

Audited Statement of Accounts for 2022/23

Report of the Director of Finance and Public Value

Please note that the following recommendations are subject to consideration and determination by the Audit Committee before taking effect.

1) Recommendations

That the Audit Committee:

- a) Approves the Management Letters of Representation in respect of the financial statements of both Devon County Council and Devon Pension Fund for the year ended 31 March 2023, and asks the Chair to sign the Letters on behalf of the Committee.
- b) Reviews and approves the Authority's audited Statement of Accounts 2022/23, noting the amendments as summarised in Appendix 2.
- c) Re-approves the audited Pension Fund Statement of Accounts for 2022/23 and the Annual Governance Statement for 2022/23 as previously presented to the Committee, noting there are no changes since these were approved by the Committee on 25 September 2023.

2) Background / Introduction

The purpose of this report is to ask Members to approve the audited Statement of Accounts for 2022/23.

The Audit Committee at its meeting on 25 September 2023 approved the Annual Governance Statement for 2022/23, the Devon County Council Statement of Accounts 2022/23, and the Pension Fund Statement of Accounts 2022/23.

At that stage the accounts were unaudited, and that the same meeting Grant Thornton LLP presented its plans to complete the external audit reviews for the above.

At the time of writing this report the audit is substantially complete and officers have agreed some changes for matters identified through the audit. These changes are highlighted in the Audit Findings Report which is included separately on the agenda for this meeting and explained further below.

Amendments included within the audited accounts are summarised below and in the appendices. A full copy of the audited accounts is provided on the agenda published on the website: [Agenda, 28 February 2024](#).

3) Changes to the Authority's Accounts

Capital Grants Income

During the course of the audit, it was identified that the unspent capital grant income in respect of Local Transport Plan totalling £9.332 million that had been accounted for as a Receipt In Advance in the draft accounts should have instead been recognised as revenue in full during the year, with the unspent balance transferred to the Capital Grants Unapplied Account within Usable Reserves. This has the effect of increasing the Council's usable reserves by £9.332 million as at 31 March 2023.

This adjustment is not material to the true and fair view of the accounts, however management decided to make the adjustment to ensure consistency with prior year and subsequent year reporting of the treatment of this recurring grant income.

The impact of this change affects the accounts in several places as set out in detail in Appendix 1 to this report. In summary, the changes affect the disclosures in the following statements and notes:

- Report of the Director of Finance and Public Value and the Chief Executive
- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement
- Notes 1, 8, 10, 13, 14, 25, 32

Other changes

A small number of other minor changes have been made to the Statements. These are summarised as follows:

- **Note 1 Expenditure and Funding Analysis**
 - Additional narrative disclosure for 2022/23 confirming the impact of the DSG Deficit (*Net Expenditure Chargeable to the General Fund (Outturn)).
- **Note 2 Accounting Standards that have been issued but have not yet been adopted.**
 - Commentary tense amended to reflect prior year audit opinions have been issued rather than will be issued.
- **Note 3 Prior Period Adjustments.**
 - Prior year column heading updated to include "Reclassification" in CIES and EFA.
- **Note 5 Assumptions made about the future and other major sources of estimation uncertainty.**
 - Removal of non-material reference to Assets Held for Sale.
- **Note 18 Financial Instruments**
 - Amendment to lower Inflation Risk assessment and reference to 'Cash (overdraft at bank).
- **Note 24 Long Term Liabilities**
 - Amendment of rounding difference of £1,000 to ensure consistency with Balance Sheet.
- **Note 25 Cash Flow Investing Activities**
 - Amend note element to provide clearer distinction between Long- and Short-Term investing activities and Capital Grants credited to surplus or deficit on the provision of services.

- **Note 31 Officers Remuneration**
 - Removal of employer pension contributions for three senior officers opting out of the pension fund.
- **Note 35 Private Finance Initiative and Similar Contracts**
 - Amend incorrect reference to inflation rate of 2.5% to 1.5%.
- **Note 36 Leases and Contract Hire**
 - Amend Finance leases (Council as lessor) and reclassify one high value lease as operating. Amend present value calculation of Finance leases (Council as Lessee) disclosure.
- **Note 37 Pensions**
 - Amend incorrect references for prior year comparators for capitalised cost of curtailments, employer contributions and 'Other actuarial gains/losses on assets' within 'Remeasurement of the net defined benefit liability'.

4) Conclusion

Overall, it is pleasing that the audit is complete and that the audited accounts can be submitted to the Committee for approval.

There were no material errors identified during the audit and the Auditor has indicated he anticipates issuing an unqualified Opinion – a good result endorsing that the accounts provide a true and fair view of the Authority's financial performance and position for 2022/23.

Angie Sinclair

Director of Finance and Public Value

Electoral Divisions: All

Cabinet Member for Finance: Councillor Phil Twiss

Contact for enquiries:

Paul Fitzgerald, Assistant Director of Finance

Tel No: (01392) 380208

Paul.fitzgerald@devon.gov.uk

Appendix 1

The table below sets out the impact of the change in respect of Capital Receipts in Advance being recognised as revenue and being transferred to the Capital Grants Unapplied Account.

	Unaudited Accounts £'000	Adjust- ment £'000	Audited Accounts £'000
Report of the Director of Finance and Public Value and the Chief Executive:			
CIES commentary – pages 4 and 5			
Net expenditure table – page 5 – 2022/23 column			
-Technical Adjustments	84,742	(9,332)	75,410
-Total	183,410	(9,332)	174,078
Movement in Reserves Statement commentary – page 6 – figures updated by £9 million for usable reserves and capital grants unapplied movements.			
Balance Sheet commentary – page 6 – figures updated by £9 million for “the Authority’s assets exceed its liabilities”.			
Gross income chart and commentary – page 8 – gross income / Government grants income segment increased by £9.3 million.			
Comprehensive Income and Expenditure Statement – page 31			
Taxation and Non-specific Grant Income – Gross income and Net Expenditure	(797,527)	(9,332)	(806,859)
(Surplus) or Deficit on Provision of Services – 2022/23 Gross Income	(1,418,510)	(9,332)	(1,427,842)
(Surplus) or Deficit on Provision of Services – 2022/23 Net Expenditure	183,410	(9,332)	174,078
Total Comprehensive Income & Expenditure	(580,094)	(9,332)	(589,426)
Movement in Reserves Statement – page 32			
Movement in Reserves during 2022/23:			
Total Comprehensive Income & Expenditure – General Fund Balance and Total Usable Reserves	183,410	(9,332)	174,078
Total Comprehensive Income & Expenditure – Total Authority Reserves	(580,094)	(9,332)	(589,426)
Adjustments between accounting basis & funding basis under regulations (Note 8) – General Fund Balance	(84,744)	9,332	(75,412)
Adjustments between accounting basis & funding basis under regulations (Note 8) – Capital Grants Unapplied	20,040	(9,332)	10,708
Net (Increase)/Decrease in 2022/23 – Capital Grants Unapplied	20,040	(9,332)	10,708
Net (Increase)/Decrease in 2022/23 – Total Usable Reserves	75,128	(9,332)	65,796
Net (Increase)/Decrease in 2022/23 – Total Authority Reserves	(580,094)	(9,332)	(589,426)
Balance at 31st March 2023 Carried Forward – Capital Grants Unapplied	20,040	(9,332)	10,708
Balance at 31st March 2023 Carried Forward – Total Usable Reserves	75,128	(9,332)	65,796
Balance at 31st March 2023 Carried Forward – Total Authority Reserves	(840,000)	(9,332)	(849,332)
Balance Sheet – page 33 – 2022/23 column			
Capital Grants Receipts in Advance	(117,112)	9,332	(107,780)
Long Term Liabilities	(1,042,101)	9,332	(1,032,769)
Net Assets/(Liabilities)	840,000	9,332	849,332
Usable Reserves	(240,425)	(9,332)	(249,757)
Total Reserves	(840,000)	(9,332)	(849,332)
Cash Flow Statement – page 34 – 2022/23 Column			
(Surplus) or Deficit on the Provision of Services	183,410	(9,332)	174,078
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	122,065	9,332	131,397
Sub-total	(97,683)	9,332	(88,351)

	Unaudited Accounts £'000	Adjust- ment £'000	Audited Accounts £'000
Note 1 – Expenditure and Funding Analysis – page 35			
Other Income and Expenditure – Adjustments between funding and accounting basis	(58,518)	(9,332)	(67,850)
Other Income and Expenditure – Net Expenditure in the CIES	(693,326)	(9,332)	(702,658)
(Surplus) or Deficit – Adjustments between funding and accounting basis	84,744	(9,332)	75,412
(Surplus) or Deficit – Net Expenditure in the CIES	183,410	(9,332)	174,078
Note 8 – Adjustments between accounting basis and funding basis under regulations – page 63			
Adjustments involving the Capital Adjustment Account:			
Capital grants and contributions – General Fund	114,607	9,332	123,939
Capital grants and contributions – Capital Grants Unapplied	(114,607)	(9,332)	(123,939)
Total Adjustments – General Fund	(84,744)	9,332	(75,412)
Total Adjustments – Capital Grants Unapplied	20,040	(9,332)	10,708
Note 10 – Notes to the Expenditure and Funding Analysis – page 66			
Other income and expenditure from the Expenditure and Funding Analysis – Adjustments for Capital Purposes	(71,322)	(9,332)	(80,654)
Other income and expenditure from the Expenditure and Funding Analysis – Total Adjustments	(58,518)	(9,332)	(67,850)
Difference between General Fund surplus or deficit and CIES surplus or deficit on the Provision of Services – Note 8 – Adjustments for Capital Purposes	34,578	(9,332)	25,246
Difference between General Fund surplus or deficit and CIES surplus or deficit on the Provision of Services – Note 8 – Total Adjustments	84,744	(9,332)	75,412
Note 13 – Taxation and Non Specific Grant Income – page 69 – 2022/23			
Capital grants and contributions	(114,607)	(9,332)	(123,939)
Total	(797,527)	(9,332)	(806,859)
Note 14 – Expenditure and Income Analysed by Nature – page 70 – 2022/23			
Government grants and contributions	(680,909)	(9,332)	(690,241)
Total Income	(1,418,510)	(9,332)	(1,427,842)
(Surplus) or deficit on the provision of services	183,410	(9,332)	174,078
Note 25 – Cash Flow – Operating Activities – page 97			
Investing and financing items – Capital Grants credited to surplus or deficit on the provision of services	111,906	9,332	121,238
Investing and financing items – total	122,065	9,332	131,397
Note 32 – Grant Income – page 105 and 107			
Credited to Taxation and Non Specific Grant Income – Capital Grants and Contributions:			
Department for Transport - Local Transport Plan	(44,509)	(9,332)	(54,706)
Other Grants & Contributions	(14,830)		(13,965)
Total	(114,607)	(9,332)	(123,939)
Grant Income - Credited to Net Cost of Services - Capital Grants (Included within Capital Grants Receipts in Advance - Long Term Liabilities):			
Department for Transport - Local Transport Plan (LTP)	(9,332)	9,332	0
Department for Energy Security and Net Zero – reclassification	(8,897)	(1,046)	(9,943)
Other Grants & Contributions – reclassification & rounding	(5,754)	1,048	(4,706)
Total	(117,112)	9,332	(107,780)

Amended Disclosures in the Authority's Statement of Accounts 2022/23

This appendix includes extracts from the audited accounts where changes have been made to the draft accounts.

[Inclusion of amended tables and text only for this disclosure]

Report of the Director of Finance and Public Value and the Chief Executive Page 4

- Final paragraph CIES amended from 183,410 to 174,078

Report of the Director of Finance and Public Value and the Chief Executive

Introduction

Welcome to the 2022/23 financial statements for Devon County Council.

This report includes a brief overview of the County Council, its objectives, performance and service provision for 2022/23. It also provides a summary of the financial performance of the Council as detailed later in the Statement of Accounts.

The financial statements have been prepared in accordance with the requirements of the Code of Practice on Local Authority Accounting (the Code) which is based on International Financial Reporting Standards (IFRS).

The Devon Pension Fund accounts, although included in this publication, are separate from the accounts of the Council and are subject to a separate audit opinion.

The Annual Governance Statement is included within this publication but does not form part of Devon County Council's accounts or those of the Pension Fund. The Annual Governance Statement explains the Council's Governance Framework and the roles of Cabinet and the Scrutiny function and significant governance issues and the challenges faced by the County Council.

This report constitutes the Authority's "Narrative Statement" as required by Section 8 of the Accounts and Audit Regulations 2015 (the Regulations).

Accounting Policies

The accounting policies (Note 2, page 37) establish the principles on which the figures in the financial statements are based. This year there have not been any significant changes to the Code.

Summary of Financial statements

The financial statements and their purpose are summarised as follows:

Comprehensive Income and Expenditure Statement (CIES) (page 31)

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. Councils 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.

The Comprehensive Income and Expenditure Account shows a deficit on the provision of services of just under £174.1 million in 2022/23 compared with a deficit of £40.6 million in 2021/22. The increase in net expenditure of £133.5 million is shown in the following table.

Page 5

- 2022/23 Technical adjustments amended from 84,742 to 75,410
- 2022/23 Total amended from 183,410 to 174,078

2021/22	2022/23	Movement
£000	£000	£000
15,441	75,412	59,971
(12,683)	61,318	74,001
37,858	37,348	(510)
40,616	174,078	133,462

- Technical adjustments refer to adjustments that are required to be included in the CIES by the Code but are reversed out in the MIRS so that they don't have any impact on the Authority's usable reserves. At £75.4 million these adjustments are £60 million higher than 2021/22. Note 8 details all these adjustments. One of these adjustments is depreciation and revaluation adjustments which is £14 million higher than the previous year. Capital grants and contributions are £11 million lower than the previous year and the assets written out when sold or disposed is £26 million higher.
- In 2022/23 the Authority's reserves and carry forwards reduced by £61.3 million
 - Earmarked reserves reduced by £28.4 million (£1 million transfer to General Fund Balance) supporting the 2022/23 budget and one off items of expenditure when the County Council approved the budget in February 2022.
 - Carry forwards reduced by £30.1 million - mainly the use of COVID grants and balances from the Integrated Care Agreement with the NHS.
 - Although school carry forwards belong to individual schools - they still need to be consolidated and shown in the Authority's balance sheet. These reduced over the year by £3.9 million
 - The movements are offset by the increase in the General Fund Balance of £1.1 million (£1 million budgeted transfer from reserves and the £156,000 outturn).

Movement in Reserves Statement (page 32)

This statement shows the movement in year for the reserves held by the Authority analysed into Usable Reserves (i.e. those that can be applied to either fund expenditure or reduce local taxation) and other 'unusable' reserves. The surplus or deficit on the Provision of Services line shows the true economic cost of providing services, more detail of which is shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance. The Net Increase/Decrease line shows the statutory General Fund Balance before any discretionary transfers to and from Earmarked Reserves undertaken by the Authority as shown in Note 9, page 65.

The Revenue and Capital Outturn 2022/23 was presented to Cabinet on 14th June and detailed the budget variances and movements to and from general balances and Earmarked Reserves.

The debit balance on Unusable Reserves reduced by just over £655 million (Note 23) because the Pension Reserve (deficit) has decreased by just under £654 million.

Page 5/6

Movement in Reserves Statement commentary figures updated by £9 million for usable reserves and capital grants unapplied movements.

Balance Sheet commentary figures updated by £9 million for “the Authority's assets exceed its liabilities”.

The net movement of £1 million in other Unusable Reserves is explained by an increase of £45 million in the following reserves.

- An increase in the Capital Adjustment account of just under £22 million;
- Increase in the Revaluation Reserve of £13 million; and
- the Collection Fund Adjustment Account has increased by just over £10 million. This movement reflects the recovery of council tax income projections from estimates made by Devon districts during the Pandemic in 2020/21.

which are partly offset by a net reduction of £44 million in other unusable reserves:

- An increase in the DSG Adjustment Account of just under £38 million (debit balance) and smaller decreases in credit balances of £6 million.

Usable Reserves have reduced by just under £66 million, consisting of three elements

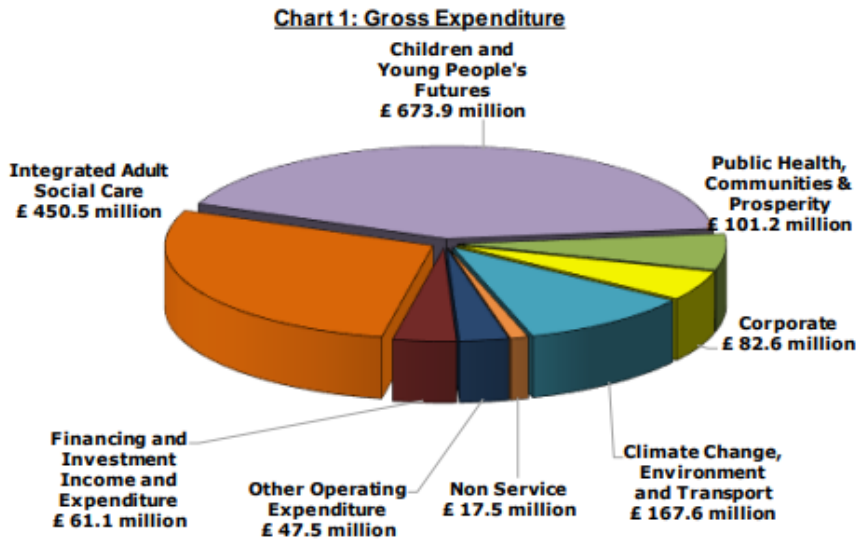
- Capital Grants Unapplied have reduced by just under £11 million; and
- General Fund, Schools and Earmarked Reserves have reduced by just over £61 million (Note 9) explained earlier in this report.
- This overall reduction has been partly offset by an increase in the Capital Receipts Reserve of just over £6 million.

Balance Sheet (page 33)

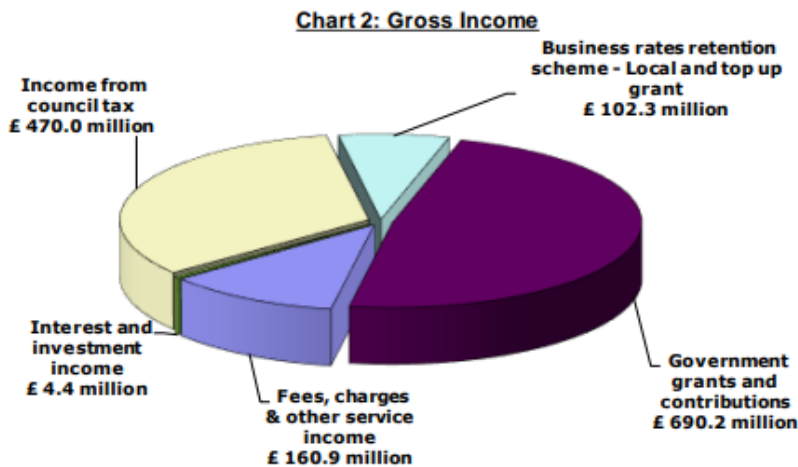
The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council. Reserves are reported in two categories. The first category of reserves is Usable Reserves, those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitation on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves 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 hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The net pension liability continued to reduce in 2022/23 (which followed a large reduction in 2021/22). At 31 March 2023, the Authority's assets exceed its liabilities by £849 million (£259.9 million at 31 March 2022). The Pension Liability of just under £262 million (Note 24, Page 97) is significantly lower than £1.3 billion two years ago (March 2021) as a result of the actuary reducing life expectancy projections and interest rates affecting the discount rate for liabilities. The liability does not represent an immediate call on the Authority's reserves and is a snap-shot valuation in time based on assumptions. The true value of the deficit is assessed on a triennial basis with contribution rates set to recover the balance over the longer-term. More information on Pensions is provided within Note 37 on page 126.

Gross income chart and commentary gross income / Government grants income segment increased by £9.3 million.



Expenditure is funded from a number of sources, some within Devon and some from Central Government. Chart 2, that follows, highlights sources of revenue income for the Authority during the year. Total gross income of just under £1,428 million was received during the year. Chart 2 shows how this is derived.



Revenue Spending

Revenue expenditure provides the day-to-day services of the Council. Income arises from charges for such services where appropriate and contributions towards their costs.

The budget is set and monitored on a management accounting basis and does not include the statutory accounting entries that are included elsewhere within these accounts.

Comprehensive Income and Expenditure Statement

Page 31

- “Reclassified” added to 2021/22 comparative column headings, and figures restated to reflect updated directorate structure.
- Taxation and Non-specific Grant Income updated for capital grant recognition amendment, and subsequent totals updated.

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 regulation this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2021/22 Gross Expenditure	Reclassified 2021/22 Gross Income	2021/22 Net Expenditure		Notes	2022/23 Gross Expenditure	2022/23 Gross Income	2022/23 Net Expenditure
£000	£000	£000			£000	£000	£000
			General Fund continuing operations				
406,015	(103,029)	302,986	Integrated Adult Social Care		450,522	(93,868)	356,654
611,155	(347,833)	263,322	Children and Young People's Futures		673,919	(373,744)	300,175
76,108	(46,522)	29,586	Public Health, Communities & Prosperity		101,189	(74,897)	26,292
70,171	(25,359)	44,812	Corporate		82,628	(25,275)	57,353
160,515	(30,634)	129,881	Climate Change, Environment and Transport		167,618	(36,104)	131,514
52,955	(62,994)	(10,039)	Non Service		17,473	(12,725)	4,748
1,376,919	(616,371)	760,548	Cost of Services	1,14	1,493,349	(616,613)	876,736
17,974	0	17,974	Other Operating Expenditure	6,11	47,501	0	47,501
63,807	(1,113)	62,694	Financing and Investment Income and Expenditure	12	61,070	(4,370)	56,700
0	(800,600)	(800,600)	Taxation and Non-specific Grant Income	13	0	(806,859)	(806,859)
1,458,700	(1,418,084)	40,616	(Surplus) or Deficit on Provision of Services		1,601,920	(1,427,842)	174,078
		(52,741)	(Surplus) or deficit on revaluation of Property, Plant and Equipment	23			(51,032)
		(1,656)	(Surplus) or deficit from investments in equity instruments designated at fair value through other comprehensive income	18.2			1,828
		(479,650)	Remeasurements of the net defined benefit liability	37			(714,300)
		(534,047)	Other Comprehensive Income & Expenditure				(763,504)
		(493,431)	Total Comprehensive Income & Expenditure				(589,426)

Movement in Reserves Statement

Page 32

See Appendix 1 for detailed changes listed

Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Authority, analysed into 'Usable Reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. The Movement in Reserves Statement shows how the movements in year of the Authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the movements of the statutory General Fund Balance (including Earmarked Reserves) in the year following those adjustments. The 'Net (increase)/decrease shows the movement on the statutory General Fund Balance including Earmarked Reserves. The statutory General Fund Balance also includes reserves held by schools (School carry forwards); details are included within Note 9.

	General Fund and Earmarked General Fund Balance	Capital Grants Unapplied	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£000	£000	£000	£000	£000	£000
Balance at 31st March 2021	(250,730)	(43,978)	(7,781)	(302,489)	536,014	233,525
<u>Movement in reserves during 2021/22</u>						
Total Comprehensive Income & Expenditure	40,616			40,616	(534,047)	(493,431)
Transfer in year DSG Deficit from General Fund to Adjustment Account	(37,858)			(37,858)	37,858	0
Adjustments between accounting basis & funding basis under regulations (Note 8)	(15,441)	(4,543)	4,162	(15,822)	15,822	0
Net (Increase)/Decrease in 2021/22	(12,683)	(4,543)	4,162	(13,064)	(480,367)	(493,431)
Balance at 31st March 2022 Carried Forward	(263,413)	(48,521)	(3,619)	(315,553)	55,647	(259,906)
<u>Movement in reserves during 2022/23</u>						
Total Comprehensive Income & Expenditure	174,078			174,078	(763,504)	(589,426)
Transfer in year DSG Deficit from General Fund to Adjustment Account	(37,348)			(37,348)	37,348	0
Adjustments between accounting basis & funding basis under regulations (Note 8)	(75,412)	10,708	(6,230)	(70,934)	70,934	0
Net (Increase)/Decrease in 2022/23	61,318	10,708	(6,230)	65,796	(655,222)	(589,426)
Balance at 31st March 2023 Carried Forward	(202,095)	(37,813)	(9,849)	(249,757)	(599,575)	(849,332)

Balance Sheet

Page 33

- Capital Grants Receipts in Advance amended from (117,112)
- Long Term Liabilities amended from (1,042,101)
- Net Assets/(Liabilities) amended from 840,000.
- Usable Reserves amended from (240,425)
- Total Reserves amended from (840,000)

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 is 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 are 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".

31st March 2022		Notes	31st March 2023	
£000			£000	£000
1,641,455	Property, Plant & Equipment	16	1,667,575	
4,070	Intangible Assets		2,153	
2,505	Heritage Assets		2,505	
27,089	Long Term Investments	18	29,261	
970	Investments in Associates & Joint Ventures	18	970	
28,664	Long Term Debtors	17	21,702	
1,704,753	Long Term Assets			1,724,166
162,877	Short Term Investments	18	97,030	
1,720	Inventories		2,742	
141,488	Short Term Debtors	19.2	149,502	
87,236	Cash and Cash Equivalents	21	70,612	
3,065	Assets held for sale	22	688	
396,386	Current Assets			320,574
(6,451)	Provisions	20	(6,183)	
(287)	Short Term Borrowing	18	(287)	
(7,715)	Revenue Grants Receipts in Advance	32	(4,370)	
(145,537)	Short Term Creditors	19.1	(151,799)	
(159,990)	Current Liabilities			(162,639)
(14,054)	Provisions	20	(12,696)	
(510,919)	Long Term Borrowing	18	(510,828)	
(1,045,761)	Other Long Term Liabilities	24	(393,089)	
(7,603)	Revenue Grants Receipts in Advance	32	(8,376)	
(102,906)	Capital Grants Receipts in Advance	32	(107,780)	
(1,681,243)	Long Term Liabilities			(1,032,769)
259,906	Net Assets/(Liabilities)			849,332
(315,553)	Usable Reserves		(249,757)	
55,647	Unusable Reserves	23	(599,575)	
(259,906)	Total Reserves			(849,332)

Cash Flow Statement

Page 34

- 2022/23 (Surplus) or Deficit on the Provision of Services amended from 183,410.
- 2022/23 Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities amended from 122,065.
- 2022/23 Sub-total amended from (97,683)

Cash Flow Statement

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

2021/22 £000		Note	2022/23 £000	£000
40,616	(Surplus) or Deficit on the Provision of Services			174,078
(232,142)	Adjustment to surplus or deficit on the provision of services for non cash movements	25	(219,748)	
146,102	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	25	131,397	
(86,040)				(88,351)
(45,424)	Net cash flows from operating activities			85,727
5,426	Investing activities	26		(84,447)
19,179	Financing activities	27		15,344
(20,819)	Net (increase)/decrease in cash and cash equivalents			16,624
66,417	Cash and cash equivalents opening balance			87,236
87,236	Cash and cash equivalents at year end			70,612

Note 1 – Expenditure and Funding Analysis

Page 35

- Other Income and Expenditure – Adjustments between funding and accounting basis amended from (58,518)
- Other Income and Expenditure – Net Expenditure in the CIES amended from (693,326)
- (Surplus) or Deficit – Adjustments between funding and accounting basis amended from 84,744.
- (Surplus) or Deficit – Net Expenditure in the CIES amended from 183,410.
- Additional narrative disclosure for 2022/23 confirming the impact of the DSG Deficit (*Net Expenditure Chargeable to the General Fund (Outturn)).

1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax payers how the funding available to the Authority (i.e. government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's service segments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. Details of the adjustments column are included within Note 10.

Expenditure and Funding Analysis

2022/23	Net Expenditure Chargeable to the General Fund (Outturn)*	Adjustments between the funding and accounting basis	Internal Transfers	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000
Integrated Adult Social Care	338,662	17,499	493	356,654
Children and Young People's Futures	239,017	58,651	2,507	300,175
Public Health, Communities & Prosperity	9,464	13,859	2,969	26,292
Corporate	41,164	15,526	663	57,353
Climate Change, Environment & Transport	73,831	57,210	473	131,514
Non Service	31,336	(19,483)	(7,105)	4,748
Net cost of services	733,474	143,262	0	876,736
Other Income and Expenditure	(634,808)	(67,850)	0	(702,658)
(Surplus) or Deficit	98,666	75,412	0	174,078
Opening General Fund Balance, schools and Earmarked Reserves at 1 April	(263,413)			
Add (Surplus)/Deficit on General Fund, Schools and Earmarked Reserves	98,666			
Transfer in year DSG Deficit from General Fund to Adjustment Account	(37,348)			
Closing General Fund Balance, schools and Earmarked Reserves at 31 March	(202,095)			

*Net Expenditure Chargeable to the General Fund (Outturn)

The Net Expenditure Chargeable to the General Fund (Outturn) of £98.666 million (2021/22 = £25.175 million) includes the outturn variance of £37.348 million (2021/22 = £37.858 million) in relation to Dedicated Schools Grant (DSG) High Needs deficit, as reported to Cabinet in June 2023. This is included within the Children and Young People's Futures Net Expenditure outturn line in the EFA above. Current statutory accounting regulations requires the DSG Deficit be transferred to the Dedicated Schools Grant (DSG) Adjustment Account (see Note 23 – Unusable Reserves). The Council chooses to report the variance this way to aid transparency of total expenditure related to Children and Young People's Futures. The Net Expenditure Chargeable to the General Fund (Outturn) excluding the deficit, reflecting the net impact on usable reserves in the year would be

£61.318m (2021/22 = (£12.683 million)). This is shown in the General Fund Balance analysis above and in the Movement in Reserves Statement (page 32).

Internal Transfers

Some service expenditure has been financed through reserves, through a credit to the service account and a corresponding debit to the non-service account to arrive at the outturn position. Accounting rules require that these transactions between the service accounts and non-service budget are reversed out from the Consolidated Income and Expenditure Account. There is no net effect on the overall outturn position.

Note 8 – Adjustments between accounting basis and funding basis under regulations Page 63

Adjustments involving the Capital Adjustment Account:

- Capital grants and contributions – General Fund amended from 114,607.
- Capital grants and contributions – Capital Grants Unapplied amended from (114,607)
- Total Adjustments – General Fund amended from (84,744)
- Total Adjustments – Capital Grants Unapplied amended from 20,040

8. Adjustments between accounting basis and funding basis under regulations

The total comprehensive income and expenditure recognised by the authority in the year is in accordance with proper accounting practice. This note details the adjustments to comprehensive income and expenditure that are required by Statute.

2022/23

	General Fund £000	Capital grants Unapplied £000	Capital Receipts Reserve £000	Movement in Unusable Reserves £000
Adjustments involving the Capital Adjustment Account:				
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non current assets	(88,352)			88,352
Reversal of previous revaluation Losses on Property Plant & Equipment to the CIES	(6,264)			6,264
Amortisation of intangible assets	(1,437)			1,437
Release of deferred income from Energy from Waste contract	1,844			(1,844)
Capital grants and contributions	123,939	(123,939)		0
Revenue expenditure funded from capital under statute	(23,657)			23,657
Amounts of non current assets written off on disposal or sale, as part of the gain/loss on disposal	(56,662)			56,662
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	14,154			(14,154)
Capital Expenditure charged to the General Fund Balance	1,030			(1,030)
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal	10,159		(14,223)	4,064
Use of the Capital Receipts Reserve to finance new capital expenditure			7,993	(7,993)
Adjustments involving the Capital Grants Unapplied Reserve:				
Use of the Capital Grants Unapplied Reserve to finance capital expenditure		134,647		(134,647)
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 37)	(113,886)			113,886
Employer's pensions contributions and direct payments to pensioners payable in the year	53,274			(53,274)
Adjustments involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,849			(2,849)
Amount by which business rate retention scheme income credited to the Comprehensive Income and Expenditure Statement is different from business rate retention scheme income calculated for the year in accordance with statutory requirements	7,540			(7,540)
Adjustments involving the Financial Instruments Adjustment Account:				
Difference between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statutory provisions relating to soft loans, stepped interest rate borrowing and premiums on the early repayment of debt.	741			(741)
Adjustment involving the Accumulating Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to the Comprehensive Expenditure and Income Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(684)			684
Total Adjustments	(75,412)	10,708	(6,230)	70,934

Note 10 – Notes to the Expenditure and Funding Analysis

Page 66

- Other income and expenditure from the Expenditure and Funding Analysis – Adjustments for Capital Purposes amended from (71,322)
- Other income and expenditure from the Expenditure and Funding Analysis – Total Adjustments amended from (58,518)
- Difference between General Fund surplus or deficit and CIES surplus amended from or deficit on the Provision of Services – Note 8 – Adjustments for Capital Purposes amended from 34,578.
- Difference between General Fund surplus or deficit and CIES surplus or deficit on the Provision of Services – Note 8 – Total Adjustments amended from 84,744

10. Notes to the Expenditure and Funding Analysis

This note explains the adjustments in the Expenditure and Funding Analysis and detailed in Note 8 to move from outturn in the General Fund to the figures in the Comprehensive Income and Expenditure Statement (using generally accepted accounting practice).

2022/23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement accounts	Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Adjustments £000	Total Adjustments £000
Integrated Adult Social Care	8,544	8,956	(1)	17,499
Children and Young People's Futures	35,044	22,924	683	58,651
Public Health, Communities & Prosperity	11,946	1,909	4	13,859
Corporate	12,047	3,480	(1)	15,526
Climate Change, Environment & Transport	54,316	2,895	(1)	57,210
Non Service	(15,997)	(3,486)	0	(19,483)
Net Cost of Services	105,900	36,678	684	143,262
Other income and expenditure from the Expenditure and Funding Analysis	(80,654)	23,935	(11,131)	(67,850)
Difference between General Fund surplus or deficit and CIES surplus or deficit on the Provision of Services - Note 8	25,246	60,613	(10,447)	75,412

Note 13 – Taxation and Non-Specific Grant Income**Page 69**

- 2022/23 Capital grants and contributions amended from (114,607)
- 2022/23 Total amended from (797,527)

13. Taxation and Non Specific Grant Income

2021/22	2022/23
£000	£000
(450,936) Council tax income	(469,996)
(80,654) Business Rates Retention Scheme Top-up	(80,654)
(18,164) Business Rates Retention Scheme Local Element	(21,632)
(115,498) Non-ringfenced government grants	(110,638)
(135,348) Capital grants and contributions	(123,939)
<u>(800,600)</u>	<u>(806,859)</u>

Note 14 – Expenditure and Income Analysed by Nature**Page 70**

- 2022/23 Government grants and contributions amended from (680,909)
- 2022/23 Total Income amended from (1,418,510)
- 2022/23 (Surplus) or deficit on the provision of services amended from 183,410

14. Expenditure and Income Analysed by Nature

2021/22		2022/23
£000	Expenditure	£000
420,737	Employee expenses	451,215
875,373	Other service expenses	946,081
978	Precepts & levies	998
80,808	Depreciation, amortisation and impairment	96,053
26,083	Interest payable	26,173
26,527	Pensions Financing and Investment Income and Expenditure	23,935
11,198	PFI financing charges	10,962
16,996	(Gain) or Loss on Disposal of Non Current Assets	46,503
<u>1,458,700</u>	Total Expenditure	<u>1,601,920</u>
	Income	
(163,748)	Fees, charges & other service income	(160,949)
(1,113)	Interest and investment income	(4,370)
(450,936)	Income from council tax	(469,996)
(98,818)	Business rates retention scheme - Local and top up grant	(102,286)
(703,469)	Government grants and contributions	(690,241)
<u>(1,418,084)</u>	Total Income	<u>(1,427,842)</u>
<u>40,616</u>	(Surplus) or deficit on the provision of services	<u>174,078</u>

Note 25 – Cash Flow – Operating Activities

Page 97

- 2022/23 Investing and financing items – Capital Grants credited to surplus or deficit on the provision of services amended from 111,906.
- 2022/23 Investing and financing items – total amended from 122,065

25. Cash Flow – Operating Activities

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

2021/22		2022/23
£000		£000
(82,426)	Depreciation	(88,352)
2,859	Revaluation gains/(losses)	(6,264)
(1,242)	Amortisation	(1,437)
1,844	Release of deferred income	1,844
(26,125)	(Increase)/Decrease in creditors	(4,880)
(20,493)	Increase/(Decrease) in debtors	4,889
356	Increase/(Decrease) in inventories	1,023
(76,804)	Movement in pension liability	(71,627)
335	Increase/(Decrease) in provisions	1,626
(30,557)	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(56,662)
111	Other non-cash items charged to the net surplus or deficit on the provision of services	92
<u>(232,142)</u>		<u>(219,748)</u>

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

2021/22		2022/23
£000		£000
13,561	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	10,159
132,541	Capital Grants credited to surplus or deficit on the provision of services	121,238
<u>146,102</u>		<u>131,397</u>

32. Grant Income

Page 105

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

Credited to Taxation and Non Specific Grant Income

2021/22 £000	2022/23 £000
UK Government Revenue Grants:	
(23,600) COVID-19 Grants	(157)
(28,270) Improved Better Care Fund	(29,127)
(23,309) Adult Social Care Support Grant	(32,317)
(15,376) Business Rates Reliefs and Multiplier Cap	(17,350)
(7,823) Rural Service Delivery Grant	(7,823)
(6,361) Council Tax Support Grant	0
108 Council Tax Irrecoverable Loss Compensation Grant	0
(3,596) Private Finance Initiative - Interest	(3,218)
(2,486) New Homes Bonus	(2,143)
(2,622) Independent Living Fund	(2,622)
(634) School Improvement Grant	(278)
(885) Local Service Support Grant	(1,062)
(549) Revenue Support Grant	(582)
0 BRRS Levy Account Surplus Grant	(861)
0 Adult Social Care Reform / Market Sustainability Grant	(2,413)
0 ASC Charging Reform Imp Support Grant	(97)
0 Adult Social Care Discharge Grant	(2,980)
0 Social Care Capacity Productivity	(350)
0 Cyber Security	(100)
0 Services Grant	(7,076)
(95) Other Government Grants below £50,000	(82)
(115,498) Non ringfenced Government Grants	(110,638)
Capital Grants and Contributions:	
(61,850) Department for Transport - Local Transport Plan	(54,706)
(8,146) Department for Transport - North Devon Link Road	(9,982)
(7,513) Local Authority Contributions	(9,712)
(2,456) Department for Education - Special Educational Needs (SEN)	(9,711)
(8,245) Better Care Fund - DfG grant	(8,245)
(12,373) Department for Education - Basic Need Grant	(7,941)
(5,498) Department for Education - Schools Maintenance Grant	(3,813)
(6,247) DLUHC - Housing Infrastructure Fund (HIF)	(3,641)
0 Department for Transport - Bus Service Improvement Plan	(1,141)
(1,065) Department for Education - Devolved Formula Capital Grant	(1,082)
(21,955) Other Grants & Contributions	(13,965)
(135,348)	(123,939)

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income within the Comprehensive Income and Expenditure Statement as they have conditions attached to them that may require the monies to be returned to the giver if the conditions are not met. The balances at the year end are:

31 March 2022 £000		31 March 2023 £000
	Revenue Grants (Included within Revenue Grants Receipts in Advance - Long Term Liabilities):	
(7,603)	S106 Developer Contributions	(8,376)
	Revenue Grants (Included within Revenue Grants Receipts in Advance - Current Liabilities)	
(7,715)		(4,370)
	Capital Grants (Included within Capital Grants Receipts in Advance - Long Term Liabilities):	
(40,828)	S106 Developer Contributions	(47,200)
(39,153)	Department for Transport - North Devon Link Road	(36,248)
(13,022)	Department for Energy Security and Net Zero	(9,943)
(1,012)	Department for Education - Special Educational Needs (SEN)	(4,092)
(1,367)	Department for Transport - Active Travel Funds	(2,874)
	0 Local Government Contribution - HIF	(1,685)
(1,124)	Department for Education - Devolved Formula Capital Grant	(1,032)
(6,400)	Other Grants & Contributions	(4,706)
(102,906)		(107,780)