



TEIGNBRIDGE DISTRICT COUNCIL

STATEMENT OF ACCOUNTS

2020/21

STATEMENT OF ACCOUNTS 2020/2021

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Part 1

Introduction

STATEMENT OF ACCOUNTS 2020/2021

CHIEF OFFICER OF THE COUNCIL & LOCATION OF OFFICES

CHIEF OFFICER OF THE COUNCIL

Managing Director

Phil Shears

LOCATION OF OFFICES

Building Control
Customer Services
Revenue & Benefits
Environmental Health
Business Transformation team
Spatial Planning
Neighbourhood Planning
Development Management
Housing
Internal Audit
Resorts
Strata Service Solutions Limited
Democratic Services
Communications
Human Resources
Waste, Recycling & Cleansing
Leisure
Green Spaces & Active Leisure
Licensing
Economy/Property & Assets
Health & Wellbeing
Community Safety
Parking
Land Charges
Coastal & Drainage
Elections
Finance
Legal
Procurement
Partnership Development

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Narrative Report

INTRODUCTION

1. This Narrative Report sets out the overall financial position and details the financial transactions relating to the activities for the year ended 31 March 2021. It provides a brief explanation of the financial aspects of the Council's activities and draws attention to the main characteristics of the Authority's financial position. It also provides a commentary on the financial highlights and identifies any significant events that may affect the reader's interpretation of the accounts. The Authority's Accounts for the year 2020/21 are set out on pages 23-118. They consist of:

THE CORE FINANCIAL STATEMENTS:

These are listed below with a brief description that outlines the purpose of each:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (CIES)	This statement on page 30 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 but this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
MOVEMENT IN RESERVES STATEMENT (MIRS)	This statement on page 31 shows the movement in the year on the different reserves held by the authority analysed into 'usable reserves' which can be used to fund expenditure or reduce local taxation and those that are unusable.
BALANCE SHEET	This shows on page 32 the assets and liabilities recognised by the Authority on 31 March 2021.
CASH FLOW STATEMENT	This shows on page 33 the changes in cash and cash equivalents of the Authority during the reporting period.

The financial statements are supported by various notes shown on pages 34-112. These notes include the accounting policies which summarise the framework within which the Council's accounts are prepared and published.

The Expenditure and Funding Analysis statement note 7 on page 53 shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes across the Council's reporting segments.

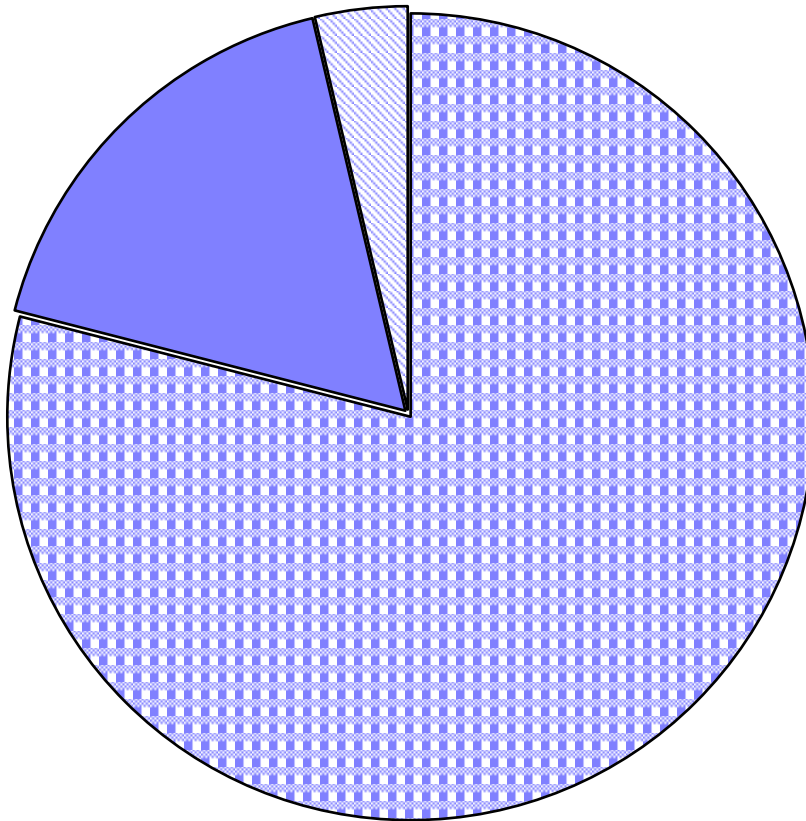
SUPPLEMENTARY FINANCIAL STATEMENTS (Pages 113-114)

COLLECTION FUND

A statutory fund showing administration of council tax and income from business ratepayers on page 113.

2. **Review of the year** - The following three charts show in broad terms where the Authority obtains its finance, what it is spent on and what services it provides.

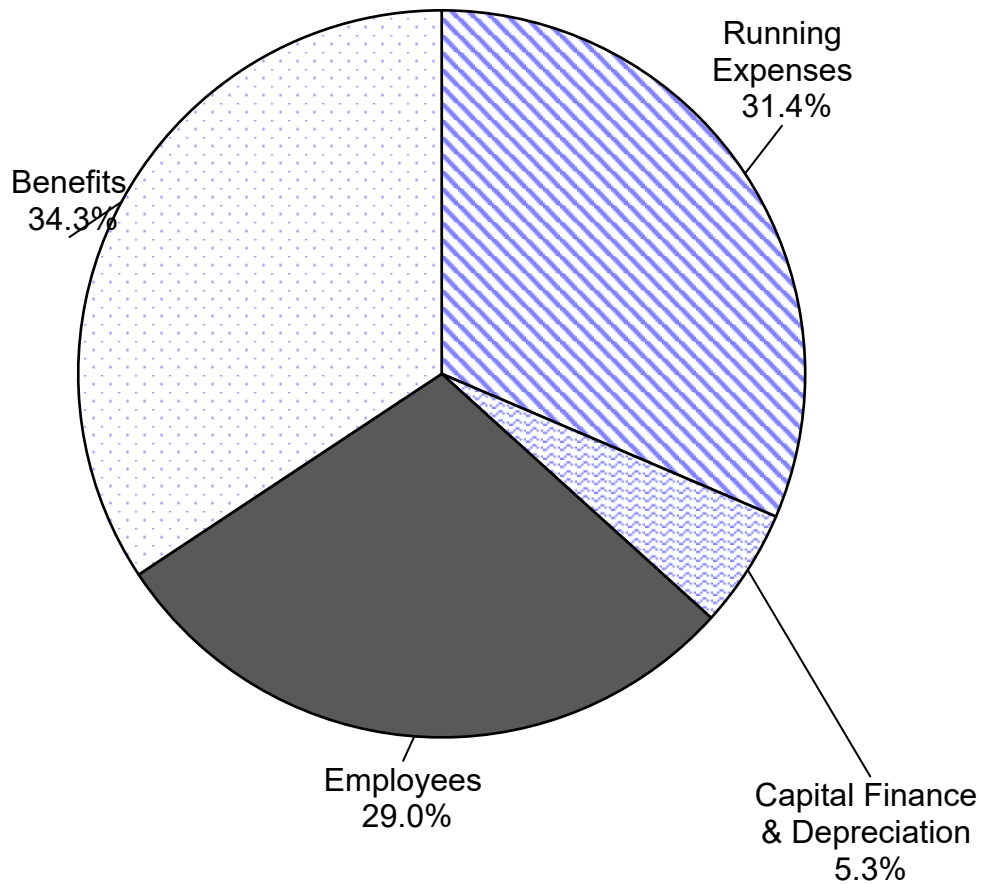
WHERE THE MONEY COMES FROM



The largest single item is Government Grants, for example rent allowances and revenue support grant, and other contributions which provide 79.0% of the total.

Income received from the services provided through fees, charges and other income including interest account for 17.3% of the total.

WHAT THE MONEY IS SPENT ON



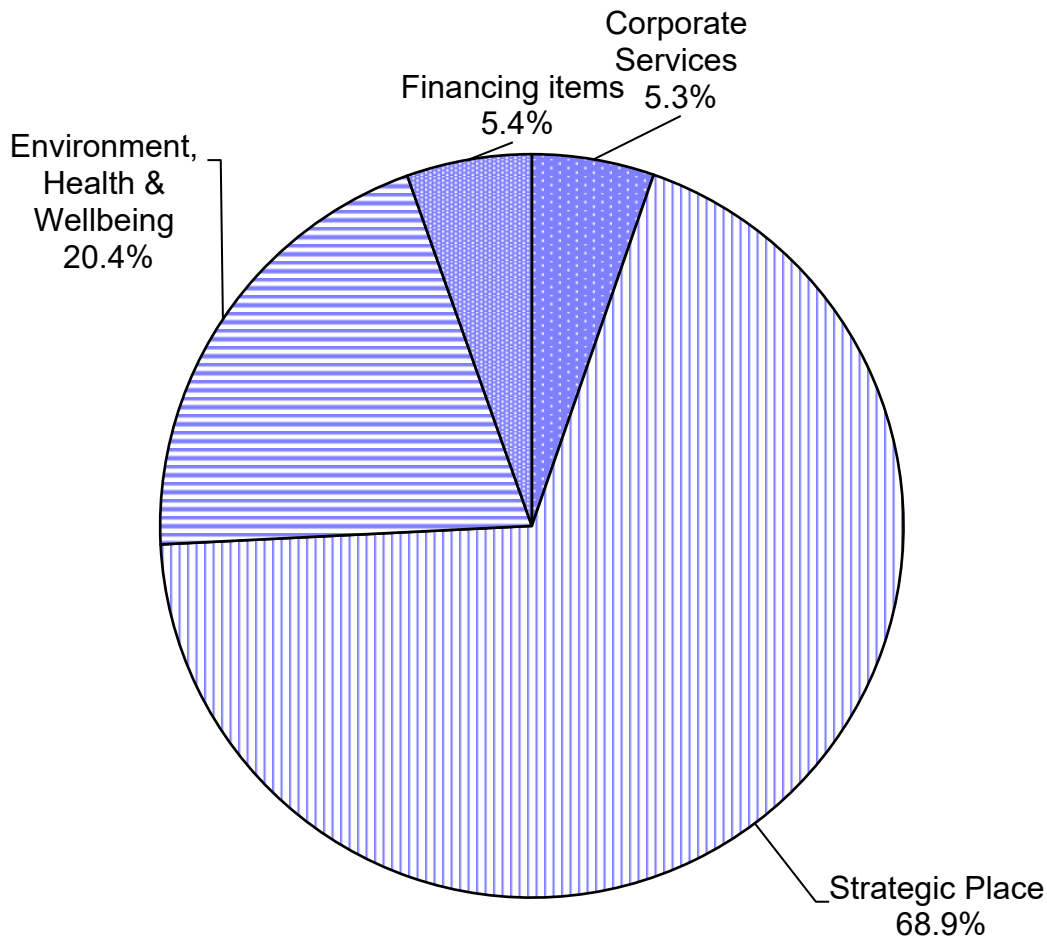
Benefits cover rent allowances and housing rent rebates and amount to 34.3%

Running expenses includes maintenance of buildings, operating vehicles and purchase of supplies and services and takes up 31.4% of the total expenditure.

Employees account for 29.0% of the total.

Capital financing charges are mainly the payments of interest on loans, depreciation and impairment/revaluation adjustments.

THE SERVICES PROVIDED



68.9% of the total expenditure is on Strategic Place which covers services such as building control, economy & assets, housing, parking & transport, revenue & benefits including rent allowances, spatial planning and development management.

Corporate Services includes all support services, for example, finance, human resources, internal audit, legal and procurement. The strategic leadership team together with democratic and electoral services are also included in this heading. Communications, and the business transformation team make up the balance of this segment.

Environment, Health & Wellbeing covers all aspects of environmental health plus green spaces, leisure, resorts, licensing, waste, recycling & cleaning and community safety.

Financing items includes past service pension deficit contributions, pension strain payments, bank charges and external audit fees.

FINANCIAL REQUIREMENTS AND RESOURCES

3. The authority maintains capital and revenue reserves. An appropriate level of balances is a necessary part of our financial management strategy to have funds available to meet known and potential financial commitments. Revenue reserves can be used to finance capital projects or revenue expenditure. Capital reserves can only be used to fund capital projects.

Our reserves are detailed on page 31 in the Movement in Reserves Statement. These are split into 'usable reserves' which can be applied to fund expenditure or reduce local taxation, and other reserves which are 'unusable'. Usable reserves include our general fund balance of earmarked and unearmarked reserves, capital receipts reserve, and capital grants unapplied, all in note 26 to the accounts. Unusable reserves are detailed in note 27 and include a number of reserves such as the revaluation reserve, pensions reserve and capital adjustment account.

Within the year our 'usable reserves' have increased from £21.925 million to £42.475 million. This is mainly due to the increase in capital grants unapplied, capital receipts in the year and increase in earmarked reserves to assist funding of future revenue budget gaps and government grants in relation to the Collection Fund deficit (see the Movement in Reserves Statement).

Our unusable reserve position has declined. The reserves showed a negative £4.525 million at 31 March 2020 due to the deficit on the pension reserve. This deficit has increased to a negative £27.908 million at 31 March 2021. This is mainly due to an increase in the pension reserve deficit due to changes in financial assumptions shown in note 40 and a significant deficit on the Collection Fund. Revenue reserves are £25.008 million at 31 March 2021 and capital receipts and grants unapplied are £17.467 million.

REVENUE EXPENDITURE

4. During the year regular budget monitoring has been carried out and reported to members. Overall net expenditure in 2020/21 was £15.873 million compared to the original approved budget of £16.134 million – a favourable variance of £0.261 million.

Income has decreased significantly as a result of Covid 19 – in particular from fees and charges with leisure and car parking being badly hit, property rental income also declined compared to budget. A budget realignment exercise was undertaken to make savings during the year which was approved at Full Council in September 2020. As a result there were savings in staffing costs, utility costs, repairs and maintenance, contractors costs, cleansing and grounds maintenance, printing, postage, stationery and advertising and a significant reduction in revenue contributions to capital outlay. There was an increase in income from government grants due to additional general Covid grants, sales/fees and charges compensation grant and significant grants to support the additional business rate relief which increased the overall favourable variance to £13.897 million.

5. Set out below is a comparison between actual & budgeted expenditure for the year:-

	Budget	Actual	Difference
	£'000	£'000	£'000
Net expenditure on services	16,119	15,873	(246)
Interest payable	15	0	(15)
NET EXPENDITURE	16,134	15,873	(261)
Income from Government Grants & Local Taxpayers	(16,134)	(29,770)	(13,636)
DEFICIT (SURPLUS) FOR THE YEAR	0	(13,897)	(13,897)

Actual net expenditure of £15.873 million can be reconciled to the Comprehensive Income and Expenditure Statement on page 30 being:-

	£'000
(Surplus) on Provision of Services	(8,986)
Adjustments between accounting basis & funding basis under regulations (note 9 on pages 57 to 61)	(4,911)
(Surplus) for the year	(13,897)
Add: Income from Government Grants and Local Taxpayers (as listed below)	29,770
Net expenditure (as above)	15,873

Income from Government Grants and Local Taxpayers of £29.770 million can be reconciled to the Comprehensive Income and Expenditure Statement on page 30 as the sum of the Council tax income excluding deficit of £12.571 million, Business Rates income less expenditure, excluding surplus, plus new homes bonus, other sundry general grants and Covid grants of £20.999 million, less precepts paid to Parish Councils of £3.800 million. These are highlighted in notes 11, 13 and 35 to the financial statements. The General Fund balance at 31 March 2021 is £25.008 million being general reserves of £2.060 million and earmarked reserves of £22.948 million.

The accounts are heavily influenced by the shifting pattern of funding receipts moving away from central government grants towards greater reliance on self-generated income. We no longer receive revenue support grant and revisions to funding for New Homes Bonus are showing reductions in future years.

Expenditure on services is influenced by our ten year Council Strategy and the major themes running through this document being the Teignbridge Ten (T10). The Council Strategy covers

a ten year period from 2020 to 2030. The strategies and action plans are built up around the T10 with business plans. These are integrated with the medium term financial strategy, Local Plan, Neighbourhood plans, partnership working and other service strategies to deliver the desired outcomes.

The Council Strategy will be monitored annually and refreshed if necessary. A review will take place every four years to ensure we are on track and consider new ideas and developments.

We produce Council Strategy performance reports quarterly to monitor how we are doing.

We carry out annual service reviews to consider best practice, alternative working methods, and identify further savings where possible.

More detail can be found here: <https://www.teignbridge.gov.uk/councilstrategy>

6. **Material charges in the accounts** – In 2019/20 there were revaluation losses net of revaluation reversals relating to our land and building values charged to the Comprehensive Income & Expenditure Statement amounting to £0.4 million. Revenue expenditure funded from capital under statute was higher in 2020/21 at £3.5 million (£3.2 million in 2019/20) mainly due to a £1 million contribution to the A382 road improvements. Of the £3.5 million, £3.4 million is charged to 'Strategic Place' within Cost of Services in 2020/21 and £2.8 million of the £3.2 million in 2019/20. In 2020/21 the revaluation losses net of revaluation reversals had altered to just over £0.350 million. £0.9 million was charged to 'Strategic Place' and a net reversal of £0.542 million to 'Environment, Health & Wellbeing' within Cost of Services. A one off pension deficit contribution of £1 million was incurred in 2019/20. This was charged to 'Financing Items' in Cost of Services within the Comprehensive Income & Expenditure Statement. A three year up front pension deficit contribution was paid in 2020/21 amounting to £3.7 million covering the years 2020/21 to 2022/23. This was also charged to 'Financing items' in 'Cost of Services' within the Comprehensive Income & Expenditure Statement.

EXPENDITURE AND FUNDING ANALYSIS

Section 5 above identifies the actual surplus made of £13.897 million when compared to the original budget set in February 2020. Further detail is given in note 7 to the Accounts in the Expenditure and Funding Analysis which links the deficit/(surplus) made under generally accepted accounting practices with how annual expenditure is used and funded from resources. As a result the deficit in the Comprehensive Income and Expenditure Statement (CIES) is adjusted for these differences to arrive at the actual deficit/(surplus) to be deducted from/added to the General Fund.

The amounts which are charged to the CIES for items such as depreciation, revaluation of assets, capital grants and pension charges are eliminated to identify that which is chargeable to the General Fund Balance. Approximately half of the net expenditure chargeable to the General Fund relates to the segment 'Environment, Health and Wellbeing' for 2019/20 and 2020/21 within Cost of Services.

CAPITAL EXPENDITURE

7. The table below shows the performance on Capital Investment for 2020/21.

The Council spent £6.247 million on capital projects compared with the original budget of £32.632 million.

The decrease is mainly due to projects which have been delayed or re-assessed, usually to ensure they will be fulfilling Council priorities for example leisure strategy items, carbon management, provisions for employment land and town centre development works, infrastructure and affordable housing schemes.

	Budget £'000	Actual £'000	Difference £'000
Capital Investment:			
General	27,200	4,733	22,467
Housing	5,432	1,514	3,918
CAPITAL EXPENDITURE	32,632	6,247	26,385
Financed by:			
Capital Receipts	2,772	588	2,184
Revenue Contributions	331	130	201
Prudential Borrowing	14,650	666	13,984
Grants	5,881	2,820	3,061
Contributions	8,998	2,043	6,955
CAPITAL FINANCING	32,632	6,247	26,385

The analysis of Capital Investment in 2020/21 is:

Disrepair and Disabled Facilities Grants	£ 1.121 million
Affordable Housing	£ 0.393 million
Environmental Schemes	£ 0.278 million
Flood Alleviation and Prevention	£ 1.129 million
Sports Halls and Recreation	£ 0.716 million
Planning & Development	£ 0.913 million
Industrial, Commercial and Infrastructure	£ 1.000 million
Open spaces (including SANGS)	£ 0.406 million
Car Parks	£ 0.027 million
Other schemes	£ 0.264 million
	£ 6.247 million

The main projects were Regional Coastal Monitoring £1.091 million, disrepair and disabled facilities grants £1.111 million, affordable housing construction £0.382 million, Newton Abbot town centre regeneration £0.246 million, Teignmouth town centre regeneration £0.583 million, purchase and instatement of land for South West Exeter SANGS £0.138 million, contribution to cirl bunting habitat £0.154 million, contribution to A382 improvements £1.000 million, Bakers Park improvements £0.552 million, IT improvements £0.264 million.

8. For 2021/22 the budgeted expenditure is as follows:

Sports Halls & Recreation	£ 3.747 million
Open Spaces	£ 2.574 million
Planning & Development	£12.845 million
Industrial, Commercial and Infrastructure	£ 8.209 million
Environmental Schemes	£ 4.307 million
Flood Alleviation & Prevention	£ 1.164 million
Disrepair, Disabled Facilities & Heating grants	£ 2.897 million
Affordable Housing	£ 2.262 million
Information Technology & Central Services	£ 0.472 million
	£38.477 million

Some of the specific schemes included in these totals are £3.000 million for leisure centre decarbonisation (the Forde House decarbonisation project was added later), £5.284 million towards road improvements such as the Dawlish link road and bridge, the A382 and the Houghton Barton link road, £1.126 million for Regional Coastal Monitoring, £2.308 million for SANGS land purchase, instatement and endowment arrangements, £1.873 million for Warm homes grants, £1.000 million for Disabled Facilities grants, £10.784 million for town centre development with a further £2.043 million for Future High Street fund projects. In addition, there are provisions of £2.197 million for the construction of additional affordable housing, £3.345 million for leisure centre refurbishment, £0.575 million for cycle schemes and £2.000 million for employment schemes, which will be brought back to Full Council for final approval where appropriate.

9. Capital funds:

The capital receipts, grants and contributions received including capital receipts in advance for 2020/21 can be analysed as follows:

	Capital resources brought forward	£13.449 million
Add:	Received in year	£15.194 million
Less:	Capital financing applied to expenditure	£ 4.880 million
	Loan/other	<u>£ - million</u>
	Capital resources carried forward	£23.763 million

BORROWING / FUNDING

10. There was no long term borrowing during the year.

PENSION LIABILITIES

11. International Accounting Standard 19 (IAS19) requires Local Authorities to recognise pension assets and liabilities within their accounts. The impact on the General Fund of the IAS 19 entries is neutral overall.

The actuary has now estimated a net deficit on the funded liabilities within the Pension Fund as at the 31 March 2021 of £107.865 million. The requirement to recognise the net pension liability in the balance sheet has reduced the reported net worth of the authority by 88.1% for 2020/21 and 83.2% for 2019/20 as shown on page 32.

The net deficit has increased which is mainly due to an adverse movement on the actuarial financial assumptions. The deficit is derived by calculating the pension assets

and liabilities at 31 March 2021. This is different to the valuation basis used to calculate the employers' contribution rate which is calculated using actuarial assumptions spread over a number of years. See also note 40 on pages 98 -104 for further information.

CASH FLOW

During the year the cash flow of the Authority increased by £12.962 million. This was mainly due to an increase in grant receipts in advance, capital receipts and capital grants unapplied at 31 March 2021.

BALANCE SHEET

During the year net assets at 31 March 2021 decreased by £2.833 million. This was mainly due to an increase in the pension liability partially offset by increases in capital receipts and capital grants unapplied and earmarked reserves. Also see pages 31 and 32 for more information.

JOINT OPERATIONS

The accounts incorporate our share of the jointly owned company Strata Service Solutions Ltd. The ownership is shared with Exeter City Council and East Devon District Council with our share representing 27.372%. The figures consolidated on a joint operation basis are detailed in note 47. In 2020/21 our share of adjustments to the Comprehensive Income and Expenditure Statement amounted to £1.467 million. The cumulative effect on our balance sheet is to reduce net assets by £4.023 million.

CHANGE IN ACCOUNTING POLICIES

12. There have been no changes in accounting policies in 2020/21.

KEY INFORMATION/ ECONOMIC CLIMATE

13. The Council provides a range of services within the District including housing, refuse collection and recycling, planning, economic development, tourism and leisure.

Our vision is: *'Making Teignbridge a healthy and desirable place where people want to live, work and visit'*

Further information on our environment and strategy can be found here:

<https://www.teignbridge.gov.uk/councilstrategy> (not subject to audit)

The economic climate continues to have an impact on the Council although there were no significant changes compared to recent years until the Covid 19 pandemic and lock down in the latter part of March 2020. In year collection of business rates and council tax has altered from last year decreasing from 99.11% to 96.77% for rates and from 98.34% to 98.13% for council tax. There was a further decrease in housing benefit costs. Income from many sources including car parking, planning, rents etc had reduced significantly due to Covid 19.

It is still unclear what the long term impact from the Covid 19 pandemic will be on businesses as we emerge from the various lockdowns and viability economically for businesses and the finances of the Council moving forward.

ECONOMY, EFFICIENCY AND EFFECTIVENESS IN ITS USE OF RESOURCES

14. The Authority reports on its financial performance and economy, efficiency and effectiveness in its use of resources over the financial year in a number of ways;

Spending against budget has been monitored monthly for Corporate Management Team and quarterly reports are submitted to the Executive Committee.

There are also a number of reports submitted to the Audit Scrutiny Committee including:-

- Internal Audit Annual Report and quarterly audit findings.
- Annual Governance Statement.
- External Audit's Annual Audit Letter including a Value for Money conclusion.
- Review of risk management.
- Treasury management including mid-year review.

The Annual Governance Statement can be found on pages 120 to 127. This describes the governance framework in place with reference to the guiding principles recommended by the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government. The Framework comprises the systems, processes, culture and values which direct and control our daily business, and includes the methods we use to engage, lead and account to the community. It enables us to monitor how we are doing and to consider whether our plans help us to deliver appropriate services that are value for money in the short, medium and long term. The Annual Governance Statement comments on the effectiveness of our governance arrangements which is informed by annual review of systems and processes in place including governance changes due to the impacts of Covid 19.

Key performance indicators are monitored with reports being taken quarterly to Overview and Scrutiny Committee.

The reports monitor performance against the Council Strategy 'Teignbridge Ten' programmes (T10) which are the 'super projects' that will have a high impact on and bring major benefits to the Council's seven key objectives. Each T10 has seven or more actions with performance indicator(s) and/or project(s) to monitor their progress against targets and milestones.

Every quarter an update on the progress of each T10 is compiled by the T10 managers and presented to Overview & Scrutiny Committee.

The latest T10 report covers the financial year quarter 4 period from 1st January to 31st March 2021 and includes all PIs and reviews of the projects that have started.

At the end of the third year of the Council Strategy:

- All T10 programmes are reported
- A total of 62 performance indicators are reported
- 54 projects are reported

Within the report are details of key performance achievements including:

- Number of empty properties impacting on New Homes Bonus, 345, was ahead of target for the 3rd consecutive year.
- 147 dwellings were improved through intervention by the Council which was well above the target of 120

- We provided 48 additional gypsy and traveller pitches, according to identified need in Plan Teignbridge, 20 more than target.
- Homelessness preventions were well ahead of target by assisting with alternative accommodation (309, target 267) and well ahead of target by client remaining in existing home (276, target 160).
- Household waste that is not recycled is within 4.16% of target
- The recycling rate is at 53.84%
- 100% of beaches rated as excellent or good water quality (target 100).
- 2,651 sqm of employment space has been completed
- 2 km of new cycle routes were provided by working with our partners, on track with a target of 2 km

Other key performance indicator results for the year are shown in the table below:

'Teignbridge Ten' programme heading and performance description	Target 2020/21	Actual 2020/21
Clean scene		
Street cleaning & litter responsibilities. £'s per household	£23.98	£23.37
Household waste collected: £'s per household	£58.88	£54.62
% Beaches rated as excellent or good water quality	100%	100%
Great places to live and work		
Number of conservation areas with appraisal and management plan adopted within the last 5 years	7	3
Going to town		
% of businesses with the top food hygiene rating of 5	92%	90%
Health at the heart		
Number of vulnerable & elderly residents assisted to remain in their own home	249	241
Number of households whose housing conditions have been improved through financial assistance	120	147
Investing in prosperity		
Processing of major planning applications within 13 weeks	60.0%	86.8%
Processing of minor planning applications within 8 weeks	65.0%	81.0%
Out and about and active		
Number of young people under 18 participating in activities we organise	No data due to COVID-19	No data due to COVID-19
Number of older people over 60 participating in events we organise	No data due to COVID-19	No data due to COVID-19
A roof over our heads		
Net additional homes provided	753	426
Affordable homes delivered in urban areas as defined by the Local Plan	128	121
Homelessness prevented by client remaining in existing home	160	276
Homelessness prevented by assisting with alternative accommodation	267	309
What else will we do		
£ Income generated	£43,089,180	£46,341,177
£ External funding received	£1,040,100	£7,129,371

'Teignbridge Ten' programme heading and performance description	Target 2020/21	Actual 2020/21
£ Cost per head of population on all services	£124.16	£118.25

Reports on performance are reported to Overview & Scrutiny Committee and can be found here:

[Committee meetings and agendas - Teignbridge District Council](#)

Internal reviews of all services are conducted every year under the Business Efficiency Service Transition known as BEST 2020 (now rebranded as Better 2022). This process identifies future efficiencies and savings that will be made to service provision and feeds into the budget.

FORWARD FINANCIAL PLANNING REVIEW

15. The Authority has a Medium Term Financial Plan which covers 3 years and is updated on an annual basis as part of the budget process. It includes planned future developments in service delivery including the capital programme. There are a number of issues that are impacting on the Authority, its finances and service delivery. These include:

Cuts to Central Government grant funding – Revenue Support Grant eliminated, planned reductions in New Homes Bonus and review of business rates.

We continue to have reductions in funding from new homes bonus, brought about initially by the changes in the 2017/18 Local Government Finance Settlement. The introduction of a baseline and reduced time period for legacy payments has required us to identify savings and additional income to meet the shortfall. The 2020/21 and 2021/22 settlements have exacerbated this by eliminating any legacy payments from the New Homes Bonus allocation earned for 2020/21 and thereafter.

We only have a funding agreement from Government for one year. In addition we understand New Homes Bonus will be scrapped and replaced with an alternative form of housing funding but we have no further details. The government is reviewing the major national funding distribution of business rates which creates significant uncertainties for future financial planning. (See also 18 below and the uncertainties in relation to Covid 19).

The capital programme is fully funded in the medium term and by having no long term borrowing at present has the ability to enter the lending market for agreed schemes and if provisions for projects and schemes are approved with an appropriate business case.

UNCERTAINTIES, PROVISIONS, COVID 19, BREXIT & MATERIAL EVENTS AFTER THE REPORTING DATE

16. Please see note 6 to the financial statements for events after the reporting period. Contingent liabilities are itemised in note 41 and relate to any claims that may arise from the transfer of the Authority's housing stock in 2004. See also note 25 to the financial statements for provisions in the accounts. The provision we hold is for non-domestic rates appeals. There have been no major write offs in the year.
17. Withdrawal from the European Union (Brexit) – the opportunities and challenges arising from Brexit are still unclear for the Council and its public services. Withdrawal is likely to have some

implications for public services and it is not known whether these will be positive or less desirable outcomes and this has now been masked by the Covid 19 pandemic.

18. Coronavirus Covid 19 – The overall impact of this virus is difficult to determine. We don't know the long term impact on businesses and the economy. Locally we have seen increases in unemployment and closure of businesses. Income to the Council has reduced significantly, see note 6 to the financial statements together with collection rates for Council tax, business rates and rental income. The budget for 2021/22 will need to be monitored carefully in conjunction with any further funding support from Government/use of reserves and projections/efficiency plans within the Medium Term Financial Plan/cash flow and recovery plans. We don't know the long term impact on asset and liability values – in particular, Property, Plant & Equipment and the Pension liability. More detail on this is available in note 4 to the financial statements. The Covid pandemic has created budgetary financial pressures in the medium term financial plan which will need to be addressed.

Reaction to the Covid 19 pandemic – in the early part of 2020 the Council acted quickly to ensure we maintained essential front line services and moving much of our work on line with staff working from home where possible. We worked with other bodies in containing the virus, distributed food parcels and administered the payment of business grants to eligible businesses and business rates reliefs.

We moved swiftly to find accommodation for rough sleepers and put together a recovery plan to aid our planning for the future. We realigned the budget, approving a raft of savings in September 2020 following significant losses in income and we continue to work with voluntary organisations to help our most vulnerable residents.

We will continue to focus on our working methods and the annual review of business plans and service reviews through the Better 2022 process will pull together savings and suggested savings to meet the likely budget gaps predicted in future years. Support has been provided by Central Government through general Covid grants, furlough and the income compensation scheme but these are not available long term and future funding reforms are awaited from Government, however consultations on these are yet to emerge.

FURTHER INFORMATION

19. Further information about the accounts is available from Financial Services, Forde House, Newton Abbot. This is part of the Council's policy of providing full information about the Council's affairs. Also interested members of the public have a statutory right to inspect the accounts before the audit. The availability of the accounts for inspection is advertised on our website. The accounts have been audited and the Auditors' opinion and conclusion is on pages 26 to 29. The accounts are available on request in large print, Braille, different colour, e-mail attachment, MP3 file or disc. If English is not your first language we can also arrange for it to be produced in another language.

Martin Flitcroft – Chief Finance Officer

Part 2

Financial Statements

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**THE STATEMENT OF RESPONSIBILITIES FOR THE
STATEMENT OF 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 Chief Finance Officer;
- ◆ manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- ◆ approve the Statement of Accounts.

The Chief Finance Officer’s Responsibilities

The Chief Finance 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 Finance Officer has:-

- ◆ selected suitable accounting policies and then applied them consistently;
- ◆ made judgements and estimates that were reasonable and prudent;
- ◆ complied with the local authority Code.

The Chief Finance Officer has also:

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

The Chief Finance Officer has signed below to certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2021 and its income and expenditure for the year ended 31 March 2021.

.....
MARTIN FLITCROFT – CHIEF FINANCE OFFICER

I confirm that these accounts were approved by the Council on 23 April 2024

.....
COUNCILLOR CHRIS CLARANCE, CHAIRMAN OF THE COUNCIL

23 April 2024

AUDIT OPINION AND CONCLUSION

Independent auditor's report to the Members of Teignbridge District Council Report on the Audit of the Financial Statements

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LEAVE BLANK FOR AUDIT OPINION AND CONCLUSION

LEAVE BLANK FOR AUDIT OPINION AND CONCLUSION

for and on behalf of Grant Thornton UK LLP, Appointed Auditor
2 Glass Wharf, Temple Quay, Bristol BS2 0EL

XX XXXX 2024

COMPREHENSIVE INCOME AND 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 the Movement in Reserves Statement.

2019/20				2020/21		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
4,341	(433)	3,908	Corporate Services	3,805	(269)	3,536
45,618	(40,986)	4,632	Strategic Place**	49,309	(44,111)	5,198
16,467	(7,122)	9,345	Environment, Health & Wellbeing	14,569	(5,847)	8,722
3,833	(155)	3,678	Financing items*	3,893	(154)	3,739
70,259	(48,696)	21,563	Cost of Services	71,576	(50,381)	21,195
3,549	(753)	2,796	Other Operating Expenditure (Note 11)	4,185	(1,163)	3,022
2,046	(94)	1,952	Financing and Investment (Income) and Expenditure (Note 12)	1,918	(17)	1,901
10,392	(34,900)	(24,508)	Taxation and Non-Specific Grant (Income) and Expenditure (Note 13) ***	10,568	(45,672)	(35,104)
		1,803	(Surplus) or Deficit on Provision of Services			(8,986)
		(826)	(Surplus) or Deficit on revaluation of Property, Plant & Equipment assets			(9,434)
		(4,456)	Re-measurements of the net defined benefit liability			21,253
		(5,282)	Other Comprehensive (Income) and Expenditure			11,819
		(3,479)	Total Comprehensive (Income) and Expenditure			2,833

*In 2019/20 a one off pension deficit contribution of £1.0 million was paid. In 2020/21 a three year up front pension deficit contribution was paid of £3.7 million.

**In 2020/21 includes £5.5 million for payment of Covid business grants (ARG/discretionary/Tier 2 Open/Closed) from Government grant funding received in response to the Covid pandemic – see note 5(b) to the financial statements.

*** Includes Covid support of £4.0 million for fees and charges compensation, £1.8 million general Covid grants and £6.7 million retail relief grant for business rates (see note 13).

MOVEMENT IN RESERVES STATEMENT

This statement shows the movement in the year 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 reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Note: earmarked reserves transfer for 2020/21 includes £8.1 million for collection fund deficit (see note 10) outside the scope of reserves earmarked for service requirements including s.31 grant support as identified in note 13.

	Unearmarked Reserves	Earmarked Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2019	1,982	9,762	11,744	5,249	3,248	20,241	(6,320)	13,921
<u>Movements in reserves during 2019/20</u>								
Total Comprehensive Income and Expenditure	(1,803)	0	(1,803)	0	0	(1,803)	5,282	3,479
Adjustments between accounting basis & funding basis under regulations (Note 9)	1,170	0	1,170	593	1,724	3,487	(3,487)	0
Increase/(Decrease) in 2019/20 before transfer to earmarked reserves	(633)	0	(633)	593	1,724	1,684	1,795	3,479
Transfer to/from Earmarked Reserves	638	(638)	0	0	0	0	0	0
Increase/(decrease) in 2019/20	5	(638)	(633)	593	1,724	1,684	1,795	3,479
Balance at 31 March 2020 carried forward	1,987	9,124	11,111	5,842	4,972	21,925	(4,525)	17,400
<u>Movement in reserves during 2020/21</u>								
Total Comprehensive Income and expenditure	8,986	0	8,986	0	0	8,986	(11,819)	(2,833)
Adjustments between accounting basis & funding basis under regulations (Note 9)	4,911	0	4,911	585	6,068	11,564	(11,564)	0
Increase/(Decrease) in 2020/21 before transfer to earmarked reserves	13,897	0	13,897	585	6,068	20,550	(23,383)	(2,833)
Transfer to/from Earmarked Reserves	(13,824)	13,824	0	0	0	0	0	0
Increase/(decrease) in 2020/21	73	13,824	13,897	585	6,068	20,550	(23,383)	(2,833)
Balance at 31 March 2021 carried forward	2,060	22,948	25,008	6,427	11,040	42,475	(27,908)	14,567

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 2020	Notes	31 March 2021	
£'000		£'000	
101,664	Property, Plant & Equipment	14	109,583
128	Investment Property	15	102
391	Intangible Assets	16	404
0	Assets Held for Sale	23	0
0	Long Term Investments	17	0
1,634	Long Term Debtors	18	5,082
103,817	Long Term Assets		115,171
0	Short Term Investments	19	0
0	Assets Held for Sale	23	0
178	Inventories		183
11,933	Short Term Debtors	20	27,550
8,170	Cash and Cash Equivalents	22	21,132
20,281	Current Assets		48,865
0	Bank Overdraft	22	0
0	Short Term Borrowing		0
(7,310)	Short Term Creditors	24	(17,324)
(520)	Provisions	25	(588)
(4,098)	Grants Receipts in Advance-Revenue	35	(10,885)
(2,557)	Grants Receipts in Advance-Capital	35	(6,218)
(14,485)	Current Liabilities		(35,015)
0	Provisions	25	0
(86,826)	Other Long Term Liabilities	43	(109,239)
(5,309)	Grants Receipts in Advance – Revenue	35	(5,137)
(78)	Grants Receipts in Advance - Capital	35	(78)
(92,213)	Long Term Liabilities		(114,454)
17,400	Net Assets		14,567
21,925	Usable Reserves	26	42,475
(4,525)	Unusable Reserves	27	(27,908)
17,400	Total Reserves		14,567

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.

2019/20		2020/21
£'000		£'000
1,803	Net (surplus) or deficit on the provision of services	(8,986)
(8,396)	Adjustments to net surplus or deficit on the provision of services for non cash movements (Note 28(a))	(25,093)
5,028	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (Note 28(b))	9,454
(1,565)	Net cash flows from Operating Activities	(24,625)
(2,531)	Investing Activities (Note 29)	(1,257)
767	Financing Activities (Note 30)	12,920
(3,329)	Net (increase) or decrease in cash and cash equivalents	(12,962)
4,841	Cash and cash equivalents at the beginning of the reporting period	8,170
8,170	Cash and cash equivalents at the end of the reporting period (Note 22)	21,132

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

a. General Principles

The Statement of Accounts summarises the Authority's transactions for the 2020/21 financial year and its position at the year-end of 31 March 2021. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, the Local Authorities (Capital Finance and Accounting)(England) Regulations 2003 (SI 2003 No 3146, as amended) supported by International Financial Reporting Standards (IFRS).

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 Statement of Accounts has been prepared using the going concern basis.

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:

- The council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods and services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the 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.
- Revenue from council tax and business rates is measured at the full amount receivable (net of any impairment losses) and is accounted for on an accruals basis.

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 highly liquid investments that mature in no more than 95 days or less from the date of acquisition and that are readily convertible to known amounts of cash with

insignificant risk of change in value.

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

d. Material Items

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

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 non-current assets during the year:

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

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance – Minimum Revenue Provision (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

g. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate reporting segment (or Financing Items where they relate to pension enhancements) in the Comprehensive Income and Expenditure Statement to terminate at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

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

Post Employment Benefits

Employees of the Authority are members of the Local Government Pensions Scheme, administered by Devon County Council.

This schemes provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority.

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Devon County Council pension fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate based on the annualised yield on the Merrill Lynch AA rated corporate bond curve used by the actuary Barnet Waddington and with consideration of the duration of the liabilities of the Employer (Teignbridge District Council).
- The assets of the Devon County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
 - quoted securities – current bid price

- unquoted securities – professional estimate
- unlisted securities – current bid price
- property – market value.
- The change in the net pensions liability is analysed into the following components:
- Service cost comprising:
 - current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - past service cost – the increase in liabilities 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 Financing Items
 - 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.
- Remeasurements 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 transfers 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 are earned by employees.

Discretionary Benefits

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

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

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

i. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value.

Financial Liabilities

As the Authority's financial liabilities are basic lending arrangements and mainly of a short term nature they are subsequently measured at amortised cost. For the Authority's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). 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 (which for the Council's loans is the amount payable for the year per the loan agreement).

Financial Assets

As the Authority's financial assets are basic lending arrangements and are not held to make speculative gains through increases in their value, they are subsequently measured at amortised cost: the outstanding principal repayable (plus accrued interest). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument, (which for the Authority's assets is the amount receivable for the year per the deposit agreement).

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model (see Note 42 below). This is a

change from previous years and in particular 'other debtors' is using the provision matrices option which takes into consideration historical data and grouping of debtor ages.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Instruments Entered Into Before 1 April 2006

The Authority entered into a financial guarantee that is not required to be accounted for as a financial instrument. This guarantee is reflected in the Statement of Accounts to the extent that a provision might be required or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

j. Government Grants and Contributions

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

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as a current or long term liability – 'grants receipts in advance'. If these are not obviously capital in nature then they are treated as revenue grants. 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.

k. 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.

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 its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

l. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the FIFO costing formula.

m. Investment Property

Investment properties are those that are held 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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated and gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

n. 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.

The Authority as Lessee

Finance Leases

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

Lease payments are apportioned between:

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

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

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

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease.

The Authority as Lessor

Finance Leases

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

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)

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

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

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 Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

o. Overheads/ Support Services/Central Costs

Total absorption costing is not fully applied under the principles within SeRCoP. Service segments do not have support services recharged to each front line service. Support services are reported separately in their own right within the 'Corporate Services' segment. This segment also includes the costs of the Corporate Leadership Team and the cost of democracy.

However, the central office costs are allocated to all services within the service segments on the basis of floor area.

Certain corporate costs such as discretionary benefits awarded to employees retiring early, past deficit pension contributions and general corporate costs such as bank charges and external audit fees are allocated to the 'Financing items' segment.

p. 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 over £10,000 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure

that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

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

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

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

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end. Where material changes in an assets value are identified, all assets within that class (e.g. car parks, public conveniences) will be re-valued in that year. As a minimum all assets will be valued 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 Surplus or Deficit on the Provision of Services within the Comprehensive Income and

Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

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

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

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

Componentisation

All assets will be split into their land and buildings elements. Any asset in excess of £400,000 in value will be considered for componentisation. The component must have a minimum value of £200,000 or be at least 15% of the overall value of the asset (whichever is the higher) and the differential in the asset life must be more than 50% of that of the total asset. All three rules above must be met to consider componentisation and will be applied when an asset is revalued or a component is replaced. Where enhancement is integral to the whole asset e.g. roof on a building, 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.

De-componentisation – Where, subject to materiality, a component is replaced or enhanced the carrying value of the old component shall be derecognised. Our internal valuer will provide a valuation for de-recognition.

Impairment

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

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

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

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 the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (5 to 50 years)
- vehicles, plant, furniture and equipment – 5 to 30 years
- infrastructure – straight-line allocation over the useful life as estimated by the valuer. Most have useful lives in excess of 50 years and therefore the majority are not depreciated

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

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

Disposals and Non-Current Assets Held for Sale

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

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. 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 and are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the

Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current 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.

q. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Authority 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. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

Provisions are held for refunds of business rates as a result of appeals. An impairment allowance is held for bad debts.

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 Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives the authority 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 Authority.

Contingent assets are not recognised in the 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.

r. Reserves

The Authority 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.

s. Revenue Expenditure Funded from Capital under Statute

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.

t. Value Added Tax (VAT)

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

u. Heritage Assets

Heritage assets are valued at insurance valuation which is based on market values. The assets will be revisited at least once every five years for revaluation. Apart from this the recognition and measurement (including the treatment of revaluation gains and losses, impairment and disposal) is in accordance with the Authority's accounting policies on property, plant and equipment. There are currently no material heritage assets which require disclosure.

v. Council Tax, Non-Domestic Rates & Business Rates Retention

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

Accounting for Council Tax and NDR

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority'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 Balance Sheet includes the authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Business Rates Retention

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area, with effect from 1 April 2013. The General Fund is adjusted as above.

Appeals – Provision is made for likely refunds of business rates as a result of appeals, against the rateable value of business properties. The appeals provision is based on the total value of outstanding appeals at the year end as advised by the Valuation Office Agency and on advice from them about the likely success rate of appeals.

w. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities held jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly

Teignbridge District Council, East Devon District Council and Exeter City Council each share control of Strata Service Solutions Ltd, which was incorporated on 15 May 2014 under the Companies Act 2006 for the provision of a shared Information Communications Technology service. The single entity financial statements for each authority reflect their respective shares of Strata Service Solutions Limited. However, the accompanying notes to the Council's financial statements only include information relating to Strata Service Solutions Limited where this would make a material difference to the usefulness of those notes (see also note 47).

x. Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The Authority charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, leisure facilities, open spaces and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the

commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above (see 1 j). CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code) introduces changes in accounting policies that will have to be adopted fully by the authority in the 2021/22 financial statements i.e. from 1 April 2021.

The authority 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 Authority.

For 2021/22 there are no standards issued not adopted that are expected to have a material impact on the 2021/22 statement of accounts. IFRS 16 Leases will require local authorities to review all their lessor and lessee accounting arrangements to comply with the new reporting standard with potential balance sheet implications. The initial assessment will be completed during 2021/22. As IFRS 16 is effective on or after 1 April 2022, there will be no impact on 2020/21 comparatives.

3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- The Authority transferred its housing stock in 2004. Warranties were given to safeguard the housing company on staffing, environmental and other issues. The environmental liabilities are covered by an insurance policy but the other liabilities would have to be funded from the Authority's reserves. The uncertainties have been reviewed with the Legal Department and it has been considered that this item is a contingent liability (see note 41).
- The Authority has to decide whether a lease is an operating or finance lease. This is calculated based on the substance of the transaction rather than the form of the contract. We consider the examples highlighted in IAS17, the decision principally being based on whether the lease term is for the major part of the economic life of the asset (over 75%) even if title is not transferred. Other conditions will be considered e.g. who bears the risks and rewards of ownership.
- There is a high degree of uncertainty around the potential number and value of business rates appeals. The provision for any successful appeal is based upon advice from the Valuation Office Agency.
- Strata Service Solutions Ltd is a registered company which has been established to assist the three authorities; Teignbridge District Council, Exeter City Council and East Devon District Council, in the provision and operation of shared ICT services. It is deemed to be a joint operation due to the inherent rights to the assets and

obligations for liabilities each authority has relating to the joint arrangement, based upon the following facts and circumstances:

- i) The three authorities have joint control of the entity. Each authority has one nominated Director and each Director has one vote. The Directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company with decisions made collectively and unanimously.
- ii) The Company is required by the Councils to carry out the tasks as set out in the Business Plans and Service Plans and is limited to the business and objectives as set by the Councils.
- iii) The Company's revenue derives from the financial allocations set and controlled by each of the Councils.
- iv) Strata continues to provide services to the three authorities. The Company has been established as an in-house mutual trading local authority controlled company to assist them in the provision of services.

Joint operations are not consolidated into group accounts, instead each authority has recognised in its financial statement its share of assets, liabilities, revenue and expenses pertaining to Strata Service Solutions Ltd.

4. 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 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 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by £0.142 million for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting	The effects on the net pensions liability of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £4.229 million. However, the assumptions

	<p>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 some time later, may give a different value of pension assets, but this difference is not considered to be material.</p>	<p>interact in complex ways. During 2020/21, the Authority's actuaries advised that the net pensions liability had increased by £41.427 million attributable to updating of the assumptions. An adverse adjustment to age mortality assumptions of one year would increase the present value of the total obligation by £10.321 million.</p>
Arrears	<p>At 31 March 2021, the Authority had a balance of sundry debtors of £2.801 million. A review of significant balances suggested that an impairment of doubtful debts of 26.0% (£0.728 million) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient. See also comments below re Covid 19.</p>	<p>If collection rates were to deteriorate, a doubling of the amount of the impairment of doubtful debts would require an additional £0.728 million to set aside as an allowance.</p>

This list does not include assets and liabilities that are carried at fair value based on a recently observed market price.

Covid 19 – The outbreak of the Novel Coronavirus (Covid 19) declared by the World Health Organisation as a 'global pandemic' on 11 March 2020 has impacted global financial markets. Market activity is being impacted in many sectors.

In relation to Property, Plant and Equipment – Market Walk – as at the valuation date, it is considered that less weight can be attached to the previous market evidence for comparison purposes to inform opinions of value. Indeed the ongoing response to Covid 19 means that we continue to be faced with an unprecedented set of circumstances on which to base a judgement. The valuation is therefore reported on the basis of 'material valuation uncertainty'. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case.

The Devon County Pension Fund, of which Teignbridge District Council is an admitted body, holds investment property. As a result of Covid 19, property valuations at 31 March 2021 were subject to market uncertainty and therefore a material uncertainty has been identified within the Pension Fund financial statements. The Devon County Pension fund property assets attributable to Teignbridge District Council account for £8.775 million (8%) of total assets. This therefore presents a material uncertainty on the valuation of the Council's pensions assets at 31 March 2021.

Arrears – It is not clear what the ongoing economic position will mean for collectability of debts and ability to pay. Increased unemployment may exist for some time to come and the general bad debt provision has been increased to reflect potential further bad debts arising in relation to those debts at the balance sheet date.

Pension liability – whilst the pension assets are based upon month 12 valuations there may be changes in assumptions going forward about the expected return on pension

fund assets. Again, this is not something that can be determined with any significant accuracy at this point.

5. Material Items of Income and Expense and Prior Period Adjustments

5 (a) Prior period adjustments:

There were no prior period adjustments to these accounts.

5 (b) Material items in the Comprehensive Income & Expenditure Account :

In 2019/20 there were revaluation losses net of reversals in relation to property, plant & equipment amounting to £0.4 million. £0.8 million was charged to 'Strategic Place' and a net reversal of £0.4 million to 'Environment, Health & Wellbeing' within Cost of Services.

In 2020/21 the revaluation losses net of reversals had dropped to just over £0.350 million. £0.9 million was charged to 'Strategic Place' and a net reversal of £0.542 million to 'Environment, Health & Wellbeing' within Cost of Services'.

Revenue expenditure funded from capital under statute was higher in 2020/21 at £3.5 million (£3.2 million in 2019/20) – mainly due to a £1 million contribution to the A382 road improvements. Of the £3.5 million total, £3.4 million is charged to 'Strategic Place' within Cost of Services in 2020/21 and £2.8 million of the £3.2 million in 2019/20.

In 2019/20 there was also a one off pension deficit contribution paid of £1 million. This was charged to 'Financing Items' within Cost of Services within the Comprehensive Income & Expenditure Statement. In 2020/21 the three year pension deficit contribution for the years 2020/21 to 2022/23 was paid in one lump sum up front amounting to £3.7 million. This was also charged to 'Financing Items' in Cost of Services within the Comprehensive Income & Expenditure Statement.

5 (c) Other material items within the financial statements:

There were no other material items within the financial statements in 2019/20. In 2020/21 the Council administered a number of grants in relation to the Covid 19 pandemic – some as agent (see note 46) and some received and paid as principal through the Comprehensive Income and Expenditure Statement. £5.5 million was received and paid in Strategic Place in relation to additional restrictions grant, Tier 2 Open/Closed scheme and the discretionary grant fund.

6. Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 23 April 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2021, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

The Covid 19 pandemic has had and will continue to have a very significant impact on the income of the Council. Lockdowns have reduced income in all areas including fees and charges – in particular from leisure activities and car parking and other income streams such as rents, council tax and business rates. Government funding has been received to alleviate some of these losses and dialogue continues with regard to requests

for further funding. Budgets were realigned to reflect these changes in demand and operations through the medium term financial plan. See also note 4 above relating to estimation uncertainty. It remains unclear as to how the pandemic will continue as restrictions are lifted. There are no other events which took place after 31 March 2021 which require disclosure.

7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/ services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2019/20			2020/21			
Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund Balance	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000		£000	£000	£000
3,802	(106)	3,908	Corporate Services	3,615	79	3,536
1,071	(3,561)	4,632	Strategic Place	1,718	(3,480)	5,198
8,024	(1,321)	9,345	Environment, Health & Wellbeing	8,559	(163)	8,722
4,153	475	3,678	Financing Items	1,703	(2,036)	3,739
17,050	(4,513)	21,563	Net Cost of Services	15,595	(5,600)	21,195
(16,417)	3,343	(19,760)	Other Income and Expenditure	(29,492)	689	(30,181)
633	(1,170)	1,803	(Surplus)/Deficit	(13,897)	(4,911)	(8,986)
(11,744)			Opening General Fund Balance	(11,111)		
633			Less/Plus (Surplus) / Deficit on General Fund in year	(13,897)		
(11,111)			Closing General Fund Balance at 31 March	(25,008)		

7 a. Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	2020/21
				Total Adjustments
				£000
Corporate Services	27	(109)	3	(79)
Strategic Place	3,949	(463)	(6)	3,480
Environment, Health & Wellbeing	903	(734)	(6)	163
Financing Items	0	2,073	(37)	2,036
Net Cost of Services	4,879	767	(46)	5,600
Other income and expenditure from the Expenditure and Funding Analysis	(10,394)	1,956	7,749	(689)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(5,515)	2,723	7,703	4,911

Adjustments between Funding and Accounting Basis

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes (Note 1)	Net change for the Pensions Adjustments (Note 2)	Other Differences (Note 3)	2019/20
				Total Adjustments
				£000
Corporate Services	42	58	6	106
Strategic Place	3,279	281	1	3,561
Environment, Health & Wellbeing	1,090	222	9	1,321
Financing Items	0	(469)	(6)	(475)
Net Cost of Services	4,411	92	10	4,513
Other income and expenditure from the Expenditure and Funding Analysis	(6,630)	3,259	28	(3,343)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(2,219)	3,351	38	1,170

Adjustments for Capital Purposes

- 1) Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:-
- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
 - **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
 - **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments

- 2) Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits 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 **Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Other differences

- 3) Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:
- For **services** the other differences column recognises adjustments to the General Fund for amounts by which officer remuneration charged on an accruals basis is different from remuneration chargeable in accordance with statutory requirements the timing differences for premiums and discounts. It also includes the amount by which finance costs charged differ to those chargeable in accordance with statutory requirements.
 - The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

7 b. Segmental Income

Income received on a segmental basis is analysed below:

Revenue from external customers:

	2019/20	2020/21
Services	Income from Services	Income from Services
	£000	£000
Corporate Services	(248)	(157)
Strategic Place	(10,279)	(8,573)
Environment, Health & Wellbeing	(6,812)	(5,236)
Financing Items	(67)	(83)
Total income analysed on a segmental basis	(17,406)	(14,049)

The largest source of income for Strategic Place is car parking income at £2.682 million (2019/20 £3.694 million). Income from housing schemes including homelessness and rent allowance recoveries amounts to £0.818 million (2019/20 £0.892 million). Other major sources include planning fees and building control.

The major sources of income for Environment, Health & Wellbeing is from leisure related activities of which the income from leisure centres including memberships is £0.949 million (2019/20 £2.361 million) and recycling sales and credits at £2.687 million (2019/20 £2.733 million).

8. Expenditure and Income Analysed by Nature

The authority's expenditure and income is analysed as follows:

	2019/20	2020/21
	£000	£000
Expenditure / Income		
Expenditure		
Employee benefits expenses	22,059	21,269
Other services expenses*	46,386	48,248
Depreciation, amortisation, impairment	3,831	3,880
Interest payments	0	0
Precepts and levies	3,430	3,800
(Gain) or loss on the disposal of assets	(699)	(842)
Total expenditure	75,007	76,355
Income		
Fees, charges and other service income	(17,406)	(14,049)
Interest and investment income	(94)	(17)
Income from council tax, non-domestic rates (net)	(13,605)	(6,810)
Government grants and contributions**	(42,099)	(64,465)
Total income	(73,204)	(85,341)
(Surplus) or Deficit on the Provision of Services	1,803	(8,986)

*Includes £24.660 million rent allowances paid (£26.577 million in 2019/20) and charged to Strategic Place.

** Includes rent allowance subsidy of £24.892 million (£26.584 million in 2019/20) and charged to Strategic Place.

Rent allowances recovered are within fees, charges and other service income and also charged to Strategic Place (£0.031 million in 2020/21 and £0.147 million in 2019/20).

9. 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. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

Capital Receipts Reserve

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

Capital Grants Unapplied

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

The detail of the adjustments made for 2020/21 and 2019/20 are as follows:

2020/21

	Usable reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non current assets	3,423	0	0	(3,423)
Revaluation (gains) losses on Property, Plant and Equipment	2,068	0	0	(2,068)
Revaluation reversals on Property, Plant and Equipment	(1,717)	0	0	1,717
Movements in the market value of Investment Properties	26	0	0	(26)
Operating / finance lease income adjustment	(1)	0	0	1
Amortisation of intangible assets	107	0	0	(107)
Capital grants and contributions applied	(4,596)	0	0	4,596
Revenue expenditure funded from capital under statute (REFCUS)	3,456	0	0	(3,456)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	320	0	0	(320)
Income in relation to donated assets	0	0	0	0
Gain arising from donated assets	0	0	0	0
Bank investment written off	0	0	0	0
Disposal costs relating to future capital disposal	0	0	0	0
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(169)	0	0	169
Financing of loan	0	0	0	0
Capital expenditure charged against the General Fund balance	(130)	0	0	130
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(7,131)	0	7,131	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(1,063)	1,063

Adjustments primarily involving the Capital Receipts Reserve:

Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(362)	362	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(586)	0	586
Right to buy receipts	(796)	796	0	0
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	0	0	0
VAT sharing receipt	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	0	0	0	0
Renovation grants repaid	(13)	13	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0

Adjustments primarily involving the Deferred Capital Receipts Reserve:

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement/funding of loan	0	0	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash-mortgages	0	0	0	0

Adjustments primarily involving the Financial Instruments Adjustment Account:

Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(38)	0	0	38
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Adjustments primarily involving the Pensions Reserve:

Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 40)	6,536	0	0	(6,536)
Employer's pensions contributions and direct payments to pensioners payable in the year	(3,814)	0	0	3,814

Adjustments primarily involving the Collection Fund Adjustment Account:

Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	7,749	0	0	(7,749)
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Adjustment primarily involving the Accumulated Absences Account

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(7)	0	0	7
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Total Adjustments	4,911	585	6,068	(11,564)
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2019/20

	Usable reserves			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account:				
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Charges for depreciation and impairment of non current assets	3,216	0	0	(3,216)
Revaluation (gains) losses on Property, Plant and Equipment	2,895	0	0	(2,895)
Revaluation reversals on Property, Plant and Equipment	(2,449)	0	0	2,449
Movements in the market value of Investment Properties	58	0	0	(58)
Operating / finance lease income adjustment	(2)	0	0	2
Amortisation of intangible assets	169	0	0	(169)
Capital grants and contributions applied	(5,406)	0	0	5,406
Revenue expenditure funded from capital under statute (REFCUS)	3,179	0	0	(3,179)
Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	11	0	0	(11)
Income in relation to donated assets	0	0	0	0
Gain arising from donated assets	0	0	0	0
Bank investment written off	0	0	0	0
Disposal costs relating to future capital disposal	0	0	0	0
<u>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</u>				
Statutory provision for the financing of capital investment	(125)	0	0	125
Financing of loan	0	0	0	0
Capital expenditure charged against the General Fund balance	(917)	0	0	917
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(2,051)	0	2,051	0
Application of grants to capital financing transferred to the Capital Adjustment Account	0	0	(327)	327

Adjustments primarily involving the Capital Receipts Reserve:

Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(142)	142	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	(206)	0	206
Right to buy receipts	(601)	601	0	0
Contribution from the Capital Receipts Reserve towards administrative costs of non current asset disposals	0	0	0	0
VAT sharing receipt	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	0	0	0	0
Renovation grants repaid	(56)	56	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	0	0

Adjustments primarily involving the Deferred Capital Receipts Reserve:

Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement/funding of loan	0	0	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash-mortgages	0	0	0	0

Adjustments primarily involving the Financial Instruments Adjustment Account:

Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(6)	0	0	6
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Adjustments primarily involving the Pensions Reserve:

Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see Note 40)	8,124	0	0	(8,124)
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,773)	0	0	4,773

Adjustments primarily involving the Collection Fund Adjustment Account:

Amount by which council tax and non-domestic rating income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements	28	0	0	(28)
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Adjustment primarily involving the Accumulated Absences Account

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	18	0	0	(18)
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Total Adjustments	1,170	593	1,724	(3,487)
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10. Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2020/21.

	Balance at 1 April 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 March 2020	Transfers Out 2020/21	Transfers In 2020/21	Balance at 31 March 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund:							
Building control partnership reserve	250	(36)	130	344	(349)	196	191
Open spaces reserve	307	(53)	0	254	0	0	254
Collection fund reserve	0	0	0	0	0	8,136	8,136
Insurance reserve	85	0	0	85	0	0	85
Revenue contribution to capital reserve	1,989	(645)	61	1,405	(654)	136	887
Business rates / funding reserve	2,312	0	200	2,512	0	7,500	10,012
Sundry revenue grants reserve	3,130	(1,002)	778	2,906	(2,158)	1,366	2,114
Carry forward reserve	1,479	(1,404)	1,332	1,407	(1,407)	1,071	1,071
Strata usable reserves	210	0	1	211	(13)	0	198
Total	9,762	(3,140)	2,502	9,124	(4,581)	18,405	22,948

The sundry revenue grants reserve covers grants received which have no repayment conditions attached to them and have not been spent in total or in part by the end of the financial year. The carry forward reserve represents major items of planned expenditure not carried out in the year but set aside for expenditure in the following year. The Collection Fund reserve covers deficit funding issues for future years from accounting arrangements and grant funding received to assist with those deficits as identified in note 13 and falls outside the scope of the reserves earmarked for service requirements. The Strata reserve represents our share of the usable funds held from the Strata joint operations. The Funding reserve has been built up to cover anticipated revenue funding deficits over the medium term financial plan.

11. Other Operating Expenditure

2019/20		2020/21
£'000		£'000
3,430	Parish council precepts	3,800
(601)	Right to Buy receipts	(796)
65	Pension administration expenses	64
(98)	(Gains)/losses on the disposal of non current assets	(46)
0	(Gain) on share of donated assets - Strata	0
2,796	Total	3,022

12. Financing and Investment Income and Expenditure

2019/20		2020/21
£'000		£'000
0	Interest payable and similar charges	0
2,046	Net interest on the net defined benefit liability	1,918
(130)	Interest receivable and similar income	(22)
36	Income and expenditure in relation to investment properties and changes in their fair value (see note 15)	5
0	Bank investment loss	0
1,952	Total	1,901

13. Taxation and Non Specific Grant Income and Expenditure

2019/20		2020/21
£'000		£'000
(11,799)	Council tax income (incl surplus/deficit)	(12,332)
(12,198)	Business rates (including surplus/deficit)	(5,044)
	Non ring fenced government grants:	
0	Revenue support grant	0
0	General Covid grants	(1,809)
(2,614)	New Homes Bonus	(2,244)
0	Returned New Homes Bonus top slice	0
0	Sales/fees and charges compensation	(3,976)
0	Donated asset	0
(4,914)	Capital grants and contributions**	(9,283)
0	Retail relief grant***	(6,730)

(8)	Transparency Code grant	(8)
(1,716)	Small business rate relief/threshold changes grant	(2,068)
(997)	Other business rates grants	(842)
(323)	Other general grants	(196)
9,293	Business rates tariff payment	9,513
1	Pooling/pilot costs	1
(331)	Pooling/pilot gain	(320)
0	Council tax/business rates TIG grant	(820)
1,098	Business rates levy	1,054

(24,508)

Total

(35,104)

** includes various grants towards capital expenditure.

In 2019/20 £1.708 million relates to the Community Infrastructure Levy (CIL), £1.500 million for Land Release Funding and £0.906 million for SANGS

In 2020/21 £7.042 million is receivable for CIL and £0.792 million for SANGS.

*** business rates relief S.31 grant provided by Government as part of the Covid pandemic support

14. Property, Plant and Equipment

Movements on Balances

Movements in 2020/21:

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2020	93,446	4,838	4,355	6,706	237	1,056	110,638
Additions	637	181	0	250	0	1,458	2,526
Donations	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,958	0	0	0	(22)	0	5,936
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,335)	0	0	0	0	0	(1,335)
Derecognition - Disposals	(250)	(134)	0	0	(12)	0	(396)
Strata reclassify/additions/disposals	0	(134)	0	0	0	0	(134)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements/reclassifications in Cost or Valuation	(441)	0	0	614	(51)	(122)	0
At 31 March 2021	98,015	4,751	4,355	7,570	152	2,392	117,235

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Accumulated Depreciation and Impairment							
At 1 April 2020	5,470	2,733	424	302	45	0	8,974
Depreciation charge	2,895	347	87	85	17	0	3,431
Depreciation written out to the Revaluation Reserve	(3,466)	0	0	(12)	(20)	0	(3,498)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(985)	0	0	0	0	0	(985)
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(72)	0	0	0	0	0	(72)
Derecognition – Disposals	(9)	(128)	0	0	0	0	(137)
Strata – reclassify/charge/disposals	0	(61)	0	0	0	0	(61)
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0
At 31 March 2021	3,833	2,891	511	375	42	0	7,652
Net Book Value							
At 31 March 2021	94,182	1,860	3,844	7,195	110	2,392	109,583
At 31 March 2020	87,976	2,105	3,931	6,404	192	1,056	101,664

Comparative Movements in 2019/20:

	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April 2019	87,753	4,584	4,342	5,256	294	2,453	104,682
Additions	2,921	292	13	1,244	0	2,156	6,626
Donations	0	0	0	0	0	0	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	36	0	0	0	21	0	57
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(669)	0	0	0	(20)	0	(689)
Derecognition - Disposals	0	(104)	0	0	0	0	(104)
Strata reclassify/additions/disposals	0	66	0	0	0	0	66
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0
Other movements/reclassifications in Cost or Valuation	3,405	0	0	206	(58)	(3,553)	0
At 31 March 2020	93,446	4,838	4,355	6,706	237	1,056	110,638
Accumulated Depreciation and Impairment							
At 1 April 2019	3,871	2,437	337	218	42	0	6,905
Depreciation charge	2,778	432	87	77	21	0	3,395
Depreciation written out to the Revaluation Reserve	(759)	0	0	0	(10)	0	(769)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(241)	0	0	0	(2)	0	(243)

Impairment losses/ (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(178)	0	0	0	0	0	(178)
Derecognition – Disposals	0	(92)	0	0	0	0	(92)
Strata – reclassify/charge/disposals	0	(44)	0	0	0	0	(44)
Other movements in Depreciation and Impairment	(1)	0	0	7	(6)	0	0
At 31 March 2020	5,470	2,733	424	302	45	0	8,974

The freehold and leasehold properties which comprise the Authority's property portfolio are valued by a qualified internal valuer, Karen Howe (FRICS) in accordance with the Valuation Standards Practice and Guidance Notes of The Royal Institution of Chartered Surveyors. Inspections are carried out annually to achieve full revaluation every 5 years. Approximately 20% of assets are revalued each year as at 1 April. Where material changes in an assets value are identified all assets within that class (e.g. car parks, public conveniences) will be revalued within that year. Plant and machinery are included in the buildings valuation where appropriate unless the value is material and valued as a component within the Authority's componentisation policy. Other vehicles, plant and equipment are identified separately.

Other land and buildings are valued at current value. Surplus assets, investment properties, and assets held for sale are valued at fair value. Infrastructure, community assets, assets in the course of construction and vehicle, plant and equipment are valued at historical cost. Donated assets are measured initially at fair value. Assets acquired other than by purchase are deemed to be at fair value. Depreciation has been charged on a straight line basis to assets excluding land which have a useful life of 50 years or less. The assets incurring depreciation have useful lives of between 5 and 50 years.

Capital commitments – There are contracts for future capital expenditure to build housing units in Newton Abbot of £1.0 million at 31 March 2021.

The following statement shows the progress of the Authority's rolling programme for the revaluation of property, plant and equipment, including assets valued following completion of significant projects. Valuations of land and buildings are carried out by Karen Howe (FRICS) (an internal valuer) in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The basis for valuation is set out in the Statement of Accounting Policies. The Authority is not aware of any material changes in asset values that have not been updated. The impact of Covid 19 and potential re-measurement is covered in note 4 – estimation and uncertainty. As at the valuation date, it is considered less weight can be attached to previous market evidence for comparison purposes to inform opinions of value. Valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS3 (valuation technical performance standards – special assumptions) and VPGA10 (valuation applications) of the RICS Red Book Global.

	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Infrastructure Assets	Community Assets
	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	4,751	0	4,355	7,570
Valued at current value in year:					
2020/21	82,082	0	0	0	0
2019/20	47,922	0	87	0	0
2018/19	59,154	0	109	0	0
2017/18	22,782	0	0	0	0
2016/17	33,665	0	31	0	0
Total cost or valuation *	245,605	4,751	227	4,355	7,570

* The five year totals for those assets at current value include some assets that have been valued twice over this period or subsequently sold or moved to an alternative asset category.

15. 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:

2019/20 £'000		2020/21 £'000
22	Rental income from investment property	21
(0)	Direct operating expenses arising from investment property	(0)
22	Net gain/(loss)	21

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 Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

2019/20 £'000		2020/21 £'000
186	Balance at start of the year	128
Additions:		
0	Purchases	0
0	Construction	0

0	Subsequent expenditure	0
(0)	Disposals	(0)
(58)	Net gains/(losses) from fair value adjustments	(26)
	Transfers:	
(0)	To/from Inventories	(0)
0	To/from Property, Plant and Equipment	0
0	Other changes	0
128	Balance at end of the year	102

16. Intangible Assets

The Authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets are purchased licenses. There is no internally generated software.

The carrying amount of intangible assets is amortised on a straight-line basis over 5 years. All amortisation charged to revenue is allocated to the various headings within 'cost of services'. Software specifically for an individual service is charged directly to that service whereas corporate software is spread across the various services. The purchased intangible assets are grouped into the heading 'other assets' below. There are no contractual commitments for future capital expenditure at 31 March 2021.

The movement on Intangible Asset balances during the year is as follows:

	2019/20		2020/21	
	Other Assets £'000	Total £'000	Other Assets £'000	Total £'000
Balance at start of year:				
• Gross carrying amounts	1,103	1,103	1,246	1,246
• Accumulated amortisation	(686)	(686)	(855)	(855)
Net carrying amount at start of year	417	417	391	391
Additions				
• Purchases	0	0	0	0
Retirements and disposals (net)	(0)	(0)	(0)	(0)
Strata reclassify/movements/additions	143	143	120	120
Amortisation for the period	(169)	(169)	(107)	(107)
Net carrying amount at end of year	391	391	404	404
Comprising				
• Gross carrying amounts	1,246	1,246	1,366	1,366
• Accumulated amortisation	(855)	(855)	(962)	(962)
	391	391	404	404

17. Long term Investments

The Council has purchased 3,333 Founder shares in South West Mutual Ltd at £15 each. The shares have subsequently been converted into 15 new £1 shares changing the shareholding to 49,995.

These represent a long term investment in a regional bank which has yet to obtain a banking licence and commence trade. Due to these factors it is considered at this stage that there is currently no value to the investment and it has remained impaired to zero at the balance sheet date as detailed below:

	£000's
Opening balance at 1 April 2020	0
Purchase	0
Impairment	(0)
Closing balance 31 March 2021	0

18. Long term debtors

This balance covers the long term element of the Collection Fund balance from sharing local authorities and central government re. non domestic rates, mortgages / loans, sundry trade debtors and finance leases:

	31 March 2020 £'000	31 March 2021 £'000
Collection Fund balance – non domestic rates	240	1,399
Sundry trade debtors/Community Infrastructure Levy	1,003	3,300
Mortgages / loans	373	365
Finance leases	18	18
	<u>1,634</u>	<u>5,082</u>

19. Short term investments

These relate to sums invested with banks / building societies or other local authorities repayable within one year but for an investment period greater than 95 days.

20. Short Term Debtors

31 March 2020 £'000		31 March 2021 £'000
5,346	Trade debtors*	16,624
110	Other debtors	109
5,456	Prepayments and accrued income	9,610
422	Council tax / Non domestic rates	556
599	Strata debtors	651
11,933	Total	27,550

*Includes Collection Fund debtors of £12.666 million at 31 March 2021.

21. Debtors for Local Taxation

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

31 March 2020 £'000		31 March 2021 £'000
244	Less than one year	318
125	One to three years	180
53	Over three years	58
422	Total	556

The analysis above only shows those balances where assessment has indicated that, by exception, no impairment is required and is analysed based upon the reporting information available.

22. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2020		31 March 2021
£'000		£'000
68	Cash held by the Authority	75
2,328	Bank current/instant call accounts	6,821
5,700	Short term deposits with banks/building societies/money market funds	14,000
74	Strata	236
8,170	Total Cash and Cash Equivalents	21,132

This item can be reconciled to the balance sheet as being the net total of cash and cash equivalents within 'current assets' and the bank overdraft within 'current liabilities'.

23. Assets Held for Sale

	Current		Non-Current	
	2019/20	2020/21	2019/20	2020/21
	£'000	£'000	£'000	£'000
Balance outstanding at start of year	0	0	0	0
Assets newly classified as held for sale:				
• Property, Plant and Equipment	0	0	0	0
• Intangible Assets	0	0	0	0
Revaluation losses	0	0	0	0
Revaluation gains	0	0	0	0
Impairment losses	0	0	0	0
Assets declassified as held for sale:				
• Property, Plant and Equipment	0	0	0	0
• Intangible Assets	0	0	0	0
• Other assets / liabilities in disposal groups	0	0	0	0
Assets sold	0	0	0	0
Transfers from non current to current	0	0	0	0
Balance outstanding at year-end	0	0	0	0

24. Short Term Creditors

31 March 2020 £'000		31 March 2021 £'000
(4,391)	Trade creditors	(5,096)
(296)	Other creditors	(292)
(2,272)	Accrued expenditure and income in advance*	(11,445)
(181)	Council tax / Non domestic rates	(293)
(170)	Strata creditors	(198)
(7,310)	Total	(17,324)

*Includes £9.7 million of business rates grants repayable to Government at 31 March 2021.

25. Provisions

A provision is a liability of uncertain timing or amount. The Council has the following provision:

	Short Term	
	Non Domestic Rates Appeals £'000	Total £'000
Balance at 1 April 2020	(520)	(520)
Additional provisions made in 2020/21	(68)	(68)
Amounts used in 2020/21	0	0
Unused amounts reversed in 2020/21	0	0
Balance at 31 March 2021	(588)	(588)

Short term – Non domestic rates appeals:

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area with effect from 1 April 2013. Provision has therefore been made for likely refunds as a result of appeals against the rateable value of business properties.

26. Usable Reserves

Movements in the Authority's usable reserves are detailed in the Movement in Reserves Statement on page 31. See also note 9 for further breakdown and note 10 for movement on earmarked reserves. The Council has the following usable reserves:

Un-earmarked Reserves - Resources available to meet future running costs and provides a financial cushion should anything unexpected happen which would require unplanned expenditure.

Earmarked Reserves - The Council has a carry forward reserve for monies reserved for specific projects and unspent at the end of the financial year and a sundry revenue grants reserve which covers grants received which have no repayment conditions attached to them and have not been spent in total or in part by the end of the financial year.

The total of un-earmarked and earmarked reserves represent the Total General Fund balance.

Capital Receipts Reserve - Proceeds from the sale of non current assets are held in this reserve to be made available for future capital investment.

Capital Grants Unapplied - These represent grants and contributions received in advance of matching to new capital investment.

27. Unusable Reserves

The Council has the following unusable reserves and balances:

31 March 2020 £'000		31 March 2021 £'000
35,944	Revaluation Reserve	44,270
46,500	Capital Adjustment Account	46,470
(38)	Financial Instruments Adjustment Account	0
(86,418)	Pensions Reserve	(110,393)
103	Deferred Capital Receipts Reserve	103
(323)	Collection Fund Adjustment Account	(8,072)
(293)	Accumulated Absences Account	(286)
(4,525)	Total Unusable Reserves	(27,908)

A detailed breakdown of the movement in these reserves and their purpose is as follows:

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

2019/20		2020/21
£'000		£'000
35,880	Balance at 1 April	35,944
4,117	Upward revaluation of assets	13,894
(3,291)	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(4,460)
826	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	9,434
(762)	Difference between fair value depreciation and historical cost depreciation	(1,003)
(0)	Accumulated gains on assets sold or scrapped	(105)
(762)	Amount written off to the Capital Adjustment Account	(1,108)
35,944	Balance at 31 March	44,270

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 additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs.

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.

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

Notes 7/9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2019/20		2020/21
£'000		£'000
45,834	Balance at 1 April	46,500
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(3,216)	• Charges for depreciation and impairment of non current assets	(3,423)
2	• Operating lease income adjustment	1
(2,895)	• Revaluation losses on Property, Plant and Equipment	(2,068)
2,449	• Revaluation reversals on Property, Plant & Equipment	1,717
(169)	• Amortisation of intangible assets	(107)
(3,179)	• Revenue expenditure funded from capital under statute	(3,456)
(11)	• Amounts of non current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(320)
0	• Gain arising on share of donated assets - Strata	0
(7,019)		(7,656)
762	Adjusting amounts written out of the Revaluation Reserve	1,108
(6,257)	Net written out amount of the cost of non current assets consumed in the year	(6,548)
	Capital financing applied in the year:	
206	• Use of the Capital Receipts Reserve to finance new capital expenditure/repay loan	586

0	• Use of the Capital Receipts Reserve to meet previous year disposal costs	0	
5,406	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	4,596	
327	• Application of grants to capital financing from the Capital Grants Unapplied Account	1,063	
0	• Transfer to the Capital Receipts Reserve upon receipt of cash	0	
125	• Statutory provision for the financing of capital investment charged against the General Fund balance	169	
0	• Disposal costs relating to future capital disposal	0	
0	• Financing of loan	0	
917	• Capital expenditure charged against the General Fund balance	130	
<hr/>		<hr/>	
6,981			6,544
(58)	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		(26)
0	Bank investment written off		0
0	Loan repayment		0
0	Donated asset		0
<hr/>		<hr/>	
46,500	Balance at 31 March		46,470

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to adjust financial assets and financial liabilities to 'fair value' – principally for 'soft loans' issued and planning agreements received (see Note 1 re accounting policies). Adjustments are debited / credited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement.

2019/20
£'000
(44) Balance at 1 April

2020/21
£'000
(38)

6 Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	38
(38) Balance at 31 March	0

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 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.

2019/20		2020/21
£'000		£'000
(87,523)	Balance at 1 April	(86,418)
4,456	Re-measurements of the net defined benefit liability/(asset)	(21,253)
(8,124)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(6,536)
4,773	Employer's pensions contributions and direct payments to pensioners payable in the year	3,814
(86,418)	Balance at 31 March	(110,393)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2019/20		2020/21
£'000		£'000
103	Balance at 1 April	103
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the	0

Comprehensive Income and Expenditure
Statement/funding of loan from capital receipts

(0)	Transfer to the Capital Receipts Reserve upon receipt of cash	(0)
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103	Balance at 31 March	103
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Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2019/20	2020/21	
£'000	£'000	
(295)	Balance at 1 April	(323)
(28)	Amount by which council tax and non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements	(7,749)
(323)	Balance at 31 March	(8,072)

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.

2019/20	2020/21	
£'000	£'000	
(275)	Balance at 1 April	(293)
275	Settlement or cancellation of accrual made at the end of the preceding year	293
(293)	Amounts accrued at the end of the current year	(286)
(18)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	7
(293)	Balance at 31 March	(286)

28. Cash Flow Statement – Operating Activities

- (a) The surplus or deficit on the provision of services has been adjusted for the following non cash movements:

2019/20		2020/21
£'000		£'000
(3,394)	Depreciation	(3,495)
(268)	Impairment, downward valuations & revaluation reversals	(279)
(169)	Amortisation	(107)
(123)	(Increase)/ decrease in impairment for bad debts	(468)
(2,160)	(Increase)/decrease in creditors	(17,604)
1,127	Increase/(decrease) in debtors	7,638
(3)	Increase/(decrease) in inventories	5
(3,351)	Movement in pension liability	(2,722)
(11)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(320)
(44)	Other non-cash items charged to the net surplus or deficit on the provision of services	(7,741)
(8,396)		(25,093)

- (b) The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2019/20		2020/21
£'000		£'000
0	Proceeds from short-term (not considered to be cash equivalents) and long-term investments	0
142	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	362
5,406	Capital grants and contributions applied	4,596
(3,179)	Revenue expenditure funded from capital under statute	(3,456)
2,659	Any other items for which the cash effects are investing or financing cash flows	7,952
5,028		9,454

- (c) The cash flows for operating activities include the following items:

2019/20		2020/21
£'000		£'000

(140)	Interest received	(24)
0	Interest paid	0

29. Cash Flow Statement – Investing Activities

2019/20		2020/21
£'000		£'000
6,863	Purchase of property, plant and equipment, investment property and intangible assets	2,818
4,000	Purchase of short term and long term investments	8,000
168	Investment in Strata Service Solutions Ltd	264
2,945	Other payments for investing activities	3,699
(130)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(362)
(8,016)	Proceeds from short term and long term investments	0
(8,361)	Other receipts from investing activities*	(15,676)
(2,531)	Net cash flows from investing activities	(1,257)

*Includes s.106 monies, capital grants and right to buy receipts.

30. Cash Flow Statement – Financing Activities

2019/20		2020/21
£'000		£'000
0	Cash receipts of short- and long-term borrowing	0
0	Other receipts from financing activities**	0
0	Cash payments for the reduction of the outstanding liabilities relating to finance leases	0
0	Repayments of short and long term borrowing	0
767	Other payments for financing activities**	12,920
767	Net cash flows from financing activities	12,920

**Net non-domestic rates/council tax after payments to major preceptors/sharing authorities/Central Government and after settlement of the estimated deficit/surplus on the Collection Fund.

Reconciliation of Liabilities arising from Financing Activities

	Balance at 1 April 2020	Financing cash flows		Non-cash changes		Balance at 31 March 2021
		Proceeds	Repayment	Acquisition	Other non- cash changes	
	£'000	£'000	£'000	£'000	£'000	£'000
Long-term borrowings	0	0	0	0	0	0
Short-term borrowings	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0
Total liabilities from financing activities	0	0	0	0	0	0

31. Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of the financial instrument. They are initially measured at fair value.

Financial Liabilities

As the Authority's financial liabilities are basic lending arrangements and mainly of a short term nature they are subsequently measured at amortised cost. Within the category table below, 'creditors – financial liabilities carried at contract amounts' mainly includes trade creditor invoices due and accrued trade expenditure for revenue and capital work.

Financial Assets

As the Authority's financial assets are basic lending arrangements and are not held to make speculative gains through increases in their value, they are subsequently measured at amortised cost: the outstanding principal repayable (plus accrued interest). Within the category table below, long term debtors – assets carried at amortised cost include car loans and miscellaneous mortgage balances.

Financial assets carried at contract amounts include sundry trade debtors and accrued income, the short term element of car loans etc.

Categories of Financial Instruments

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

	Long-Term		Current	
	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000
Investments				
Assets carried at amortised cost:	0	0	0	0
Total investments	0	0	0	0
Debtors				
Assets carried at amortised cost	391	383	4,358	5,619
Total included in debtors	391	383	4,358	5,619
Non financial assets	1,243	4,699	7,575	21,931
Total	1,634	5,082	11,933	27,550
Cash and cash equivalents	0	0	8,170	21,132
Total cash & cash equivalents	0	0	8,170	21,132
Borrowings				
Financial liabilities at amortised cost – bank overdraft	0	0	0	0
Total included in borrowings	0	0	0	0
Creditors				
Financial liabilities carried at amortised cost	0	0	(3,406)	(10,045)
Total creditors	0	0	(3,406)	(10,045)
Non financial assets	0	0	(3,904)	(7,279)
Total	0	0	(7,310)	(17,324)

**Income, Expense, Gains and Losses
2020 / 2021**

	Financial Liabilities measured at amortised cost	Financial Assets: measured at amortised cost	Total
	£'000	£'000	£'000
Interest expense	0	0	0
Losses on derecognition	0	0	0
Impairment losses	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	0	0	0
Interest income	0	(22)	(22)
Interest income accrued on impaired financial assets	0	0	0
Gains on derecognition	0	0	0
Total income in Surplus or Deficit on the Provision of Services	0	(22)	(22)
Gains on revaluation	0	0	0
Losses on revaluation	0	0	0
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	0	0	0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0
Net (gain) / loss for the year	0	(22)	(22)

2019 / 2020

	Financial Liabilities measured at amortised cost	Financial Assets: measured at amortised cost	Total
	£'000	£'000	£'000
Interest expense	0	0	0
Losses on derecognition	0	0	0
Impairment losses	0	0	0
Total expense in Surplus or Deficit on the Provision of Services	0	0	0
Interest income	0	(130)	(130)
Interest income accrued on impaired financial assets	0	0	0

Gains on derecognition	0	0	0
Total income in Surplus or Deficit on the Provision of Services	0	(130)	(130)
Gains on revaluation	0	0	0
Losses on revaluation	0	0	0
Amounts recycled to the Surplus or Deficit on the Provision of Services after impairment	0	0	0
Surplus/deficit arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	0	0	0
Net (gain) / loss for the year	0	(130)	(130)

There is no substantial difference between the carrying amount of financial assets and liabilities and their fair value at 31 March 2021, mainly due to their short term nature. The fair value of trade and other receivables is taken to be the invoiced or billed amount.

32. Members' Allowances

The scheme in operation is based upon the Local Authorities (Members' allowances) (England) Regulations 2003. The total allowances paid in 2020/21 (including travel and subsistence) amounts to £403,323 (2019/20 £390,278). Further details on members' allowances can be obtained from the payroll section within the Finance department.

33. Officers' Remuneration / Exit Packages & Termination Benefits

The number of employees whose remuneration, excluding employer's pension contributions, was £50,000 or more in bands of £5,000 (including senior officers listed below) were:

Remuneration Band	Number of employees		Remuneration Band	Number of employees	
	2019/20	2020/21		2019/20	2020/21
£50,000 - £54,999	4	6	£95,000 - £99,999	0	1
£55,000 - £59,999	5	5	£100,000 - £104,999	0	0
£60,000 - £64,999	0	1	£105,000 - £109,999	0	0
£65,000 - £69,999	1	1	£110,000 - £114,999	0	0
£70,000 - £74,999	1	0	£115,000 - £119,999	1	1
£75,000 - £79,999	1	1	£120,000 - £124,999	0	0
£80,000 - £84,999	1	2	£125,000 - £129,999	0	0
£85,000 - £89,999	0	0	£130,000 - £134,999	1	0
£90,000 - £94,999	0	0	£135,000 - £140,999	0	0

Senior Officers reporting directly to the Managing Director and statutory posts whose salary is between £50,000 and £150,000 per year for the year 2020/21 are as follows:

	Salary (inc. fees & allowances)	Compensation for loss of employment	Benefits in Kind (e.g. car allowance)	Total Remuneration Excl. Employers pension contributions	Pension Contributions	Total Remuneration Inc. Employers pension contributions
	£	£	£	£	£	£
Managing Director	119,288	0	0	119,288	19,758	139,046
Head of Corporate Services & Section 151 Officer	95,994	0	0	95,994	15,935	111,929
Head of Operations	81,173	0	0	81,173	13,475	94,648
Head of Service Delivery and Improvement	81,173	0	0	81,173	13,475	94,648
Head of Place and Commercial Services	78,090	0	0	78,090	12,963	91,053
Solicitor to the Council & Monitoring Officer	66,894	0	0	66,894	11,104	77,998
Head of HR and OD	61,230	0	0	61,230	10,164	71,394
Business Manager (1)	10,687	0	0	10,687	1,774	12,461

(1) Business Manager ceased role on 30 June 2020

Senior Officers reporting directly to the Managing Director and statutory posts whose salary is between £50,000 and £150,000 per year for the year 2019/20:

	Salary (inc. fees & allowances)	Compensation for loss of employment	Benefits in Kind (e.g. car allowance)	Total Remuneration Excl. Employers pension contributions	Pension Contributions	Total Remuneration Inc. Employers pension contributions
	£	£	£	£	£	£
Managing Director	117,837	0	843	118,680	17,204	135,884
Head of Corporate Services & Section 151 Officer	84,176	0	0	84,176	12,290	96,466

£200,001 -	0	0	0	0	0	0	0	0
£250,000								
£250,001 -	0	0	0	0	0	0	0	0
£300,000								
Total cost	<hr/>							
Included in	0	6	5	6	5	12	159	138
bandings								
Add: Amounts provided for in Comprehensive Income & Expenditure Statement not included in bandings							0	0
Total cost included in Comprehensive Income & Expenditure Statement							<hr/> 159	<hr/> 138

Termination Benefits:

The Authority terminated the contracts of a number of employees in 2020/21, incurring liabilities of £134k (£116k in 2019/20). Eleven of the liabilities were payable in the form of compensation for loss of office with no enhancement of pension benefits and a further one received the enhancement of pension benefits. They were all part of the Authority's rationalisation of its service costs and were charged to the Authority's Comprehensive Income and Expenditure Statement. These figures are included in the table above re. exit packages including those who retired early and the relevant pension strain payments. The comprehensive Income and Expenditure Statement has also been charged with those costs highlighted in note 40 relating to the pension scheme.

34. External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts:

	2019/20	2020/21
	£'000	£'000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year*	45	59
Fees payable in respect of certification of grant claims provided by Grant Thornton during the year**	10	11
Total	55	70

* £7,500 relates to additional audit fees for changes to the audit scope in 2019/20. These are in addition to the scale fees of £37,240 set by PSAA and have been approved by PSAA. Any additional fees in relation to the 2020/21 audit would be subject to approval by the PSAA.

**This fee is a non-audit fee.

35. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2020/21:

	2019/20	2020/21
	£'000	£'000
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	0	0
Council tax support trans/new burdens	0	0
Small business rate relief/threshold changes grant	(1,716)	(2,068)
Community Infrastructure Levy	(1,708)	(7,042)
Transparency code grant	(8)	(8)
Environment agency	0	0
Returned New Homes Bonus top slice	0	0
Homes & Communities Agency	0	0
Sales/fees and charges compensation grant	0	(3,976)
Homes England	(200)	(332)
General Covid grants	0	(1,809)
Ministry of Housing, Communities & Local Government	(1,500)	0
Miscellaneous SANGS	(906)	(792)

New Homes Bonus	(2,614)	(2,244)
Retail relief grant	0	(6,730)
Other business rates/TIG grants	(997)	(1,662)
Other contributions	(923)	(1,313)
Total	(10,572)	(27,976)

	2019/20	2020/21
	£'000	£'000
Credited to Services		
REFCUS grants:		
Renovation/Disabled/energy grants	(1,106)	(1,111)
Shoreline/Coastal Monitoring	(1,078)	(1,129)
Play/recreation	(214)	(204)
Other	(144)	0
Rent Allowance subsidy	(26,076)	(24,247)
Housing Benefit administration subsidy	(314)	(330)
Rent rebate subsidy	(365)	(401)
Garden Communities	(150)	(150)
Homelessness grants	(728)	(642)
Safer Devon/crime/community regeneration grants etc.	(10)	0
Elector Fund	0	0
RPA/Habitat Regulations/open space	(131)	(119)
Business grants	0	(5,530)
Council tax hardship fund grant	0	(940)
Other grants/contributions	(1,211)	(1,686)
Total	(31,527)	(36,489)

The Authority has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

Current liabilities

Grants Receipts in Advance (Revenue Grants)	31 March 2020	31 March 2021
	£'000	£'000
Miscellaneous crime/disorder/community regeneration grants	(18)	(96)
Business rates compensation	(2,530)	0
Estuary contributions	(50)	(50)
Watercourse improvement contributions	(173)	(170)

Air quality	(124)	(229)
Heritage trail	(10)	(10)
Community facilities/open space contributions	(1,144)	(1,461)
Homelessness	0	(35)
Business grants	0	(8,590)
Hardship grant	0	(103)
Miscellaneous	(49)	(141)
Total	(4,098)	(10,885)

Grants Receipts in Advance (Capital Grants)	31 March 2020 £'000	31 March 2021 £'000
Environment Agency/Natural England – Flood Prevention and Alleviation	(1,150)	(558)
DFG (Better Care Fund)	(921)	(1,021)
DEFRA – Air Quality	(50)	(50)
Public Open Spaces and recreation	(9)	(9)
Dept for Energy/DCC – Central Heating Fund	(8)	(8)
Dearbonisation	0	(2,875)
Green Homes	0	(1,147)
Housing/infrastructure	(345)	(370)
Other	(74)	(180)
Total	(2,557)	(6,218)

Long term liabilities

Grants Receipts in Advance (Revenue Grants)	31 March 2020 £'000	31 March 2021 £'000
Dawlish Town Centre – community facilities	(68)	0
Parks, play & recreation facilities contribution	(2,468)	(2,484)
Carswells – open space contribution	0	0
Newton Abbot / Kingsteignton/Dawlish etc – air quality	(241)	(225)
Drainage - Kingsteignton	0	0
Miscellaneous open space, community facilities & wildlife contributions	(1,460)	(1,161)
Sundry drainage & flood defence contributions	0	0
Dawlish - drainage	0	0
Health contributions	(47)	(47)
Chudleigh – open space, indoor sports & play provision	(97)	(97)
Teignmouth town centre – pedestrianisation & public art	0	0
Other miscellaneous grants/contributions	(37)	(45)
Affordable housing	(891)	(1,078)
Total	(5,309)	(5,137)

Grants Receipts in Advance (Capital Grants)	31 March 2020 £'000	31 March 2021 £'000
Open Space and Recreation	(78)	(78)
Total	(78)	(78)

36. 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 Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grant receipts credited to the Comprehensive Income and Expenditure Statement and those outstanding at 31 March 2021 are shown in Note 35.

Members

Members of the Authority have direct control over the Authority's financial and operating policies. The total of Members' allowances paid in 2020/21 is shown in Note 32.

Grants and payments for services rendered totalling £52,130 were paid to the Citizens Advice Bureau (CAB) in 2020/21. Councillors of Teignbridge District Council are invited to oversee the business plan of the organisation but they are not involved in controlling the decision making of the CAB or issues which involve the interests of the District Council.

During the financial year the Council paid grants to organisations totalling £33,951 (£0 2019/20) which three Members had an interest in. In all instances the grants were made with proper considerations of declarations of interest. The relevant Members did not take part in any discussion relating to the grants.

Details of all items are recorded in the Register of Members Interest, open to public inspection at the Council offices during opening hours.

Other

Dextco Limited was incorporated on 1 December 2016. It was established to fund and implement low carbon energy projects across Devon to deliver a reliable, low cost energy infrastructure which will encourage inward investment, thereby driving growth in the local economy and skilled jobs for the workforce. Teignbridge District Council is one of five equal shareholders comprising; Devon County Council, Royal Devon & Exeter NHS Foundation Trust, University of Exeter and Exeter City Council. Dextco Limited is deemed to be a joint venture, as it is a separate legal entity with shareholders that have equal and collective control with decisions made unanimously.

There were no grant payments in 2019/20 or 2020/21.

37. Capital Expenditure and Capital Financing

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

	2019/20	2020/21
	£'000	£'000
Opening Capital Financing Requirement	16,952	19,944
Capital investment :		
Property, Plant and Equipment	6,626	2,526
Strata ICT Capital Investment	168	264
Intangible Assets	0	0
Revenue Expenditure Funded from Capital under Statute	3,179	3,456
Bank investment	0	0
Long term debtors relating to capital transactions	0	0
Expenditure re. future capital receipts/other	0	0
Sources of finance :		
Capital receipts	(206)	(586)
Government grants and other contributions	(5,733)	(5,659)
Sums set aside from revenue:		
Direct revenue contributions	(917)	(130)
Financing of loan/other	0	0
MRP	(125)	(169)
Closing Capital Financing Requirement	19,944	19,646
Explanation of movements in year:		
Increase (decrease) in underlying need to borrowing (unsupported by government financial assistance)	2,992	(298)
Repayments of long-term debtors/other	(0)	(0)
Assets acquired under finance leases	0	0
Increase/(decrease) in Capital Financing Requirement	2,992	(298)

38. Leases

Authority as Lessee

Finance Leases

The Council had the use of one leisure centre under a finance lease in 2020/21.

The assets acquired under the lease are carried as Property, Plant and Equipment (Land & Buildings – other) in the Balance Sheet at the following net amounts:

31 March 2020 £'000		31 March 2021 £'000
7,138	Other Land and Buildings	7,684
<hr/> 7,138		<hr/> 7,684

The Authority is not committed to making any lease payments under this lease and is only responsible for the day to day running costs.
There has been no subletting of any part of the premises held under this finance lease.

Operating Leases

Vehicles, Plant & Equipment – the Authority leases refuse vehicles, sweepers, other vehicles and miscellaneous equipment under terms of an operating lease.

Land & buildings – the Authority leases properties from private sector landlords as part of its housing function on short leases together with other miscellaneous land and property which have been accounted for as operating leases.

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

31 March 2020 £'000		31 March 2021 £'000
1,577	Not later than one year	1,650
1,713	Later than one year and not later than five years	900
22	Later than five years	127
<hr/> 3,312		<hr/> 2,677

The expenditure charged to the various segments within Net Cost of Services in the Comprehensive Income and Expenditure Statement during the year in relation to all operating leases was:

2019/20 £'000		2020/21 £'000
1,608	Minimum lease payments	1,635

0	Contingent rents	0
0	(Sublease payments receivable)	0
<u>1,608</u>		<u>1,635</u>

Authority as Lessor

Finance Leases

The Authority has leased out three properties in Teignmouth (museum, golf clubhouse, yacht club) on finance leases with remaining terms of between 70 and 87 years. These leases generate no / peppercorn rental streams on an annual basis and no residual value is anticipated for the buildings when the leases come to an end.

The Authority has an additional property in Newton Abbot rented out as a football headquarters. The Authority has a gross investment in this lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

31 March 2020 £'000		31 March 2021 £'000
	Finance lease debtor (net present value of minimum lease payments):	
0	• Current	0
18	• Non-current	18
65	Unearned finance income	64
0	Unguaranteed residual value of property	0
<u>83</u>	Gross investment in the lease	<u>82</u>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2020 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2021 £'000
Not later than one year	1	1	0	0

Later than one year and not later than five years	5	5	0	0
Later than five years	77	76	18	18
	83	82	18	18

No provision has been made for lease payments not being made, the Authority has therefore not set aside an allowance for uncollectible amounts at 31 March 2021 (£0 at 31 March 2020).

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2020/21 £2k contingent rents were receivable by the Authority (2019/20 £2k).

Operating Leases

The Authority leases out property and equipment under operating leases for various activities including the following purposes:

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

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

31 March 2020 £'000		31 March 2021 £'000
1,777	Not later than one year	1,758
3,681	Later than one year and not later than five years	3,073
6,906	Later than five years	6,397
<u>12,364</u>		<u>11,228</u>

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. In 2020/21 £16k contingent rents were receivable by the Authority (2019/20 £45k).

39. Impairment Losses

Impairment losses and impairment reversals charged to the 'Surplus/Deficit on the Provision of Services' and to 'Other Comprehensive Income and Expenditure' are disclosed in Note 14 reconciling the movement over the year in Property, Plant and Equipment.

In 2019/20 and 2020/21 there were no impairment losses. There was an impairment reversal of £72,000 in 2020/21 credited to the Comprehensive Income & Expenditure Statement. There was an impairment reversal of £178,000 in 2019/20 which was credited to the Comprehensive Income & Expenditure Statement.

40. Defined Benefit Pension Scheme

Participation in Pension Scheme:

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 needs to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme administered by Devon County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The principal risks to the Authority of the scheme are the longevity assumptions, statutory changes to the scheme (i.e. large-scale withdrawal from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the general fund the amounts required by statute as described in the accounting policies note.

In accordance with International Accounting Standard No. 19 – Employee Benefits (IAS 19) the Authority is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. The information supplied is from a report by Barnett Waddingham.

Transactions Relating to Post-employment Benefits:

We recognise the cost of retirement benefits 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.

Pensions Assets and Liabilities and charges to the Comprehensive Income & Expenditure Statement (CIES):

The movement in the pension scheme asset and liabilities is detailed below together with their treatment in the CIES.

	Scheme Assets £'000	Pensions Obligations £'000	Net Pensions Liability £'000	Notes on Accounting Treatment
2020/21:				
Opening balance at 1 April 2020	85,448	(171,866)	(86,418)	
Current service cost		(5,388)	(5,388)	Absorbed into the total cost of services in the CIES
Past service cost and gains/losses on settlements		(15)	(15)	Charged to Financing items in the CIES
Interest income and expenses	2,066	(3,984)	(1,918)	Charged as a net item to Financing and Investment Income and Expenditure in the CIES
Administration expenses	(66)		(66)	Charged to Other Operating Expenditure
Remeasurements:	20,174		20,174	Credited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Return on plan assets				
• Actuarial gains and losses arising from changes in demographic assumptions		1,933	1,933	Credited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Actuarial gains and losses arising from changes in financial assumptions		(45,558)	(45,558)	Debited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Other actuarial gains and losses	0	2,198	2,198	Credited as Remeasurements of the Net Defined Liability to Other Comprehensive Income and Expenditure in the CIES
Contributions:	6,342		6,342	Transactions in the Cash Flow Statement. Debited to the General Fund Balance in the Movement in Reserves Statement (MIRS) as part of the adjustments between Accounting and Funding basis.
• Council employer's contributions				
• Employee contributions	851		851	Absorbed into the total cost of services in the CIES – netted off Current Service Cost
Retirement grants and pensions	(5,575)	5,575	0	Transactions in the Cash Flow Statement. Debited to the General Fund Balance in the MIRS as part of the Adjustments between Accounting and Funding basis
Closing Balance at 31 March 2021	109,240	(217,105)	(107,865)	

	Scheme Assets £'000	Pensions Obligations £'000	Net Pensions Liability £'000	Notes on Accounting Treatment
2019/20:				
Opening balance at 1 April 2019	92,673	(180,196)	(87,523)	
Current service cost		(5,602)	(5,602)	Absorbed into the total cost of services in the CIES
Past service cost and gains/losses on settlements		(1,247)	(1,247)	Charged to Financing items in the CIES
Interest income and expenses	2,228	(4,273)	(2,045)	Charged as a net item to Financing and Investment Income and Expenditure in the CIES
Administration expenses	(67)		(67)	Charged to Other Operating Expenditure
Remeasurements:	(9,833)		(9,833)	
• Return on plan assets				Credited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Actuarial gains and losses arising from changes in demographic assumptions		1,820	1,820	Debited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Actuarial gains and losses arising from changes in financial assumptions		17,240	17,240	Credited as Remeasurements of the Net Defined Benefit Liability to Other Comprehensive Income and Expenditure in the CIES
• Other actuarial gains and losses	248	(5,019)	(4,771)	Credited as Remeasurements of the Net Defined Liability to Other Comprehensive Income and Expenditure in the CIES
Contributions:	4,773		4,773	
• Council employer's contributions				Transactions in the Cash Flow Statement. Debited to the General Fund Balance in the Movement in Reserves Statement (MIRS) as part of the adjustments between Accounting and Funding basis.
• Employee contributions	837		837	Absorbed into the total cost of services in the CIES – netted off Current Service Cost
Retirement grants and pensions	(5,411)	5,411	0	Transactions in the Cash Flow Statement. Debited to the General Fund Balance in the MIRS as part of the Adjustments between Accounting and Funding basis
Closing Balance at 31 March 2020	85,448	(171,866)	(86,418)	

Expected Return on Assets

For accounting years beginning on or after 1 January 2013, the expected return and the interest cost is replaced with a single net interest cost, which effectively set the expected return equal to the IAS19 discount rate.

The liabilities show the underlying commitments that the authority has in the long run to pay post employment (retirement) benefits. The total liability of £107.865 million has a substantial impact on the net worth of the authority as recorded in the Balance Sheet, resulting in a reduced net assets position of £14.567 million at 31 March 2021. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method - an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. This has been assessed by Barnett Waddingham an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2019.

The expected return and the interest cost has been replaced with a single net interest cost which effectively sets the expected return equal to the discount rate. The principal assumptions used by the actuary have been:

Mortality assumptions:	31 March 2020	31 March 2021
Longevity at 65 for current pensioners:		
Men	22.9	22.6
Women	24.1	23.9
Longevity at 65 for future pensioners: (assumed retiring in 20 years)		
Men	24.3	24.0
Women	25.5	25.4
Take-up of option to convert annual pension into retirement lump sum	50%	50%

It is also assumed members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age. It is assumed that members opted in to the 50% of contributions for 50% of the benefits at the previous valuation date will continue.

Financial Assumptions

	31 March 2020	31 March 2021
	% p.a.	% p.a.
Salary increases	2.90%	3.80%
Pension increases	1.90%	2.80%
Discount rate	2.35%	2.00%

Demographic / Statistical assumptions

These assumptions by the actuary are set with reference to market conditions at 31 March 2021. The estimate of the duration of the Authority's liabilities is 20 years. An estimate of the Employer's future cashflows is made using notional cashflows based on the estimated duration above. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). This is consistent with the approach used at the previous accounting date.

Similarly to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation rate (SEIR) approach, using the notional cashflows described above. The single inflation rate derived is that which gives the same net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the Bank of England implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the Bank of England implied inflation spot curve is assumed to be flat beyond the 40 year point. This is consistent with the approach used at the previous accounting date.

The Bank of England implied inflation curve may suggest a higher rate of inflation over longer terms than actually expected by market participants due to a willingness to accept a lower return on investments to ensure inflation linked returns. To reflect this an inflation risk premium adjustment has been made such that the assumed level of future annual RPI increase is 0.25% lower than the SEIR calculation using the Bank of England inflation curve alone. This differs from the previous accounting date and is reflected in the change in financial assumptions to determine the defined benefit obligation.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI there is a further assumption about CPI which is that it will be 0.4% p.a. below RPI i.e. 2.8% p.a. It is considered that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods, recent independent forecasts and the duration of the Employers liabilities. The difference between RPI and CPI is less than assumed at the previous accounting date. This reflects the anticipated reform of RPI inflation following the UK Statistics Authority's proposal to change how RPI is calculated and subsequent announcements from the Chancellor suggesting this reform is now likely to take effect from 2030.

Salaries are assumed to increase at 1.0% p.a. above CPI. This is consistent with the approach at the previous accounting date.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assumed that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit method. Demographic assumptions are consistent with those used for the most recent Fund valuation carried out as at 31 March 2019. These have been updated since the last accounting date where they were based on those adopted for the funds 31 March 2016 valuation with updates to the latest mortality improvement projection model, CMI_2018.

A judgement 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 pension arrangements. As the Local Government Pension Scheme was restructured in 2014, with protections for those members who were active in the Scheme in 2012 and over the age of 55, the judgement is likely to extend to the Scheme.

The potential impact is uncertain but on the presumption that the remedy is for the Council to incur costs in extending protection to all members who were active at 31 March 2012 until their retirement, the Council's actuaries have calculated a potential increase in pension liabilities which was incorporated into the accounting results at 31 March 2020. These results included an allowance which has been rolled forward and re-measured to obtain the accounting results as at 31 March 2021. This has been incorporated within the liabilities of the Council as a past service cost in the Comprehensive Income and Expenditure Statement in 2019/20. Remedial regulations are awaited following a published consultation to determine the final proposals.

Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Longevity (increase or decrease in 1 year) (increase is a shorter lifespan)	(10,321)	9,834
Rate of increase in salaries (increase or decrease by 0.1%)	(447)	443
Rate of increase in pensions (increase or decrease by 0.1%) and deferred revaluation	(3,833)	3,757
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	4,229	(4,318)

The figures in brackets assume an increase in the obligation.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the period to 2040. Funding levels are monitored on an annual basis. The next triennial valuation will be set as at 31 March 2022.

The authority is anticipated to pay £2.192 million expected contributions to the scheme in 2021/22.

The scheme assets consist of the following categories, by proportion of the total assets held:

	31 March 2020		31 March 2021	
	£'000	%	£'000	%
Equities**	48,118	57	68,513	63
Gilts	3,645	4	3,715	3
Other Bonds	4,477	5	4,899	5
Property	8,049	10	8,775	8
Cash	995	1	1,126	1

Target Return Portfolio	11,220	13	10,284	9
Infrastructure	3,682	4	4,426	4
Other	5,262	6	7,502	7
Total	85,448	100	109,240	100

**At 31 March 2021 equities include £56.424 million of overseas equities.

Of the total fund asset at 31 March 2021, the following table identifies the split of those assets with a quoted market price and those that do not:

		31 March 2021	
		% Quoted	% Unquoted
Fixed interest government securities	UK	0.1	0
	Overseas	3.3	0
Corporate bonds	UK	0.1	0
	Overseas	2.3	0
Equities	UK	11.1	0
	Overseas	51.6	0
Property	All	0	8.0
Others	Absolute return portfolio	9.4	0
	Private Debt	0	2.1
	Infrastructure	0	4.1
	Multi sector credit fund	6.8	0
	Derivatives	0.1	0
	Cash/Temporary investments	0	1.0
Net current assets	Debtors	0	0.1
	Creditors	0	(0.1)
Total		84.8	15.2

41. Contingent Liabilities

The transfer of the Authority's housing stock on 4 February 2004 resulted in a gross capital receipt of £13.1 million. Warranties for 25 years were given to Teign Housing on staffing, environmental and other issues (for example in relation to the existence of contaminated land, subsidence etc.). The purpose of these warranties is to safeguard the housing company if any of the main assumptions on which the transfer price was calculated turn out to be different in reality. The environmental liabilities are covered by an insurance policy but any other liabilities that do arise will be funded from the Authority's general reserves. Owing to the uncertainties surrounding any potential claim, it is not practicable to make an estimate of the total value of liabilities (if any).

42. Nature and Extent of Risks Arising from Financial Instruments

The Authority'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 authority
- liquidity risk – the possibility that the authority might not have funds available to meet its commitments to make payments

- market risk – the possibility that financial loss might arise for the authority as a result of changes in such measures as interest rates and stock market movements.

The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a central treasury team, under policies approved by the Authority in the annual treasury management strategy statement. There are treasury management practices that have been adopted in accordance with the policy statement to ensure risk is managed and covers areas, such as interest rate risk, credit risk, and the investment of surplus cash.

a) Credit risk

The following summary identifies the arrangements in place for managing credit risk in relation to financial assets and for estimating the impairment loss allowances that would reflect the Council's exposure to this risk:

<u>Asset type</u>	<u>Credit risk management practices</u>	<u>Estimation of impairment loss allowance</u>
Government bonds, deposits, loans to other local authorities	Investments guaranteed by statute – no credit risk	No allowance required
Deposits with banks & building societies (& financial institutions)	Deposits are restricted by the Council's treasury management strategy to institutions with minimum acceptable credit ratings. All deposits held at 31 March 2021 therefore have low credit risk. Deposits are not made with banks and financial institutions unless they are rated independently. We invest in the top banks and building societies. We require the institutions lowest credit rating to be, at a minimum in the middle adequate range according to the Audit Commission report 'Risk and Return'. The Authority has a policy of not lending more than £3 million of its surplus balances to one institution with the exception of the Government (via Treasury Bills, other local authorities and the Debt Management office which is unlimited).	12 month expected credit losses have been assessed based upon risk factors which consider the credit rating and financial standing of the institution. The highest credit ratings for the deposits that the Authority has made mean that any allowance for expected credit losses would be insignificant.

<u>Asset type</u>	<u>Credit risk management practices</u>	<u>Estimation of impairment loss allowance</u>
Other loans to businesses and voluntary organisations	Loans are subject to internal credit rating by reference to audited accounts etc. A significant increase in credit risk since initial recognition arises when a loan's categorisation changes adversely. Loans are credit impaired where financial difficulties are identified or where the borrower breaches contracted terms of the loan. Balances are not written off until there is no realistic prospect of recovery.	Expected credit losses are calculated using historical data for defaults and risks specific to the borrower identified in the internal assessment process. No allowance required
Other debtors	Debtors are not subject to internal credit ratings and have been grouped for the purposes of calculating expected credit losses based upon time overdue. An element of balances are written off when they are more than 12 months past due plus specific provision for those greater than 12 months. Balances are written off but enforcement activity continues until there is no realistic prospect of recovery.	Expected credit losses are calculated using provision matrices based upon historical data and grouping of debtor ages and some specific debtors based upon financial data e.g. accounts etc. Between 1 April 2020 and 31 March 2021 the loss allowance increased from £0.661 million to £1.129 million as a result of a change in the volume of debtors and to provide for potential outcomes arising from the Covid 19 pandemic. 'Other debtors' include trade debtors and housing benefit overpayments etc.

Changes in Expected Credit Losses

The following movements in the impairment loss allowances for financial assets took place in 2020/21.

	Allowance at 1 April 2020	Increase / (decrease) in provision	Allowance at 31 March 2021
	£'000	£'000	£'000
Deposits with banks and building societies			
12-month credit losses	0	0	0
Other loans to businesses and voluntary organisations			
12-month credit losses	0	0	0
Lifetime credit losses	0	0	0
Credit-impaired assets	0	0	0
Other debtors			
Grouped assets	661	468	1,129
Total loss allowances	661	468	1,129

The total amount of undiscounted expected credit losses at recognition on financial assets initially recognised during 2020/21 was £0.

Exposure to Credit Risk

		Gross Carrying Amount £'000
Other debtors		
Grouped assets	Not subject to credit rating *	5,619
Total amount exposed to credit risk		5,619

*Other sundry debtors have an impairment provision based upon historical experience, age of debt, economic conditions and arrangements for repayment.

As detailed above, all deposits are low risk (see table above). Loans to businesses and other organisations are not material. Credit risk is not measured for individual debtors.

Loss allowances for council tax are £0.147 million at 31 March 2021 and £0.204 million for non domestic rates. These are calculated based upon historic default patterns and economic conditions prevailing at the time.

During 2020/21 the Council wrote off financial assets with a contractual amount outstanding of £0.012 million (£0.021 million in 2019/20) that are still subject to enforcement activity.

b) Liquidity risk

The Authority has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to borrow at a time of unfavourable interest rates. There are no risks at present as we have no long term borrowing but any future plans will incorporate a sensible maturity structure for such loans.

The maturity analysis of financial liabilities is as follows:

	31 March 2020 £'000	31 March 2021 £'000
Less than one year	(3,406)	(10,045)
Between one and two years	0	0
Between two and five years	0	0
More than five years	0	0
	(3,406)	(10,045)

All trade and other payables are due to be paid in less than one year.

c) Market risk

i) Interest rate risk

The Authority is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise (at present we have no borrowings at variable rates)
- borrowings at fixed rates – the fair value of the liabilities/ borrowings will fall
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise (at present we have no investments at variable rates)
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value, 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. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements

in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 10% (no more than 10% for 2021/22) of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid early to limit exposure to losses.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2021, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable investments	(94)
Impact on Surplus or Deficit on the Provision of Services	(94)
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income & Expenditure)	0

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

ii) **Price risk**

The Authority does not invest in equity shares and consequently is not exposed to losses arising from movements in the prices of shares.

iii) **Foreign exchange risk**

The Authority has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

43. Other Long Term Liabilities

These relate to the pension liability, the long term element of the Collection Fund balance for council tax and income received in advance relating to two operating leases.

The breakdown is as follows:-

31 March 2020 £'000		31 March 2021 £'000
(239)	Operating leases - income in advance	(237)
(169)	Collection Fund balance – council tax/NNDR	(1,137)
(86,418)	Pension Liability	(107,865)
(86,826)		(109,239)

44. Trust Funds

The Authority is also sole trustee for Hamlyn Playing Fields, Buckfastleigh and King George V Playing Field, Shaldon. Income and expenditure for these is not material. The assets are not included in the balance sheet of the Authority.

45. Heritage Assets

There are a small number of heritage assets held by the authority, principally covering miscellaneous works of art and civic regalia. They are valued periodically for insurance purposes and the insurance value is used as the valuation for accounting purposes. The items held are all valued at less than the £10,000 capitalisation limit and are not recorded on the balance sheet – a register is held and updated by the insurance officer.

46. Agency Services

- (a) The Authority collect land charge search fees on behalf of Devon County Council. These fees are reimbursed to the County Council on a periodic basis. The amount collected was £40,853 for 2020/21 (£31,889 in 2019/20).
- (b) The Authority acts as agent for Devon County Council, Devon and Cornwall Police Authority and Devon & Somerset Fire & Rescue Authority in the collection of council tax and for Central Government, Devon County Council and Devon & Somerset Fire & Rescue Authority for the collection of Non Domestic Business Rates. Details can be found in the Collection Fund on pages 113 and 114.
- (c) The Authority carries out payroll services for various organisations for which it received total fee income of £3,918 in 2020/21 (£2,992 in 2019/20).
- (d) As part of the response to the Covid 19 pandemic the Authority acts as agent for Central Government to administer various business grants, local restrictions grants and track and trace grants. In 2020/21 £47.341 million has been paid out.

47. Joint Operations

Teignbridge District Council, Exeter City Council and East Devon District Council each have interests in a joint operation called Strata Service Solutions Ltd, a registered company (company number 09041662) whose registered office is Civic Centre, Paris Street, Exeter, Devon, EX1 1JN. The Company commenced trading on 1 November 2014.

The business of the Company is the operation and provision of a shared information communications technology service to each of the Councils including;

- A source of expertise regarding information technology
- A resilient and reliable ICT infrastructure

- A service desk that maintains and supports devices, operating systems and core applications
- Information security and information management services
- Developing and implementing business systems to meet Council business objectives
- A Street Name and Numbering function

The proportions of ownership interests are; Exeter City Council (35.936%), Teignbridge District Council (27.372%) and East Devon District Council (36.692%). Each authority has equal voting rights, with decisions taken collectively and unanimously.

The figures that have been consolidated into the Council's single entity financial statements are:

Adjustment to Comprehensive Income & Expenditure Statement (CIES)

	2019/20 £'000's	2020/21 £'000's
Fees	(1,825)	(1,890)
Cost of Sales	972	931
Admin Expenses	1,313	1,254
Transfer of pension scheme liability	0	0
Cost of Services`	460	295
(Gain) / loss on disposal of assets	0	60
Net interest on the net defined benefit liability	46	37
Interest receivable	(3)	0
(Surplus) or Deficit on Provision of Services	503	392
Remeasurement of the net defined benefit liability	(521)	1,075
Total CIES	(18)	1,467

Adjustments to Balance Sheet (cumulative for 2019/20 column)

Property, Plant & Equipment	198	(73)
Intangible assets	391	13
Investment in Strata removed upon consolidation and replaced with proportional share of assets and liabilities	(1,956)	(264)
Total Long Term Assets	(1,367)	(324)
Inventories	4	0
Short Term Debtors	599	52
Cash & Cash Equivalents	74	162
Total Current Assets	677	214
Short Term Creditors	(170)	(28)
Grants Receipts in Advance – Capital	(74)	(106)
Total Current Liabilities	(244)	(134)

	2019/20	2020/21
	£'000's	£'000's
Pension Scheme Liability	(1,622)	(1,223)
Total Long Term Liabilities	(1,622)	(1,223)
Net Assets	(2,556)	(1,467)
Financed by:		
Usable reserves	211	(13)
Unusable reserves	(2,767)	(1,454)
	<hr/>	<hr/>
Total Reserves	(2,556)	(1,467)

SUPPLEMENTARY SINGLE ENTITY FINANCIAL STATEMENTS

THE COLLECTION FUND

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate account. 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.

	2019/20 Business Rates	2019/20 Council Tax	2020/21 Business Rates	2020/21 Council Tax
	£'000	£'000	£'000	£'000
INCOME				
Income from Council Tax		(95,132)		(97,394)
Business Rates Receivable	(30,440)		(13,289)	
(Plus): Transitional Protection/S13A Relief	34	(1)	48	(877)
	<u>(30,406)</u>	<u>(95,133)</u>	<u>(13,241)</u>	<u>(98,271)</u>
EXPENDITURE				
Precepts, Demands & Shares:				
Central Government	15,370		15,858	
Devon County Council	2,767	68,133	2,854	71,561
Devon & Cornwall Police Authority		10,448		11,019
Devon & Somerset Fire & Rescue Authority	307	4,259	317	4,387
Teignbridge District Council (net including Towns / Parishes)	12,296	11,805	12,686	12,508
Rates write offs and change in impairment allowance	(391)		200	
Council Tax written off and change in impairment allowance		546		190
Rates increase/(reduction) in provision for appeals	(200)		170	
Transitional Protection payable			302	
Renewable Energy disregard			62	
Business Rates – Cost of collection	192		191	
	<u>30,341</u>	<u>95,191</u>	<u>32,640</u>	<u>99,665</u>
Movements on the Collection Fund :				
DEFICIT / (SURPLUS) FOR THE YEAR	(65)	58	19,399	1,394
DEFICIT / (SURPLUS) BROUGHT FORWARD	1,090	(751)	401	(193)
ACCUMULATED DEFICIT / (SURPLUS)	<u>1,025</u>	<u>(693)</u>	<u>19,800</u>	<u>1,201</u>
(see note 4 to the Collection Fund)				
Allocation for following year:				
Central Government	233		(8,734)	
Devon County Council	(601)	360	(1,572)	(1,799)
Devon & Cornwall Police Authority		55		(277)
Devon & Somerset Fire & Rescue Authority	(6)	23	(175)	(110)
Teignbridge District Council	(250)	62	(6,987)	(314)

	(624)	500	(17,468)	(2,500)
DEFICIT / (SURPLUS) CARRIED FORWARD	401	(193)	2,332	(1,299)

NOTES TO THE COLLECTION FUND

1. The accounting arrangements for the Collection Fund are as follows:

- Under business rates retention as a billing authority we act as an agent, collecting business rates on behalf of the major preceptors and central government. Teignbridge received 40% of the estimated income as a payment of £12.686 million (2019/20 £12.296 million) from the rates collection fund. The authority had to pay a tariff to government of £9.147 million (2019/20 £9.0 million) and a levy of £1.0 million (2019/20 £1.098 million). However as we are part of the Devon pool some of this was returned to us as a pooling gain of £0.327 million (2019/20 £0.326 million).
- The surplus or deficit on collection funds at the end of the year is required to be distributed to or made good by contributions from the Authority and major preceptors/ shares in a subsequent financial year. A £2.5 million deficit (2019/20 £0.5 million surplus) has been declared by Teignbridge as the council tax estimate in 2020/21. A £17.468 million (2019/20 £0.624 million) deficit was anticipated for non-domestic rates for 2020/21 however an actual deficit balance has arisen of £19.800 million (2019/20 £1.025 million).

2. Business Rates

The total business rateable value as at 31 March 2021 was £85.311 million (31 March 2020 £85.350 million) with a multiplier of 51.2 pence (50.4 pence 2019/20) in the pound 49.9 pence (49.1 pence 2019/20) in the pound for properties where the rateable value is less than £51,000 (£51,000 2019/20).

3. Council Tax

Council Tax (CT) income derives from charges raised according to the value of residential properties which have been classified into 8 valuation bands. The income required to be taken from the collection fund is dividing by the CT Base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts) to get individual charges. The relevant amount for 2020/21 was 50,216 (2019/20 49,716) adjusted for a collection rate of 99.0% to give Teignbridge's Tax Base of 49,714 (2019/20 49,219) Band D equivalents. The average Band D charge for the Teignbridge CT, excluding Parishes, was £175.17 (2019/20 £170.17).

4. Collection Fund Balance

The deficit / (surplus) balance on the fund is split between the preceptors as follows:

	2019/20		2020/21	
	Business Rates £'000	Council Tax £'000	Business Rates £'000	Council Tax £'000
Central Government	(33)		9,900	
Devon County Council	637	(499)	1,782	864
Devon & Cornwall Police Authority		(76)		131
Devon & Somerset Fire and Rescue Authority	11	(31)	198	54
In short / long term debtors / short term creditors / long term liabilities	615	(606)	11,880	1,049
Balance of Fund to Teignbridge District Council (in Collection Fund Adjustment Account)	410	(87)	7,920	152
	<u>1,025</u>	<u>(693)</u>	<u>19,800</u>	<u>1,201</u>

GLOSSARY OF FINANCIAL TERMS

ACCRUALS	A sum included in the account to cover income or expenditure attributable to an accounting period for goods received or works 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 or Rents.
CAPITAL EXPENDITURE	Expenditure on the acquisition of property, plant equipment or intangible assets or expenditure which adds to and not merely maintains the value of such an asset.
CAPITAL FINANCING COSTS	Annual charges related to borrowing including interest, minimum revenue provision and repayments of principal on debt outstanding.
CAPITAL RECEIPTS	Income received from sale of assets which is available to finance other capital expenditure or to repay debt on assets financed from loan.
CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)	The governing body responsible for issuing the statement of recommended practice to prepare the accounts.
COLLECTION FUND	A separate fund which must be maintained by a district for the proper administration of Council Tax and Non Domestic Rates.
CURRENT SERVICE COST	Amount chargeable to Services based on the Actuary's assessment of pension liabilities arising and chargeable to the financial year.
CURTAILMENTS	This is the amount the Actuary estimates as the cost to the authority of events that reduce future contributions to the scheme, such as granting early retirement.
DEBT	Amounts borrowed to finance Capital Expenditure which are still to be repaid.

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.
FEES & CHARGES	In addition to the income from charge payers and the Governments, Local Authorities charge for services, including Planning Consents, Hire of Sporting Facilities, Car Parking etc.
FIFO	A method of valuing inventory (First In First Out) where stocks issued are assumed to be issued from the oldest available stocks.
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	A sum provided against income due to prudently allow for non collectable accounts.
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.
LOCAL AUTHORITY (SCOTLAND) ACCOUNTS ADVISORY COMMITTEE (LASAAC)	Formed a joint committee with CIPFA to produce the Code of Practice on Local Authority Accounting in the United Kingdom (referred to as the 'Code').
LOCAL DEVELOPMENT FRAMEWORK (LDF)	A plan which includes documents that establish the local policy towards the use of land and the vision for involving communities in the plan making process.

MINIMUM REVENUE PROVISION (MRP)	A 'prudent' annual provision from revenue in respect of capital expenditure financed by borrowing or credit arrangements.
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, andb) 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>
PUBLIC WORKS LOAN BOARD (PWLB)	A Government Agency which provides longer term loans to Local Authorities at interest rates slightly higher than those at which the Government itself can borrow.
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.
SANGS	Suitable Alternative Natural Green Space. Accessible alternative green provision to migrate where development is close to a protected site.
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.

SHORT TERM LOAN	Borrowing from outside the authority that may be recalled within the year.
STRAIN ON FUND CONTRIBUTIONS	Additional employers pension contributions as a result of an employee's early retirement.
SUNDRY CREDITORS	Amounts owed by the Council at 31 March.
SUNDRY DEBTORS	Amounts owed to the Council at 31 March.
TEMPORARY BORROWING	Borrowing for revenue purposes for a period of less than one year.
VESTED RIGHTS	<p>In relation to a defined benefit scheme, these are:</p> <ul style="list-style-type: none">a) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;b) for deferred pensioners, their preserved benefits;c) for pensioners, pensions to which they are entitled. <p>Vested rights include where appropriate the related benefits for spouses or other dependants.</p>
VIREMENT	The authorised transfer of an under spending in one budget head to another head.

Part 3

Supplementary Information

Annual Governance Statement

2020-2021

Introduction

Teignbridge District Council must ensure its business is conducted in line with the law and proper standards, and use public money economically, efficiently and effectively. It is the Council's duty to put in place arrangements for the governance of its affairs, and effective delivery of services.

To achieve good governance, we have systems for managing and overseeing what we do. These arrangements are intended to ensure that we deliver intended outcomes while acting in the public interest at all times.

We have measured ourselves against the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework for Delivering Good Governance in Local Government. The following statement explains how Teignbridge District Council has complied with the principles and also meets the requirements of the Accounts and Audit Regulations (England) 2015 in relation to the publication of an Annual Governance Statement. We have also outlined how our arrangements were affected by the Covid-19 pandemic which impacted us from March 2020.

The Guiding Principles



The governance framework

The governance framework comprises the systems, processes, culture and values which direct and control our daily business, and includes the methods we use to engage, lead and account to the community. It enables us to monitor how we are doing and to consider whether our plans have helped us deliver appropriate services that are value for money.

The system of internal control is a significant part of that framework and 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 but not absolute protection. The management of risk is an ongoing process designed to identify, prioritise and manage risks to the achievement of the Council's aims and objectives, and maximise opportunities.

The governance framework has been in place at Teignbridge District Council for the year ended 31 March 2021 and up to the date we approved the statement of accounts.

Impacts of the Covid-19 Pandemic on Governance

The Covid-19 pandemic caused us to make a number of changes to our normal governance arrangements, as we responded to emerging issues and new ways of working. These changes were carefully considered to ensure that the modified procedures have adequate controls in place and all urgent decisions were documented.

As the full impacts of the pandemic emerged from March 2020, the Council put in place an Incident Management Team which provided leadership and managed risk on a daily basis, ensuring the delivery of essential services was maintained safely for customers and staff. We worked closely with central Government, neighbouring authorities and the voluntary sector in providing community support to address the needs of our most vulnerable customers, delivering urgent financial support such as business and welfare grants, and regularly communicating with our staff and residents on how to stay safe and limit the spread of the virus. We developed a Recovery Plan in response to the pandemic across 5 work streams: Economy; Communities; Environment; Place; and Vital Viable Council.

Lockdown required arrangements for virtual Council meetings to be made urgently. These were facilitated using Zoom initially and latterly Webcasting as meetings recommenced upon the ending of restrictions in May 2021. This enabled our democratic and decision making processes to remain open and accessible.

Remote working systems were implemented rapidly for office based staff with both technical and wellbeing support for home working provided throughout. Plans are currently in place for a phased return from September 2021, and an associated office accommodation review has taken place. We have implemented ever changing guidance for our operational staff such as our waste crews, who were unable to socially distance at work. In general we have managed well with limited cases. Our arrangements were effective with not a single outbreak from any office setting and minimal disruption to our waste collection service.

A review of the Council's Ten Year Strategy resulted in some projects being put on hold due to the extreme financial and economic uncertainty caused by the pandemic. The Strategy will be further reviewed during 2021 taking account of the recovery work being undertaken and particularly our understanding of the impact the pandemic has had on our communities.

Reports on the Council's response to the pandemic and its impacts can be found in our Executive and Overview and Scrutiny Committee reports [here](#). Governance has remained effective, and the commitment and resilience of our workforce has been commendable.

The key things we do to comply with the good governance principles are as follows:

Behaving with integrity, demonstrating strong commitment to ethical values, and being lawful

- The Council's Constitution, Councillor and Officer Codes of Conduct, and Vision and Values statement set out required standards of members and officers.
- The Constitution was reviewed in 2020 with improved clarity over delegations. Further work is planned to further ensure it meets the Council's needs.
- A Procedures Committee has been set up to oversee future operation of the Constitution
- Registers of Interests are maintained to avoid conflicts, prejudice or bias.
- The designated statutory Head of Paid Service, Financial Officer and Monitoring Officer help ensure business is conducted lawfully.
- Internal and external audit scrutinise Council activities and report independently on the extent to which laws, policies and procedures are complied with.
- Audit Scrutiny, Standards Committee and the Monitoring Officer provide oversight.
- Anti-Fraud and Corruption and Whistleblowing policies are in place.
- Council services are led by trained and professionally qualified staff.
- Comments and complaints processes are in place and are publicised, including how to complain to the Ombudsman.
- Our 'fair for all' ethos is incorporated in the work we do, and we publish our adherence to the Equality Act duties annually.
- The Centre for Governance and Scrutiny were invited to review officer/member roles and responsibilities, including consideration of values, behaviours, and ethical issues, and the constitutional provisions supporting these.

Ensuring openness and comprehensive stakeholder engagement

- Our Consultation and Community Engagement Strategy and Toolkit encourages all members of the community to contribute to, and participate in the work of the Council.
- Members of the public have access to Council meetings, minutes and agendas. As a result of lockdown, some meetings had to be cancelled until legislation was enacted, and IT solutions put in place to enable us to hold these virtually. Meetings were available to the public through the Council's YouTube channel which has improved the transparency of decision making.
- Our Residents Panel "Talking Teignbridge" is used as a sounding board. A review of this is planned, to ensure it is demographically representative.
- A Customer Reading Group ensures publications can be understood. Plain English principles are used in publications and digital content meets accessibility standards with a 100% AA rating on our website. Our website has been continually improved based on what customers need.
- We have developed a Digital Strategy to guide the way services will be delivered with a digital first approach.
- We survey customers on a number of services for views to help shape future direction.
- A Statement of Community Involvement sets out engagement processes for planning policy and applications, and a revision of our Local Plan is in progress. Consultations are being carried out virtually due to the impact of the pandemic, which is resulting in a higher level of engagement than traditional "village hall" face to face consultations.

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

- A Ten Year Council Strategy guides our work. This was implemented following extensive research and consultation with residents, business and partners, and is underpinned by ten “Super Projects” each having a widespread impact on the economy, community wellbeing, and environment. However, a number of projects are now on hold or will not continue due to the extreme financial and economic uncertainty caused by the pandemic. The Strategy will be reviewed in light of the recovery work being undertaken and particularly our understanding of the impact the pandemic has had on our communities.
- Our elected members called a Climate Emergency in 2019. Since then we have begun to measure our organisational carbon footprint and develop a pathway to net-zero emissions. We have also become a signatory of the Devon Climate Emergency and together with our partners across Devon, we are working towards a Devon Carbon Plan that will set Devon on a pathway to net-zero emissions by 2050 at the latest.
- Various carbon reduction grant funded works are in progress at leisure centres and Forde House. Other district themes include a Tree Strategy; green infrastructure connecting with nature; Future High Street fund and Newton Abbot and Kingsteignton Garden Communities project. The new Local Plan also includes climate change mitigations measures.
- Budgets, financial plan and capital programme direct financial resources to priorities.
- We have a Procurement Strategy in conjunction with other Devon Districts which defines our commitment to support local economies.
- An Economic Development Plan aids local businesses and the local economy, together with a Jobs Plan which was implemented in June 2021.
- A number of small grants and funding schemes are provided, which benefit local communities, and a crowdfunding initiative has been joined.
- We belong to the Greater Exeter Partnership which is developing a non-statutory joint plan for joined-up decision making on planning and infrastructure matters, and we are members of the Heart of the South West Local Enterprise Partnership.

Determining the interventions necessary to achieve intended outcomes

- Performance measures track progress with delivery of our Strategy.
- A medium term financial strategy outlines how we intend to raise and manage the resources needed to deliver our services and priorities over the medium term. This is constantly under review to address the severe financial impacts of the pandemic.
- Executive Key decisions are publicised in advance so they can be scrutinised in line with decision making and Overview and Scrutiny arrangements.
- Overview and Scrutiny review groups are appointed to look at Council policy, services, and particular issues of local concern. Although some 2020 meetings had to be cancelled due to lockdown, Scrutiny resumed in July following the implementation of virtual meetings.
- A digital transformation programme “One Teignbridge” and annual business planning and review exercises “BETTER2022” drive service improvement and performance.
- A Partnership toolkit aids collaborative working and strong partnership governance.

Developing capacity including the capability of leadership and the individuals within it

- Recognised recruitment and selection procedures and induction programmes are followed for both staff and members.
- Training and development needs are tracked through annual personal development and performance interviews for staff. Member development needs are co-ordinated by the Democratic Services Team Leader who is planning to introduce a member development programme in 2021. The newly formed Procedures Committee will also oversee member development.
- HR policies aim to promote the health and wellbeing of the workforce, which has been especially important during lockdown, and the Investors in People accreditation is maintained.

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

- Our Risk Management Strategy is reviewed annually and risk management reports are reviewed by the Strategic Leadership Team (SLT) and the Audit Scrutiny Committee.
- The Strategy requires risks to be managed at all levels including service, strategic, and project levels, and in all decision making risk must be identified.
- Some risks have inevitably increased as a result of the pandemic and these have been kept under review to ensure appropriate mitigations are in place. A separate risk matrix supports our Covid-19 recovery plan.
- Robust performance monitoring using a basket of indicators is undertaken by the SLT and Overview and Scrutiny Committees. These are also kept under review as we revisit our priorities to accommodate the impacts of the pandemic.
- As mentioned above, a programme of reviews (BETTER2022) help ensure value for money in services is scrutinised, for efficient service delivery.
- Our Head of Corporate Services is the designated officer responsible for the proper administration of the Council's financial affairs.

Being transparent, with good practices in reporting and audit, to deliver effective accountability

- Agendas, reports, and minutes of meetings are published, along with Key Decisions and meetings are accessible with live stream and recordings on our website.
- An internal audit function reports to the SLT and Audit Scrutiny Committee who also receive and consider the external auditors' findings.
- Key data is published, and timely responses are given to Information Requests.

How do we know our arrangements are working?

At least annually, we review the effectiveness of the governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance systems; the Audit Manager's annual report; and by comments made by external auditors, and other review agencies and inspectorates. Further assurance is provided by:

- Assurance statements completed by the Council's management team, which cover their areas of control, acknowledge accountability for risk management and internal control, and certify their satisfaction with the arrangements in place throughout the year.
- Key officers' views on the standards of governance within the Council – specifically the Section 151 Officer (responsible for the Council's financial affairs), the Monitoring Officer, the Audit Manager, and the Health and Safety Manager.
- The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. The Monitoring Officer also reviews the operation of the Constitution, to ensure it is up to date, and reflects best practice and legal requirements. Concerns highlighted by this process are outlined later in this statement.
- The Standards Committee is available to support the Monitoring Officer on standards of conduct and probity issues, and dealt with a number of matters referred to it. As above, concerns highlighted by matters dealt with by Standards are noted under challenges below.
- The Overview and Scrutiny process has monitored the Council's policies and performance on an ongoing basis (with the exception of the meetings cancelled during lockdown period). Portfolio Holders have also kept issues under review during meetings with managers.
- The Audit Scrutiny Committee has reviewed arrangements for managing risk concluding that adequate risk management arrangements are in place.
- Counter fraud arrangements have been kept under review through a Fraud Risk Assessment and fraud controls are evaluated during internal audit work. Internal audit have also provided assurance over the numerous Covid-19 support grants and payments distributed throughout the pandemic.
- The Council's external auditor provided the Council with an unqualified opinion on the Council's accounts and positive Value for Money report within their Annual Audit and Inspection letter for 2019-2020. However, the Council's accounts for 2020-2021 will be qualified and significant weaknesses have been reported in relation to Valued for Money in the Annual Auditor's Report 2020-2021 (these are also covered under governance issues later in this statement). The external auditor attends Audit Scrutiny Committee meetings where their reports have been considered.
- As a significant group relationship, our IT provider Strata Service Solutions Limited has been provided with positive assurance from the Devon Audit Partnership, as the provider of its internal audit services in 2020-2021. Strata's performance has been monitored closely by the Council's IT Requirements Board, and by the Joint Executive and Scrutiny Committees.
- Strata, has maintained compliance with the Government PSN (Public Services Network) Code of Connection, which is a mandatory set of security standards Councils must meet in order to connect to this secure network. Assurance has also been given in respect of cyber risk in deployment of the following: National Cyber Security Centre's (NCSC) 10 Steps to Cyber Security, the Open Web Application Security Project (OWASP) website principles and use of NCSC WebCheck, MailCheck, Protective Domain Name System security, and the Early Warning Vulnerability Service. Strata are also working towards Cyber Essentials Plus accreditation.

- The Electoral Commission's real time monitoring of performance concluded that the Council met their standards. The elections due in May 2020 took place in May 2021 in line with government guidance.
- The Local Government Ombudsman upheld 3 of the 15 complaints referred to it. As a result of a case dealt with in July 2020 which was later subject to an Ombudsman investigation into a Standards case, recommendations of the Ombudsman into the way Standards complaints are handled, have been implemented.
- A review of legal proceedings and contingent liabilities revealed no issues arising from weaknesses in control or governance.
- CIPFA guidance on the role of the Chief Financial Officer in public service organisations was used to benchmark the Council's arrangements, showing how these standards are met.
- Financial Management was also assessed against CIPFA's Financial Management Code with positive findings. This has a particular focus on financial resilience which is particularly important in current times.
- Based on the assurance work undertaken by internal audit, the Audit Manager has provided an opinion on the control environment which concluded that this was adequate and effective. It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute.
- Information Governance is overseen by the Audit Manager. There have been no major reportable data breaches and average processing time for Freedom of Information and Environmental Information Regulation requests was 13 days in the 18 month AGS period.
- Corporate governance arrangements Council-wide have been assessed against the requirements of the governance framework outlined in the CIPFA / SOLACE Framework for Delivering Good Governance in Local Government.
- Specific reviews have been commissioned to look at areas of concern: Office of Government Scrutiny review mentioned above (outcome pending) and Planning Advisory Service review of the planning decisions making process, the findings of which were positive, and the Centre for Governance and Scrutiny (CfGS) review of Council governance.
- The CfGS were invited in to review governance in 2021 and work with members to understand their roles and improve the relationship between members and officers. Alongside this was a need to review and update the Council's Constitution to both aid decision making and promote the ethical standards which underpin good governance. Although an action plan was produced, the required constitutional changes were not approved by the Council and governance improvements were not forthcoming. A further rapid review by the CfGS was therefore commissioned in 2023 alongside additional support provided by Avanti (transformation consultants) and the Local Government Association (LGA), to ensure the necessary changes were effected. Actions already taken to improve governance, together with ongoing planned improvement, are covered below in the final section of the Annual Governance Statement.

Conclusion

Our governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Set out below, are the challenges highlighted by this review which we aim to address during 2021-2022.

2021-2022 Challenges	Planned Action
<p><u>Financial Sustainability</u></p> <p>The Coronavirus pandemic has had a significant financial impact on the Council, and will continue to affect fees and charges and commercial income throughout 2021 and beyond. The Government support packages have helped but these only cover part of the year 2021-2022. The Council also has a number of capital projects at different stages which could also be impacted.</p>	<p>The Chief Finance Officer and Strategic Leadership Team continuously monitor the financial situation to understand the level of budget variation and progress with capital schemes. Budgets have been realigned, savings found and further savings will be identified from service reviews to assist with budget gaps identified in the medium term financial plan.</p>
<p><u>Qualification of 2020-2021 Accounts</u></p> <p>The external auditor has qualified the Council's financial statements due to matters relating to the evidence held to support the key underlying assumptions for the Council's valuation of its property, plant and equipment.</p>	<p>Finance staff have liaised with Estates since the issue around retention of evidence on asset valuations for audit purposes in the year end accounts for 2020/21 and an improved process has been carried out for 2021/22 and future years.</p>
<p><u>Member and Officer roles and relationships</u></p> <p>As outlined above, the Centre for Governance and Scrutiny (CfGS) were invited to review officer/member roles and responsibilities, including consideration of values, behaviours, and ethical issues, and the constitutional provisions supporting these. Due to difficulties progressing the action plan from their September 2021 report, further assistance has been required to help the Council move forward with this work.</p>	<p>Good working relationships are crucial to good governance and there is still work to be done in this area. Officers have already made a number of recommendations leading to improvements being implemented including:</p> <ul style="list-style-type: none"> - enhancing the role of scrutiny to make it more effective, aided by the appointment of a Scrutiny Support Officer; - independent persons supporting the Standards Committee; - group leaders no longer sit on Standards removing the risk of it being politically led;

2021-2022 Challenges	Planned Action
	<ul style="list-style-type: none"> - integration of the LGA Model Code of Conduct into the Constitution; - we have reviewed and implemented a clearer process for complaints; - financial limits have been increased to aid decision making. <p>Further improvements planned:</p> <ul style="list-style-type: none"> - a review of the Constitution is taking place in 2024 which will include a member – officer protocol that will more clearly set out respective roles of members and officers to aid better working relationships going forward; - the CfGS have been commissioned to assist with the Constitution review; - a recent LGA Peer review has also been helpful and officers and members are proactively making plans to address the Peers’ findings; - we are looking at a more comprehensive programme of member training; - a new Council Strategy is being developed which should help direct the work of the Council. <p>A recent Local Government Association Peer Review has also been helpful in this respect and officer and members are proactively making plans to address the Peers’ findings throughout 2024.</p>
<p><u>Anti-fraud and Corruption and Whistleblowing policies</u></p> <p>Our governance review found these policies have not been reviewed for some time. It is good practice to review policies on a regular basis to ensure they remain fit for purpose and reflect best practice.</p>	<p>Anti-fraud and Corruption and Whistleblowing policies will be reviewed and updated in 2021-22</p>

Signed:

Leader of the Council

Managing Director

OTHER INFORMATION AND CONTACTS

1. Environmental Footprint/Climate Change

Teignbridge District Council declared a Climate Emergency in April 2019 and appointed a Climate Change officer in February 2020. The Authority has a ten year strategy including goals to reduce waste, be more energy efficient and make better transport choices. We are committed to mitigating the effects of climate change and in doing so providing leadership and support to the wider community. As one of the major employers and consumers of goods and services in the Teignbridge area, it is essential that the Council shows public commitment and leads by example.

Building upon the progress of the Carbon Management Programme with the Carbon Trust between 2007 and 2012, which at the time delivered a 20% reduction in carbon emissions within the authority, Teignbridge District Council is developing a Carbon Action Plan, a plan that will identify a pathway to a net-zero authority taking into account direct sources of emissions (Scope 1 and 2) and indirect supply chain emissions (Scope 3). As part of this emerging Carbon Action Plan, three major projects are already underway following two successful Public Sector Decarbonisation Scheme applications in January 2021; the combined schemes involve our main office block and three authority-run leisure sites and will include installing air source heat pumps, solar photovoltaics, battery storage, electrical capacity upgrades and LED lighting. The combined measures are estimated to reduce emissions by 372 tonnes CO₂ in year one, (roughly 14% of our direct carbon footprint) with carbon savings continuing annually over the project life.

Teignbridge District Council is a signatory of the Devon Climate Emergency and continues to support the development of the Devon Carbon Plan, a plan which aims to achieve net-zero emissions across Devon in the shortest feasible timeframe; the plan is due for publication in 2022. We are directly involved in numerous other district initiatives aligning with the Climate Emergency including the Future Highstreets Fund and Newton Abbot Garden Communities project. In addition, we are also developing a new local plan supporting low carbon development in the district.

www.teignbridge.gov.uk/carbonfootprint

2. Building Regulations Control Account –Year Ended 31 March 2021

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 and the Summary Accounts for the year are detailed in the Devon Building Control Partnership Accounts, which can be found at the following website:

[Browse meetings - Devon Building Control Partnership Committee - Teignbridge District Council](#)

3. Comments / Contacts

If you have any specific queries or comments in the context or format of these accounts please contact Martin Flitcroft – Tel: 01626 215246 or email martin.flitcroft@teignbridge.gov.uk

These Accounts can be found on our website at www.teignbridge.gov.uk . If you need a copy of these Accounts in another language or format please email info@teignbridge.gov.uk or call 01626 361101