

Summary Accounts 2022/23 (Draft, Unaudited)



South Hams
District Council

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	Actual 2021/22 Restated £million	Actual 2022/23 £million
Spending on Services		
Customer Service & Delivery* (mainly frontline services such as Waste and Recycling, Grounds Maintenance and Revenues and Benefits)	7.431	12.049 ¹
Strategic Finance (including Pension Costs, Corporate Management and Finance)	1.386	1.886
Place & Enterprise** (including Housing, Car Parking, Dartmouth Lower Ferry, Salcombe Harbour, Assets and Environmental Health)	2.909	4.698
Governance & Assurance (including Planning, Land Charges, Elections, Legal Services, Democratic Services and Insurance)	2.632	3.055
Cost of Services	14.358	21.688
Removal of technical accounting adjustments e.g. depreciation, revaluation and IAS19 retirement benefits	(6.776)	(8.559)
Cost of Services – excluding technical accounting adjustments	7.582	13.129
Income from Investments and other Adjustments***		
Investment Properties	(0.910)	(0.911)
Interest and Investment Income	(0.140)	(1.146)
Interest payable and repayment of principal debt	0.852	0.859
Other adjustments	2.254	(1.507)
Net Cost of Services – to be met by local taxation and government grants	9.638	10.424
Income from local taxes and government grants***		
Council Tax income	(6.719)	(7.061)
Deficit/(Surplus) on Council Tax Collection Fund	0.030	(0.181)
Business Rates	(2.653)	(2.574)
Non ringfenced government grants	(0.510)	(0.665)
Total income from local taxes and government grants	(9.852)	(10.481)
Surplus for the year (to be added to the General Fund Balance)	(0.214)	(0.057)

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.

¹ For example, this figure should be read as £12.049 million

* 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.

*** Income figures are shown in brackets.

The 2022/23 budget for South Hams was £10.46m 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 £1.92m (equating to 18% of the Council's net budget of £10.46m). 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 (£0.56m). 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 £1.02m, as a result of the Council realising the opportunity from high interest rates. Overall, £1.97m of additional income (equating to 19% of the Council's net budget of £10.46m) 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 £14.28m (2021/22) to £13.82m. Short term borrowing increased from £0.1m to £0.46m. 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 £14.38m to £14.28m. No further external borrowing took place during 2022/23.



BALANCE SHEET

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

BALANCE SHEET	31 March 2022 £million	31 March 2023 £million
Net Assets		
Building, Land & Assets owned by the Council	99.140	105.456
Money Owed to the Council	8.941	9.095
Investments – long term and short term*	34.105	20.526
Cash and Cash Equivalents*	22.981	14.709
Money Owed by the Council*	(33.883)	(17.290)
Provisions – Business Rates Appeals	(1.494)	(0.901)
Pension (Liability)/Asset**	(52.621)	0.162
S106 Deposits	(5.717)	(6.643)
Borrowing – long term and short term	(14.380)	(14.284)
Total Net Assets	57.072	110.830
FINANCED BY:		
Usable Reserves		
General Fund Balance	2.056	2.113
Earmarked Reserves***	20.839	15.424
Capital Reserves	3.454	3.329
Unusable Reserves		
Capital Finance & Revaluation of Assets	85.603	86.936
Collection Fund Adjustment Accounts	(2.209)	3.957
Pension Reserve**	(52.621)	0.162
Other Unusable Reserves	(0.050)	(1.091)
Total Reserves – Usable and Unusable	57.072	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 £0.16 million. This is a significantly improved position than the previous year (pension liability of £52.62 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 £1.08m.

CAPITAL PROGRAMME

Capital expenditure represents monies spent on the purchase, construction or major refurbishment of assets. The Council's capital expenditure amounted to £9.38m 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:

CAPITAL PROGRAMME FOR THE YEAR	2021/22 £million	2022/23 £million
Capital Expenditure		
Property	0.015	0.410
Other Land	0.137	0.207
Plant & Equipment	0.730	0.358
IT Software	0.166	0.095
Disabled Facilities Grants & Regulatory Reform Order Grants	1.114	1.136
Green Homes Grants	-	0.914
Other Private Housing	0.087	0.094
Assets Under Construction e.g. Dartmouth Health and Wellbeing Hub	1.742	6.165
Total expenditure for capital purposes	3.991	9.379
Sources of Finance		
Capital Receipts	(0.673)	(0.179)
Government Grants and Other Contributions	(1.156)	(2.596)
Earmarked Reserves	(1.019)	(1.083)
Revenue	(0.123)	(0.050)
Borrowing from previous years used for capital projects	(1.020)	(5.471)
Total capital financing	(3.991)	(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