

Summary Accounts 2022/23 (Draft, Unaudited)



South Hams
District Council

Actual 2021/22 Restated £000	COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Actual 2022/23 £000
Spending on Services		
7,431	Customer Service & Delivery* (mainly frontline services such as Waste and Recycling, Grounds Maintenance and Revenues and Benefits)	12,049
1,386	Strategic Finance (including Pension Costs, Corporate Management and Finance)	1,886
2,909	Place & Enterprise** (including Housing, Car Parking, Dartmouth Lower Ferry, Salcombe Harbour, Assets and Environmental Health)	4,698
2,632	Governance & Assurance (including Planning, Land Charges, Elections, Legal Services, Democratic Services and Insurance)	3,055
14,358	Cost of Services	21,688
(6,776)	Removal of technical accounting adjustments e.g. depreciation, revaluation and IAS19 retirement benefits	(8,559)
7,582	Cost of Services – excluding technical accounting adjustments	13,129
Income from Investments and other Adjustments		
(910)	Investment Properties	(911)
(140)	Interest and Investment Income	(1,146)
852	Interest payable and repayment of principal debt	859
2,254	Other adjustments	(1,507)
9,638	Net Cost of Services – to be met by local taxation and government grants	10,424
Income from local taxes and government grants		
(6,719)	Council Tax income	(7,061)
30	Deficit/(Surplus) on Council Tax Collection Fund	(181)
(2,653)	Business Rates	(2,574)
(510)	Non ringfenced government grants	(665)
(9,852)	Total income from local taxes and government grants	(10,481)
(214)	Surplus for the year (to be added to the General Fund Balance)	(57)

THE COST OF COUNCIL SERVICES FOR 2022/23

The Comprehensive Income and Expenditure Account (CIES) details the cost of running Council Services between 1 April 2022 and 31 March 2023, where the money came from to finance those costs along with the surplus at the year end.

* The increase in Customer Service and Delivery expenditure in 2022/23 of £4.7m includes the cost of bringing the Waste & Recycling Service back in house from October 2022 and some one-off transitional costs for this service.

** The increase in Place & Enterprise expenditure mainly relates to payment of the Green Homes grant of £0.91m in 2022/23.

The 2022/23 budget for South Hams was £10.464m but the actual net spend was 0.5% lower, providing a surplus of £57,000 for the year.

SUMMARY OF THE FINANCIAL POSITION 2022/23

There were a number of factors which contributed to the overall surplus of £57,000 in 2022/23. These can be summarised as follows:

In 2022/23 the Council incurred additional costs and a shortfall in income of £1.915m (equating to 18% of the Council's net budget of £10.464m). Many of the additional costs were as a result of the current economic climate with high inflation and the cost of living crisis. The extra costs incurred in the year included the impact of the local government pay award (£0.41m) and extra inflation (over the amount budgeted) for the waste contract, utility costs, IT costs and insurance costs totalling (£0.557m). In addition, the Council experienced a shortfall in planning income of £0.35m.

These extra costs and shortfall in income were offset by the Council generating additional investment income from treasury management of £1.023m, as a result of the Council realising the opportunity from high interest rates. Overall, £1.972m of additional income (equating to 19% of the Council's net budget of £10.464m) was generated from the extra investment income, additional net income from car parking from extra usage, high occupancy rates and regular rent reviews generating extra income from the Council's employment estates and additional income from the Dartmouth Lower Ferry.

The difference between the higher costs and the additional income achieved in 2022/23 equates to the overall surplus of £57,000.

Waste Service

There were exceptional one-off transitional costs of £1.5m in 2022/23 for bringing the waste and recycling service back in house in October 2022. This was referenced in reports to Council on 12 July and 22 September 2022 and had the support of the cross party Waste Working Group. The £1.5m was funded from the business rates retention reserve which was approved by Council prior to the waste service being brought back in-house in October 2022. In addition a further £0.5m was spent on one-off project implementation costs, with the Council receiving third party funding towards these costs. There has been a fundamental improvement in performance for the waste and recycling service, such that in February 2023, for the first time in over 3 years, the service achieved the national industry standard performance target of no more than 80 missed bins per 100,000 collections.

BORROWING

In 2022/23 the long term borrowing of the Council reduced from £14.284m (2021/22) to £13.825m. Short term borrowing increased from £0.096m to £0.459m. This is due to the profiling of the debt repayments where long term borrowing has moved to short term borrowing. Total borrowing as at 31 March 2023 has reduced from £14.380m to £14.284m. No further external borrowing took place during 2022/23.



BALANCE SHEET

The Balance Sheet shows what the Council owns, owes or is owed.

2021/22 £000	BALANCE SHEET	2022/23 £000
Net Assets		
99,140	Building, Land & Assets owned by the Council	105,456
8,941	Money Owed to the Council	9,095
34,105	Investments – long term and short term*	20,526
22,981	Cash and Cash Equivalents*	14,709
(33,883)	Money Owed by the Council*	(17,290)
(1,494)	Provisions – Business Rates Appeals	(901)
(52,621)	Pension (Liability)/Asset**	162
(5,717)	S106 Deposits	(6,643)
(14,380)	Borrowing – long term and short term	(14,284)
57,072	Total Net Assets	110,830
FINANCED BY:		
Usable Reserves		
2,056	General Fund Balance	2,113
20,839	Earmarked Reserves***	15,424
3,454	Capital Reserves	3,329
Unusable Reserves		
85,603	Capital Finance & Revaluation of Assets	86,936
(2,209)	Collection Fund Adjustment Accounts	3,957
(52,621)	Pension Reserve**	162
(50)	Other Unusable Reserves	(1,091)
57,072	Total Reserves – Usable and Unusable	110,830

* The reduction in investments, cash and cash equivalents and money owed by the Council as at 31 March 2023 partly relates to the timing of the Council Tax energy rebate grant (£4.51m) which was received at the end of 2021/22 and the payments were made on behalf of Central Government at the beginning of 2022/23. In addition the Council also administered various Business Grants on behalf of Central Government in 2021/22 and part of the reduction in investments, cash and cash equivalents and money owed by the Council relates to unapplied funding being repaid to Central Government in 2022/23.

** As at 31 March 2023, the Council had a Pension Asset of £0.162million. This is a significantly improved position than the previous year (pension liability of £52.621 million). This is as a result of the actuary reducing life expectancy projections and an increase in interest rates affecting the discount rate for liabilities.

*** Earmarked reserves have reduced by £5.4m in 2022/23. This mainly relates to an accounting adjustment in respect of Business Rates (£3.07m), transitional costs for the Waste and Recycling service of £1.45m and capital expenditure of £1.083m.

CAPITAL PROGRAMME

Capital expenditure represents monies spent on the purchase, construction or major refurbishment of assets. The Council's capital expenditure amounted to £9.379m in 2022/23. The main areas of expenditure were Dartmouth Health and Wellbeing Hub (£3.83m), St Ann's Chapel housing scheme (£1.56m), residential renovation grants (£1.14m), Green Homes grants (£0.91m) and Batson Harbour Depot/Commercial Units (£0.78m).

A breakdown of the main types of capital expenditure and the sources of funding are shown below:

2021/22 £000	CAPITAL PROGRAMME FOR THE YEAR	2022/23 £000
Capital Expenditure		
15	Property	410
137	Other Land	207
730	Plant & Equipment	358
166	IT Software	95
1,114	Disabled Facilities Grants & Regulatory Reform Order Grants	1,136
-	Green Homes Grants	914
87	Other Private Housing	94
1,742	Assets Under Construction e.g. Dartmouth Health and Wellbeing Hub	6,165
3,991	Total expenditure for capital purposes	9,379
Sources of Finance		
(673)	Capital Receipts	(179)
(1,156)	Government Grants and Other Contributions	(2,596)
(1,019)	Earmarked Reserves	(1,083)
(123)	Revenue	(50)
(1,020)	Borrowing from previous years used for capital projects	(5,471)
(3,991)	Total capital financing	(9,379)

The full set of draft (unaudited) accounts for 2022/23 can be found at the following link on the Council's website:

www.southhams.gov.uk/your-council/budgets-and-finance/budgets-and-spending/annual-accounts