	3	3	3
S.Hams & W.Devon	Procurement	Procurement	2022/23 (Limited)	Follow up of Limited Assurance report. Could include any aspect of procurement including the Sustainability of Significant Suppliers (financial resilience)	3 yearly	10			10
S.Hams & W.Devon	Operational Risk	Elections / Electoral Registration	Not Known	Arrangements to manage elections	3 yearly	5			5
S.Hams & W.Devon	Operational Risk	Members - allowances	2018/19	Administration of Members expenses.	3 yearly	6			6
S.Hams & W.Devon	Strategic Risk	Performance Management inc KIP's & Data Quality	2021/22 (Limited Assurance)	Follow up of Limited Assurance audit. Inc key performance indicators and the quality of source data (data quality). PIs - meaningful, add value, reported accurately, guidance notes.	3 yearly	5		10	
S.Hams & W.Devon	Strategic Risk	Safeguarding	2020/21 (Reasonable Assurance)		2 yearly	10		10	
S.Hams & W.Devon	IT Audit	Social Networking & Media	2019/20 (Good Standard)	High reputational risk, and important communication tool	3 yearly	7			7
S.Hams & W.Devon	Operational Risk	Travel and Subsistence	2017/18 (Improvements Required)	Compliance with internal policies & HMRC requirements to retain receipts for VAT purposes.	2 yearly	10		10	
S.Hams & W.Devon	Strategic Risk	Recruitment	Not Known	RISK: INADEQUATE STAFFING RESOURCES Includes right to work, DBS checks, checking of professional qualifications.	2 yearly	10		10	
S.Hams & W.Devon	Operational Risk	Health and Safety	2020/21 (Reasonable Assurance)	Safety of staff and public impacted by council work	2 yearly	10		10	
S.Hams & W.Devon	Operational Risk	Planning - Development Management	16/17 - Imp Req	Review of the planning process (meeting timescales) and new system (planned for end 23/24 or later).	4 yearly	10			
S.Hams & W.Devon	Operational Risk	Insurance Service	2020/21 (Limited)		4 yearly	7			
				TOTAL DAYS		118	3	53	56

Finance									
Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days	2024/25	2025/26	2026/27
S.Hams & W.Devon	Key Financial Systems	Creditors	2022/23		Annual	15	15	15	15
S.Hams & W.Devon	Key Financial Systems	Debtors	2022/23		Annual	15	15	15	15
S.Hams & W.Devon	Key Financial Systems	Main Accounting System (inc budgetary control)	2022/23	RISK: ADHERENCE TO MEDIUM TERM FINANCIAL STRATEGY	Annual	15	15	15	15
S.Hams & W.Devon	Key Financial Systems	UK Shared Prosperity Fund	2022/23	Review & sign off of grants paid out from the Shared Prosperity Fund	Annual	5	10		
West Devon	Key Financial Systems	Okehampton Railway Station Levelling Up Fund	Not applicable	Arrangements of DCC & WD to deliver the work commissioned via the Grant etc.	NA	5	10	10	
S.Hams & W.Devon	Key Financial Systems	Treasury Management	2022/23 (Substantial)		Annual	5	5	5	5
				TOTAL DAYS		60	70	60	50

Place and Enterprise

Council	Audit Area	AUDIT	Last Audited	Description	Audit Interval	Indicative Days	2024/25	2025/26	2026/27
S.Hams & W.Devon	Operational Risk	Environmental Services (Health & Safety)	Not Known	Fly tipping, Abandoned vehicles, Air quality	2 yearly	8		8	
S.Hams & W.Devon	Operational Risk	Food Safety	2018/19 (Good Standard)		3 yearly	10			10
S.Hams & W.Devon	Operational Risk	Commercial Properties and Rent	2019/20 (Limited Assurance); 2021/22 (Limited Assurance)	Follow up to Limited Assurance 2021/22 audit	2 yearly	10		10	
S.Hams & W.Devon	Operational Risk	Asset Management / Strategy	2022/23	Strategy for investing in new properties and the disposal/utilisation of existing properties.	3 yearly			10	
S.Hams & W.Devon	Operational Risk	Housing	2020/21 (Limited) related to Housing Programme	RISK: COST OF LIVING IMPACT ON SERVICES Includes: Housing Strategy & RSL's & Housing Standards	3 yearly	10			10
S.Hams & W.Devon	Operational Risk	Homelessness	2018/19 (Good Standard)	RISK: HOMES FOR UKRAINE PLACEMENT BREAKDOWNS Includes Homes for Ukraine	3 yearly	10			10
S.Hams Only	Operational Risk	Dartmouth Lower Ferry	2022/23 - Consultancy on finance system	Operation of the Ferry	2 yearly		10		
S.Hams Only	Operational Risk	Salcombe Harbour		Management of Harbour operations	2 yearly	10 cf from 22/23		10	
S.Hams Only	Operational Risk	Freeport		Management of the Freeport project	As required		10		
TOTAL DAYS						48	20	38	30
Other Essential Activities									
Directorate	Days				Task	Days	2024/25	2025/26	2026/27
Customer Services & Delivery	130				Completion of Previous Year Plan	20	20	20	20
Strategy and Governance	118				Audit Management (Audit Plan, Monitoring, Reporting, Audit Committee)	30	30	30	30
Finance	60				Annual Internal Audit Report	2	2	2	2
Place and Enterprise	48				Exemptions from Financial Regulations	3	3	3	3
Audit Management	80				Grants - LEAF and LAG	0	0	0	0
					National Fraud Initiative	5	5	5	5
					Contingency, Advice & Emerging Risks	20	20	20	20
TOTAL DAYS						80	80	80	80

Agenda Item 7

Report to: **West Devon Audit Committee**
Date: **25 July 2023**
Title: **Annual Internal Audit Report for 2022-23**
Portfolio Area: **Performance & Resources - Cllr C Edmonds**
Wards Affected: **All**
Urgent Decision: **N** Approval and clearance obtained: **Y**

Author: **Paul Middlemass** Role: **Audit Manager**

Contact: Paul.Middlemass@devon.gov.uk **07736 155687**
Tony.d.Rose@devon.gov.uk **01392 383000**

RECOMMENDATION:

That members note the Internal Audit Report for 2022-23 and consider it when reviewing the Annual Governance Statement.

1. Executive summary

The purpose of this report is to provide members with the annual report summarising internal audit assurances provided during 2022-23 to inform the Annual Governance Statement.

2. Background

The Audit Committee, under its Terms of Reference contained in West Devon Borough Council's Constitution, is required to monitor and review the internal audit programme and findings, and the associated progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 require that all Authorities need to carry out an annual review of the effectiveness of their internal audit system and need to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The purpose and role of Internal Audit, and of the related Council responsibilities is also contained in the Internal Audit Charter and Strategy.

3. Outcomes/outputs

Members will note the assurances provided by Internal Audit and consider them when reviewing the Annual Governance Statement.

4. Options available and consideration of risk

No alternative operation has been considered as the function of internal audit is a requirement of Corporate Governance.

5. Proposed Way Forward

That Audit Committee notes the Annual Report of Internal Audit (Appendix A).

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>The Accounts and Audit Regulations 2015 issued by the Secretary of State require every local authority to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards.</p> <p>The work of the internal audit service assists the Council in maintaining high standards of public accountability and probity in the use of public funds. The service has a role in promoting robust service planning, performance monitoring and review throughout the organisation, together with ensuring compliance with the Council's statutory obligations.</p>
Financial	Y	There are no additional or new financial implications arising from this report. The cost of the internal audit team is in line with budget expectations.
Risk	Y	The work of the internal audit service is an intrinsic element of the Council's overall corporate governance, risk management and internal control framework.
Supporting Corporate Strategy	Y	This Annual Report and the work of Internal; Audit supports all of the Council's corporate strategy themes.
Climate Change – Carbon / Biodiversity Impact	Y	<p>None directly arising from this report. The Internal Audit function, managed by Devon Audit Partnership is mindful of the need to minimise cost in completing the internal audit plan. Where efficient, desk-top review of documents, and the use of electronic records, is used to support the audit process, although it is inevitable that on-site verification may be required at times.</p> <p>The team use an audit management system (Pentana) which enables managerial review to take place remotely, thus also saving on the need for travel.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	There are no specific equality and diversity issues arising from this report.
Safeguarding	N	There are no specific safeguarding issues arising from this report.

Community Safety, Crime and Disorder	N	There are no specific community safety, crime and disorder issues arising from this report.
Health, Safety and Wellbeing	N	There are no specific health, safety and wellbeing issues arising from this report.
Other implications	N	There are no other specific implications arising from this report.

Supporting Information

Appendices:

Appendix A – Internal Audit Annual Report for 2022-23

Background Papers:

Internal Audit Plan 2022/23 as approved by Audit Committee.

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed	Yes
SLT Rep briefed	Yes
Relevant Exec Director sign off (draft)	Yes
Data protection issues considered	Yes
If exempt information, public (part 1) report also drafted. (Committee/Scrutiny)	N/A

Annual Internal Audit Report 2022-23

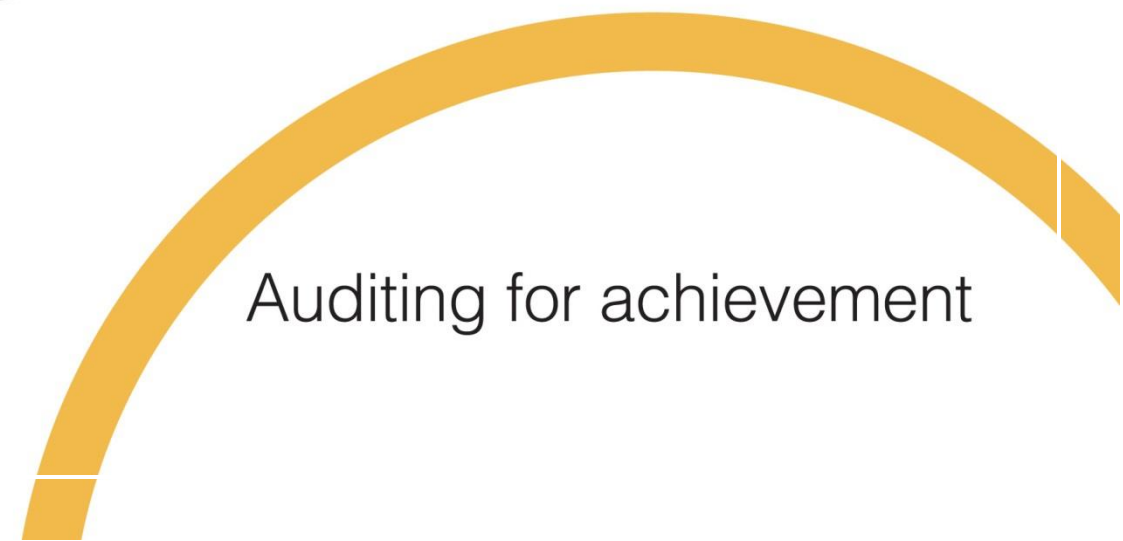
West Devon Audit Committee

25 July 2023

Page 188

Tony Rose
Head of Audit Partnership

Paul Middlemass
Audit Manager



Auditing for achievement

Introduction

The Audit Committee, under its Terms of Reference contained in the Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities carry out an annual review of the effectiveness of their internal audit system, and to incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Internal Audit plan for 2022-23 was presented and approved by the Audit Committee in March 2022. The following report and appendices set out the background to audit service provision, a review of work undertaken during the year and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion that can be used by the organisation to inform its governance statement. This report provides that opinion.

Expectations of the Audit Committee from this annual report

Audit Committee members are requested to consider:

- the assurance statement within this report.
- the basis of our opinion and the completion of audit work against the plan.
- the scope and ability of audit to complete the audit work.
- audit coverage and findings provided.
- the overall performance and customer satisfaction on audit delivery.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Hub Committee, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework (see appendix 5) and satisfy themselves from this assurance to support signing the Annual Governance Statement.

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Opinion Statement

Overall, based on work performed during 2022-23 and our experience from previous years audit, the Head of Internal Audit's Opinion is of **“Reasonable Assurance”** on the adequacy and effectiveness of the Authority's internal control framework.

This opinion statement will provide Members with an indication of the direction of travel for their consideration for the Annual Governance Statement see appendix 4.

The Authority's internal audit plan for the year includes specific assurance, risk, governance, and value-added reviews which, with prior years audit work, provide a framework and background within which we assess the Authority's control environment. The Head of Internal Audit's Opinion is informed by the assurance conclusions obtained in the audits undertaken in 2022-23. Significant weaknesses identified should be considered by the Authority in preparing its Annual Governance Statement for 2022-23.

In undertaking our audits, Internal Audit assesses whether controls are operating satisfactorily and provide an overall opinion on the adequacy of controls to management within the audit report. Audit reports include an action plan with responsible officers and target dates to address control issues. While implementation of action plans rests with management, high priority and other recommendations are reviewed during subsequent audits or as part of specific follow-ups.

Underpinning our overall Reasonable Assurance Opinion are the twelve Substantial, twelve Reasonable, and three Limited Assurance Opinions provided. The summary Assurance Opinions chart provides a “Themed” overview.

This statement of opinion is underpinned by:

Internal Control Framework

The control environment comprises the policies, procedures and operational systems including processes to establish and monitor the achievement of the Council's objectives; facilitate policy and decision making; ensure economical, effective, and efficient use of resources, compliance with established policy, procedure, law and regulation; and safeguard the Council's assets and interests from losses of all kinds. The Council's overall internal control framework is considered to have operated effectively during the year. This is supported by the high proportion of Substantial Assurances we have provided. Core financial and administrative systems were reviewed by us and found to be largely effective. Where we have highlighted some weaknesses in compliance to key controls, none are considered to have had a material impact on the Authority's operations. A concern relates to monitoring the implementation of management actions agreed in audit reports. Work is now underway to review management actions to ascertain if they have been completed.

Risk Management

Risks were discussed in appropriate forums including members, and there is a Risk Management Group although notes of these meetings should be kept. The formal Risk Management Strategy needs review and refreshing, and risk management embedded in all business areas.

Governance Arrangements

Corporate Strategies have recently been updated and there was good linkage to performance management arrangements. Good partnership arrangements are held with several organisations. There was a good framework of policies, activities, and training supported staff health and wellbeing.

Performance Management

A hierarchy of strategies and delivery plans support reporting to senior management and members. Most service areas had performance measures, but work is needed to ensure coverage in all areas.

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Summary of Assurance Opinions by Service area

We have grouped our audit assurance opinions during 2022-23 under the responsible Service area in the diagram below. The ratings are relevant at the time of the audit review and assurance may have improved since that time.

Service Area - Audit Coverage				
	Director of Customer Service & Delivery	Director of Place & Enterprise	Director of Strategy & Governance	Director of Strategic Finance
Substantial Assurance		Covid-19 Business Grants Regeneration and Investment Strategy	Contract Management - Leisure Corporate Information Management Corporate Strategy and Performance Management Section 106 and Community Infrastructure Levy	Creditor Payments LAG / LEAF Grants Main Accounting System Payroll Treasury Management
Reasonable Assurance	ICT Cyber Security	Development Management - S106 Capital Expenditure	Climate Change Health and Wellbeing Partnerships Business Continuity Project Management Risk Management	VAT Arrangements Debtors Partnership Management
Limited Assurance	Markets (South Hams) only	Building Maintenance - Works Scheduling Follow Up	Procurement	
No Assurance				

Audit Coverage and performance against plan

We completed 92% of the plan agreed for 2022/23 (to draft /final report stage) by May 2023. This was despite re-allocation of the internal audit team resource to support grant checking (85 days on C-19 Business Grants) and other work during the year. DAP provided audit resource and delivered several audits to compensate for these days. Some audits were cancelled or deferred at management request. There is allocation of days in the 2023-24 audit plan to complete the audits carried forward into 2023/24.

The Chart opposite shows the mix of assurance opinions provided over the year.

Our assurances include three Limited Assurance opinions, which relate to the following reviews:

Building Maintenance - Follow Up: Significant weaknesses remain as previously reported, including the absence of a strategy to guide asset maintenance and a large part of the work undertaken is reactive, rather than planned. We are confident management has prioritised actions to address these weaknesses.

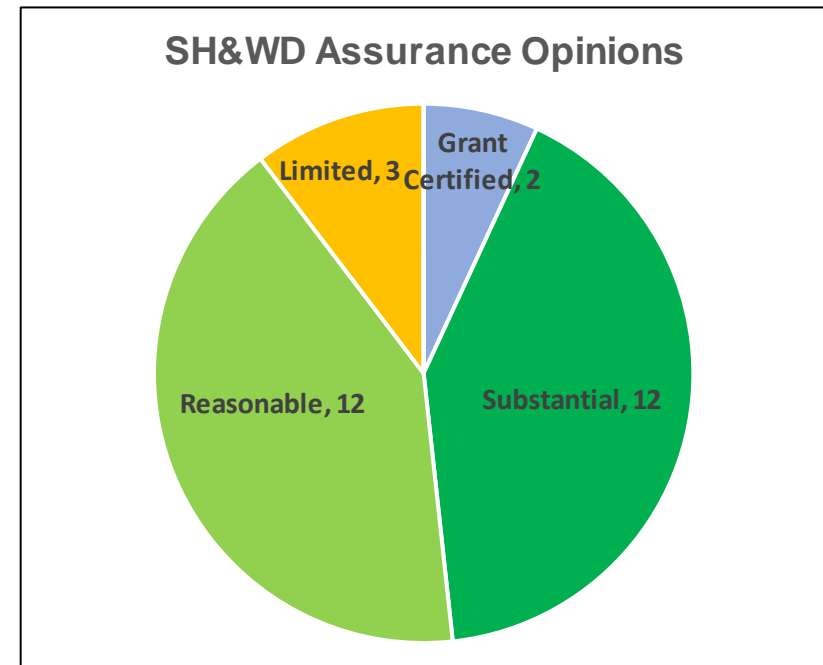
Procurement: Work is needed to take forward the actions in the procurement strategy and create a comprehensive contract register. The limited procurement expertise limits the amount of value-added activity that can be undertaken.

Markets (South Hams only): Existing procedures need improvement to improve current controls and protect the officers managing them and market users.

We also reviewed progress to implement improvements on **Council Tax, and Business Rates**. Our annual report for 2021-22 reported the Limited Assurance opinions for these audits. We undertook follow up reviews in April 2023 and confirm that work is being progressed to implement the agreed recommendations. Further reviews will be undertaken in 2023-24 to assess if the assurance level has improved.

This year's mix of opinions compare to the six Substantial, seven Reasonable, and five Limited Assurance audit opinions provided for 2021/22.

Implementation of Internal Audit Recommendations: In our audits we assess if management actions from previous reviews have been implemented. During the year we identified audits where these had not been implemented, meaning that the control weakness and risk remains. The council has now reviewed previous management actions. Of the 219 High / Medium management actions with target dates to the end of 2022, 68 are complete, 12 are superseded (for instance relate to systems no longer in use), 55 are in progress but overdue, and 12 are overdue and not started. Management is continuing to progress the remaining management actions.



At **Appendix 1** we include a summary of the audits delivered since the Audit Committee of March 2023. Summaries of the other audits delivered prior to that meeting were included in reports to the Committee during the year.

Value Added

We know that it is important that the internal audit service seeks to "add value" whenever it can, and we believe internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance.
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.

This current year, we have sought to add value by increasing the number of similar audits undertaken in different partners to support compare and contrast activity, and to identify best practice. We also actively worked with management to progress actions to reduce their risk in areas such as Building Maintenance and Procurement and focused on high-risk areas such as Cyber Security.

We also issued relevant information bulletins on:

- Good practice and reflections on District Councils' progress to meet Climate Change objectives.
- Comparison of agenda items presented to Devon District Audit and Governance Committee.

Finally, we have provided advice and guidance on good practice related to Governance, Risk Management and Fraud. Appendix 5 provides details of the specific feedback for the council and all our clients.

Fraud Prevention and Detection

Overall, the risk of fraud at the Council is considered low. We continue work with managers to discuss their fraud risks and assess whether controls are sufficient / effective. We have recently helped the council to update the following counter fraud documents:

- Anti-Fraud Bribery and Corruption Policy.
- Anti-Fraud Bribery and Corruption Strategy and Response Plan.
- Whistleblowing Policy.
- Fraud risk register – we produced an initial draft setting out what we consider were the most significant risks.

These policies will be presented to the September Audit and Governance Committee meeting.

As part of the review, we completed an assessment of the council's arrangements against the CIPFA best practice framework. Our benchmarking review concluded that the result of the councils "**benchmarking against best practice is encouraging and supports the opinion that the Council is committed to reducing fraud losses to the minimum level possible**". We provide a summary of the report in Appendix 1.

All our internal audit assignments include considering the potential for fraud and how the council prevents such fraud occurring. Our audits on the key financial systems (Payroll, Creditors, Council Tax etc) consider the suitability and robustness of the control framework to prevent, detect

and address fraud. The national data matching exercise (National Fraud Initiative - NFI) is supported by the Council. There were no significant investigations required during the year.

For 2023-24, we are continuing our support to a review by a contractor of Single Person Discounts for Council Tax which is funded by the County Council.

Grant Assurance Work

At management request we undertook extensive work to confirm that controls over grants were effective:

- **Covid Business Grant:** we provided evidence to Business Energy and Industrial Strategy that grants awarded were in line with scheme requirements, identified a minimal number of instances where grants were incorrectly issued and supported their recovery, and ensured grant records were retained. We provided a Substantial Assurance opinion that payments were accurately made, and scheme administration conformed with the guidance.
- **South Devon Local Action Group / Greater Dartmoor Local Enterprise Action Fund (LAG / LEAF):** we completed work to confirm the reasonableness of work undertaken by Diverse Regeneration Company, and the accuracy of their management and administration costs. Grant claims were compiled on behalf of SH&DC and evidence collated for submitted to the RDPE in accordance with strict rules. The Programme concluded in 2023 with submission of the final claim for management and administration costs.

Appendix 1 – Summary of remaining 2022-23 audit reports delivered since March 2023

Audit / Assurance Opinion	Summary, risk exposure and management actions
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 155</p> <p>Regeneration and Investment</p> <p>Substantial Assurance</p>	<p>The Councils have a clear Regeneration and Investment Strategy on which to base investment decisions. They each have a Regeneration and Investment Strategy (R&IS) which supports the statutory annual Capital Strategy and Investment Strategy. The R&IS define the framework for determining non-financial investments but also provide delegated powers to allow expedient decision-making if time bound investment opportunities are identified. Adherence to the objectives and desired outcomes within the R&IS, as well as the stated risk management, due diligence and governance arrangements, gives officers and members assurance that a sound and logical decision has been made.</p> <p>There is regular monitoring and review of the performance of the investment properties, with reports taken to senior managers and members. Exit strategies are developed for each property, covering the period to the next significant lease event, when they are refreshed. If a property is under-performing or no longer meeting the objectives of the R&IS, all options are reviewed.</p> <p>When appraising any acquisition officers consider debt proportionality (the amount borrowed to date against the net service expenditure ratio) on a case-by-case basis as part of the decision-making process. They also undertake sensitivity analysis of the interest repayments on the borrowing requirements as a percentage of available reserves to ensure there is sufficient coverage if rental income is below that forecast. Ten percent of rental income is put into a Maintenance, Management and Risk Mitigation (MMRM) Reserve as part of contingency arrangements.</p> <p>At 31 March 2023 the aggregate value of Council investment properties were:</p> <ul style="list-style-type: none"> • SHDC properties were valued at £16.89m (compared to £18.61m at 31 March 2022). The two properties currently generate a net annual income of £652k, allowing for borrowing costs and a contribution to a Maintenance Management and Risk Mitigation Reserve. • WDBC properties were valued at £16.63m (compared to £19.12m at 31 March 2022). In 2022/23 the net revenue income totalled £300k and is predicted to rise to £350k in 2023/24 in line with rent reviews. Since the four WDBC investment properties were purchased in 2018/19, they have generated an aggregate net revenue income of £1.35m. <p>Property values have fallen due to the increasing cost of finance, rising interest rates and wider economic factors. High inflation and the Bank of England's response to raise interest rates has meant</p>

further pressure on the cost of debt which is factored into pricing for property assets. Changes in the 2023 fair value valuations have partly been driven by a softening of the yield. The cost of debt has risen, and its availability has reduced, which together with the outward movement in gilt yields from historically low levels has had an adverse impact on property values. Yields in property have risen, which has reduced property values, which are derived from rent and yield.

As the Councils do not intend to sell the properties as they are held as long-term strategic assets, the more important factor is whether they are generating the expected rental income, which at the current time they are achieving. The reduction in the fair value valuation has no impact on the Councils' "bottom-line" of the Income and Expenditure Account, as it is reversed out through the Capital Adjustment Account. The Code confirms that movements in fair value are debited to the provision of services and are not proper charges to the General Fund (as explained in Note 13, Investment Properties, in the Statement of Accounts).

Since the PWLB restricted the use of their loans to within a Council's own area, it is very unlikely either authority will make further non-financial investments or require use of the Regeneration and Investment Strategy. However, officers continue to monitor opportunities and feel it is appropriate to retain the Strategies in case of need as they provide a scheme of delegation which allows expedient, auditable decision making.

There were no Management Actions.

Corporate Information Management

Substantial Assurance

A good programme of staff training and guidance is in operation, with comprehensive coverage of content and materials on data protection and information governance. In line with this, there are timely review and monitoring schedules in operation to ensure maximal take-up of induction & mandatory staff training alongside appropriate refresher training.

The Information Governance staff training programme addresses the issue of potential cyber-security threats through dedicated cyber security training provided by the online security awareness training platform, KnowBe4. Internal Audit were informed that this training covers the following areas related to cyber security: Review of latest Information Security Policy, password tips, social engineering red flags, and staff roles in internet security. Additionally, specific coverage of Malware, Ransomware and Phishing is provided as part of this training. Staff are subjected to quizzes to test their learning and understanding. Completion rates for this training have been reported by SHWD as 'high', which supports the Council's cyber security posture.

We agreed one Medium Management Action.

VAT Arrangements

There were good arrangements to manage most of the Councils' VAT affairs. A new Senior Accountant was appointed in late 2022 who has good VAT knowledge, creating capacity to proactively manage the Councils' VAT affairs and ensure this is being done as effectively as possible. There is also additional capacity to manage and develop the Finance Business Support team who are responsible for processing the majority of the Councils' creditor and debtor transactions and so are key in performing initial checks of invoices with respect to VAT.

Reasonable Assurance

There is reliance on the understanding of staff across the organisation and unavoidable manual processes when dealing with VAT. This emphasises the need for constant vigilance and mitigating checks and balances wherever possible. Provision of training for specific areas would be beneficial. The VAT guidance was published to staff during March 2023.

We noted a small number of minor errors because of some manual processes. Two examples of non-VAT invoices being treated as valid VAT invoices were identified, an issue which we raised in last year's Creditors audit report. Some officers regularly fail to obtain a valid VAT invoice or receipt for purchases paid for by corporate credit card, meaning VAT cannot be reclaimed on these transactions. We have repeated some observations made in the previous audit report, as despite these being implemented there remains scope for additional improvement for officers in other business areas to be further reminded of their responsibilities.

We agreed six Medium and three Low Management Actions.

Business Continuity

Senior management understand the importance of business continuity management and how it supports a more resilient organisation. The Councils satisfy most of the business continuity requirements outlined in the CCA 2004. The organisational Business Continuity Strategy and Plan were recently refreshed and outline the Councils' approach to business continuity management and how they will respond to an incident. A Business Continuity Management Team (BCMT) is in place to manage the response to a significant incident or emergency. Business continuity reporting to senior managers has recently been strengthened and the Audit and Governance Committees receive periodic updates as part of the periodic Strategic Risk Updates.

Reasonable Assurance

Resilience has improved from management of incidents such as the Covid pandemic, and loss of internet service to the Councils. Lessons from the Councils' response to the Covid pandemic have been, or are being, addressed. However, whilst these live incidents have helped validate some business continuity arrangements, there are no routine exercises to test all aspects of BCPs and to identify weaknesses.

There is also no Council-wide process to ensure all business area BCPs are periodically reviewed. For instance, some service BCPs are updated only when prompted by incidents or a co-ordinating officer. A

training plan is being delivered to all officers with business continuity responsibilities to ensure they understand their role.

We agreed one High Recommendation on the need for routine and planned testing and exercising of the Business Continuity Plans.

The Councils have a good focus on the collection of debt in most areas. There are good processes to monitor and manage debt collection, staff resources appear sufficient to support this. While debt write offs are occurring, overall, these have reduced significantly over the last five years.

There are services plans to improve debt management and recovery activities across departments and to review processes and customer documentation. We noted in our Revenues and Benefits audit reports that more focus was required on the use and management of debt collection agencies; this should be considered for other Council debts.

That said, the use of the unsupported Debtors software increases the risk of cyber-attack and loss of data. The data held on all systems needs urgent review to cleanse old data to improve efficiency and conform to data protection requirements. A project has been set up within the finance team to address this.

Comparison of the overall debt at year end from 31 Mar 2019 and 31 March 2023 shows an increase in debt from £1.5m to £2.5m for South Hams, and from £600k to £900k for West Devon. However, most of the debt, approx. 83% is less than a year old improving the likelihood of collection.

We noted the following in respect of specific debt areas:

Sundry Debts: Total sundry debt at year end 2023 was £1,744,664 for South Hams, and £843,811 for West Devon, with a high proportion of the debt less than a year old. Over the last four years there have been steady increases in that debt, which on 31 March 2019 stood at £685,600 and £434,555 respectively.

It should be noted that over half of the sundry debt level for South Hams relates to four individual debtors. Some of the debts were raised close to the year end (31.3.23), for example for a Section 106. Since then, these debts have either been cleared or the debtor is paying the debt in line with an agreed payment plan.

Equally for West Devon, 2/3rds of the debt relates to a small number of individual debtors who are paying in accordance with an agreed payment schedule.

Housing Benefit with Entitlement: Discounting a large overpayment recently created for South Hams, the overall value of debt has shown a regular decline over the last 5 years, to £121,701 for South Hams, and £52,926 for West Devon at 31 March 2022.

Car Parking: The level of debt related to Car Park Notices is lower than that held in 2018/19. While parking income has increased since the pandemic, these are still below pre Covid-19 levels for West Devon.

We agreed two High, two Medium, and ten Low Priority Management Actions.

The Councils have formal partnerships with many disparate organisations, but work is needed to improve clarity on the important ones they choose to support. Whilst there is a draft Key Partnerships Framework reviewed by the SLT in September 2022, work is required to develop and approve it. This includes defining what agreements would be included as a Partnership, for instance as opposed to grants to voluntary organisations.

Officers demonstrated a good understanding of the benefits and risks associated with working in partnership with other organisations but there is limited guidance for those less experienced. Each of the partnerships we reviewed considered whether they were continuing to deliver agreed objectives, with subsequent reporting to a management board. The provision of checklists may better assist officers in assessing a proposed partnership, as well evidencing review of their continued relevance.

Whilst partnership agreements were in place, copies were not always held by the Councils' Lead Officer for the partnership. This is of concern given these are quasi-legal documents. Some were quite aged whilst others are regularly reviewed and updated. For recipients of grant-funding, the completed application form acts as the agreement between themselves and the Council.

Arrangements are in place to allow the Councils to monitor and review the work and performance of those partnerships of which they are members. Both true partnerships and grant recipients provide elected members with updates. For the former, a report is taken to members usually annually. Grant recipients are required to report to members with a frequency determined by the value of their grant. Those in receipt of £10k per annum or more must provide at least an annual report whilst those receiving less may only be required to report once in the multi-year funding period.

Best practice recommends partnerships undertake internal reviews to ensure they remain fit for purpose and identify any changes which may be beneficial for governance and other arrangements. There was evidence the formal partnerships we reviewed, monitored and reported on their own performance, whilst some, but not all, made more in-depth reviews of their governance arrangements.

We agreed five Medium and three Low Management Actions.

The Council has operated a successful market at Totnes for years and has a thriving attendance by traders and customers. We confirmed that although procedures are in place regarding the market operation, income collection, trader compliance and market trader allocations, controls and procedures do not adequately mitigate the risks identified. Existing procedures need improvement to ensure they control these weaknesses. Management has already highlighted that the current regulations and procedures need review to ensure that they are still compliant and protecting both the Council and the market traders. Recommendations have been agreed to further improve the controls and protect the officers managing them and market users as follows:

- Update and issue of policies and procedures to market traders, to be regularly signed by each trader, including casuals and actions taken on any contraventions.
- All trader's insurance and other compliance requirements are shown to have been checked accurately, this should be completed promptly and include casual traders. This should be supported by a centralised database of trader records managed under the required Data Protection and related policies.
- An audit trail should be available to confirm that all income is received, and to protect the integrity of the officers responsible for collecting rents. Reconciliations should be completed and retained between the expected rents, the number of traders attending each market, the daily income, refunds recorded on the Square system and ultimately to the banking received.
- Undertaking independent reviews and documented spot checks of the markets, traders, and income received.
- An audit trail to support rent discounts to agreed tariffs, management approval and refund records.
- There should be sufficient separation of duties to protect the role of the Market Inspectors in the charging of rents and allocation of pitches. Comprehensive records to support pitch allocation, such as a scoring system, should be held to support the allocation of permanent and casual pitches for each market and that these are completed in agreement with the approved allocation policies.
- That new and existing improvements to the management of the market are outlined in the required policies and procedures and officers confirm that they will abide with these procedures. Regular independent checks should be held to confirm compliance.

- That there is a coordinated approach to the management of the market and where required, data and resources are actively shared and co-ordinated.

We agreed two High, eight Medium and six Low priority Management Actions

Appendix 2 - Professional Standards and Customer Service

Conformance with Public Sector Internal Audit Standards (PSIAS)

Devon Audit Partnership conforms to the requirements of the PSIAS for its internal audit activity. The purpose, authority and responsibility of the internal audit activity is defined in our internal audit charter, consistent with the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*. Our internal audit charter was approved by senior management and the Audit Committee in 2022. This is supported through DAP self-assessment of conformance with Public Sector Internal Audit Standards & Local Government Application note.

Quality Assessment –The Head of Devon Audit Partnership maintains a quality assessment process which includes review by audit managers of all audit work. The quality assessment process and improvement is supported by a development programme.

External Assessment - The PSIAS states that a quality assurance and improvement programme must be developed; the programme should be informed by both internal and external assessments.

An external assessment must be conducted at least once every five years by a suitably qualified, independent assessor. For DAP this was recently conducted at the end of 2021 by the Head of Southwest London Audit Partnership, and the Chief Internal Auditor of Orbis (a partnership organisation covering Brighton and Hove, East Sussex, and Surrey County Council).

The assessment result was that *“Based on the work carried out, it is our overall opinion that DAP **generally conforms*** with the Standards and the Code of Ethics”*. The report noted that *“As a result of our work, a small number of areas where partial conformance was identified. These were minor observations, none of which were significant enough to affect the overall opinion”*. DAP is actively addressing these improvement areas.

***Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards

Improvement Programme – DAP maintains a rolling development plan of improvements to the service and customers. All recommendations of the external assessment of PSIAS and quality assurance were included in this development plan and have been completed. This will be further embedded with revision of our internal quality process through peer review. Our development plan is regularly updated, and a status report reported to the DAP Management Board.

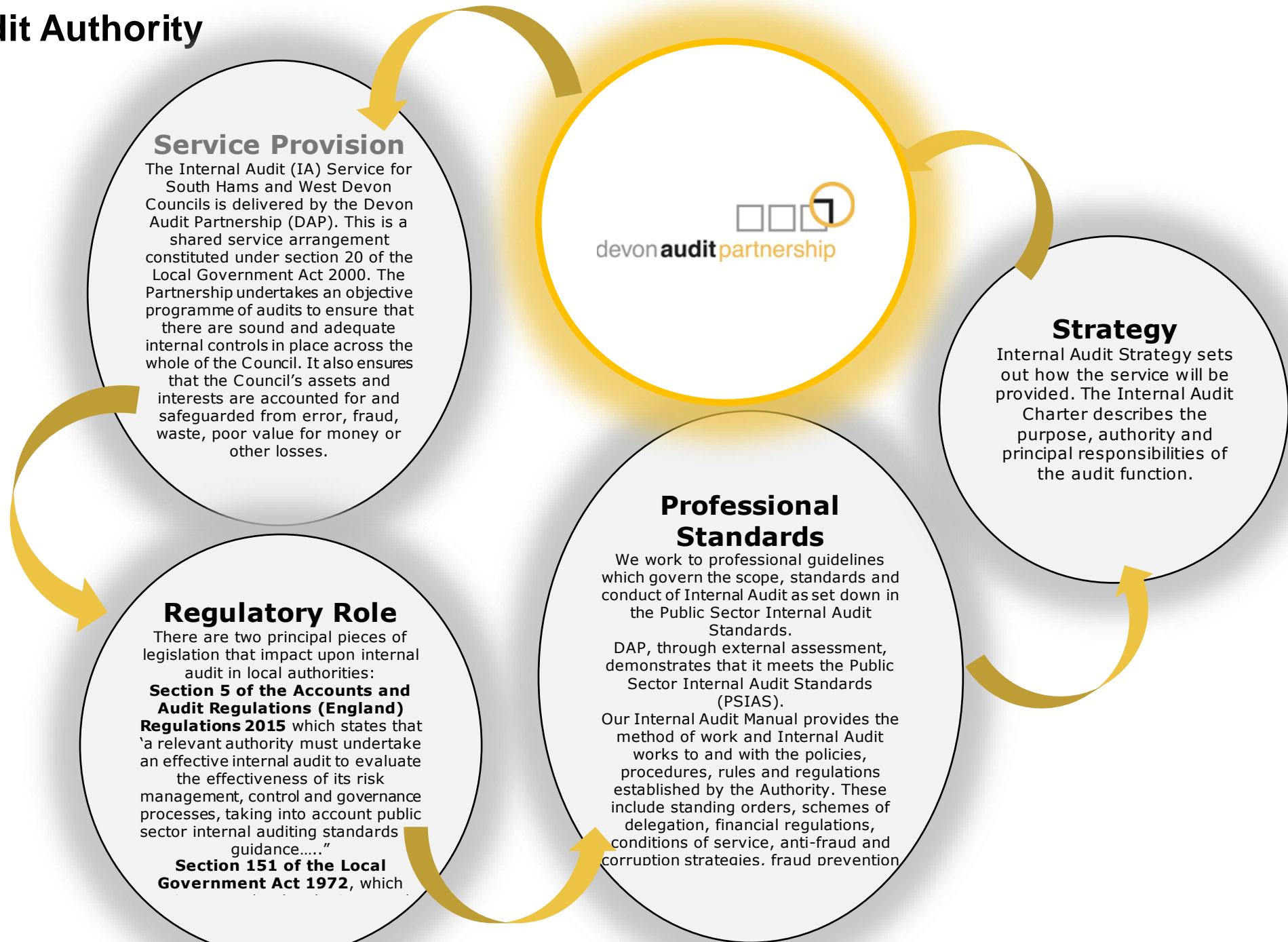
Customer Service Excellence

DAP was successful in re-accreditation by G4S Assessment Services of the CSE standard during January 2023. This accreditation is a UK-wide quality mark which recognises organisations the prioritise customer service and are committed to continuous improvement.

During the year we have issued client survey forms for some of our reports, and the results of the surveys returned were very good / positive. The overall result is very pleasing, with near 97% being "satisfied" or better across our services (see Appendix 4). It is very pleasing to report that our clients continue to rate the overall usefulness of the audit and the helpfulness of our auditors highly.

Audit Authority

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Appendix 4 - Annual Governance Framework Assurance

The conclusions of this report provide the internal audit assurance on the internal control framework necessary for the Committee to consider when reviewing the Annual Governance Statement.

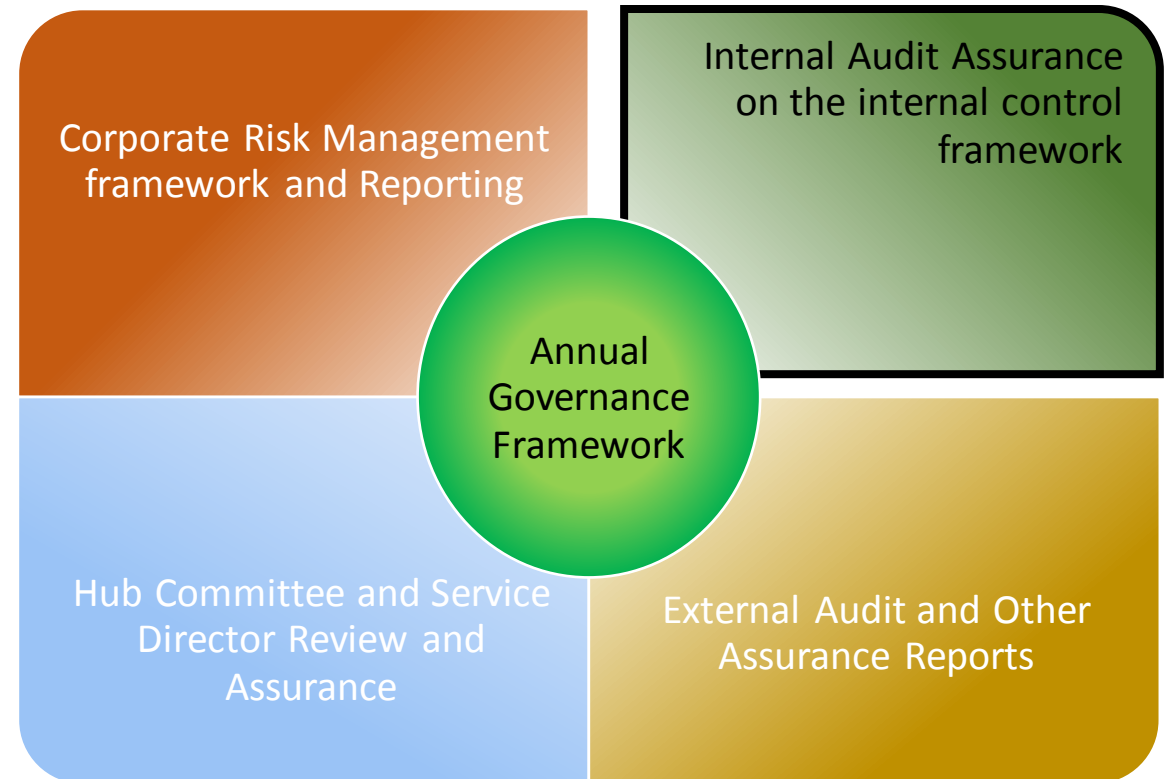
The Annual Governance Statement provides assurance that

- the Authority's policies have been complied with in practice.
- high quality services are delivered efficiently and effectively.
- ethical standards are met.
- laws and regulations are complied with.
- processes are adhered to.
- performance statements are accurate.

The statement relates to the governance system as it is applied during the year for the accounts that it accompanies. It should: be prepared by senior management and signed by the Chief Executive and Chair of the Audit Committee.

- highlight significant events or developments in the year.
- acknowledge the responsibility on management to ensure good governance.
- indicate the level of assurance that systems and processes can provide.
- provide a narrative on the process that has been followed to ensure that the governance arrangements remain effective. This will include comment upon;
 - The Authority.
 - Audit Committee.
 - Risk Management.
 - Internal Audit.
 - Other reviews / assurance.

Provide confirmation that the Authority complies with CIPFA / SOLACE Framework *Delivering Good Governance in Local Government*. If not, a statement is required stating how other arrangements provide the same level of assurance



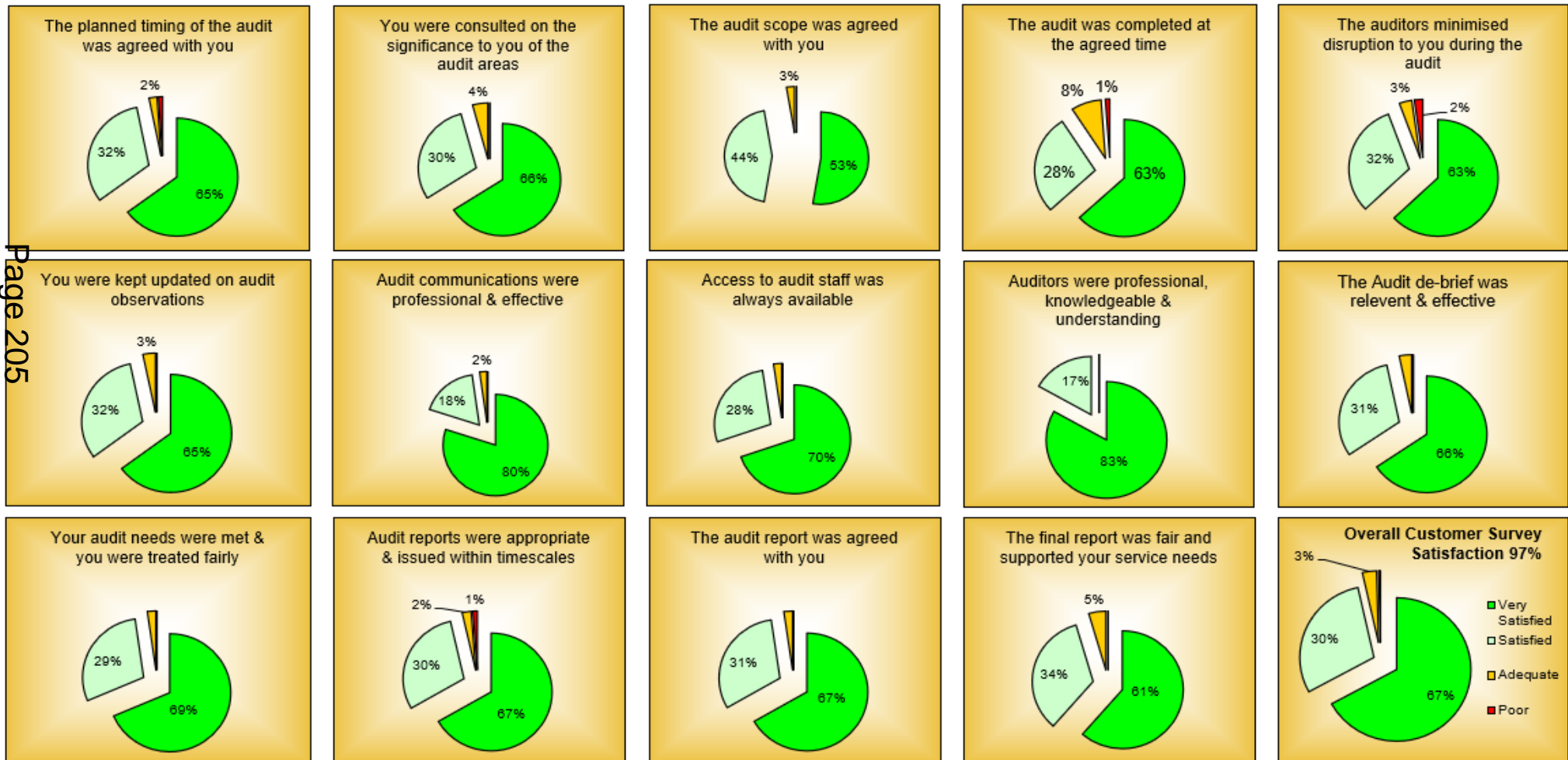
The AGS needs to be presented to, and approved by, the Audit Committee, and then signed by the Chair.

The Committee should satisfy themselves, from the assurances provided by the Corporate Risk Management Group, Hub Committee, and Internal Audit that the statement meets statutory requirements and that the management team endorse the content.

Appendix 5 - Customer Service Excellence

For each audit we issue a customer feedback form. The results we receive help us shape our service; it helps to identify possible training needs for staff and helps us understand the areas of our process that are more challenging for the auditee. The diagram below shows the feedback results for the whole of DAP.

Customer Survey Results April 2022 - March 2023



Appendix 6 - Basis for Opinion

The Chief Internal Auditor is required to provide the Council with an opinion on the adequacy and effectiveness of its accounting records and its system of internal control in the Council. In giving our opinion, it should be noted that this assurance can never be absolute. The most that the internal audit service can do is to provide reasonable assurance, formed from risk-based reviews and sample testing, of the framework of governance, risk management and control.

This report compares the work carried out with the work that was planned through risk assessment; presents a summary of the audit work undertaken; includes an opinion on the adequacy and effectiveness of the Authority's internal control environment; and summarises the performance of the Internal Audit function against its performance measures and other criteria. The report outlines the level of assurance that we are able to provide, based on the internal audit work completed during the year. It gives:

- a statement on the effectiveness of the system of internal control in meeting the Council's objectives;
- a comparison of internal audit activity during the year with that planned;
- a summary of the results of audit activity and;
- a summary of significant fraud and irregularity investigations carried out during the year and anti-fraud arrangements.

In assessing the level of assurance to be given the following have been taken into account:

all audits completed during 2022/23, including those audits carried forward from 2021/22;

any follow up action taken in respect of audits from previous periods;

any significant recommendations not accepted by management and the consequent risks;

the quality of internal audit's performance;

the proportion of the Council's audit need that has been covered to date;

the extent to which resource constraints may limit this ability to meet the full audit needs of the Council;

any limitations that may have been placed on the scope of internal audit.

The Devon Audit Partnership has been formed under a joint committee arrangement. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at Tony.D.Rose@Devon.gov.uk.

This report is protectively marked in accordance with the National Protective Marking Scheme. It is accepted that issues raised may well need to be discussed with other officers within the Council, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.

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Report to: **Audit and Governance Committee**

Date: **25 July 2023**

Title: **Strategic Risk Update – June 2023**

Portfolio Area: **Cllr Chris Edmonds**
Leader Member (Resources)

Wards Affected: **All**

Author: **Neil Hawke** Role: **Assistant Director Strategy
and Organisational
Development**

Contact: Neil.hawke@swdevon.gov.uk

RECOMMENDATIONS:

That the Audit and Governance Committee:

- 1. consider the current strategic risk register; and**
- 2. note the intention for the strategic risk profile of the Council, and our adopted Risk and Opportunity Management framework to be updated alongside the development of its new Corporate Strategy.**

1. Executive summary

- 1.1 The Council currently has an adopted risk and opportunity management strategy setting out the approach to assessment of risk and those which should form part of the strategic risk register.
- 1.2 Consideration of organisational risks is a day-to-day activity for Heads of Service and managers within departments.
- 1.3 As part of its performance management framework, Council services and key projects all have individual risk registers, managed at an operational level within those services.
- 1.4 Only where a risk is deemed sufficient enough to require support and input from outside of its 'host' department is it escalated to the Strategic Risk Register.
- 1.5 This report sets out the current strategic risks as considered by the officer 'Performance Board' in June 2023. See Appendix A.

- 1.6 The report also sets out the intention to update the Risk and Opportunity Management Strategy by the Autumn 2023 alongside the development of our next corporate strategy.

2. Background

- 2.1 The Audit and Governance committee receive six-monthly updates on the Council's Strategic Risks.
- 2.2 Strategic Risks are those that are subject to significant management actions, control, evaluation or improvements and do therefore not document all risks to the Council and its services.
- 2.3 The Council's adopted Risk and Opportunity Management Strategy has been in place since 2018. While this strategy has served the Council well, it is considered that it requires an update to reflect changes to the internal governance and structures of Council services.
- 2.4 Council services and projects are now all required to maintain their own operational risk registers, highlighting any significant risks meeting the definition in 2.2 to the Performance Board (a monthly board consisting of the Director of Service Delivery, Director of Strategy & Governance, Assistant Director Strategy and Customer Improvement Manager). They assess the operating environment and key issues and consider if the current strategic risk profile is accurate.
- 2.5 The Council is also beginning to develop its next Corporate Strategy. Alongside development of the strategy, an in-depth review of risks will be undertaken along with a refresh of our Risk and Opportunity Management Strategy. This will form part of the next strategic risk update to this committee.

3. Key Changes since last update to Audit & Governance

- 3.1 Since the last update to Audit & Governance Committee in March 2023, the following changes should be noted;
- 3.2 Removal of the risk related to Cost of Living Impacts on Council Services. This risk was primarily about the ability of the Council to meet the support needs of our residents. The team have adapted well and actions within our Cost of Living response plan have been delivered. We currently consider that this risk can be managed at an operational level and overseen by the Head of Revenues and Benefits.
- 3.3 Removal of the risk related to Homes for Ukraine scheme. This risk was initially escalated to the strategic risk register in June 2022 when there was much uncertainty around how many Ukrainians would arrive through the scheme and the financial support available

for local authorities. We now have much greater certainty on these points and have appointed dedicated resources to respond to the needs of our Ukrainian guests. This risk is therefore de-escalated from the Strategic Risk Register and is now being managed at an operational level by the Head of Housing.

4. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Effective risk management is an essential aspect of our Performance Management framework, as is scrutiny of these risks by the Audit & Governance Committee.
Financial implications to include reference to value for money	Y	Effective risk management is an important aspect of ensuring value for money services
Risk	Y	This report sets out the strategic risk assessment of the Council
Supporting Corporate Strategy	Y	All
Consultation & Engagement Strategy	N	
Climate Change - Carbon / Biodiversity Impact	N	
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	
Safeguarding	N	
Community Safety, Crime and Disorder	N	
Health, Safety and Wellbeing	N	
Other implications	N	

Supporting Information

Appendices:

Appendix A – Strategic Risk Profile – June 2023

Background Papers:

None



West Devon
Borough Council

Strategic Risk Register Update

June 2023

Audit and Governance Committee

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*A Plan for
West Devon*

Introduction

What Do we mean by Risk?

Risk is unavoidable in any organisation. It is ever present and a certain amount of risk-taking is inevitable if we are to achieve our objectives of A Plan for West Devon.

What Is Risk Management?

Successful Risk Management is an essential part of delivering good governance across the Council and reduces the uncertainty or achieving our ambitions (as set out in A Plan for West Devon).

Risk management is about adopting a planned and systematic approach to identifying, evaluating and controlling the things that will prevent us delivering on our priorities.

How does Risk Management fit in to our business planning?

Effectively identifying and managing risks will support the Council in acting in the best interests of our residents, businesses and communities through the ever changing environment of local government.

It is the 5th step in our Performance Management Framework



Step 5: Risk Management

Identify risks that may prevent us delivering our vision and how we will mitigate them



West Devon
Borough Council



A plan for West Devon

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

Benefits of Effective Risk Management



Improved Strategic Management

- Greater Ability to deliver against our corporate objectives and targets
- Improved decision making, planning and prioritisation



Improved Operational Management

- Plans in place to response to incidents when they occur
- Better service delivery



Improved Financial Management

- Better informed financial decision making
- Greater financial control
- Minimising waste and improving Value for Money



Improved Customer Service

Service disruption to customer minimized



Our Risk Management Process

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Identification of risks, deciding what action to take to minimise the risk and assessing how successfully we did it is an activity that we are all doing constantly in our personal lives. The same approach is applied by the Councils in assessing risks to our priorities and services.

To do this we follow a 5 step approach



Our Risk Management Scoring

Likelihood
How possible is it that the risk will occur?

#	Likelihood	Chances of occurring	
1 – Rare	Unlikely to occur under normal circumstances	0-10%	Very unlikely this will ever happen e.g. Once in 100 years
2 – Unlikely	Potential to occur however likelihood remains low	10-25%	Not expected to happen, but is possible e.g. Once in 25 years
3 - Possible	Possible - Could occur	25-50%	May happen occasionally, e.g. Once in 10 years
4 – Likely	Likely - Most likely will occur	50-80%	Will probably happen, but not a persistent issue e.g. Once in 3 years. Has happened in the past.
5 – Almost Certain	Almost certainly will occur	80-100%	Will undoubtedly happen, possibly frequently e.g. Annually or more frequently. Imminent/near miss.

Impact
If the risk does occur, what is the impact?

#	Impact Category					
	Financial	Service Quality	Reputation	Legal/Regulatory	Health and Safety	Morale / Staffing
1 – Insignificant Impact	Financial loss of less than £10k	Drop in performance or delays to a process or temporary loss of an access route to a service	Limited local interest, single story	Not reportable to regulator/Ombudsman, simple fix	Minor first aid required	Isolated staff dissatisfaction
2 – Minor Risk	Financial loss of between £10k & £100k	Drop in performance or delays to a service area or sustained loss of access routes for services	Local or 'industry' interest, single story over multiple news outlets	Reportable to regulator/Ombudsman, no or little follow up needed	Minor injuries to employees or third parties	Pockets of staff morale problems and increased turnover
3 – Moderate Risk	Financial loss of between £100k & £500k	Drop in performance or delays to delivering a wide range of services	Short term negative media exposure	Regulator/Ombudsman report with immediate correction to be implemented, or risk of prosecution	Simple 'medical professional' type care for employees or third parties, e.g. GP visit, minor injuries unit visit	General staff morale problems and increased turnover
4 – Major Risk	Financial loss of between £500k & £1Mill	Major drop in performance or inability to deliver discretionary services	Sustained negative media coverage, or South West or 'affected industry' publication exposure	Regulator/Ombudsman report requiring major project to correct or prosecution with fines, etc.	Limited hospital care required for employees or third parties	Widespread morale problems and high turnover. Not perceived as employer of choice
5 – Catastrophic	Financial loss of over £1Mill	Major drop in performance or inability to deliver mandatory services	Long term negative media coverage, or national media exposure	Significant prosecution or fines, incarceration of directors	Significant injuries or fatalities to employees or third parties	Some senior leaders leave / high turnover of experienced staff, insufficient staff to complete statutory functions

To calculate the overall risk score, we multiply the likelihood by the highest impact category score.

Our Risk Management Treatment

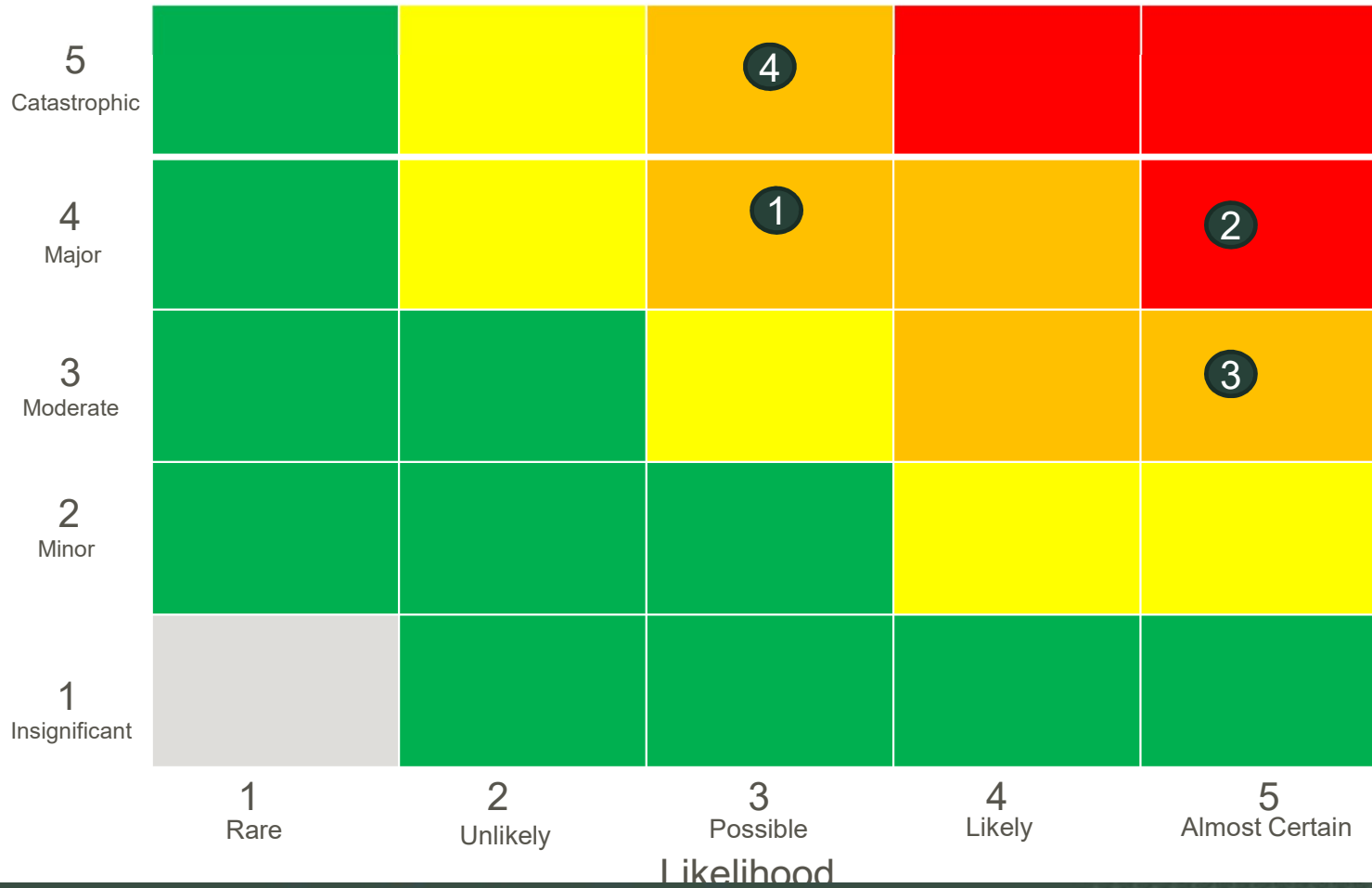
Page 218
Impact

5 Catastrophic				<i>Must be managed down urgently</i>	<p>Must be managed down urgently These risks will be the subject to regular monitoring and action by Lead Members and the Senior Leadership Team. Significant Management action is required</p> <p>Influence down in medium term These will be regularly monitored by the relevant Director and Head of Service with plans developed to reduce the risk in the medium term.</p> <p>Monitor and Manage These will be monitored by Heads of Service and plans developed to reduce the risk and prevent escalation</p> <p>Accept These will be monitored however on the whole the risk level is deemed acceptable with normal managing of the activity</p>
4 Major			<i>Seek to influence short to medium term reduction</i>		
3 Moderate		<i>Monitor & Manage to influence a reduction</i>			
2 Minor	<i>Accept – continue to monitor</i>				
1 Insignificant	<i>Close as a Strategic Risk</i>				
	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
	Likelihood				



Summary of Strategic Risks June 2023

Impact
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X Current Period Score

Risk Title

1. Adherence to Medium Term Financial Strategy
2. Inadequate Staffing Resource
3. Health and Wellbeing Service Provision
4. Business Continuity



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.

Page 220	Likelihood of risk occurring		3 <i>(Possible)</i>	<p>What are we doing to reduce the risk?</p> <p>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.</p> <p>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.</p> <p>SLT engaged in the development of the MTFS.</p>
	Impact	Financial	4 <i>(Major)</i>	
		Service Quality	4 <i>(Major)</i>	
		Reputation	4 <i>(Major)</i>	
		Legal / Regulatory	4 <i>(Major)</i>	
		Health and Safety	2 <i>(Minor)</i>	
		Morale / Staffing	2 <i>(Minor)</i>	

Current Update (June 2023)

The Hub Committee considered the Medium Term Financial Strategy for the Council in September 2022. The Council has continued to work in partnership with South Hams District Council which has allowed West Devon to achieve annual savings of £2.2million and more importantly protect all statutory front line services. Between both Councils the annual shared services savings being achieved are over £6million 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.

We had expected a longer term financial settlement to be made in December 2022 however the Government again made only a single year settlement for 2023/24, with a commitment for consultation on further funding reforms to come forward during 2023. In February 2023, Full Council agreed the revenue and capital budget proposals for 2023/24 and a balanced budget was set. In September 2023, a report will be presented to the Hub Committee with the latest position on the Medium Term Financial Strategy for 2024/25 to 2026/27, a review of the Council’s Capital Programme and a review of Reserves.

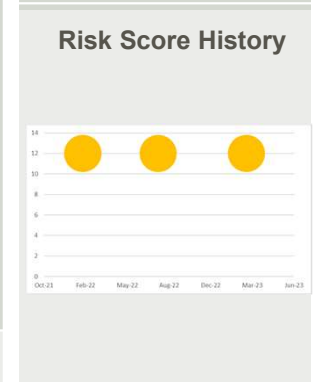
On 30th June 2023, the Council published its Draft Statement of Accounts for 2022/23. The Budget for West Devon was £7.77 million for 2022/23 but the actual net spend was 1.0% lower, providing an underspend of £79,000, as set out within the Accounts.

Overall Scoring

Risk Score (Current)

12

Likelihood 3 x Impact 4



Risk Direction



Risk Title: Inadequate Staffing Resource



What is the Risk? 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.

What is causing the risk? 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.

Page 221	Likelihood of risk occurring		5 (Almost certain))	<p>What are we doing to reduce the risk?</p> <ul style="list-style-type: none"> 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 Identifying local recruitment events with a view to attending and highlighting roles available within the Council and wider local government Assessing the ‘offer’ to employees with other similar organisations to ensure we remain competitive
	Impact	Financial	4 (Major)	
		Service Quality	4 (Major)	
		Reputation	4 (Major)	
		Legal / Regulatory	4 (Major)	
		Health and Safety	3 (Moderate)	
		Morale / Staffing	4 (Major)	

Current Update (June 2023)

In April 2023, the Council approved a pay and reward strategy which will have seen all roles within the Council receiving a minimum 6% pay award since April 2022 and we will continue to monitor the impact on this in terms of our ability to retain staff and recruit to key roles. While this is a positive step, it is still out or step with pay increases in other sectors particularly at technical officer level given both the increases in pay in the private sector and the flexibility that remote working offers employees.

We are progressing a number of other actions in our Organisational Development Plan including targeting recruitment via specialist websites / magazines, refreshing our recruitment processes to simplify it and promoting the positive benefits for employees.

We have appointed an apprentice within our legal team to develop our own capacity although wider recruitment to vacancies in this team remains an issue and recruitment to roles within the planning team remain a challenge.

Overall Scoring

Risk Score (Current)



20

Likelihood 5 x Impact 4



Risk Direction



Risk Title: Health and Wellbeing (Leisure) Service Provision



What is the risk? 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.

What is causing the risk? This risk original escalated to the Strategic Risk register as a result of the Covid-19 pandemic forcing the closure of leisure centres, meaning a loss of income. The risk has now changed slightly and the main cause for it to remain on the strategic risk register is the risk that revenues reduce as the cost-of-living crisis deepens.

What is the level of risk? Page 222	Likelihood of risk occurring		4 (Almost Certain)	What are we doing to reduce the risk? <ol style="list-style-type: none"> 1. Worked with Fusion Leisure to revise the management fee profile in response to the reductions in income seen through Covid-19 (agreed by Council in Feb 2022) 2. Continue to engage with Fusion to understand issues and support where possible 3. Continue to monitor local and national position (given that all leisure providers will be in the same position) 4. Promote active participation in sport and leisure through Council communication channels
	Impact	Financial	4 (Major)	
		Service Quality	2 (Minor)	
		Reputation	2 (Minor)	
		Legal / Regulatory	2 (Minor)	
		Health and Safety	4 (Major)	
		Morale / Staffing	2 (Minor)	

Current Update (June 2023) Leisure services continue to be provided at the leisure centres. Leisure services nationally continue 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 and Financial Director of Fusion Leisure to understand the impacts. We are actively taking steps to support the fusion progress plan for the decarbonisation of its sites which will, longer term, result in a reduction of energy costs – although this does not address the immediate impacts. Plans are already in place and have been approved to install solar panels on each leisure centre. The Council will apply to the Swimming Pool Support Fund, with applications being opened in the Summer. This was the £60m of new government funding that was announced in the Spring 2023 Budget. The Government funding is being distributed by Sport England although the amounts of funding available to leisure centres is likely to be minimal. Total memberships of the two leisure centres are 94.4% of the pre-covid levels in March 2020 (1,792 in March 2023, compared to 1,899 in March 2020. Membership levels at Meadowlands, Tavistock are 3.7% higher than March 2020. However membership levels at Parklands, Okehampton are 17.8% lower than March 2020.

Overall Scoring

Risk Score (Current)



Likelihood 5 x Impact 3

Risk Score History



Risk Direction



Risk Title: **Business Continuity**



What is the risk? 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.

What is causing the risk? 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.

Page 223	What is the level of risk?		Likelihood of risk occurring	3 <i>(Possible)</i>	<p>What are we doing to reduce the risk?</p> <ul style="list-style-type: none"> 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
	Impact	Financial	5 <i>(Catastrophic)</i>		
		Service Quality	5 <i>(Catastrophic)</i>		
		Reputation	4 <i>(Major)</i>		
		Legal / Regulatory	2 <i>(Minor)</i>		
		Health and Safety	3 <i>(Moderate)</i>		
		Morale / Staffing	3 <i>(Moderate)</i>		

Current Update (June 2023)

The Council has recently undertaken a test of our IT system back-up generators which was successful and demonstrated that in the event of a power outage, our IT systems could continue to operate. A further exercise will be planned to test business continuity plans in the event of a complete loss of IT systems.

The Council is working to become one of the early adopters for the Cyber Assurance Framework which has been developed by the National Cyber Security Centre. This sets out a framework that the Councils will be required to achieve in order to obtain accreditation of its systems. Work is also underway to obtain a quote for Cyber insurance for the Council.

The work to ensure we are well prepared to respond to a Business Continuity incident continues to be managed through the Council officer Health, Safety, Business Continuity and Emergency Planning Officer team to ensure a continued focus.

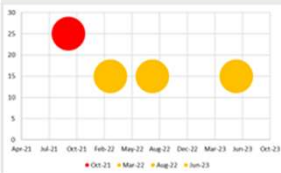
Overall Scoring

Risk Score (Current)



Likelihood 3 x Impact 5

Risk Score History



Risk Direction



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Report to: **Audit and Governance Committee**

Date: **25 July 2023**

Title: **Independent Member of the Audit and Governance Committee**

Portfolio Area: **Resources – Cllr C Edmonds**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: **Following the meeting**

Author: **Lisa Buckle** Role: **Corporate Director for Strategic Finance**

Contact: **Email: lisa.buckle@swdevon.gov.uk**

Recommendations:

- 1) For the S151 Officer to work with the Devon Audit Partnership in progressing the appointment of up to two Independent Members to the Audit and Governance Committee as soon as is reasonably practicable during 2023/24.
- 2) To consider joint appointments of independent persons to more than one Devon Local Authority Audit Committee (through a joint exercise with neighbouring Local Authorities in Devon, co-ordinated through the Devon Audit Partnership)
- 3) For Devon Local Authority partners to consider setting a consistent remuneration value, to avoid competing with one another in what maybe a limited pool of candidates.
- 4) To note that Independent Members would not have voting rights on the Audit and Governance Committee.
- 5) For the S151 Officer to present a report to Full Council following the conclusion of the recruitment exercise, to formally appoint the successful co-opted Independent Members to the Audit and Governance Committee.

1. Executive summary

- 1.1 In 2022, CIPFA (The Chartered Institute of Public Finance) issued a position statement that stated that "The Audit Committees of Local Authorities should include co-opted independent members in accordance with the appropriate legislation."

- 1.2 Whilst there is not yet a legislative direction to include co-opted Independent Members, CIPFA recommends that each Local Authority Audit Committee should include two co-opted independent members to provide appropriate technical expertise.
<https://www.icaew.com/insights/viewpoints-on-the-news/2022/may-2022/cipfa-backs-independent-local-authority-audit-committee-members>

2. Background

- 2.1 Devon Local Authorities have expressed interest in having a joint exercise to seek and recruit up to two Independent Audit and Governance Committee Members during 2023/24. The Independent Members could sit on several of the Devon Local Authority Audit Committees. Devon Audit Partnership would be commissioned by Devon Local Authorities to work up a joint advert and role description.
- 2.2 The S151 Officer has presented this report to the Committee to seek to move forward with appointing Independent Members to the Audit and Governance Committee.
- 2.3 The Devon Audit Partnership has offered to manage the recruitment activity on behalf of Devon Local Authorities and in conjunction with Local Authority representatives.

3. Proposed Way Forward

3.1 It is recommended:-

- For the S151 Officer to work with the Devon Audit Partnership in progressing the appointment of up to two Independent Members to the Audit and Governance Committee as soon as is reasonably practicable during 2023/24.
- To consider joint appointments of independent persons to more than one Devon Local Authority Audit Committee (through a joint exercise with neighbouring Local Authorities in Devon, co-ordinated through the Devon Audit Partnership)
- For Devon Local Authority partners to consider setting a consistent remuneration value, to avoid competing with one another in what maybe a limited pool of candidates.
- To note that Independent Members would not have voting rights on the Audit and Governance Committee.

4. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	The Redmond Review proposed legislation requiring Audit Committees to have at least one Independent Member on the Audit Committee. Parliamentary time is needed to make this a statutory requirement. CIPFA's position statement recommends two independent persons.
Financial implications to include reference to value for money	Y	A recent recruitment exercise for the Devon Fire and Rescue service has set a remuneration amount for an Independent Member at half of the Members' Annual Allowance. A remuneration amount would need to be agreed amongst Devon Local Authorities.
Risk	Y	There is a risk that up to two suitable independent members may not be able to be recruited, although this risk is deemed as low. There maybe a clash of diary dates and meetings if Independent Members are appointed to multiple Devon Local Authority Audit Committees.
Supporting Corporate Strategy	Y	Our Guiding Principles of the Corporate Strategy are 'to provide value for money and good customer service'.
Climate Change - Carbon / Biodiversity Impact	N	None directly arising from this report.
Comprehensive Impact Assessment Implications		
Equality and Diversity	N	None directly arising from this report.
Safeguarding	N	None directly arising from this report.
Community Safety, Crime and Disorder	N	None directly arising from this report.
Health, Safety and Wellbeing	N	None directly arising from this report.
Other implications	N	None directly arising from this report.

Supporting Information

Appendices:

None

Background Papers:

None

Approval and clearance of report

Process checklist	Completed
Portfolio Holder briefed/sign off	Yes
SLT Rep briefed/sign off	Yes
Relevant Heads of Practice sign off (draft)	Yes
Data protection issues considered	Yes
Accessibility checked	Yes

Proposed Workplan for the Audit & Governance Committee for the 2023/24 Municipal Year

Committee Meeting Date	Agenda Items
10 October 2023	<ul style="list-style-type: none"> i) Grant Thornton report – External Audit Plan for 2022/23 ii) Annual Treasury Management Report 2022/23; iii) Treasury Management – Review of the Investment and Treasury Management Strategy iv) Investment Properties – Update and Monitoring Report; v) Internal Audit Charter and Strategy vi) Update on Progress on 2023/24 Internal Audit Plan; vii) Anti-Fraud, Bribery and Corruption Strategy/Response Plan – Report of the s151 Officer viii) Counter Fraud and Resilience – Report of the s151 Officer ix) Whistleblowing Policy – report of the s151 Officer x) Sundry Debts – Update on the Debt position as at the end of August (Month 5) xi) Committee Workplan
5 December 2023	<ul style="list-style-type: none"> i) Grant Thornton Sector update reports ii) Bishop Fleming – Audit Plan for the 2023/24 Statement of Accounts iii) Update on Progress on 2023/24 Internal Audit Plan iv) Strategic Risk Register v) Treasury Management Mid-Year Report 2023/24; vi) Ombudsman Annual Review Letter; vii) Committee Workplan;
12 March 2024	<ul style="list-style-type: none"> i) Audited Annual Statement of Accounts and Annual Governance Statement 2022/23 ii) Grant Thornton – Audit Opinion on the 2022/23 Statement of Accounts iii) Grant Thornton – Value for Money assessment 2021/22 and 2022/23 iv) Proposed Internal Audit Plan for 2024/25; v) Update on Progress on 2023/24 Internal Audit Plan; vi) 2024/25 Capital Strategy; 2024/25 Treasury Management Strategy; and 2024/25 Investment Strategy;

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|--|---|
| | <ul style="list-style-type: none">vii) Budget Book 2024/25;viii) Shared Services Methodology 2023/24;ix) Sundry Debts – Update on the Debt position as at the end of January (Month 10)x) Committee Workplan |
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