



South Somerset District Council

Statement of Accounts 2022/2023



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Narrative Report

1. Introduction

Effective planning, management and scrutiny of the use of public funds are a key part of a local authority's responsibilities. The financial statements are a vital part of the accountability framework, as they demonstrate how much money was spent and for what purpose, and how cash needs were met. They also record the assets used, and liabilities incurred, in delivering services.

However, local authority financial statements are complex and can be difficult to understand: they must comply with the Chartered Institute of Public Finance & Accountancy's (CIPFA) "Code of Practice on Local Authority Accounting in the United Kingdom 2022/23", which is based on International Financial Reporting Standards (IFRS), and also the requirements of accounting and financing regulations of central government.

This narrative report will provide the reader with:

- An understanding of the Council and its strategic priorities.
- A summary of the Council's financial performance for 2022/23 along with information on how well we delivered its key priorities during the year.
- An overview of the future developments and outlook.
- A guide to the key features of the primary statements and notes that make up the financial statements.

The CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) requires local authorities to publish an Annual Governance Statement, alongside the Statement of accounts.

2. South Somerset District Council

South Somerset forms much of the eastern side of the County of Somerset. It comprises nearly a third of the County with a population of 167,000 and covers an area of 370 square miles (958 square kilometres). South Somerset consists of a mixture of both sparsely inhabited rural areas and a network of market towns. The rural nature of the area is emphasised by the low population density of 1.7 persons per hectare (the England average is 4.1). Yeovil and Chard are the 2nd and 6th biggest towns in Somerset. South Somerset has 121 parishes with 102 parish and town councils and 39 wards.

As a shire district, the Council delivers local services within a two-tier structure of principal local government authorities, with 'upper tier' services provided by Somerset County Council and 'lower tier' services provided by South Somerset District Council (SSDC) including (but not limited to):

- Housing policy, enabling, options & homelessness
- Planning
- Building regulation control and enforcement
- Waste collection and recycling
- Regulatory services
- Council tax and business rates administration
- Housing benefits
- Provision of off-street parking
- Electoral registration and elections
- Leisure and arts

The restructuring of local government in Somerset took effect on 1 April 2023 with Somerset County Council and four district councils, including SSDC, being replaced with a new unitary authority – Somerset Council. Somerset Council will continue to deliver the services and functions previously provided in the two-tier structure.

South Somerset District Council is made up of 60 locally elected members - 40 Liberal Democrats, 12 Conservatives, 6 Independents, 1 Green and 1 vacant seat as at 31 March 2023.

The Council employed 392.29 full time equivalent (FTE) employees as at 31 March 2023. In terms of actual numbers of employees this equates to 426, of whom 319 are full time and 107 are part-time employees.

The Council delivers some of its services in partnership with other organisations, the most significant of these being Somerset Waste Partnership and SWAP Internal Audit Services.

3. Strategic direction of the Council

South Somerset District Council is an ambitious and forward-thinking council that is committed to transforming, improving, and adapting to be ready for the future. We place our residents and businesses firmly at the centre of everything we do.

The Council Plan set out the vision for the Council and how these are going to be delivered through key areas of focus and priority projects.

Our Vision

A naturally beautiful and sustainable environment, which also allows business to flourish and good homes to be delivered. A place where our communities are safe, vibrant and healthy and have access to exceptional cultural and leisure activities.

Our Values



Our Values



Customers first - Designing plans and services around our customers



Community at heart - Enabling residents to support our communities and the environment we live in



Open and transparent - Actively communicating, engaging and listening to feedback



Innovative - Embracing innovation and technology to improve customer service and facilitate access to council services for all who need it



Getting things done - Empowering dedicated and flexible employees and elected members focussed on delivery



Working collaboratively - Working with partners to enhance outcomes for our communities

Our five Areas of Focus for 2022/23 were:

- **Protecting Core Services** - to ensure a modern, efficient and effective council that delivers for its communities
- **Economy** - to make South Somerset a great place to do business, with clean inclusive growth and thriving urban and rural businesses
- **Environment** - to keep South Somerset clean, green and attractive and respond to the climate emergency
- **Places where we live** - to enable housing and communities to meet the existing and future needs of residents and employers
- **Healthy, self-reliant Communities** - to enable healthy communities which are cohesive, sustainable and enjoy a high quality of life

Table 1: Our priority projects for 2022/23



Environment

Priority 1:

To accelerate action to adapt to and mitigate the effects of climate change which includes reducing the Carbon footprint of the authority and enhancing the natural environment.



Healthy, self-reliant communities

Priority 2:

To enable healthy communities which are cohesive, sustainable and enjoy a high quality of life



Economy and Covid-19 Recovery

Priority 3:

To assist businesses to recover from the Covid-19 pandemic whilst supporting growth within the South Somerset economy in partnership with other organisations.



Places Where We Live

Priority 4:

To enable housing and communities to meet the existing and future needs of residents and employers

Together we are delivering your
New Somerset Council

Local Government Reorganisation

Priority 5:

To effect a safe and legal transition to the new Somerset Council on 1st April 2023

4. New Somerset Council

The Somerset (Structural Changes) Order 2022 was made on 17 March 2022, coming into force the following day. The Order confirmed that Somerset's five councils will be replaced by one single council – Somerset Council. The new single council will provide both county and district services across the existing county area from 1 April 2023 to deliver high quality sustainable local services across the county along with effective leadership at both strategic and local levels.

Following local elections to Somerset County Council, held on 6 May 2022, those elected as County Councillors took responsibility for all current County Council services for their first year, and will continue as Councillors of Somerset Council for a four-year term with next elections due in 2027.

SSDC Councillors continued to serve in their district roles until 1 April 2023. On that date all the Somerset district councils will be wound up and dissolved.

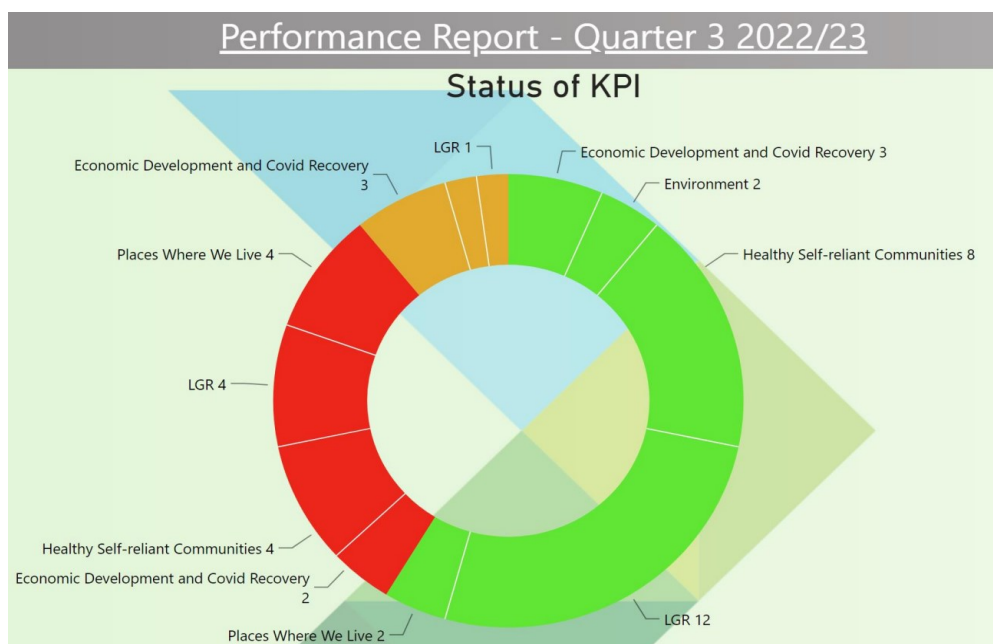
Extensive planning and preparation work was undertaken with the five councils working together collaboratively to ensure the transition to the new unitary was a success. The five Councils shared implementation costs with SSDC contributing £754,780 to the LGR budget held by Somerset County Council. SSDC also directly incurred other costs against its £1.1m budget for Local Government Reform (LGR) in 2022/23 providing capacity to support the transition and ensuring minimal disruption to 'business as usual' service.

The aim was been to keep costs to a minimum with most transitional work delivered within existing management and staff resources through prioritisation of activity.

5. 2022/23 Performance Report

During the year, performance was reported quarterly to Scrutiny and District Executive, with the Q3 position presented in March 2023. In view of the dissolution of SSDC on 1 April 2023, the full year performance for 2022/23 is not reported to District Executive.

The quarter three performance report which was presented to District Executive in March 2023 reported the progress of the 46 Key Performance Indicators which related to the five priority projects:



6. 2022/23 Financial Performance

Background Context

This part of the Narrative Report reviews the Council's performance against the approved 2022/23 revenue and capital budget (known as "year-end outturn") and the consequential impact on reserves, borrowing, and investments.

The figures shown here will not always coincide with the figures given in the Statement of Accounts. More information on this is given in section 7. The key difference is that the accounting costs shown in the Statements are determined in accordance with generally accepted accounting principles whilst the budget has to comply with local government legislation. This means that certain accounting costs shown in the Statements are not actual cash outflows and do not have a direct financial impact on the budget

Local government expenditure and income is recognised as being either capital or revenue in nature.

Capital expenditure is expenditure on assets such as land, property, ICT equipment, and the refurbishment of existing assets that will prolong the useful life of the asset (such as replacing a roof). Lending to third parties is also capital expenditure if the loan is to be used to finance expenditure on assets. Any investment by the Council in acquiring shares in third party companies is also capital expenditure. Capital income largely comprises of grants and sales of assets (known as capital receipts).

All other expenditure and income has to be classified as revenue unless central government gives a determination that it can be treated as capital expenditure. Revenue expenditure is incurred in delivering the Council’s ongoing services and back-office support. Revenue income largely comprises of fees & charges, Council Tax, Business Rates and grants.

The Council has a statutory obligation to balance its revenue expenditure budget each year. Capital expenditure however can be funded over the medium to longer term through prudential borrowing. The costs of borrowing are charged annually to the Council’s revenue budget.

Revenue Budget

Budget setting and monitoring: Full Council approves the revenue budget annually at its February meeting. The budget contains the financial plans that the District Executive manages under its delegated authority. All of the Council’s income and expenditure has a responsible officer budget holder.

District Executive receives regular budget monitoring reports throughout the year which highlight any forecast differences from the agreed budget (known as variances). The report includes comments from budget holders on the reasons for the variance. The budget monitoring reports are also reviewed by Scrutiny Committee.

Net Revenue Outturn: total net expenditure for 2022/23 was **£19.212m** resulting in an underspend against the approved net budget.

Table 2: Revenue Budget Net Outturn for 2022/23

	Outturn Position - 2022/23		
	Budget	Actual	Variance
Chief Executive	£1,948,130	£2,086,150	£138,020
Commercial Services	£2,078,190	£3,046,223	£968,033
Place & Recovery	£546,750	£900,896	£354,146
Strategy & Support Services	£10,903,430	£8,654,144	(£2,249,286)
Service Delivery	£4,304,770	£4,524,594	£219,824
Net Budget	£19,781,270	£19,212,006	(£569,264)

Capital Budget

Budget setting and monitoring: Full Council approves the capital budget in February each year. Council also agrees a reserve programme comprising of projects that have been agreed in principle but are not included in the capital budget as their start date is uncertain or they require a robust Business Case to be produced.

Monitoring of the agreed programme has been delegated to District Executive and is undertaken on a quarterly basis. The reports also go to Scrutiny Committee for review. District Executive agrees each quarter whether the capital budget is amended to reflect any known changes to the project or its funding or whether reserve projects can be added to the capital budget.

Capital Outturn: Total capital spending for 2022/23 was **£17.776m**; this was £3.482m (16%) less than the revised budget £21.258m of planned expenditure agreed by Council in December 2022.

Pie chart 3: Capital expenditure by Directorate

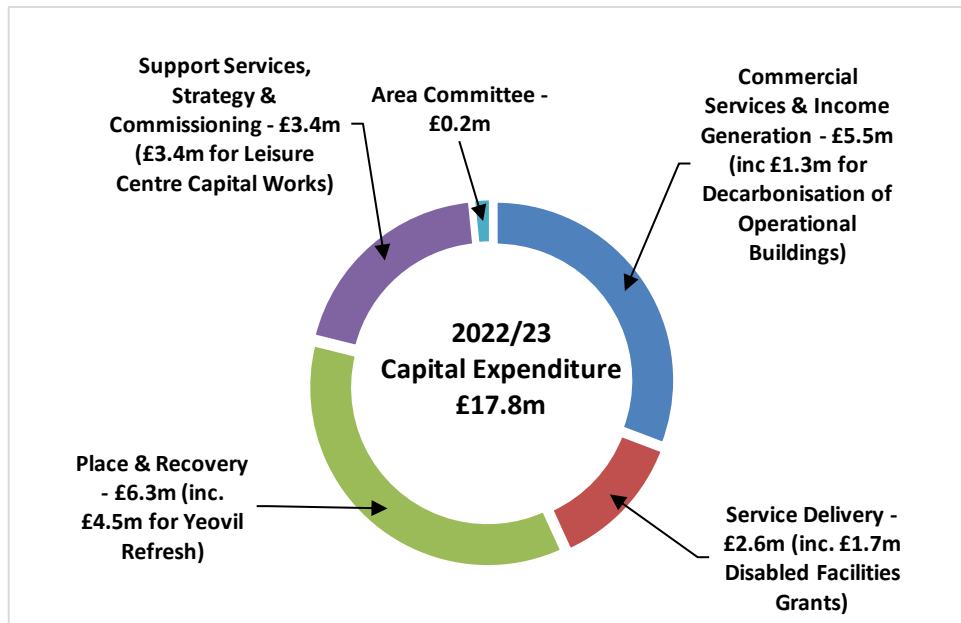
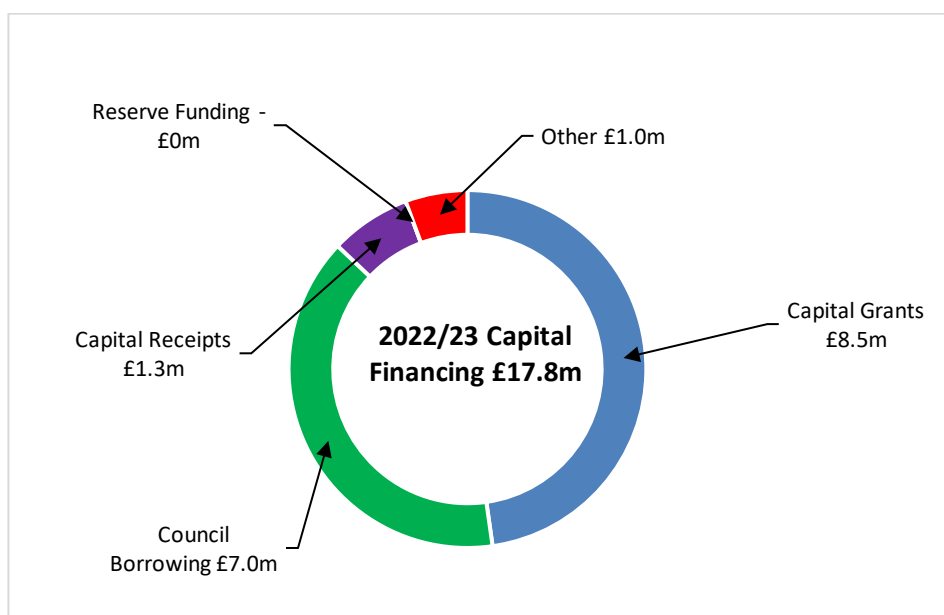


Table 3: showing details of capital expenditure (over £100k)

Service Area/Project	Outturn
	2022/23 £000's
Commercial Services & Income Generation	
Yeovil Crematorium Refurbishment	496
Decarbonisation of Operational Buildings (PSDS)	1,380
Place, Recovery & Arts and Entertainment	
Yeovil Refresh	4,540
Wincanton Regeneration	179
Somerset Cultural Flagship Venue (Octagon Redevelopment)	938
Chard Regeneration	399
Service Delivery	
Disabled Facilities Grants	1,691
Support Services, Strategy & Commissioning	
Leisure Centre Capital Works	3,377
Total	13,000

Capital financing: The financing of the 2022/23 capital programme is illustrated in pie chart 4.

Pie chart 4: Funding of 2022/23 capital expenditure



The borrowing amount of £7.0m is a combination of internal and short-term external borrowing.

Internal borrowing is when the Council uses its cash balances to temporarily fund its need to borrow. These cash balances need to be replenished either when overall Council cash reserves are low or when a strategic decision is made to obtain external long-term loan finance, so the borrowing is only temporary. The Council undertakes weekly monitoring and forecasting of its cash position in order to ascertain when any borrowing is required.

External borrowing is the action of obtaining loan finance from a third party. Currently SSDC meets its external borrowing needs though short-term loans taken out on a rolling basis with other local authorities.

Reserves Position

Revenue earmarked reserves total £25.689m as at 31 March 2023 (they were £31.606m as at the end of March 2022).

The most significant revenue earmarked reserves comprise:

- £7.6m Medium Term Financial Plan Support Fund
- £6.7m in the Commercial Investment Risk Reserve
- £3.9m Regeneration Fund
- £1.2m NNDR S31 Grant Coll. Fund Reserve

The General Fund Balance is £6.771m as at 31 March 2023 (previous year's position was £6.556m).

Capital reserves are £5.724m as at 31 March 2023 (corresponding position last year was £5.183m).

7. Future Developments and Outlook

Local Government in Somerset: The new Somerset Council came into effect on 1st April 2023 and set a balanced budget in February 2023. As South Somerset District Council ceased from 1st April 2023 there was no budget set by the Council.

Financial Planning Impact of high inflation & interest rates: The current economic climate in the UK is

that of very high inflation and high interest rates (in comparison with the past 10 years). In the case of inflation this will bring about increased pressures on the new Somerset Council budgets as higher costs from supplies work through into the council spend. Higher interest rates will result in the borrowing costs of the new council increasing, as lenders put up their rates to reflect the Bank of England base rate changes. However, the council will benefit from the increase in rates through improved investment returns from the interest it receives.

Economic climate: The May 2023 Bank of England Inflation Report can be read [here](#)

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. At its meeting ending on 10 May 2023, the MPC voted by a majority of 7–2 to increase Bank Rate by 0.25 percentage points, to 4.5%. Two members preferred to maintain Bank Rate at 4.25%.

The Committee's updated projections for activity and inflation are set out in the accompanying May Monetary Policy Report. They are conditioned on a market-implied path for Bank Rate that peaks at around 4¾% in 2023 Q4 before ending the forecast period at just over 3½%.

There has been upside news to the near-term outlook for global activity, with UK-weighted world GDP now expected to grow at a moderate pace throughout the forecast period. Risks remain but, absent a further shock, there is likely to be only a small impact on GDP from the tightening of credit conditions related to recent global banking sector developments. Headline inflation has been falling in the United States and euro area, although core inflation measures remain elevated.

UK GDP is expected to be flat over the first half of this year, although underlying output, excluding the estimated impact of strikes and an extra bank holiday, is projected to grow modestly. Economic activity has been less weak than expected in February, and the Committee now judges that the path of demand is likely to be materially stronger than expected in the February Report, albeit still subdued by historical standards. The improved outlook reflects stronger global growth, lower energy prices, the fiscal support in the Spring Budget, and the possibility that a tight labour market leads to lower precautionary saving by households.

Although there are indications that the labour market has started to loosen, it is expected to remain tighter than in the February Report in the near term. The unemployment rate is now projected to remain below 4% until the end of 2024, before rising over the second half of the forecast period to around 4½%.

CPI inflation was 10.2% in 2023 Q1, higher than expected at the time of the February and March MPC meetings, with the upside surprise concentrated in core goods and food prices. Although still elevated, nominal private sector wage growth and services CPI inflation have been close to expectations.

CPI inflation is expected to fall sharply from April, in part as large rises in the price level one year ago drop out of the annual comparison. In addition, the extension in the Spring Budget of the Energy Price Guarantee and declines in wholesale energy prices will both lower the contribution from household energy bills to CPI inflation. However, food price inflation is likely to fall back more slowly than previously expected. Alongside news in other goods prices, this explains why the Committee's modal expectation for CPI inflation now falls back more slowly than in the February Report.

In the MPC's latest modal projection conditioned on market interest rates, CPI inflation declines to a little above 1% at the two and three-year horizons, materially below the 2% target. This reflects the emergence of an increasing degree of economic slack and declining external pressures that are expected to reduce CPI inflation. However, there remain considerable uncertainties around the pace at which CPI inflation will return sustainably to the 2% target.

8. 2022/23 Statement of Accounts

The Statement of Accounts sets out the financial performance of the Council for the year ended 31 March 2023 and its financial position at that date. It comprises core and supplementary statements together with disclosure notes.

The format and content of the financial statements are prescribed by the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The Code requires that the accounts give a true and fair view of the financial position of the Council and are prepared on the basis that the Council is a going concern. In line with the Code, suitable accounting policies have been applied, and where necessary, prudent judgements and estimates have been made.

The Group Accounts Statement also includes the financial performance and position of the Council's subsidiaries Elleston Services Ltd and SSDC Opium Power Limited.

The purpose of each of the key Statements are described below.

Expenditure and Funding Analysis

The Expenditure and Funding Analysis essentially reconciles the figures given in the budget outturn position to those included in the Comprehensive Income and Expenditure Statement (CIES) which follows the Analysis.

The CIES shows the accounting cost for the year of providing the Council's services. This is not the same as the budget outturn information. The accounting cost is determined in accordance with generally accepted accounting principles (contained within the Code) whilst the budget, and the year-end outturn against the budget, has to comply with local government legislation.

The Code requires that councils make a number of adjustments to the budget outturn results to determine the accounting costs and income shown in the Statement of Accounts. For example, large adjustments are made for the accounting treatment of fixed assets (depreciation) and pension costs. These costs, whilst shown in the CIES because they are required under accounting standards, are not included in the Council's annual budget nor funded from Council Tax.

The inclusion of such costs in the CIES is to enable comparison of a council's Statement of Accounts with other organisations, both public and private sector.

The Expenditure Funding Analysis therefore allows a link to be made between year-end outturn against the budget to the financial position as set out in the financial statements.

Comprehensive Income and Expenditure Statement (CIES)

The CIES records all of the Council's income and expenditure for the year and has two parts:

- The first part reflects the accounting cost of providing the Council's services with the results summarised at the Surplus or Deficit on the Cost of Services line. In the private sector this would be equivalent to the profit or loss of a company.
- The second part, showing other comprehensive income and expenditure, shows the gains or losses in the measurement of the council's assets and liabilities. These gains and losses arise as a result of changes in market valuations, interest rates or changes in measurement assumptions in relation to pension liabilities.

Movement in Reserves Statement (MIRS)

The MIRS shows the movement from the start of the year to the end on the different reserves held by the council. It shows how the movements are broken down between gains and losses incurred in accordance with the Code and the statutory adjustments required to return to the amounts chargeable to the budget as required under local government legislation.

Reserves are important to local authorities as, unlike central government, they cannot borrow money over the medium term, unless given permission from central government, other than for investment in assets, and they are required to balance their budgets on an annual basis. They are therefore a vital part of prudential financial management and help reduce the financial risks mentioned earlier in this Narrative Report.

Reserves are analysed into two categories: usable and unusable.

Usable reserves

- Result from the Council's activities
- Members are involved in deciding on the levels maintained and their use
- Can be spent in the future
- Include: general fund balance, earmarked reserves, capital receipts reserve, and capital grants unapplied

Unusable reserves

- Derive from accounting adjustments
- Cannot be spent
- Include: revaluation reserve and capital adjustment account

Balance Sheet

The Balance Sheet provides a "snapshot" of the Council's position at a specific point in time showing what it owns and owes as at 31 March 2023. It is very similar to other public sector or private sector balance sheets.

The Balance Sheet is always divided into two halves that should, as the name suggests, balance:

- Net Assets (the top half), and
- Reserves (the bottom half).

Cash Flow Statement

This shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long term liabilities).

The statement also includes "cash equivalents" which are short term investments that are readily convertible into cash and which are subject to only insignificant risks of changes in value.

Cash flows are related to the income and expenditure seen in the CIES but are not the same as them. The difference arises from the accruals concept, whereby income and expenditure are recognised in the CIES when the transactions occurred, and not when the cash was paid or received.

Collection Fund

The Collection Fund shows the total income received by the Council from Business Rates and Council Tax and how the redistribution of some of that money to Somerset County Council, the Police Authority, and central government.

Group Financial Statements

Group accounts need to be prepared if the council has a significant subsidiary such as a trading company. The Group Accounts report the full extent of the assets and liabilities of the Council and the companies and similar entities which the Council either controls or significantly influences.

The Council is presenting Group Accounts by consolidating the financial performance and position of SSDC Opium Power Limited into the overall group.

South Somerset District Council wholly owns (100%) Elleston Services Ltd which was established in April 2019 to deliver Landscape Services. The company did not trade in 2021/22 or 2022/23 and the Council has given notice that the company is to be closed. Therefore this company is not part of the consolidated group accounts.

The Council has 50% ownership in SSDC Opium Power Limited. The company is a subsidiary as, despite the ownership ratio, the Council has the right to exercise control with a deciding vote on the Board. The company was established in 2018 to deliver green energy schemes (battery energy storage). The accounts for both companies can be reviewed at Companies House. The external auditors for both entities are Old Mill Accountants and Financial Planners.

Additional disclosures

The notes to the financial statements include important information and provide the context and detail for the figures in the primary financial statements.

Accounting Policies

These set out the accountancy rules the Council has followed in preparing the financial statements. They are largely specified by International Financial Reporting Standards and CIPFA's Code of Practice.

No changes have been made to the accounting policies for 2022/23.

Critical Judgements

Show the key areas where officers and third party experts have made judgements about the application of accounting policies. The aim is to highlight key areas of the accounts where others may have made different judgements about the accounting treatment.

These are set out in note 2 under "Notes to the Core Financial Statements".

Property, plant & equipment

The notes provide a lot of detail about assets acquired and disposed of during the year, whether they have been revalued, the impact of any changes in value, and the amount of depreciation charged.

These are set out in notes 15 and 16 under "Notes to the Core Financial Statements"

Independent auditor's report to the members of South Somerset District Council

The independent auditor's report will appear here following the conclusion of the Statement of Accounts audit and approval by the Audit Committee.

Independent auditor's report to the members of South Somerset District Council

Independent auditor's report to the members of South Somerset District Council

Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The council is required to: -

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that responsibility rests with the S151 Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts

S151 Officer Responsibilities

The S151 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 of Practice').

In preparing this statement of accounts, the S151 officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the CIPFA Code of Practice.

The S151 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.

Certification of the Accounts

This Statement of Accounts presents a true and fair view of the financial position of South Somerset District Council at the reporting date and of its income and expenditure for the year ended 31 March 2023.

Signed



Jason Vaughan FCCA, CPFA, IRRV (Hons)
Executive Director Resources and Corporate Services (S151 Officer)

25 August 2023

Statement of Accounting Policies

1. General Principles

The Statement of Accounts summarises the authority's transactions for the 2022/23 financial year and its position at the year-end of 31 March 2023. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the 2003 Act.

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 on a 'going concern' basis. However, it should be noted that as part of the restructuring of local government in Somerset, South Somerset District Council ceased to exist with effect from 31st March 2023 and the assets and liabilities of the Council transferred to the newly created authority, Somerset Council.

2. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract. With effect from 1st April 2018, IFRS15 Revenue from Contracts with Customers has been adopted, which resulted in no material impact to the council's recognition of revenues.
- 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.
- A de minimis level of £500 is used for accruals.

3. 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 three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of changes in value. The council will include deposits in Money Market Funds and Business Reserves in Cash Equivalents.

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

4. Changes in Accounting Policies and Estimates and Errors

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.

5. Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real 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 to the General Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

6. Council Tax and Non Domestic Rates

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (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 National Non-Domestic Rates

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.

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

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the authority to 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 service segment or, where applicable, to a corporate service segment 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 Pension Scheme administered by Somerset County Council, which provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the authority.

The Local Government Pension Scheme (LGPS)

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

- The liabilities of the Somerset 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 the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projected earnings for current employees.
- Liabilities are discounted to their value at current prices, 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.
- The assets of the Somerset 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
 - unitised 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 is allocated to the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
 - Past service costs – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

- 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 Somerset 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.

8. Events after the Reporting Period

Events after the Reporting Period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statements 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.

9. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the council. The majority of the council’s financial liabilities held during the year are measured at amortised cost and comprised:

- short-term loans from other local authorities,
- long-term loans from the Public Works Loan Board and commercial lenders
- lease payables
- trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the council. The financial assets held by the council during the year are accounted for under the following classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the council's business model is to collect those cash flow) comprising:
 - cash in hand,
 - bank current and deposit accounts,
 - fixed term deposits with banks and building societies,
 - loans to other local authorities,
 - certificates of deposit
 - treasury bills and gilts issued by the UK Government,
 - bonds issued by multilateral development banks and large companies,
 - loans made for service purposes,
 - lease receivables, and
 - trade receivables for goods and services provided.
- Fair value through profit and loss (all other financial assets) comprising:
 - money market funds
 - pooled bond, equity and property funds
 - equity investments,
 - covered bonds issued by banks and building societies
 - loans where the cash flows are not solely payments of principal and interest,
 - structured deposits with banks and building societies, and
 - forward contracts on fixed rate investments and loans where interest rates have moved in the council's favour since the contract was agreed.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the council.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant fair value through other comprehensive income), either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on the basis of 12-month expected losses.

Fair Value Measurement

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2023.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their

fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2023, using the following methods and assumptions:

- Loans borrowed by the council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- The fair values of finance lease assets and liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

10. 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 council when there is reasonable assurance that:

- The council 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 creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income and Expenditure (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.

11. Heritage Assets

A heritage asset is an asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture. There is no requirement for valuations for heritage assets to be verified by external auditors, nor is there any prescribed minimum period between valuations. Where the cost of obtaining valuation information is not commensurate with the benefits, the council will not recognise these assets in the Balance Sheet.

The council's heritage assets are predominantly the museum stock that is held at the Community Heritage

Access Centre (CHAC).

The Authority recognises these collections on the Balance Sheet using its base as the detailed insurance valuations held by the Authority in respect of the collections. The collections are deemed to have indeterminate lives; hence the Authority does not consider it appropriate to charge depreciation.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment. Disposals of any heritage assets are accounted for in accordance with the Authority's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

12. Interests in Companies and Other Entities

The authority has material interest in companies and other entities that have the nature of subsidiaries, associates and joint ventures and require it to prepare group accounts. In the authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

13. Inventories and Long Term Contracts

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 (first in first out) costing formula.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

14. Investment Properties

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, 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 but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

15. Joint Operations

Joint operations are arrangements where the parties that have 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 incurred 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.

16. 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.

The finance leases recorded in the Statement of Accounts are due to the fact that:

- The lease term is for the major part of the economic life of the asset
- The present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset

Where a lease covers both land and buildings, the land and building 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 acquisition of the interest in the property, plant and 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 are 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 benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority as Lessor

Finance Lease

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 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 are apportioned between:

- a charge for acquisition of the interest in the property - applied to write down the lease debtor (together with 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

When 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 Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

17. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the authority's arrangements for accountability and financial performance.

18. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. There are two exceptions to this:

- The expenditure incurred is below £10,000, except Capital Grants where the limit is £250. In such cases expenditure is charged direct to the revenue accounts.
- The asset is acquired through an operating lease when rental payments are charged to the revenue account.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use (such as 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).

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

- 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 – fair value, determined as the amount that would be paid for the asset in 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.

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, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services 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 the 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.

Capital expenditure incurred in enhancing assets or increasing their useful life is classed as enhancing expenditure.

Assets which have been significantly enhanced are brought forward in the five-year rolling programme to ensure that the independent valuer can correctly assess their new carrying value, this ensures that any potential overstatement only reflects a short timing difference between the enhancement taking place and the valuer assessing its impact on the asset's carrying value.

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 assets with a determinable finite life (except for investment properties), by allocating the value of the assets in the balance sheet over the periods expected to benefit from their use.

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.
- Vehicles, plant and equipment - straight-line allocation over the life of the asset.
- Infrastructure – straight-line allocation over the life of the asset.

The following standard estimated lives are used for newly acquired assets:

	Years
Office Buildings	60
Public Conveniences	50
Sports and Leisure Centres	40
Vehicles	10
Cremators	10

Where an asset includes a number of components with significantly different asset lives, these components are then treated as separate assets and depreciated over their own useful economic lives. See Component Accounting policy.

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.

Assets that are sold during the year are treated as if sold on 31 March and the service accounts receive a full year's charge for depreciation as appropriate. Assets acquired during the year attract no charge.

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 previously recognised losses 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 in excess of £10,000 received from disposals are categorised as capital receipts and credited to the Capital Receipts Reserve, which 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. If the proceeds are £10,000 or less, they are not treated as capital receipts but are instead credited to revenue.

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.

A proportion of receipts relating to housing disposals is payable to the Government. In practice this relates only to mortgage repayments, 75% of which must be paid over to the Government.

Component Accounting

Components of non-current assets do not always have the same useful lives and may depreciate or wear out at different rates throughout their life. Therefore, it is appropriate to depreciate each significant component separately over its useful life, in order that the Comprehensive Income & Expenditure Account is fairly charged with the consumption of economic benefits of those assets.

Where a significant component is expected to wear out more quickly than the overall asset, it is depreciated over a shorter period of time and any subsequent expenditure on restoring or replacing the component is capitalised (with any carrying amount of the replaced component being written off to the Comprehensive Income and Expenditure Statement).

From 1st April 2010, components will be recognised when an asset is enhanced, acquired or re-valued. Where a component is replaced or restored, the carrying amount of the old component is derecognised.

- Land and individual buildings will be valued separately.
- Assets are deemed to be material and considered for componentisation when the cost or value in the Balance Sheet is at least £500,000 (approximately 1% of the authority's non-current assets).
- Each asset will be reviewed individually by the valuer to determine whether any part of a material asset has a differing useful life or method of depreciation. The assets will be reviewed by the following:
 - Sub Structure
 - Superstructure (frame, upper floors, roof, stairs, external walls, windows, external doors, internal walls, partitions, internal doors)
 - Internal finishes (walls, floors and ceilings)
 - Fixtures (sanitary, water, disposal equipment)
 - Engineering services (heating, air treatment, gas installations, lifts, protective, communications)
 - External works
- Where component spend is worth 20% of the total cost value of the asset it is deemed to be significant. Where information is not readily available to determine the value of components, a best estimate will be accounted for and detail of how the estimate was arrived at, in liaison with relevant professional advice, will be documented.

20. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the council 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 when the authority has an 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 payments required to settle a provision are 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 settle the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the council 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 council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the council.

Contingent assets are not recognised in the Balance Sheets but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

21. Related Party Transactions

The council 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.

The materiality of the transaction has been considered before justifying inclusion in the statements. Transactions disclosed elsewhere in the statement of accounts are not cross referenced in the note. Disclosure is only required where the authority has gone beyond providing financial assistance to having a relationship with the assisted organisation that allows it to exert control over the organisation's financial and operational policies.

22. Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 transferred back into the General Fund Balance 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, local taxation, retirement and employee benefits and do not represent usable resources for the Authority.

23. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result

in the creation of non-current assets has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the council 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 there is no impact on the level of council tax.

24. VAT

The council does not include VAT as part of income or expenditure, whether of a capital or revenue nature except where it is not able to recover VAT.

Comprehensive Income and Expenditure Statement (Brackets represent income)

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 statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserve Statement.

Restated Gross Expenditure year ended 31-Mar-22	Restated Gross Income year ended 31-Mar-22	Restated Net Cost of Services year ended 31-Mar-22	Service	Note Number	Gross Expenditure year ended 31-Mar-23	Gross Income year ended 31-Mar-23	Net Cost of Services year ended 31-Mar-23
£'000	£'000	£'000			£'000	£'000	£'000
1,563	(3)	1,560	Chief Executive		2,836	0	2,836
20,572	(10,465)	10,107	Director of Commercial Services and Income Generation		12,489	(12,196)	293
40,203	(27,142)	13,061	Director of Service Delivery		47,048	(40,670)	6,378
8,035	(3,505)	4,530	Director of Strategy & Support Services		13,300	(2,040)	11,260
11,047	(5,945)	5,102	Director of Place & Recovery		6,712	(262)	6,450
81,420	(47,060)	34,360	Cost of Services		82,385	(55,168)	27,217
		5,170	Other Operating expenditure	10			5,949
		290	Net Loss/(Gain) on Disposal of Property, Plant and Equipment	12			(750)
		(4,331)	Financing and Investment Income and Expenditure	13			(8,978)
		(34,175)	Taxation and Non-Specific Grant Income	14			(20,948)
0	0	(33,046)	Corporate Amounts		0	0	(24,727)
81,420	(47,060)	1,314	(Surplus)/Deficit on Provision of Services		82,385	(55,168)	2,490
		529	(Surplus)/Deficit on revaluation of Property, Plant and Equipment	33			(4,692)
		(1,113)	(Surplus)/Deficit on revaluation of Pooled Funds	33			2,275
		(18,808)	Re-measurement of the Net Defined Benefit Liability	47			(65,462)
		68	Share of Other Income and Expenditure of Joint Operations	21			0
		(19,324)	Other Comprehensive Income and Expenditure				(67,879)
		(18,010)	Total Comprehensive Income and Expenditure				(65,389)

Movement in Reserves Statement

Reserves represent the council's net worth and shows its spending power. This statement shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (i.e. those that can be applied to 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 the council'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.

	General Fund Balance	Earmarked Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Joint Operations Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	(4,047)	(38,228)	(42,275)	(18,222)	(7,785)	(650)	(68,932)	76,903	7,971
Movement in reserves during 2021/22:									
Total Comprehensive Income and Expenditure	1,314	0	1,314	0	0	68	1,383	(33,689)	(32,306)
Adjustments between accounting basis and funding basis under	(2,640)	0	(2,640)	11,548	(2,651)	0	6,257	(6,257)	0
Net Increase/Decrease before transfers to Earmarked Reserves	(1,326)	0	(1,326)	11,548	(2,651)	0	7,640	(39,946)	(32,306)
Transfers to/from Earmarked Reserves (note 32)	(6,623)	6,623	0	0	0	0	0	0	0
(Increase)/Decrease in 2021/22	(7,949)	6,623	(1,326)	11,548	(2,651)	0	7,640	(39,946)	(32,306)
Balance at 31 March 2022	(11,996)	(31,606)	(43,601)	(6,674)	(10,436)	(582)	(61,292)	36,957	(24,335)
Movement in reserves during 2022/23:									
Total Comprehensive Income and Expenditure	2,490	0	2,490	0	0	582	3,072	(67,879)	(64,807)
Adjustments between accounting basis and funding basis under	2,765	0	2,765	(3,333)	2,364	0	1,795	(1,795)	0
Net Increase/Decrease before transfers to Earmarked Reserves	5,255	0	5,255	(3,333)	2,364	582	4,867	(69,674)	(64,807)
Transfers to/from Earmarked Reserves (note 32)	(5,917)	5,917	0	0	0	0	0	0	0
(Increase)/Decrease in 2022/23	(662)	5,917	5,255	(3,333)	2,364	582	4,867	(69,674)	(64,807)
Balance at 31 March 2023	(12,658)	(25,689)	(38,346)	(10,008)	(8,072)	0	(56,426)	(32,716)	(89,142)

Balance Sheet (Brackets represent liabilities)

The Balance Sheet is a 'snapshot' of the council's financial position at a specific point in time, showing what it owns and owes at 31 March. 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 the reserves held by the council. Reserves are reported in two categories. The first category of reserves is 'Usable Reserves' i.e. those reserves that the council 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 may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences in the Movement in Reserve Statement line 'adjustments between accounting basis and funding basis under regulations'.

As at 31 March 2022		Note No.	As at 31 March 2023	
			£'000	£'000
47,020	Property, Plant & Equipment	15	63,439	
89,967	Investment Properties	17	98,719	
408	Intangible Assets	20	292	
581	Investment in Joint Ventures	21	0	
490	Assets Held for Sale	18	490	
1,792	Heritage Assets	22	1,792	
0	Long Term Investments	35	0	
41,190	Long Term Debtors	23	36,567	
181,449	TOTAL LONG-TERM ASSETS			201,300
40,501	Short Term Investments	34	21,673	
3,088	Inventories	24	1,010	
30,660	Short Term Debtors	25	26,324	
9	Cash & Cash Equivalents	26	9	
309	Bank Accounts	26	676	
74,568	CURRENT ASSETS			49,692
(128,500)	Short term Borrowing	27	(131,500)	
0	Bank Overdraft	26	0	
(1,002)	Third Party Cash	26	(1,111)	
(23,130)	Short term Creditors	28	(11,717)	
(152,632)	CURRENT LIABILITIES			(144,328)
(771)	Provisions	30	(791)	
(5,733)	Developers Contributions Deferred	31	(6,070)	
(39)	Long Term Liabilities – Creditors	29/34	(32)	
0	Long Term Liabilities – Finance Lease	45/34	0	
(72,507)	Liability related to defined benefit pension scheme	47	(10,627)	
(79,050)	LONG TERM LIABILITIES			(17,520)
24,335	NET ASSETS			89,143
60,709	Usable Reserves	32	56,426	
581	Usable Reserve – Share in Joint Operations	32/21	0	
(36,955)	Unusable Reserves	33	32,716	
24,335	TOTAL RESERVES			89,143

Cash Flow Statement (Brackets on this page represent income)

The Cash Flow Statement shows the changes in cash and cash equivalent of the council during the reporting period. The statement shows how the council 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 these operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council'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.

Year Ended 31 March 2022 £'000		Year Ended 31 March 2023 £'000
(620)	Net surplus/(deficit) on the provision of services	(2,490)
3,373	Adjustments to net surplus or deficit on the provision of services for non-cash movements (note 35)	(2,714)
(4,815)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities (note 35)	(8,150)
(2,062)	Net cash flows from operating activities	(13,354)
(29,129)	Investing Activities (note 36)	10,611
30,495	Financing Activities (note 37)	3,000
(696)	Net increase or decrease in cash and cash equivalents	257
12	Cash and Cash Equivalents (including bank overdraft) at 1 April (note 26)	(684)
(684)	Cash and Cash Equivalents (including bank overdraft) at 31 March (note 26)	(427)

The difference between the net figure for Cash and Cash Equivalents shown in the Cash Flow Statement to that in the Balance Sheet is due to £1,111k held on behalf of Third Parties. Specifically, this relates to funds held in respect the Dorcas House Trust (See note 48), Boden Mill and Chard Regeneration Scheme and the Yeovil Cemetery and Crematorium Burial Committee.

Notes to the Core Financial Statements

(Please be aware that there may be minor rounding differences in some of these notes).

1. Accounting standards that have been issued but have not yet been adopted

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 (the Code) requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. The Code requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code:

- Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

It is anticipated the above amendments will not have a material impact on the information provided in the statement of accounts.

2. Critical Judgements in applying accounting policies

In applying the accounting policies, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. In line with the Code of Practice on Local Authority Accounting section 3.4.2.88 and IAS 1: 122-124 the critical judgements made in the Statement of Accounts are:

- SSDC Opium Power Limited is a joint venture or subsidiary

Although there is joint control of decisions, SSDC has the right to exercise control with a deciding vote on the Board of SSDC Opium Power Limited. On this basis, using IFRS10 and paragraph 9.1.2.22 of the financial code, the relationship is that of a subsidiary due to the 50% ownership by SSDC. Therefore, full consolidation Group Accounts have been prepared.

3. 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 council 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 complete certainty, actual results could be materially different from the assumptions and estimates.

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.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls, conversely if useful lives were increased the carrying amount of assets would increase. If estimated useful lives were reduced by 5 years, the depreciation charge would increase by £1.392m, if however useful lives were to increase by 5 years, the depreciation charge would reduce by £0.533m.

Pension Valuation	The Local Government Pension Scheme, that the council is a member of, holds assets in the form of a Property portfolio. The assets provide returns on the investment to offset the liabilities in the form of pension contributions to members. The council has 8% of its pension assets invested in Real Estate which accounts for £10.049m of the total assets held.	As with the valuation of the council's directly owned assets, there is a similar level of uncertainty of the Pension Scheme property asset value as at the balance sheet date.
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. The council has engaged Barnett Waddingham as its consulting actuary to provide the authority with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. A sensitivity analysis is included in the Defined Benefit Pension Schemes (note 47).
Investment Properties	<p>Investment properties are measured (valued) initially at cost and subsequently at fair value, being the price that would be received to sell an asset in the market.</p> <p>Properties are not depreciated but are revalued annually according to market conditions at year end. This takes the form of analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.</p>	<p>A variation in the annual estimated valuations could result in a movement being recorded inappropriately in the Comprehensive Income and Expenditure Statement.</p> <p>If the value of the council's investment properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £10.23m</p> <p>If the value of the council's investment properties were to increase by 10%, this would result in a gain to the Comprehensive Income and Expenditure Statement of approximately £10.23m.</p>
Arrears	At 31 March 2023, the Authority had a balance for sundry debtors of £2.158m. A review of significant balances suggested that an impairment allowance of £0.573m was appropriate. However, in the current economic climate it is not certain that this will be sufficient.	An understanding of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to the nature of the debt and service area, historic experience and success rates experienced in collection. If collection rates were to deteriorate by 5% or 10% then the council would need to review its policies on the calculation of its impairment allowance for doubtful debts. A 10% increase in impairment allowance would equate to £57k.

4. Material items of income and expenditure

Where items of income and expenditure 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.

5. Events after the reporting period

There have been no other events after the balance sheet date of 31 March 2023 that require the financial statements or notes to be adjusted for 2022/23.

6. Expenditure & 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 services. Income and expenditure accounted for under Generally Accepted Accounting Practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2021/22				2022/23		
Net Expenditure Chargeable to the General Fund	Restated Adjustments between the Funding and Accounting Basis	Restated Net Expenditure in the Comprehensive Income & Expenditure Statement	Service	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
817	839	1,656	Chief Executive	2,200	635	2,836
3,630	6,130	9,759	Director of Commercial Services and Income Generation	(8,751)	9,044	293
8,418	4,480	12,898	Director of Service Delivery	3,727	2,651	6,378
9,364	(4,834)	4,530	Director of Strategy & Supprt Services	8,769	2,491	11,260
(4,903)	10,006	5,103	Director of Place & Recovery	826	5,625	6,451
17,326	16,619	33,945	Net Cost of Services	6,771	20,447	27,217
(18,651)	(14,393)	(33,044)	Other Income and Expenditure			(24,728)
(1,325)	2,227	901	Surplus or Deficit	(5,359)	7,849	2,490
42,273			Opening General Fund Balance	43,602		
1,325			Less deficit on General Fund	-		
-			Add Surplus on General Fund	(5,256)		
43,599			Closing General Fund Balance at 31 March	38,346		

Adjustments between Funding and Accounting Basis 2022/23				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1)	(Note 2)	(Note 3)	
	£'000	£'000	£'000	£'000
Chief Executive	143	88	405	635
Director of Commercial Services and Income Generation	(5,107)	507	15,028	10,428
Director of Service Delivery	1,174	615	862	2,651
Director of Strategy & Support Services	(2,834)	485	4,840	2,491
Director of Place & Recovery	5,061	46	267	5,374
Net Cost of Services	(1,563)	1,741	21,402	21,580
Other income and expenditure from the Expenditure and Funding Analysis	(1,671)	1,838	(29,596)	(29,429)
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(3,234)	3,579	(8,194)	(7,849)
Adjustments between Funding and Accounting Basis 2021/22				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	(Note 1)	(Note 2)	(Note 3)	
	£'000	£'000	£'000	£'000
Chief Executive	391	114	334	839
Director of Commercial Services and Income Generation	1,684	749	3,696	6,130
Director of Service Delivery	3,401	835	244	4,480
Director of Strategy & Support Services	(3,058)	747	(2,523)	(4,834)
Director of Place & Recovery	9,484	52	470	10,006
Net Cost of Services	11,902	2,497	2,220	16,619
Other income and expenditure from the Expenditure and Funding Analysis	(8,533)	2,020	(7,880)	(14,393)
Difference between General Fund Surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	3,369	4,517	(5,659)	2,227

Notes to the expenditure and funding analysis

Note 1: Adjustments for Capital Purposes

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.

Note 2: Net change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS19 *Employee Benefits* pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Note 3: Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- 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 timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Segmental Income

2021/22			2022/23	
Revenues from external customers	Grants & Contributions		Revenues from external customers	Grants & Contributions
£'000	£'000		£'000	£'000
0	(3)	Chief Executive	0	0
(15,646)	(629)	Director of Commercial Services and Income Generation	(7,533)	(318)
(3,312)	(31,180)	Director of Service Delivery	(3,719)	(38,885)
(554)	(3,835)	Director of Strategy and Support Services	(1,455)	(640)
0	(5,945)	Director of Place & Recovery	0	(262)
(19,512)	(41,592)	Total income analysed on a segmental basis	(12,707)	(40,105)

7. Expenditure and Income analysed by nature

2021/22		2022/23
£'000	Expenditure/Income	£'000
	Expenditure	
22,078	Employee benefits expenses	22,807
60,405	Other services expenses	58,714
1,920	Depreciation, amortisation, impairment	2,682
151	Interest Payments	1,462
	Downward revaluation in Investment Properties	0
6,118	Precepts and levies	6,529
0	Payments to housing capital receipts pool	0
290	Loss on the disposal of assets	0
90,962	Total Expenditure	92,193
	Income	
(21,932)	Fees, charges and other service income	(23,580)
0	Gain on the disposal of assets	(1,442)
(1,950)	Interest and investment income	(2,947)
	Upward revaluation of Investment Properties	(3,371)
(17,432)	Income from council tax and NDR	(16,690)
(48,746)	Government grants and contributions	(41,672)
(90,060)	Total Income	(89,703)
902	Surplus or Deficit on the Provision of Services	2,490

8. Contracts with Service Recipients

Included with income from fees and charges of £23.58m (£21.9m 2021/22) are the following amounts derived from contracts with service recipients as defined by IFRS 15.

Previous year 2021/22 £'000	Service	Current year 2022/23 £'000
(395)	Building Control	(390)
(1,507)	Planning	(1,253)
(1,436)	Car Park Income	(1,666)
(6,678)	Commercial Rent & Licences	(7,617)
(501)	Other Rents & Wayleaves	(477)
(395)	Careline	(381)
(299)	Licences	(303)
(1,032)	Waste	(1,049)
(439)	Land Charges	(344)
(1,515)	Theatre Venues	(2,213)
(14,197)	Total Income from Contracts with Service Recipients	(15,690)

The performance obligations relating to the key lines of income above are all fulfilled when payment is made except where the charge is for a monthly, quarterly or annual fee or licence where the obligation is discharged within the period.

There are no performance obligations unsatisfied at the balance sheet date.

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 council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the council 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 a council are required to be paid and out of which all liabilities of the council 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 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.

Table on following page

2022/23	Movement in Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustment Account:				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</i>				
Charges for depreciation, amortisation and impairment of non-current assets	(2,600)	0	0	(2,600)
Revaluation losses on Property, Plant and Equipment	(1,053)	0	0	(1,053)
Capital grants and contributions applied	1,752	0	3,031	4,784
Capital grants and contributions unapplied	677	0	(677)	0
Revenue expenditure funded from capital under statute	(8,187)	0	0	(8,187)
Movement in market value of Investment Property	3,371	0	0	3,371
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	0	0	0	0
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>				
Statutory provision for the financing of capital investment	1,911	0	0	1,911
Capital expenditure charged against the capital fund	0	0	0	0
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure	4,631	(10,943)	0	(6,312)
Use of Capital Receipts Reserve to finance capital expenditure		4,815	0	4,815
Transfer from the Deferred Capital Receipts reserve to the Capital Receipts Reserve upon receipt of cash	0	0	9	9
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital	(1)	1	0	0
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 47)	(7,419)	0	0	(7,419)
Employer's pensions contributions and direct payments to pensioners payable in the year	3,840	0	0	3,840
Adjustments involving the Collection Fund Adjustments Account:				
Amount by which council tax income and non-domestic rates credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rates calculated for the year in accordance with statutory requirements	8,212	0	0	8,212
Adjustment involving the Accumulating Compensated Absences Adjustment Accounts:				
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)
TOTAL ADJUSTMENTS	5,116	(6,127)	2,364	1,353

2021/22	Movement in Usable Reserves			Movement in Unusable Reserves
	General Fund Balance	Capital Receipts Reserves	Capital Grants Unapplied	
	£'000	£'000	£'000	
Adjustments involving the Capital Adjustment Account:				
<i>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</i>				
Charges for depreciation, amortisation and impairment of non-current assets	(2,221)	0	0	(2,221)
Revaluation losses on Property, Plant and Equipment	301	0	0	301
Capital grants and contributions applied	2,798	0	2,578	5,376
Capital grants and contributions unapplied	5,228	0	(5,228)	0
Revenue expenditure funded from capital under statute	(13,290)	0	0	(13,290)
Movement in market value of Investment Property	510	0	0	510
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	(605)	0	0	(605)
<i>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</i>				
Statutory provision for the financing of capital investment	1,007	0	0	1,007
Capital expenditure charged against the capital fund	1,641	0	0	1,641
Adjustments involving the Capital Receipts Reserve:				
Transfer of sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure	1,263	(1,263)	0	0
Use of Capital Receipts Reserve to finance capital expenditure		17,853	0	17,853
Transfer from the Deferred Capital Receipts reserve to the Capital Receipts Reserve upon receipt of cash	0	(3,552)	0	(3,552)
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	(0)	0	0	0
Adjustments involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 47)	(8,181)	0	0	(8,181)
Employer's pensions contributions and direct payments to pensioners payable in the year	3,664	0	0	3,664
Adjustments involving the Collection Fund Adjustments Account:				
Amount by which council tax income and non-domestic rates credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rates calculated for the year in accordance with statutory requirements	5,614	0	0	5,614
Adjustment involving the Accumulating Compensated Absences Adjustment Accounts:				
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	45	0	0	45
TOTAL ADJUSTMENTS	(2,227)	13,038	(2,650)	8,161

10. Other operating income and expenditure

Previous year 2021/22 £'000		Current year 2022/23 £'000
6,118	Parish council precepts and levies	6,529
0	Payments to the Government housing Capital Receipts Pool	0
6,118	Total Other Operating Expenditure	6,118
(948)	Easements and other Capital Receipts (note 11)	(580)
5,170	Total Other Operating Income and Expenditure	5,949

11. Easements and other capital receipts

The council received £580k in Right to Buy receipts (compared to £948K in 2021/22).

12. Net gain/loss on disposal of plant, property and equipment

The net loss on disposal of plant, property and equipment amounts to £13k (compared to a net loss of £290K in 2021/22)

The gain in the disposal of the interest in Lufton 2000 was £750k in 2022/23.

13. Financing and investment income and expenditure

Previous year 2021/22 £'000		Current year 2022/23 £'000
151	Interest Payable and similar charges	1,462
2,020	Net interest on the net defined benefit liability	1,838
(122)	(Surplus)/Deficit on Trading Undertaking (note 38)	(80)
(6,678)	(Surplus)/Deficit on Investment Properties (note 17)	(9,251)
(4,629)	Total Financing and Investment Expenditure	(6,031)
(1,950)	Interest receivable and similar income	(2,947)
(6,579)	Total Financing and Investment Income and Expenditure	(8,979)

14. Taxation and non-specific grant income

Previous year 2021/22 £'000		Current year 2022/23 £'000
(17,194)	Council tax income	(18,027)
(6,581)	Non domestic rates	1,335
(10,400)	Non ring-fenced government grants	(4,257)
(34,175)	Total Taxation and Non Specific Grant Income	(20,948)

15. Property, plant and equipment

Movement in 2022/23:

	Total Land & Buildings	Vehicles, Plant & Equipment	Infra- structure Assets	Com-munity Assets	Assets Under Constructi on	Surplus Assets	Total Property Plant & Equipmen t
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
As at 1 April 2022	44,607	5,043	1,120	832	0	0	51,602
Additions	2,384	618	0	0	4,411	0	7,413
Disposals	0	(46)	0	0	0	0	(46)
Revaluation Increases/(decreases) recognised in	15,633	(11)	0	57	0	0	15,679
Revaluation Increases/(decreases) recognised in	(1,273)	0	0	0	0	0	(1,273)
Impairment (losses)/reversals recognised in the	(359)	0	0	0	0	0	(359)
Reclassification - Other	(2,578)	0	0	0	0	0	(2,578)
As at 31 March 2023	58,414	5,603	1,120	889	4,411	0	70,437
Accumulated Depreciation							
As at 1 April 2022	(2,026)	(2,372)	(185)	0	0	0	(4,583)
Depreciation charge	(1,421)	(459)	(16)	0	0	0	(1,896)
Depreciation written out to the surplus/deficit on	737	85	0	0	0	0	822
Derecognition – Disposals	0	33	0	0	0	0	33
Derecognition – Reclassification	0	0	0	0	0	0	0
Indexation Adjustment	(1,373)	0	0	0	0	0	(1,373)
As at 31 March 2023	(4,084)	(2,713)	(201)	0	0	0	(6,998)
Net Book Value							
At 31 March 2023	54,330	2,890	919	889	4,411	0	63,439
At 31 March 2022	42,580	2,671	936	832	0	0	47,019

Comparative movements in 2021/22:

	Total Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infra-structure Assets £'000	Community Assets £'000	Assets Under Construction £'000	Surplus Assets £'000	Total Property Plant & Equipment £'000
Cost or Valuation	45,507	4,562	1,097	812	0	0	51,978
As at 1 April 2021							
Additions	1,457	759	23	20	0	0	2,259
Disposals	(464)	(301)	0	(0)	0	0	(765)
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	16	(1)	0	0	0	0	15
Revaluation Increases/(decreases) recognised in the surplus/deficit on the provision of Services	(170)	282	0	0	0	0	112
Impairment (losses)/reversals recognised in the surplus/deficit on the provision of services	(1,194)	(258)	0	0	0	0	(1,452)
Reclassification - Other	0	0	0	0	0	0	0
As at 31 March 2022	45,152	5,043	1,120	832	0	0	52,147
Accumulated Depreciation							
As at 1 April 2021	(2,017)	(2,378)	(168)	0	0	0	(4,563)
Depreciation charge	(1,364)	(440)	(16)	0	0	0	(1,820)
Depreciation written out to the surplus/deficit on the Provision of Services	1,310	331	0	0	0	0	1,641
Derecognition – Disposals	45	115	0	0	0	0	160
Derecognition – Reclassification	0	0	0	0	0	0	0
As at 31 March 2022	(2,026)	(2,372)	(185)	0	0	0	(4,583)
Net Book Value							
At 31 March 2022	43,125	2,671	936	832	0	0	47,564
At 31 March 2021	43,490	2,184	929	812	0	0	47,415

16. Property, Plant and Equipment valuation

The Council carries out a rolling programme of asset valuations to ensure that all property, plant and equipment required to be measured at fair value is revalued at least every five years.

Valuations at 31 March 2023 have been carried out by Wilks Head & Eve, Chartered Surveyors.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

Whilst, at present, the Council does not revalue its vehicles, plant and equipment, depreciated historic cost is used as a proxy for fair value.

Please refer to note 4 for disclosure on the material uncertainty.

The following table shows the progress of the rolling programme:

	Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Infrastructure Assets £'000	Community Assets £'000	AUC £'000	Surplus Assets £'000	Total £'000
Valued at historical cost	98	1,140	1,121	746	0	0	3,105
Valued at current value at:	0	0	0	0	0	0	0
31st December 2018	2,854	55	0	0	0	0	2,909
31st December 2019	4,775	860	0	0	0	0	5,635
31st December 2020	9,916	789	0	86	0	0	10,790
31st December 2021	3,480	2,770	0	0	0	0	6,251
31st December 2022	37,281	0	0	57	4,411	0	41,749
Total	58,403	5,614	1,121	889	4,411		70,437

17. Investment Property

The following items of income have been accounted in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Previous year 2021/22 £'000		Current year 2022/23 £'000
(6,972)	Rental Income from Investment Property	(7,814)
803	Operating Expenses and Financing costs arising from Investment	735
(510)	Net (gains) / Losses from fair value adjustments	(3,371)
(6,678)	Total	(10,450)

The following table summarises the movement in the fair value of Investment Property over the year:

Current year 2021/22 £'000		Current year 2022/23 £'000
79,809	Balance at the start of the year	89,967
9,648	Additions	5,382
510	Net gains / (losses) from fair value adjustments	3,371
0	Disposals	0
	Transfers:	
0	(To)/from Property, Plant & Equipment	0
89,967	Balance at the end of the year	98,719

Details of the council's Investment Properties and Information about the Fair Value Hierarchy are as follows:

Current year 2021/22 £'000	Significant Unobservable Inputs (Level 2)	Current year 2022/23 £'000
7,745	Commercial Building	8,322
5,035	Small Business Unit	5,581
16,993	Retail	17,118
26,560	Offices	26,347
23,840	Industrial	27,383
2,700	Leisure	3,944
414	Other	350
330	Historic	295
6,350	Alternative	9,379
89,967	Investment Property	98,719

The valuation technique applied in respect of all the Fair Value figures was the market approach, which is described in paragraphs 85 to 87 of IFRS 13. It uses prices paid and other relevant information generated by market transactions involving directly comparable (i.e. similar) assets.

The inputs to this technique constitute Level 2 inputs in each instance. Level 2 inputs are inputs that are observable for the asset, either directly or indirectly. The inputs used took the form of analysed and weighted market evidence such as sales, rentals, yields and costs in respect of comparable properties in the same or similar locations at or around the valuation date.

18. Assets Held for Sale

Previous year 2021/22 £'000		Current year 2022/23 £'000
0	Balance at the start of the year	490
490	Transfers to/from Property Plant and Equipment	0
490	Balance at the end of the year	490

19. Capital commitments

At the 31 March 2023, the council had capital commitments in relation to the following capital schemes, part of the Yeovil Refresh Programme, and values:

- Triangle and Wine Street £2,978,096.99
- Middle Street, High Street, Borough etc. £4,925,603.63
- Wyndham Street Area £ 874,491.00

20. Intangible Assets

The value of Intangible Assets held in the Council's balance sheet amounts to 292k (compared to £408k in 2021/22).

31-Mar-22 £'000		31-Mar-23 £'000
2,412 (1,702)	Balance at start of year: • Gross carrying amounts • Accumulated amortisation	2,511 (2,102)
710	Net carrying amount at start of year	408
99	Additions	57
0	Disposals	0
(400)	Amortisation for the period	(173)
0	Amortisation on disposal	0
408	Net Carrying amount at end of year	(116)
2,511 (2,102)	Comprising: • Gross carrying amounts • Accumulated amortisation	2,568 (2,276)
408	Total Intangible Assets	292

21. Heritage Assets

31 March 2022 £'000		31 March 2023 £'000
1,792	Balance at start of year	1,792
0	Additions	0
0	Revaluations/(Impairments)	0
1,792	Total Heritage Assets	1,792

22. Long term debtors

Debtors that fall due after a period of at least one year, consist of:

31 March 2022 £'000		31 March 2023 £'000
40,913	Loans	36,287
0	Mortgages	0
268	Rights to receipts – long term lease	268
9	Car/bike/learning loans	12
41,190	Total Long-Term Debtors	36,567

The loans figures relate mainly to the commercial loans made to SSDC Opium Power Limited. The loans are asset backed and a valuation report in respect of the sites has been provided. Further information relating to long-term debtors is contained within Note 33 on Financial Instruments.

23. Inventories

2021/22				2022/23		
SSDC Consumables	Property Acquired or constructed for sale	Total		SSDC Consumables	Property Acquired or constructed for sale	Total
£'000	£'000	£'000		£'000	£'000	£'000
196	4,727	4,923	Balance 1 April	195	4,730	3,088
15	3	18	Purchases	25	0	25
(15)		(15)	Expenses in year	(2)	0	(2)
	(1,838)	(1,838)	Property Disposal Adjustments		(2,101)	(2,101)
195	4,730	3,088	Balance 31 March	218	2,629	1,010

24. Short term debtors

31 March 2022		31 March 2023
£'000		£'000
9,771	Central Government Bodies	8,747
8,405	Other Local Authorities	2,324
2	NHS Bodies	9
12,483	Other Entities and Individuals	15,243
30,660	Total Short-Term Debtors	26,324

25. Cash and cash equivalents

Cash and cash equivalents are investments which are readily convertible (within 24 hours) and are subject to an insignificant risk of changes in value. The balance of Cash and cash equivalents is made up of the following elements:

31 March 2022		31 March 2023
£'000		£'000
10	Cash held by the Authority	9
0	Short-term deposits with Business Reserve accounts and Money Market Funds	0
10	Total Cash and Cash Equivalents	9
0	Bank overdrafts	0
309	Bank Accounts	676
(1,002)	Cash held on behalf of others	(1,111)
(683)	Net Cash and Cash Equivalents as per cashflow statement	(426)

The cash held on behalf of others relates to funds held in respect the Dorcas House Trust (See note 48), Boden Mill and Chard Regeneration Scheme and the Yeovil Cemetery and Crematorium Burial Committee.

26. Short-term Borrowings

31 March 2022		31 March 2023
£'000		£'000
(128,500)	Other Local Authorities	(131,500)
0	Other Entities and Individuals	0
(128,500)	Total Short-Term Borrowing	(131,500)

27. Short-term Creditors

31 March 2022		31 March 2023
£'000		£'000
(12,904)	Central Government Bodies	(7,447)
(3,061)	Other Local Authorities	(3,402)
(0)	NHS Bodies	0
(7,163)	Other Entities and Individuals	(867)
(23,129)	Total Short-Term Creditors	(11,717)

28. Long term liabilities – Creditors

31 March 2022		31 March 2023
£'000		£'000
(39)	Other Entities and Individuals	(32)
(39)	Total Long-Term Liabilities - Creditors	(32)

The long-term liabilities – creditors relate to licence fee income that is paid in advance.

29. Provisions

31 March 2022		31 March 2023
£'000		£'000
(683)	Business Rates Provisions for Appeals	(703)
(88)	MMI Provision	(88)
(771)	Total Provisions	(791)

The Business Rates Provision is reviewed each year to ensure it is adequate. It is used to offset any loss on business rates appeals and is replenished to ensure it mitigates our risk appropriately. During the year we have increased the provision by £20k.

30. Developers' contribution deferred

31 March 2022		31 March 2023
£'000		£'000
.		
(4,829)	Balance at start of year	(5,733)
(1,747)	Additional Deposits	(752)
843	Applied Deposits	415
(5,733)	Total Developers Contribution Deferred	(6,070)

Deposits received from developers will be spent over the next few years as the individual schemes progress.

31. Usable Reserves

31 March 2022		31 March 2023
£'000		£'000
(11,993)	General Fund Balance	(12,658)
(31,606)	Earmarked Reserves	(25,689)
(6,675)	Capital Receipts Reserve	(10,008)
(10,436)	Capital Grants Unapplied	(8,072)
(581)	Authority's share of Joint Operation	0
(61,290)	Total Usable Reserves	(56,427)

Capital Receipts Reserve

31 March 2022		31 March 2023
£'000		£'000
(18,222)	Balance of Usable Receipts at 1 April	(6,675)
(6,307)	Receipts from Sale of Assets	(8,150)
17,853	Receipts applied to finance Capital Expenditure	4,815
0	Amount payable to the housing capital receipt pool	1
(6,675)	Total Capital Receipts Reserve	(10,008)

The capital receipts reserve holds the proceeds from the sale of capital assets and is used for financing capital expenditure.

Capital Grants Unapplied

31 March 2022 £'000		31 March 2023 £'000
(7,785)	Balance at start of year	(10,436)
(5,228)	Additional Capital Grants recognised through the Comprehensive Income and Expenditure Statement	(668)
2,578	Applied Deposits	3,031
(10,436)	Total Capital Grants Unapplied	(8,072)

The capital grants unapplied reserve holds any capital grant received but not yet spent.

Transfers to/from 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 2022/23. All earmarked reserves are revenue balances.

	Balance as at 31 March 2021	Trans-fers in 2021/22	Trans-fers out 2021/22	Balance as at 31 March 2022	Trans-fers in 2022/23	Trans-fers out 2022/23	Balance as at 31 March 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Fund	(929)	(140)	918	(152)	(76)	0	(227)
Cremator Replacement Reserve	(549)	0	0	(549)	0	0	(549)
Internal Borrowing Repayments	(321)	(100)	420	(1)	0	0	(1)
Elections Reserve	(214)	(40)	0	(254)	(40)	0	(295)
Sports Facilities Reserve	(51)	0	41	(10)	0	0	(10)
Yeovil Athletics Track Repairs	(198)	(25)	7	(216)	(19)	23	(212)
Planning Delivery Reserve	(16)	0	16	(0)	0	0	(0)
Bristol to Weymouth Rail Reserve	(72)	0	72	0	0	0	0
Yeovil Refresh Reserve	(112)	0	112	0	0	0	0
IT Replacement Reserve	(10)	0	0	(10)	0	0	(10)
Insurance Fund	(50)	0	50	0	0	0	0
Transformation Fund	(91)	0	91	0	0	0	0
Treasury Management Reserve	(750)	0	0	(750)	0	0	(750)
Revenue Grant Reserve	(525)	(16)	142	(399)	(2)	106	(295)
MTFP Support Fund	(4,879)	(4,580)	596	(8,863)	(7)	1,313	(7,557)
CTAX/Housing Benefits Reserve	(1,291)	(118)	168	(1,241)	(347)	451	(1,137)
Closed Churchyards Reserve	(19)	0	19	0	0	0	0
Health Inequalities	(32)	0	32	0	0	0	0
Deposit Guarantee Claims Reserve	(12)	0	13	0	0	0	0
Park Homes Replacement Reserve	(286)	(30)	317	0	0	0	0
Planning Obligations Admin Reserve	(30)	0	30	(0)	0	0	(0)
Artificial Grass Pitch Reserve	(162)	(16)	0	(177)	(16)	3	(190)
Business Support Scheme (flooding)	(101)	0	20	(82)	0	11	(71)
Regeneration Fund	(2,997)	(1,406)	1,160	(3,243)	(944)	218	(3,969)
NNDR Volatility Reserve	(4,592)	0	4,593	0	0	0	0
Ticket Levy Income	(120)	(132)	0	(252)	(162)	0	(414)
Waste Reserve	(100)	0	0	(100)	0	100	0
Community Housing Fund	(170)	0	153	(18)	0	0	(18)
Community Safety Reserve	(43)	0	19	(25)	0	0	(25)
Housing and Homelessness Reserve	(441)	(258)	163	(537)	(443)	386	(594)
Commercial Investment Reserve	(6,606)	(113)	0	(6,719)	0	0	(6,719)
Spatial Policy Reserve	(258)	(48)	166	(141)	(48)	55	(134)
YIC Maintenance Reserve	(40)	(20)	0	(60)	(12)	0	(72)
Climate Change Fund	(167)	(262)	163	(266)	0	204	(62)
Community Initiatives Reserve	(163)	(522)	303	(382)	0	382	0
Local Government Change	0	0	0	0	0	0	0
Community Resilience Reserve	(126)	(247)	282	(91)	0	42	(49)
NNDR S31 Grant Coll. Fund	(11,704)	(3,695)	8,886	(6,513)	(8,886)	14,209	(1,190)
Area East Reserve	0	(49)	0	(49)	0	2	(47)
Area North Reserve	0	(24)	0	(24)	0	0	(24)
Area West Reserve	0	(40)	0	(40)	0	0	(40)
Somerset LGR Reserve	0	0	0	0	(1,234)	514	(720)
COVID Recovery Reserve	0	0	0	0	0	134	134
MRP Reserve	0	(444)	0	(444)	0	0	(444)
Total Reserves	(38,228)	(12,326)	18,950	(31,606)	(12,236)	18,153	(25,689)

32. Unusable reserves

31 March 2022 £'000		31 March 2023 £'000
(21,089)	Revaluation Reserve	(24,841)
(451)	Pooled Fund Adjustment Account	1,824
(20,218)	Capital Adjustment Account	(16,490)
(272)	Deferred Capital Receipts	(281)
72,507	Pensions Reserve	10,624
4,284	Collection Fund Adjustment Account	(3,928)
358	Accumulating Compensated Absences Adjustment Account	376
35,119	Total Unusable Reserves	(32,716)

Revaluation Reserve

The Revaluation Reserve holds the unrealised revaluation gains which have arisen, since 1 April 2007, from holding property, plant and equipment. Where assets which had previously been revalued are impaired as a result of reductions in property values, then the revaluation reserve is reduced to the extent of the value held for that specific asset.

31 March 2022 £'000		31 March 2023 £'000
(22,119)	Balance at start of year	(21,089)
(1,667)	Revaluation gains on non-current assets	(6,623)
2,842	Downward revaluation on non-current assets	2,646
(646)	Additions to revaluation reserve	0
(840)	Disposals of non-current assets	13
1,340	Current value depreciation transferred to Capital Adjustment Account	211
(21,089)	Total Revaluation Reserve	(24,841)

Pooled Fund Adjustment Account

This is the adjustment account to manage the fair value process for Pooled Fund Financial Assets.

31 March 2022 £'000		31 March 2023 £'000
662	Balance at start of year	(451)
0	Reclassification of financial instruments	0
0	Loss on derecognition/maturity	0
(1,113)	Revaluation losses on pooled fund adjustment account	2,275
(451)	Total Pooled Fund Adjustment Account	1,824

The change to IFRS9 means that pooled funds are accounted for at fair value through profit and loss with the changes in fair value being taken to the Comprehensive Income and Expenditure statement.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisation are charged to the Comprehensive Income and Expenditure Statement (with reconciling posting from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the council as finance for the costs of acquisition, construction and subsequent costs.

The Account contains accumulated gains and losses on Investment Properties. 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. Note 9 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

31 March 2022			31 March 2023	
£'000	£'000		£'000	£'000
	(12,696)	Balance at start of year		(18,380)
(17,853)		Capital Expenditure financed from Capital Receipts	(4,815)	
(149)		Current value depreciation transferred from Revaluation Reserve	(926)	
(1,007)		Minimum Revenue Provision	(1,911)	
(1,641)		Revenue Contribution to capital	0	
(5,376)		Capital Grants and Contributions Applied	(4,784)	
	(26,025)			(12,436)
		Less:		
13,290		Write down of Revenue Expenditure funded from Capital under Statute	8,187	
2,093		Carrying amount of assets disposed	2,088	
2,221		Depreciation	2,850	
(301)		Impairment	1,053	
(510)		Movement in market value of Investment Property	(3,371)	
3,548		Repayment of Capital Loans	3,519	
	20,341			14,325
	(18,380)	Total Capital Adjustment Accounts		(16,490)

Deferred Credits Account

31 Marc 2022 £'000		31 March 2023 £'000
(276)	Balance at start of year	(272)
(1)	Repayment of mortgages on sale of Council Houses	0
4	Right to Receipts – St Johns Ambulance Yeovil Rec Centre funding	0 (9)
(272)	Total Deferred Credits	(281)

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 council 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 council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31 March 2022 £'000		31 March 2023 £'000
101,031	Balance at start of year	79,788
(25,973)	Re-measurement of the net defined benefit liability	(65,462)
8,280	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provisions of Services in the Comprehensive Income and Expenditure Statement	7,419
(3,550)	Employer's pensions contributions and direct payments to pensioners payable in year	(3,840)
79,788	Total Pensions Reserve	17,905

Collection Fund Adjustment Account

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

31 March 2022 £'000		31 March 2023 £'000
9,898	Balance at start of year	4,284
(350)	Collection Fund Adjustment in year for Council Tax	34
(5,264)	Collection Fund Adjustment in year for non-domestic rates	(8,246)
4,284	Total Collection Fund Adjustment Account	(3,928)

Accumulating Compensated Absences Adjustment Account

The Accumulating Compensated Absences Adjustment 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 2023. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfer to or from the Account.

31 March 2022			31 March 2023	
£'000	£'000		£'000	£'000
	403	Balance at start of year		358
		Settlement or cancellation of accrual made at the end of preceding year	(358)	
		Amounts accrued at the end of the current year	376	
	(45)	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
	358	Total Accumulating Compensated Absences Adjustment Account		376

33. Financial Instruments

The Authority's accounting policies relating to financial instruments are in accordance with the 2022/23 Code of Practice on Local Authority Accounting.

Financial Instruments Balances

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

31 March 2022			31 March 2023	
Long Term £'000	Current £'000	Financial Liabilities	Long Term £'000	Current £'000
		Loans at amortised cost:		
	128,500	Principal sum borrowed		131,500
	35	Accrued interest		662
0	128,535	Total Borrowing	0	132,162
		Liabilities at amortised cost:		
(39)	4,288	Trade payables	37	2,091
0	5	Finance Lease	0	0
(39)	4,293	Included in Creditors	37	2,091
(39)	132,828	Total Financial Liabilities at amortised cost	37	134,253

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

31 March 2022		Financial Assets	31 March 2023	
Long Term £'000	Current £'000		Long Term £'000	Current £'000
		At amortised cost		
	0	Principal		
	0	Accrued Interest		
		Loss Allowance		
		At fair value through profit & loss		
0	23,951	Fair value	0	21,673
0	23,951	Total Investments	0	21,673
		At amortised cost		
	16,550	Principal		0
		Accrued Interest		
	0	Loss Allowance		0
		At fair value through profit & loss		
		Fair value		
0	16,550	Total Cash and Cash Equivalents	0	0
		At amortised cost		
	2,852	Trade receivables		3,121
41,190	3,812	Loans and Receivables	41,190	13,709
41,190	6,663	Included in Debtors	41,190	16,830
41,190	47,164	Total Financial Assets	41,190	38,503

Financial Instruments Gains/Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

31 March 2022					31 March 2023			
Financial Liabilities Amortised Cost £'000	Financial Assets			Financial Assets	Financial Liabilities Amortised Cost £'000	Financial Assets		
	Amortised Cost £'000	Fair Value through Profit & Loss £'000	Total £'000			Amortised Cost £'000	Fair Value through Profit & Loss £'000	Total £'000
151			151	Interest expense	151			151
			0	Losses on derecognition				0
				Losses from change in fair value				
151			151	Interest payable and similar charges	151			151
	(991)	(955)	(1,946)	Interest income		(1,778)	(1,170)	(2,947)
		0	0	Gains on derecognition			0	0
		0	0	Gains from change in fair value			0	0
	(991)	(955)	(1,946)	Interest & Investment Income		(1,778)	(1,170)	(2,947)
151	(991)	(955)	(1,795)	Net impact on (surplus)/deficit on provision of services	151	(1,778)	(1,170)	(2,947)
		1,113	1,113	(Gain)/Losses on revaluation			2,275	2,275
151	(991)	157	(683)	Net (Gain)/Loss for the year	151	(1,778)	1,105	(521)

Financial Instruments – Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For these assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price.

The fair values of other instruments have been estimated calculating the net present value of the remaining contractual cash flows at 31st March 2023 using the following methods and assumptions:

- Certificates of deposit have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.

Financial Liabilities

31 March 2022		Financial Liabilities	Fair Value Level	31 March 2023	
Carrying Amount £'000	Fair Value £'000			Carrying Amount £'000	Fair Value £'000
		Financial Liabilities held at Amortised Cost			
		Long Terms Loans from PWLB			
128,500	128,312	Other Long Term Loans		131,500	131,500
5	5	Finance Lease		0	0
	128,317	Total			131,500
4,328		Liabilities for which fair value is not disclosed		2,128	
132,833		Total Financial Liabilities		133,628	
		Recorded on Balance Sheet as:			
4,288		Short Term Creditors		2,091	
128,505		Short Term Borrowing		131,500	
39		Long Term Creditors		37	
0		Long Term Borrowing		0	
132,832				133,628	

* The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the authority's loans includes loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

Financial Assets

31 March 2022		Financial Assets	Fair Value Level	31 March 2023	
Carrying Amount £'000	Fair Value £'000			Carrying Amount £'000	Fair Value £'000
23,951	23,951	Financial Assets held at Fair Value Money Market Funds	1		
		Bond, Equity and Property Funds	1	21,673	21,673
		Covered Bonds & Floating Rate Notes	1		
(683)	(683)	Financial Assets held at Amortised Cost Bank Accounts		(301)	(301)
16,550	16,550	Term Deposits		0	0
44,530	44,530	Loans made for Service Purposes	2	0	0
84,348	84,348	Total		21,372	21,372
3,307		Assets for which fair value is not disclosed		3,410	
64,299		Total Financial Assets		24,782	
0		Recorded on Balance Sheet as: Long Term Investments		0	
41,005		Long Term Debtors		41,190	
16,550		Short Term Investments		0	
6,663		Short Term Debtors		16,830	
23,268		Cash & Cash Equivalents		21,372	
87,486				79,392	

Financial assets classified as loans and receivables are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2023. The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low and stable interest rate environment.

Financial Instruments – Risk

The council has adopted CIPFA's code of practice on Treasury Management and complies with the Prudential Code for Capital Finance in Local Authorities.

As part of the adoption of the Treasury Management Code, the council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This guidance emphasizes that priority is to be given to security and liquidity rather than yield. The council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The council's activities expose it to a variety of financial risks:

- Credit risk – the possibility that one party to a financial asset will fail to meet its contractual obligations causing a loss to the council.
- Liquidity risk – the possibility that the council might not have the cash available to make contracted payments on time.
- Market risk – the possibility that an unplanned financial loss will materialize because of changes in market variables such as interest rates or equity prices.

Credit Risk: Investments

The council manages credit risk by ensuring that investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the council has regard to other measures including credit default swaps and equity prices when selecting commercial entities for investment.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all the council's deposits, but there was no evidence as the 31 March 2023 that this was likely to crystallise.

The Table below summarises the credit risk exposures of the council's investment portfolio by credit rating.

Credit Rating	Long Term		Short Term	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	£'000	£'000	£,000	£,000
AAA				
AA+			0	12,550
AA				
AA-				
A+				
A				
A-				
Unrated Local Authorities			0	4,000
Unrated Pooled Funds			23,500	23,500
Total Investments (nominal amount)	0	0	23,500	40,050

Liquidity Risk

South Somerset District Council ensures it has adequate, though not excessive, cash resources and borrowing arrangements to ensure it has the level of funds available to enable the achievement of its business/service objectives.

The council has ready access to the money markets for short-term debt to cover revenue expenditure and to the money markets and PWLB for longer-term borrowing. There is no perceived risk that the council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates.

The council's current borrowing matures throughout 2022/23 there will be a need to replace this borrowing. There will be an additional borrowing requirement going forward, the council ensure that borrowing costs are kept to a minimum and seek advice from its Treasury Management advisors to ensure this is achieved.

Market risk – Interest rate risk

The council 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 rate would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- Borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- Investments at fixed rates – the fair value of the liabilities borrowings will fall

Investments classed at “loans and receivables” and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus and Deficit on the Provision of Services. Movement in fair value of fixed rate investments classed as “available for sale” will be reflected in Other Comprehensive Income and Expenditure.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates.

According to this assessment strategy, at 31 March 2023, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

31 March 2022 £'000		31 March 2023 £'000
162	Increase in interest payable on variable rate borrowings	0
(1,009)	Increase in interest receivable on variable rate investments	(1,060)
(847)	Impact on Surplus or Deficit on the Provision of Services	(1,060)
0	Decrease in fair value of fixed rate borrowings	0
0	Decrease in fair value of fixed rate investments	0

Market Risk – Price risk

The market prices of the council’s fixed rate bond investments and its units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk.

The council’s investment in a pooled property fund and pooled equity funds are subject to the risk of falling commercial property prices or falling share prices. This risk is limited by the council’s maximum exposure to pooled funds of £10m nominal value per fund. A 5% fall in commercial property prices or share prices would result in a £640k charge to Other Comprehensive Income and Expenditure – this would have no impact on the General Fund until the investments were sold.

Market risk – Foreign exchange risk

The council has not financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates. The Eurobonds held by the council are denominated in Pound Sterling.

34. Cash Flow Statement – Operating activities

The cash flows for operating activities include the following items:

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
393	Interest received	835
(1,599)	Interest paid	(4,294)
(1,205)	Net Cash Flows from Operating Activities relating to interest	(3,459)

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
580	Depreciation and amortisation	2,297
1,340	Impairment and revaluations	895
(510)	Movement in market value of investment property	(3,371)
(2,577)	Increase/(decrease) in creditors	(11,421)
	REFCUS	(8,187)
2,652	(Increase)/decrease in debtors	4,336
1,142	(Increase)/decrease in inventories	2,880
904	Increase/(decrease) in developer contributions	337
33	Increase/(decrease) in provisions	20
60	Accrued interest	0
(857)	Movement in pension liability	7,419
605	Carrying amounts of non-current assets and non-current assets held for sale, sold or derecognized	2,080
3,373	Total Adjustments for Non-Cash Movements	(2,714)

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
(4,815)	Proceeds from the sale of property, plant and equipment and intangible assets	(8,150)
(4,815)	Total Adjustments for Investing and Financing Activities	(8,150)

35. Cash Flow Statement – Investing activities

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
(12,006)	Purchase of property, plant and equipment, investment property and intangible assets	(10,277)
(93,810)	Purchase of short-term and long-term investments	(3,012)
(7,388)	Other payments for investing activities	(135)
4,815	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	
79,260	Proceeds from sale of short-term and long-term investments	24,117
0	Other receipts from investing activities	(83)
(29,129)	Net Cash Flows from Investing Activities	10,611

36. Cash Flow Statement – Financing activities

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
30,500	Cash receipts of short-term borrowing	3,000
(5)	Cash payments for the reduction of the outstanding liabilities relating to finance leases	0
30,495	Net Cash Flows from Financing Activities	3,000

37. Trading operations

Careline South Somerset remains a trading operation. It is an emergency response system for people who need reassurance that help is at hand at the push of a button 24 hours a day, 365 days a year.

The MOT Station is operated by the Streetscene service.

Previous Year		Current Year		
2021/22		2022/23	2022/23	2022/23
(Surplus)/Deficit		Expenditure	Income	(Surplus) /Deficit
£'000		£'000	£'000	£'000
(181)	Careline	205	(381)	(176)
58	MOT Station	124	(28)	96
(122)	Total Trading Accounts	329	(409)	(80)

38. Members' Allowances

Previous Year		Current Year
2021/22		2022/23
£'000		£'000
422	Basic Allowance	445
126	Special Responsibility Allowance	134
2	Expenses	2
550	Total Members Allowance	581

Further information on Members' allowances is available on our website and may also be obtained from the People Management Team.

39. Officers' Remuneration

During the 2022/23 financial year the number of officers who received remuneration, which includes salary, leased car and termination payments, in excess of £50k were as follows:

2021/22			Remuneration Band	2022/23		
Total	Left during year	Compensation for loss of office		Total	Left during year	Compensation for loss of office
26	1		£50,000 - £54,999	11		
11	1		£55,000 - £59,999	7		
9	1		£60,000 - £64,999	4		
12			£65,000 - £69,999	1		
			£70,000 - £74,999	0		
4			£75,000 - £79,999	0		
			£80,000 - £84,999	1		
1			£85,000 - £89,999	3		
1	1	1	£90,000 - £94,999	0		
1			£100,000 - £104,999	0		
2			£105,000 - £109,999	0		
3			£110,000 - £114,999	0		
			£125,000 - £129,999	1		
			£130,000 -	1		

The total column includes those Officer's that have left during the financial year, left during year column shows the number within that total who ceased their employment with the Council during 2022/23 with those

receiving compensation upon leaving indicated in the column to the right.

Senior Officers

A senior officer is an employee whose salary is more than £150k per year, or one whose salary is at least £50k (to be calculated pro rata for a part-time employee) and who are either the designated Head of Paid Services, a statutory officer and any person having responsibility for the management of the relevant body, to the extent that the person has power to direct or control the major activities of the body.

Senior employees are typically an authority's Chief Executive (or equivalent), officers that report direct to them (other than administration staff), and statutory chief officers. For South Somerset District Council, the senior employees are the Directors Officers with statutory roles.

Senior Officers' Emoluments

Current year 2022/23	Name of officer	Post Term	Salary (including Fees & Allowances) £'000	Benefits in kind £'000	Compensation for loss of office £'000	Total Remuneration (excl. pension contribution) £'000	Pension Contribution £'000	Total Remuneration (incl. pension contribution) £'000
Post Title								
Chief Executive		April 2022 - March 2023	119	0	0	119	14	133

Previous year 2021/22	Name of officer	Post Term	Salary (including Fees & Allowances) £'000	Benefits in kind £'000	Compensation for loss of office £'000	Total Remuneration (excl. pension contribution) £'000	Pension Contribution £'000	Total Remuneration (incl. pension contribution) £'000
Post Title								
Chief Executive	A Parmley	April '21 - July '21	34	0	0	34	6	40
Chief Executive	J Portman	April 2021 - March 2022	83	0	0	83	14	97

Current year 2022/23	Post Term	Salary (including Fees & Allowances) £'000	Benefits in kind £'000	Compensation for loss of office £'000	Total Remuneration (excl. pension contribution) £'000	Pension Contribution £'000	Total Remuneration (incl. pension contribution) £'000
Post Title							
Chief Finance Officer (S151 Officer)	April 2022 - March 2023	113			113	0	113
Director - Service Delivery	April 2022 - March 2023	78			78	9	86
Director - Service Delivery	April 2022 - March 2023	78			78	9	86
District Solicitor & Monitoring Officer	April 2022 - March 2023	78			78	9	86
Director - Support, Strategy & Environmental Services	April 2022 - March 2023	75			75	8	83
Director - Place, Recovery & Arts & Entertainment	April 2022 - March 2023	78			78	9	86
Assistant Director - Support, Strategy & Environmental Services	April 2022 - March 2023	62			62	6	68
Commercial Property, Land & Development Manager	April 2022 - March 2023	59			59	5	64
Acting Director - Place & Recovery (22.2 hpw)	April 2022 - March 2023	49			49	3	53

Previous year 2021/22	Post Term	Salary (including Fees & Allowances)	Benefits in kind	Compen- sation for loss of office	Total Remuneratio n (excl. pension)	Pension Contribution	Total Remuneration (incl. pension contribution)
Post Title		£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	April 2021 - July 2021	34	0		34	6	40
Chief Executive	August 2021 - March 2022	83			83	14	97
Director - Service Delivery	April 2021 - March 2022	86			86	15	101
Director - Commercial Services & Income Generation	April 2021 - October 2021	47			47	8	55
Director - Strategy & Support Services	April 2021 - March 2022	88			88	16	104
Director - Place and Recovery	April 2021 - March 2022	85			85	15	100
Lead Specialist Legal/Monitoring Officer	Jan 2022 - March 2022	77			77	14	91
S151 Officer	April 2021 - March 2022	46			46	0	46
Assistant Director - Service Delivery	December 2021 - March 2022	60			60	11	71
Assistant Director - Strategy & Support Services	December 2021 - March 2022	60			60	11	70
Acting Director - Place and Recovery	November 2021 - March 2022	58			58	10	69

Exit Packages

There were no exit packages in 2022/23 (£33K for 2021/22) has been charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

Exit Package Costs Band (including special payments)	Number of Compulsory Redundancies		Number of Voluntary/Efficiency of service		Total Number of Exit Packages		Total Cost of Exit Packages	
	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22 £'000	2022/23 £'000
£0 - £20,000	1	0	2	0	3	0	32	0
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	1	0	1	0	109	0
TOTAL	1	0	3	0	4	0	141	0

40. Audit Costs

In 2022/23 the council incurred the following fees relating to external audit and inspection:

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
183	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor	117
28	Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns	28
211	Total Audit Costs	145

41. Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive income and Expenditure Statement in 2022/2023:

Previous Year 2021/22 £'000		Current Year 2022/2023 £'000
8,026	Capital Grants	1,803
1,171	New Homes Bonus	1,511
1,203	Other non-specific Government Grant	943
10,400	Total Grants credited to taxation and Non-Specific Grant income and Expenditure	4,257
6,343	Business Rates Tax loss reimbursement	524
227	Cost of Collection – Business Rates	229
26,983	Housing Benefits	24,893
2,457	COVID related grants	9,085
1,011	Homelessness Grants	754
1,325	Miscellaneous Grants	1,931
38,346	Total Grants credited to services	37,415
48,746	Total Grants	41,672

42. Related Party Transactions

The council is required to disclose any significant transactions with related parties.

Precepts from Other Local Authorities are detailed in Note 1 to the Collection Fund and receipts received from the UK Central Government (which exerts significant influence through legislation and grant funding) are detailed above in Note 42 to the Core Financial Statements.

Transactions to and from the Pension Fund are detailed in Note 47 to the Core Financial Statements.

The council makes significant contributions to the organisations listed below. Councillors have either been nominated to represent SSDC on their management boards or have declared a position of general control or influence in the organisation.

Organisation	SSDC Contribution in 2022/23		SSDC Councillor
Chard & District Museum	7,000	HS HAZ Project & Culturally Chard Project	Cllr Jenny Kenton
Parrett Drainage Board	75,176	Special Levy	Cllr Mike Lewis, Cllr Gerard Tucker
South West Councils	8,824	Annual Subscription/training	Cllr Val Keitch
Chard Carnival Committee	7,582	Grants	Cllr Jason Baker
Somerset Wildlife Preservation Trust	15,000	Grants	Cllr Val Keitch, Cllr Tiffany Osborne
UNISON	14,059	Employees subscriptions	Cllr Dave Bulmer
Dorset Healthcare	25,443	Preparatory work & investigations & training	Cllr Andy Soughton
Eagle Plant	6,701	Hire of equipment	Cllr Tricia O'Brien
Preston Grove Medical Centre	19,454	Medical References	Cllr Oliver Patrick
Royal Mail	57,001	Postage	Cllr Karl Gill

South Somerset District Council is a member of the South West Audit Partnership which is a company limited by guarantee and is wholly owned and controlled, as an in-house company, by the members and is a Local Authority Controlled Company for the purposes of Part V of the Local Government and Housing Act 1989. The liability of each member is limited to £1, being the amount that each member undertakes to contribute to the assets of the Company in the event of it being wound up while the Authority is a member or within one year after the Authority ceases to be a member. South West Audit Partnership provides internal audit services.

The council has made loans to SSDC Opium Power Limited, which is a partly owned subsidiary. The value of the loans to SSDC Opium Power Limited as at 31 March 2023 is £37.843m

Capital expenditure and financing

Previous Year 2021/22			Current Year 2022/23	
£'000	£'000		£'000	£'000
	134,148	Opening Capital financing Requirement		143,889
		Capital Expenditure		
77		Intangible Non-Current Assets	1	
11,927		Non-Current Assets	1,013	
3		Assets under Construction	9,171	
10,319		Long Term Debtors	0	
13,290		Revenue Expenditure funded from Capital under Statute	8,187	
	35,616			18,371
		Sources of Finance		
(17,853)		Use of Capital Receipts	(4,815)	
(5,376)		Government Grants & Other Contributions	(4,784)	
(1,641)		Capital expenditure charged against the capital fund	0	
(1,007)		Minimum Revenue Provisions	(1,911)	
	(25,876)			(11,510)
	143,889	Closing Capital Financing Requirement		150,751

43. Leases

Authority as Lessee

Finance Leases

The council has acquired a number of vehicles and printers under finance leases. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

31 March 2022 £'000		31 March 2023 £'000
5	Vehicles, Plant, Furniture and Equipment	0
5	Total Carrying Amount of Leases	0

The council is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the council and finance costs that will be payable by the council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

31 March 2022 £'000		31 March 2023 £'000
5	Finance lease liabilities (net present value of minimum lease payments)	(0)
0	Finance Cost Payable in future years	0
5		0

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31 March 2022	31 March 2023	31 March 2022	31 March 2023
	£'000	£'000	£'000	£'000
Not later than one year	5	0	5	0
Later than one year and not later than five years	0	0	0	0
Total Finance Lease Payments	5	0	5	0

Operating Leases

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

31-Mar-22				31 March 2023		
£'000				£'000		
Vehicles, Plant & Equipment	Property	Total		Vehicles, Plant & Equipment	Property	Total
22	23	44	Not later than one year	18	23	40
5	91	96	Later than one year and not later than five years	-	91	91
-	802	802	Later than five years	-	780	780
27	915	942	Total Operating Lease Payments	18	893	911

The expenditure charged to services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
35	Minimum lease payments	36
23	<ul style="list-style-type: none"> • Vehicles, Plant and Equipment • Property 	23
58	Total Operating Lease Payments Charge to the Comprehensive Income and Expenditure Statement	59

Authority as Lessor

Operating Leases

The council leases out property and equipment under operating leases for economic development purposes to provide suitable affordable accommodation for local businesses. The council has granted leases in respect of a number of properties (principally commercial premises and business units) which are treated as operating leases.

The future minimum lease payments receivable under non-cancellable leases in future years can be broken down as follows:

31 March 2022 £'000		31 March 2023 £'000
5,799	No later than one year	5,502
13,414	Later than one year and not later than five years	13,095
20,735	Later than five years	13,923
39,948	Total future lease payments receivable	32,520

44. Impairment Losses

During 2022/23, the Authority recognised an impairment loss of £7.025m (£3.050m in 2021/22).

The impairment losses of £5.127m have been charged to various service lines on the Comprehensive Income and Expenditure Statement and downward revaluations of £1.898m have been charged to the Revaluation Reserve.

45. Defined benefit pension schemes

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments at the time that employees earn their future entitlement.

South Somerset District Council participates in the Local Government Pension Scheme (LGPS) for employees, administered by Somerset County Council – this is a funded defined benefit scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The benefits accrued up to 31 March 2023 are based on final salary and length of service on retirement. Changes to the LGPS came into effect from 1 April 2014 and any benefit accrued from this date will be based on career average revalued salary.

Transactions Relating to Post-Employment Benefits

The council recognise the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are actually paid as pensions. However, the charge the council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund Balance via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Previous Year 2021/22			Current Year 2022/23	
£'000	£'000		£'000	£'000
		Comprehensive Income and Expenditure Statement		
		Cost of Services:		
6,194		• Current service costs	5,447	
0		• Service costs	0	
14		• Past service and curtailment costs	0	
63		• Administration Expenses	71	
	6,271			5,518
		Financing and Investment Income and Expenditure		
4,317		• Interest Cost	5,188	
(2,308)		• Return on Assets	(3,353)	
	2,009			1,835
	8,280	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement		7,353
£'000	£'000		£'000	£'000
		Other Post Employment benefit charged to the Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
(7,581)		Return on plan fund assets in excess of interest	5,819	
(9,265)		Change in financial assumptions	(80,293)	
(16,022)		Change in demographic assumptions	0	
(386)		Experience (gain)/losses on defined benefit obligation	16,359	
147		Other actuarial (gains)/losses on assets	0	
	(33,107)	Total remeasurement of net defined benefit liability		(58,115)
	(24,827)	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement		(50,762)
		Movement in Reserves Statement		
		Reversal of net charges made to the surplus or deficit for the provision of services for post-employment benefits in accordance with the code		
		Actual amount charged against the General Fund Balance for pensions in the year:		
(3,503)		• Employer's contributions payable to scheme	(3,650)	
(194)		• Retirement benefits payable to pensioners	(190)	
	(3,697)			(3,840)

The change in financial assumptions reflects a decrease in the discount rate from 2.60% to 2.00%. The discount rate is based on corporate bond yields that match the duration of the employer's liabilities. Although the yields have been volatile they have decreased overall which indicates an increase in liabilities.

Assets and Liabilities in Relation to Retirement Benefits

The underlying assets and liabilities for retirement benefits attributable to the authority at 31 March 2023 are as follows:

Reconciliation of the Present Value of Scheme Liabilities and Fair Value of Scheme Assets to the Liabilities and Assets on the Balance Sheet

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
200,602	Present Value of Funded Obligation	134,153
(130,126)	Fair Value of Assets in Scheme	(125,246)
70,476	Net Liability	8,907
2,031	Present Value of Unfunded Obligation	1,720
72,507	Closing Balance at 31 March	10,627

The liabilities show the underlying commitments that the authority has in the long run to pay retirement benefits. The total liability of £79.641m has a substantial impact on the net worth of the authority as recorded in the balance sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Reconciliation of Present Value of the scheme liabilities

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
222,442	Opening Balance at 1 April	202,633
6,194	Current service cost	5,447
4,317	Interest cost	5,188
0	Remeasurement (gains) and losses:	0
(9,265)	Actuarial gains/losses from change in financial assumptions	(80,293)
0	Actuarial gains/losses from change in demographic assumptions	0
(386)	Experience loss/(gain) on defined benefit obligation	16,359
0	Liabilities assumed/(extinguished) on settlements	0
(5,820)	Estimated benefits paid net of transfers in	(6,825)
14	Past service costs, including curtailments	0
749	Contributions by scheme participants	832
(194)	Unfunded Pension Payments	(190)
218,051	Closing balance at 31 March	143,151

Reconciliation of Fair Value of Scheme Assets

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
121,411	Opening Balance at 1 April	130,126
2,308	Interest on Assets	3,353
7,581	Return on Assets less interests	(5,819)
0	Other actuarial gains/(losses)	0
(63)	Administration expenses	(71)
3,697	Contribution by the employers	3,840
749	Contributions by scheme participants	832
(6,014)	Benefits paid	(7,015)
0	Settlement prices received/(paid)	0
129,669	Closing balance at 31 March	125,246

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. The return on gilts and other bonds are assumed to the gilt yield and corporate bond yield respectively (with an adjustment to reflect default risk) at the relevant date.

The return on equities and property is then assumed to be a margin above gilt yields.

Sensitivity Analysis

	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	132,871	140,993	143,151	145,364	154,795
Projected service cost	1,937	2,228	2,306	2,388	2,743
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	144,022	143,323	143,151	142,982	142,317
Projected service costs	2,314	2,308	2,306	2,305	2,299
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	154,086	145,231	143,151	141,122	133,483
Projected service costs	2,754	2,389	2,306	2,226	1,926
Adjustment to mortality age rating assumption		+1 Year	None	-1 Year	
Present value of total obligation		149,306	143,151	137,277	
Projected service costs		2,392	2,306	2,223	

Projected Pension Expense for the year to 31 March 2024

	Year to 31 March 2024 £'000
Service Cost	2,306
Net Interest on the defined liability	795
Administration expenses	69
Total Loss/(Profit)	3,170
Employer Contributions	2,557

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 assumption about mortality rates, salary levels

etc. The Peninsula Pension Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries. Estimates for the Peninsula Pension Fund being based on the latest full valuation of the scheme as at 31 March 2023.

The principal assumptions used by the actuary have been:

31 March 2022		31 March 2023
3.20%	Rate of inflation (CPI)	2.95%
2.00%	Rate of general long-term increase in salaries	3.75%
3.20%	Rate of increase to pensions in payment	2.95%
3.20%	Rate of increase to deferred pensions	3.20%
2.60%	Discount Rate	4.80%

Assumed life expectations from aged 65 (years) are:

	Males	Females
Current Pensioners	21.4	23.2
Future Pensioners (20 years from now)	22.7	24.7

The fair value of the total scheme assets comprises the following categories, by proportion of the total assets held:

% of total Scheme as at 31 March 2022	Value of total Scheme as at 31 March 2022 £'000		% of total Scheme as at 31 March 2023	Value of total Scheme as at 31 March 2023 £'000
71	87,309	Equity Investments	75%	93,418
6	6,975	Government Bonds	4%	4,478
10	11,762	Corporate Bonds	10%	13,014
7	8,389	Property	8%	10,049
6	6,976	Cash	3%	4,287
100%	121,411		100%	125,246

46. Contingent liabilities

There is a potential environmental risk in the Birchfield Park area as part of the land is an old landfill site. The site continues to be monitored and there is a bond in place with the developer to meet any liabilities resulting from the development of the road. There remains liability of £311k that may fall on the council.

However, it continues to remain unlikely that it will be payable. Therefore, it is being treated as a contingent liability. Should the possibility of payment become more likely, we will consider making a specific provision to cover the cost. A specific working group manages any risk within existing revenue and capital budgets.

During the year, a legal case was in progress, however there are no losses expected to be incurred. The value of the liability is anticipated to be well below the materiality level for the 2022/23 accounts.

47. Dorcas House

Dorcas House (otherwise known as Portreeves or Corporation Almshouses) is a registered charity, No. 235337, whose trusteeship is vested in the council. The Charity is restricted to being permitted to assist 'poor women residents in the Borough of Yeovil'.

A summary of the financial activities for Dorcas House Trust is shown in the table below:
(Brackets represent income)

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
1	Total Income for the Year	(11)
0	Total Expenditure of the Year	0
1	Deficit/(Surplus) for the Year	(11)

Previous Year 2021/22 £'000		Current Year 2022/23 £'000
452	Capital & Unrestricted Funds	464
452	Total Reserves	464

The Statement of Accounts for Dorcas House Trust may be obtained by contacting The Council Offices, Brympton Way, Yeovil, Somerset, BA20 2HT.

Collection Fund Account

Income and Expenditure Account for the year ended 31 March 2023

This account reflects the statutory requirement contained in section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of council tax and National Non-Domestic Rates (NNDR).

Previous Year 2021/22		Year Ended 31 March 2023		
Collection Fund £'000		Business Rates £'000	Council Tax £'000	Collection Fund £'000
	Income			
(121,790)	Council Tax Receivable		(127,734)	(127,734)
(37,276)	Business Rates Receivable	(38,314)		(38,314)
	Apportionment of Previous Year Deficit			
(11,124)	Central Government	(4,138)	0	(4,138)
(2,524)	Somerset County Council	(745)	0	(745)
(95)	Police and Crime Commissioner for Avon & Somerset	0	0	0
(259)	Devon & Somerset Fire & Rescue	(83)	0	(83)
(8,998)	South Somerset District Council (including Parishes)	(3,310)	0	(3,310)
(182,066)	Total Income	(46,590)	(127,734)	(174,323)
	Expenditure			
	Precepts and Demands			
22,563	Central Government	16,661	0	16,661
86,834	Somerset County Council	3,749	84,537	88,286
14,750	Police and Crime Commissioner for Avon & Somerset	0	15,234	15,234
5,955	Devon & Somerset Fire & Rescue	417	5,566	5,983
35,468	South Somerset District Council (including Parishes)	20,827	17,580	38,406
	Apportionment of Previous Year Surplus			
0	Central Government	0	0	0
0	Somerset County Council	0	1,342	1,342
0	Police and Crime Commissioner for Avon & Somerset	0	240	240
0	Devon & Somerset Fire & Rescue	0	89	89
0	South Somerset District Council (including Parishes)	0	274	274
	Charges to Collection Fund			
511	Write offs of uncollectable amounts	251	675	926
484	Increase/(Decrease) in bad debt	(198)	(4)	(202)
82	Increase/(Decrease) in Provision for Appeals	51	0	51
227	Cost of Collection	222	0	222
111	Transitional Protection Payments	109	0	109
166,985	Total Expenditure	42,088	125,532	167,620
(7,338)	(Surplus)/Deficit for Year	(4,501)	(2,202)	(6,703)
24,984	(Surplus)/Deficit Balances at Start of Year	11,127	(1,224)	9,903
17,646	(Surplus)/Deficit Balances at End of Year	6,625	(3,426)	3,199

Previous Year 2021/22	Attributable to:	Year Ended 31 March 2023		
Collection Fund £'000		Business Rates £'000	Council Tax £'000	Collection Fund £'000
5,563	Central Government	3,554	0	3,554
154	Somerset County Council	640	(1,624)	(985)
(151)	Police and Crime Commissioner for Avon & Somerset	0	(305)	(305)
56	Devon & Somerset Fire & Rescue	71	(109)	(38)
4,280	South Somerset District Council (including Parishes for Council Tax)	2,843	(343)	2,500
0				0
9,903		7,107	(2,381)	4,726

(Brackets represent income or liabilities)

Notes to the Collection Fund

The Collection Fund is a statutory fund set up to deal with the collection and distribution of amounts due in respect of council tax and Business Rates. The Collection Fund is managed and administered by South Somerset District Council as the Billing Authority on behalf of the council taxpayers and business ratepayers within its area. All sums raised from council tax and business rates are paid into the fund together with relevant Government grants. Payments out of the fund include contributions to the national Non-Domestic Rate pool and precept payments to Somerset County Council, Police and Crime Commissioner for Avon & Somerset, Devon & Somerset Fire & Rescue Authority, South Somerset District Council and Town/Parish Councils to fund their net service requirements.

1. Income from Council Tax

Council tax income is calculated by estimating the amount of income or precept required from the Collection Fund for Somerset County Council, Police and Crime Commissioner for Avon & Somerset, Devon & Somerset Fire & Rescue Authority and South Somerset District Council.

The estimate is made by calculating a tax base and dividing the precepts by the tax base to establish the tax payable for a Band D property (properties in other bands pay a proportion of the Band D charge). The first step in calculating the tax base is to adjust the total number of properties in each band to the effective number of properties by reducing the number to allow for the number of discounts and exemptions. The effective number of dwellings is then converted to the number of Band D equivalents by applying the weighting for each band. The following table illustrates how the tax base has increased from 2022/23.

Tax Base						
Previous Year 2021/22			Current Year 2022/23			
Effective No of dwellings	Band D Equivalent	Weighting	Tax Band	Property Value (at April 1991)	Effective No of dwellings	Band D Equivalent
11	6	5/9ths	A-	Disabled band	13	7
8,783	5,856	6/9ths	A	Up to £40,000	8,826	5,884
20,190	15,703	7/9ths	B	Between £40,001 & £52,000	20,264	15,761
15,121	13,441	8/9ths	C	Between £52,001 & £68,000	15,381	13,672
11,204	11,204	1	D	Between £68,001 & £88,000	11,165	11,165
9,060	11,073	11/9ths	E	Between £88,001 & £120,000	9,195	11,238
4,647	6,712	13/9ths	F	Between £120,001 & £160,000	4,825	6,969
1,785	2,974	15/9ths	G	Between £160,001 & £320,000	1,815	3,025
147	293	18/9ths	H	Over £320,000	153	306
70,946	67,262				71,635	68,026
	(618)			Less adjustment for non-collection and banding		(1,876)
	(5,491)			Less adjustment for Council Tax Reduction Scheme		(5,507)
	61,153			Council Tax Base		60,644

Details of the precepts are shown below:

Previous Year 2021/22 £	Precepting Authorities	Current Year 2022/22 £
82,772,352	Somerset County Council	84,537,206
14,750,092	Police and Crime Commissioner for Avon & Somerset	15,233,677
5,503,765	Devon & Somerset Fire & Rescue Authority	5,566,478
10,830,786	District Council's own requirement	11,043,810
6,118,031	Total of Parish Precepts & Levies	6,528,987

The council tax for Band D, calculated by dividing the precepts by the tax base, is shown below:

Previous Year 2021/22 £	Council Tax Levy at Band D	Current Year 2022/23 £
1,353.53	Somerset County Council	1,394.00
241.20	Police and Crime Commissioner for Avon & Somerset	251.20
90.00	Devon & Somerset Fire & Rescue Authority	91.79
177.11	South Somerset District Council	182.11
1,861.84		1,919.10
100.16	Add Town & Parish Councils (average)	107.77
1,962.00	Average Council Tax Levy at Band D	2,026.87

2. Council Tax Surplus/Deficit on collection fund

An estimate is made each January of the surplus or deficit on the Collection Fund in order for the County, Police Authority, Fire & Rescue Authority and the District Council to take into account when setting their precept for the following year.

3. Income collectable from business rate payers

The council collects the Business Rates on behalf of the Government. HM Revenue & Customs assesses the Rateable Values and the Government sets the rate in the £ (or multiplier). Comparative details are shown below:

Previous Year 2021/22		Current Year 2022/23
£120,548,122	National Non-Domestic Rates (NNDR) Rateable value at 31 st March	£120,623,415
51.2p	NNDR rate poundage - National Multiplier	51.2p
49.9p	- Small Business Multiplier	49.9p

4. Debtors for Local Taxation

The debtors for Local Taxation represent the council's share only and not for the whole of the collection fund. The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

Previous Year 2021/22 £'000	Period	Business Rates £'000	Council Tax £'000	Total 2022/23 £'000
1,579	Less than 2 months	847	732	1,579
569	2 to 4 months	311	259	569
537	4 to 6 months	186	351	537
838	6 to 12 months	487	351	838
2,196	More than 12 months	1,065	1,131	2,196
5,720	Total	2,896	2,824	5,720

Group Accounts

These Group Accounts, which consist of Primary Statements and notes, are provided in addition to the notes to the Accounting Statements within the single entity Statement of Accounts.

Notes have been omitted if there are no material differences to the disclosure already made.

The council has three subsidiaries: SSDC Business Solutions Ltd, Elleston Services Ltd and SSDC Opium Power Ltd.

SSDC Business Solutions Ltd is a wholly owned subsidiary and the parent company of Elleston Services Ltd. SSDC Business Solutions Ltd has not been consolidated in the group accounts and the council are in the process of finalising the closure of this parent company.

Elleston Services Ltd

South Somerset District Council wholly owns (100%) Elleston Services Ltd which was established in April 2019 to deliver Landscape Services.

The board consists of directors appointed by South Somerset District Council. Elleston Services Ltd has not been consolidated into the Group accounts for 2022/23 as the company did not trade and the council are in the process of finalising the closure of the company.

SSDC Opium Power Limited

South Somerset District Council has 50% ownership in SSDC Opium Power Limited. SSDC Opium Power Limited is a subsidiary as despite the ownership ratio, South Somerset District Council has the right to exercise control with a deciding vote on the Board. The company was established in 2018.

The Board consists of five directors, J H Dobson; D Owen; P W Ashton; J Divall and R Orrett

SSDC Opium Power Ltd wholly owns two further companies which are Fareham Energy Reserve Limited and Fareham Energy Reserve 2 Limited.

Group Accounting Policies

South Somerset District Council's accounts are prepared under IFRS reporting standards. SSDC Opium Power Ltd prepare their accounts under FRS102, which is usual practice and compatible with Local Authority Accounts. The accounting policies are therefore the same as those applied to the single entity financial statements.

Subsidiaries

A subsidiary is an entity that the council controls through the power to govern their financial and operating policies so as to obtain benefits from the entities' activities. Control is usually presumed where the council owns more than half the voting power of an entity however, it may also occur where a council has an overriding voting right.

Basis of the Preparation of the Group Financial Statements

The Group accounts have been prepared using the Group accounts requirements of the 2022/23 Code. Companies or other reporting entities that are under the ultimate control of the council have been included in the council's Group accounts, to the extent that they are material to the users of the financial statements in relation to their ability to see the complete economic activities of the council and its exposure to risk through interests in other entities and participation in their activities. The subsidiaries have been consolidated by:

- adding like items of assets, liabilities, reserves, income and expenses together on a line by line basis to those of other group members in the financial statements; and
- eliminating intra-group balances and transactions in full.

Group Comprehensive Income and Expenditure Statement

(Brackets represent income)

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 statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserve Statement.

Restated Gross Expenditure year ended 31 March 2022	Restated Gross Income year ended 31 March 2022	Restated Net Cost of Services year ended 31 March 2022	Service	Note Number	Gross Expenditure year ended 31 March 2023	Gross Income year ended 31 March 2023	Net Cost of Services year ended 31 March 2023
£'000	£'000	£'000			£'000	£'000	£'000
2,092	(281)	1,810	Chief Executive		2,836	0	2,836
17,137	(7,519)	9,618	Director of Commercial Services and Income Generation		12,489	(12,196)	293
51,303	(34,908)	16,395	Director of Service Delivery		47,048	(40,670)	6,378
4,778	(557)	4,221	Director of Strategy and Support		13,300	(2,040)	11,260
14,020	(10,002)	4,018	Director of Place & Recovery		6,712	(262)	6,450
1,481	(1,518)	(37)	Subsidiary Companies		3,967	(9,604)	(5,637)
90,811	(54,785)	36,025	Cost of Services		86,352	(64,772)	21,580
5,881	(700)	5,181	Other Operating expenditure				5,949
14	0	14	Net Loss/(Gain) on Disposal of Property, Plant and Equipment	2			(750)
2,382	(1,032)	1,350	Financing and Investment Income and Expenditure				(7,274)
0	(31,617)	(31,617)	Taxation and Non-Specific Grant Income				(20,948)
99,088	(88,134)	10,953	(Surplus)/Deficit on Provision of Services		79,882	(87,543)	(1,443)
		(11,701)	(Surplus)/Deficit on revaluation of Property, Plant and Equipment				(2,706)
		(2,117)	(Surplus)/Deficit on revaluation of Pooled Funds				2,275
		17,034	Remeasurement of the Net Defined Benefit Liability				(65,462)
		(12)	Share of Other Income and Expenditure of Joint Operations				0
		3,204	Other Comprehensive Income and Expenditure				(65,893)
		14,157	Total Comprehensive Income and Expenditure				(67,336)

Group Movement in Reserves Statement

Reserves represent the council's net worth and shows its spending power. This statement shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' (i.e. those that can be applied to 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 the council'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.

	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Joint Operations Reserves	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authorities share of subsidiary (Usable)	Authorities share of subsidiary (Unusable)	Total Authorities share of subsidiary	Minority Interest	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2021	(42,275)	(18,222)	(7,785)	(650)	(68,932)	76,903	7,971	1,003	(2,625)	(1,622)	(1,622)	4,728
Movement in reserves during 2021/22:												
Total Comprehensive Income and Expenditure	1,314	0	0	68	1,382	(33,689)	(32,307)	(887)	(10,149)	(11,036)	(11,036)	(54,380)
Adjustments between accounting basis and funding basis under regulations (note 9)	(2,640)	11,548	(2,651)	0	6,257	(6,257)	0	0	0	0	0	0
Net Increase/Decrease before transfers to Earmarked Reserves	(1,326)	11,548	(2,651)	68	7,639	(39,946)	(32,307)	(887)	(10,149)	(11,036)	(11,036)	(54,380)
Transfers to/from Earmarked Reserves (note 32)	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease in 2020/21	(1,326)	11,548	(2,651)	68	7,639	(39,946)	(32,307)	(887)	(10,149)	(11,036)	(11,036)	(54,380)
Balance at 31 March 2022	(43,601)	(6,674)	(10,436)	(582)	(61,294)	36,957	(24,337)	116	(12,774)	(12,658)	(12,658)	(49,653)
Movement in reserves during 2022/23:												
Total Comprehensive Income and Expenditure	2,490	0	0	582	3,072	(67,879)	(64,807)	(2,066)	1,987	(80)	(80)	(64,967)
Adjustments between accounting basis and funding basis under regulations (note 9)	2,765	(3,333)	2,364	0	1,795	(1,795)	0	0	0	0	0	0
Net Increase/Decrease before transfers to Earmarked Reserves	5,255	(3,333)	2,364	582	4,867	(69,674)	(64,807)	(2,066)	1,987	(80)	(80)	(64,967)
Transfers to/from Earmarked Reserves (note 32)	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease in 2022/23	5,255	(3,333)	2,364	582	4,867	(69,674)	(64,807)	(2,066)	1,987	(80)	(80)	(64,967)
Balance at 31 March 2023	(38,346)	(10,008)	(8,073)	0	(56,427)	(32,717)	(89,144)	(1,950)	(10,787)	(12,738)	(12,738)	(114,619)

Group Balance Sheet (Brackets represent liabilities)

The Balance Sheet is a 'snapshot' of the council's financial position at a specific point in time, showing what it owns and owes at 31st March. 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 the reserves held by the council. Reserves are reported in two categories. The first category of reserves is 'Usable Reserves' i.e. those reserves that the council 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 may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences in the Movement in Reserve Statement line 'adjustments between accounting basis and funding basis under regulations'.

As at 31 March 2022		Note No.	As at 31 March 2023	
£'000			£'000	£'000
110,631	Property, Plant & Equipment	2	123,679	
89,967	Investment Properties		98,719	
408	Intangible Assets		292	
581	Investment in Joint Operations		0	
490	Assets Held for Sale		490	
1,792	Heritage Assets		1,792	
1,497	Fixed Asset Investments		1,497	
0	Long Term Investments		36,567	
4,053	Long Term Debtors	3	(37,001)	
209,419	TOTAL LONG TERM ASSETS			226,036
40,501	Short Term Investments		21,674	
3,434	Inventories		1,010	
7	Trade Debtors		0	
27,012	Short Term Debtors		28,197	
1,527	Cash & Cash Equivalents	4	2,813	
309	Bank Accounts		676	
72,791	CURRENT ASSETS			54,370
(128,500)	Short term Borrowing		(131,500)	
(1,002)	Bank Overdraft		0	
(23,129)	Third Party Cash		(1,111)	
(282)	Trade Creditors		(2,806)	
(1)	Short term Creditors	5	(11,717)	
(152,913)	CURRENT LIABILITIES			(147,134)
(5,970)	Provisions	6	(1,925)	
(39)	Developers Contributions Deferred		(6,070)	
0	Long Term Liabilities – Creditors		(32)	
(72,506)	Long Term Liabilities – Finance Lease		0	
0	Liability related to defined benefit pension scheme		(10,627)	
(78,515)	LONG TERM LIABILITIES			(18,654)
50,781	NET ASSETS			114,618
5,987	Usable Reserves		82,915	
(35,119)	Usable Reserve – Share in Joint Operations		0	
7,524	Unusable Reserves		31,723	
12,400	Unusable Reserves – Minority Interest		(20)	
(9,208)	TOTAL RESERVES			114,618

Group Cash Flow Statement (Brackets on this page represent income)

The Cash Flow Statement shows the changes in cash and cash equivalent of the council during the reporting period. The statement shows how the council 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 council are funded by way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council'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.

Year Ended 31 March 2022 £'000		Year Ended 31 March 2023 £'000
302	Net surplus/(deficit) on the provision of services	1,443
14,232	Adjustments to net surplus or deficit on the provision of services for non-cash movements (note 7)	(3,149)
(4,815)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(8,150)
9,719	Net cash flows from operating activities	(9,855)
(40,910)	Investing Activities (note 8)	9,214
30,495	Financing Activities	3,000
(696)	Net increase or decrease in cash and cash equivalents	2,359
1,531	Cash and Cash Equivalents (including bank overdraft) at 1 April	835
835	Cash and Cash Equivalents (including bank overdraft) at 31 March	3,193

Notes to the Group Financial Statements

1. Financing and investment income and expenditure

Previous year 2021/22 £'000		Current year 2022/23 £'000
850	Interest Payable and similar charges	3,166
2,020	Net interest on the net defined benefit liability	1,838
(122)	(Surplus)/Deficit on Trading Undertaking (note 39)	(80)
(6,678)	(Surplus)/Deficit on Investment Properties (note 18)	(15,469)
(3,930)	Total Financing and Investment Expenditure	(10,545)
(3,527)	Interest receivable and similar income	(2,947)
(7,457)	Total Financing and Investment Income and Expenditure	(13,492)

2. Property, Plant and Equipment

Movement in 2022/23:

	Total Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Assets Under Construction £0'00	Infrastructure Assets £'000	Community Assets £'000	Total Property Plant & Equipment £'000
Cost or Valuation						
As at 1 April 2021	45,242	69,712	1,120	832	0	116,906
Additions	2,384	1,115	0	0	4,411	7,910
Disposals	0	(46)	0	0	0	(46)
Revaluation Increases/(decreases) recognised in the Revaluation Reserve	15,633	(11)	0	57	0	15,679
Revaluation Increases/(decreases) recognised in the surplus/deficit on the provision of Services	(1,273)	(1,987)	0	0	0	(3,259)
Impairment (losses)/reversals recognised in the surplus/deficit on the provision of services	(359)	0	0	0	0	(359)
Reclassification - Other	(0)	0	0	0	0	0
As at 31 March 2022	61,627	68,783	1,120	889	4,411	136,830
Accumulated Depreciation						
As at 1 April 2021	(2,026)	(3,521)	(185)	0	0	(5,732)
Depreciation charge	(1,421)	(2,340)	(16)	0	0	(3,777)
Depreciation written out to the surplus/deficit on the Provision of Services	737	85	0	0	0	822
Derecognition – Disposals	0	33	0	0	0	33
Derecognition – Reclassification	0	0	0	0	0	0
Indexation Adjustment	(1,373)	0	0	0	0	(1,373)
As at 31 March 2023	(4,084)	(5,743)	(201)	0	0	(10,028)
Net Book Value						
At 31 March 2022	57,543	63,040	919	889	4,411	126,802
At 31 March 2021	43,215	13,030	0	929	812	57,986

Comparative movement in 2021/22:

	Total Land & Buildings	Vehicles, Plant & Equipment	Assets Under Construction	Infrastructure Assets	Community Assets	Total Property Plant & Equipment
	£'000	£'000	£0'00	£'000	£'000	£'000
Cost or Valuation						
As at 1 April 2021	60,058	16,024	0	1,097	812	77,991
Additions	3,469	9,878	0	23	20	13,390
Disposals	(464)	(301)	0	0	(0)	(765)
Revaluation						
Increases/(decreases) recognised in the Revaluation Reserve	(517)	(12)	0	0	0	(529)
Revaluation						
Increases/(decreases) recognised in the surplus/deficit on the provision of Services	(353)	28,081	0	0	0	27,728
Impairment (losses)/reversals recognised in the surplus/deficit on the provision of services	(1,194)	(258)	0	0	0	(1,452)
Reclassification - Other	(16,290)	16,290	0	0	0	0
As at 31 March 2022	44,709	69,701	0	1,120	832	116,362
Accumulated Depreciation						
As at 1 April 2021	(2,017)	(2,948)	0	(168)	0	(5,134)
Depreciation charge	(1,364)	(1,019)	0	(16)	0	(2,399)
Depreciation written out to the surplus/deficit on the Provision of Services	1,310	331	0	0	0	1,641
Derecognition – Disposals	45	115	0	0	0	160
Derecognition – Reclassification	0	0	0	0	0	0
As at 31 March 2022	(2,026)	(3,521)	0	(185)	0	(5,732)
Net Book Value						
At 31 March 2022	42,682	66,180	0	936	832	110,630
At 31 March 2021	58,041	13,030	0	929	812	72,812

3. Long term debtors

Debtors which fall due after a period of at least one year, consist of:

31 March 2022		31 March 2023
£'000		£'000
1,610	Loans	(714)
0	Mortgages	0
268	Rights to receipts – long term lease	268
9	Car/bike/learning loans	12
1,887	Total Long Term Debtors	(434)

4. Short term debtors

31 March 2022 £'000		31 March 2023 £'000
9,771	Central Government Bodies	8,747
8,405	Other Local Authorities	2,324
2	NHS Bodies	9
10,134	Other Entities and Individuals	17,116
28,312	Total Short Term Debtors	28,197

5. Trade Creditors

Trade Creditors are found on the Balance Sheet of the three companies.

6. Provisions

31 March 2022 £'000		31 March 2023 £'000
(683)	Business Rates Provisions for Appeals	(703)
(88)	MMI Provision	(88)
9	Provision for Group Liabilities	(1,134)
(761)	Total Provisions	(1,925)

7. Cash Flow Statement – Operating activities

The cash flows for operating activities include the following items:

Previous year 2020/21 £'000		Current Year 2021/22 £'000
1,599	Interest received	835
(1,092)	Interest paid	(5,998)
506	Net Cash Flows from Operating Activities relating to interest	(5,163)

Previous year 2021/22 £'000		Current Year 2022/23 £'000
1,159	Depreciation and amortisation	4,177
1,340	Impairment and downward valuations	895
(510)	Movement in market value of investment property	(3,371)
(3,449)	Increase/(decrease) in creditors	(23,897)
4,687	(Increase)/decrease in debtors	5,806
1,489	(Increase)/decrease in inventories	2,880
904	Increase/(decrease) in developer contributions	337
33	Increase/(decrease) in provisions	524
4,517	Movement in pension liability	7,419
605	Carrying amounts of non-current assets and non-current assets held for sale, sold or derecognized	2,080
10,774	Total Adjustments for Non-Cash Movements	(3,149)

Previous year 2020/21 £'000		Current Year 2021/22 £'000
(4,815)	Proceeds from the sale of property, plant and equipment and intangible assets	(8,150)
(4,815)	Total Adjustments for Investing and Financing Activities	(8,150)

8. Cash Flow Statement – Investing activities

Previous year 2020/21 £'000		Current Year 2021/22 £'000
(14,396)	Purchase of property, plant and equipment, investment property and intangible assets	(10,774)
(93,810)	Purchase of short-term and long-term investments	(3,012)
(7,388)	Other payments for investing activities	(135)
4,815	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	0
79,260	Proceeds from sale of short-term and long-term investments	24,117
0	Other receipts from investing activities	(983)
(31,519)	Net Cash Flows from Investing Activities	9,214

These are the only notes to the accounts which have material differences between the single entity (SSDC) and the Group Accounts.

Glossary of Terms

Local Government, in common with many specialized activities, has developed over the years its own unique set of terms and phrases.

This glossary helps to identify some of those terms and phrases (more often than not abbreviated in common usage to initial letters only) which will be found in this statement.

Accruals

are one of the main accounting concepts and ensures that income and expenditure are shown in the accounting period that they are earned or incurred, not as money is received or paid.

Accumulated Absences Account

is the account that holds the differences between the amounts debited or credited to the Comprehensive Income and Expenditure Statement in accordance with the Code and the amounts debited and credited to the General Fund in accordance with the statutory regulations relating to accruals made for the cost of holiday entitlements earned by employees but not yet taken before the year end.

Agency Work

is the provision of services by an authority on behalf of, and reimbursed by, the responsible authority/body.

Amortised Cost

is a mechanism that sees through the contractual terms of a financial instrument to measure the real cost or return to the authority by using the effective interest rate method which incorporates the impact of premiums or discounts.

Annual Governance Statement (AGS)

sets out the arrangements the authority has put in place to manage and mitigate the risks it faces when meeting its responsibilities.

Apportionments

are a mechanism for allocating the cost of support services to front line and other services using appropriate bases (e.g. floor space for accommodation related support services to spread the cost fairly).

Appropriation

is the transfer of an asset (e.g. land, buildings) from one service to another.

Asset

is something that South Somerset owns that has a monetary value. Assets are either 'current' or 'non-current'.

- Current assets are assets that will be used, or will cease to have material value, by the end of the next financial year (e.g. stock and debtors)
- Non-current assets provide South Somerset benefits for a period of more than one year.

Audit of Accounts

is an examination by an independent expert of an organisation's financial affairs to check that the relevant legal obligations and the codes of practice have been followed.

Available-for-Sale Assets

are financial assets which are not classed as loans and receivables. These include gilt-edged stocks and bonds which are quoted in an active market. They are carried in the balance sheet at fair value.

Available-for-Sale Financial Instruments Reserve

is a revaluation reserve introduced to manage the fair value process for Available-for-Sale Financial Assets. It is permitted to have a negative value provided that the losses posted to it are not impairment losses.

Balances

is the accumulated surplus of revenue income over expenditure.

Balance Sheet

is a financial statement summarizing the council's assets, liabilities and other balances at the end of each

accounting period.

Budget

is a financial statement that expresses an organisation's service, delivery plans and capital programmes in monetary terms.

Capital Adjustment Account

is a reserve created from the balances on the Capital Financing Account and Fixed Asset Restatement Account as at 31 March 2007. This account will continue to record the consumption of historic cost over the life of the asset and Revenue Expenditure Funded from Capital under Statute over the period that the authority benefits from the expenditure. The account will also record the resources set aside to finance capital expenditure.

Capital Charges

represent the cost to services for the use of non-current assets in the provision of their services; the charges reflect depreciation and impairment.

Capital Contributions/Grants

are monies received from external bodies towards the financing of capital expenditure on a particular service or scheme.

Capital Expenditure (Outlay)

is on the acquisition of a non-current asset that will be used to provide services beyond the current accounting period or expenditure that adds value to an existing non-current asset.

Capital Discharged

is the extent to which capital expenditure has been met over a period by charging instalments to the revenue account, including the direct financing of expenditure in the year of acquisition.

Capital Financing Charges

represent, in the main, the cost to the Capital Financing Reserve of repaying loans, excluding interest, or the direct cost of acquiring assets, etc., in the year.

Capital Programme

is a financial summary of the capital schemes that the council intends to carry out over a specified time period.

Capital Receipts

are the proceeds from the sale of capital assets; they are available to repay debt on existing assets and/or to finance new capital expenditure within rules set by the Government.

Cash Equivalents

are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash Flow Statement

summarises the inflows and outflows of cash arising from transactions with third parties for both revenue and capital purposes.

Cash Limited Budgets

are fixed sums of money, including allowances for pay and price increases, allocated to services, and within which all spending should be met; this also involves flexibility in the carrying forward of under and over-spending.

Central Government Grants

comprise three types:

- Grants paid by central government to aid local authority services in general, as opposed to specific grants, which may only be used for a specific purpose.
- Specific service grants – grants in aid of services in which central government have a more direct involvement.
- Supplementary grants – grants in aid of both capital and revenue

CIPFA

is the Chartered Institute of Public Finance and Accountancy.

Code

is the Code of Practice of Local Authority Accounting that is generally based upon those accounting principles that are incorporated within approved accounting standards, modified to reflect the statutory framework in which local authorities operate. The Code states which accounts should be published as part of the Statement of Accounts, and the information to be included in each account.

Collection Funds

These are separate funds recording the expenditure and income relating to council tax and non-domestic rates.

Collection Fund Adjustment Account

The Collection Fund Adjustment Account represents the council's share of the Collection Fund Surplus or Deficit.

Community Assets

are those assets held in perpetuity and which have no determinable useful life and there are often restrictions regarding their sale. Examples of South Somerset's community assets are Ninesprings and land at Ham Hill.

Component Accounting

is when significant components of non-current assets are depreciated separately over their useful life.

Comprehensive Income and Expenditure Statement (CIES)

consolidates all the gains and losses experienced by an authority during the financial year.

Consistency

is one of the fundamental accounting concepts. It requires accountants to treat similar items of income and expenditure the same way - both within an accounting period and from one accounting period to the next.

Corporate and Democratic Core

comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Creditors

are amounts of money the council owes to others for goods and services that they have supplied in the accounting period but not paid for.

Debtors

are amounts of money others owe to the council for goods and services that they have received but have not paid for by the end of the accounting period.

Depreciation

is a charge made to the revenue account each year that reflects the reduction in the value of land, property, plant, ICT equipment and machinery used to deliver services.

Derecognition

is the term used for the removal of a financial instrument from the balance sheet. This will normally occur when the contractual rights to the cash flows arising from the instrument expire or are transferred.

Earmarked Revenue Reserves

are amounts set aside from revenue to meet particular spending needs, including funding capital projects.

Easement

is a charge made for access rights over land owned by the council.

Effective Interest Rate

is the rate of interest that will discount all the cash flows that will take place throughout the expected life of a financial instrument down to the fair value of the instrument calculated at initial measurement.

Emoluments

are the cash payments or payments in kind an employee is entitled to. Pension contributions are not an emolument.

Employment Costs

are the salaries and wages etc., of staff including expenditure on training and the costs of redundancy.

Eurobonds

are debt contracts which records the borrowers' obligation to pay interest at a given rate and the principal amount of the bond specific dates.

Fair Value (Financial Instruments)

is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction. If available, this will be a published price quotation in an active market; otherwise, alternative valuation techniques will be employed.

Fair Value (Tangible Assets)

is the price at which an asset could be exchanged in an arm's-length transaction less, where applicable, any grants receivable towards the purchase of use of that asset.

Fair Value through Profit and Loss (FVPL)

is an accounting method for financial assets, all gains and losses including changes in fair value are taken to the Comprehensive Income and Expenditure Statement. Assets are "marked to market" and shown at fair value on the balance sheet, but the impairment model does not apply.

Fees and Charges

are the income raised by charging for the use of facilities or services.

Finance Leases

are those leases which transfer substantially the benefits and risks of ownership of the asset that is being leased to the party who is leasing the asset.

Financial Instruments

are any contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another. In practice these include bank deposits, loans, investments, borrowings and other receivables or payables.

Financial Instruments Adjustment Account

is the account which holds the differences between the amounts credited to the Comprehensive Income and Expenditure Statement in accordance with the Code and the interest income required to be credited to the General Fund in accordance with statutory regulations relating to amortization on the discount of the early redemption of PWLB loans.

Financing Transactions

relate, in the main, to interest payments and receipts associated with the management during the year of the council's cash flow and reserves.

General Fund Balance

compares the council's spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

Gilt

is a bond issued by the government which offers the investor a fixed interest rate for a predetermined set time.

Housing Benefits

is the national system for giving financial assistance to individuals towards certain housing costs. The

council administers the scheme for South Somerset residents. The Government subsidizes the cost of the service.

Impairment

is the reduction in the value of a non-current asset as shown in the balance sheet to reflect its true value.

Income

is the amount which the council receives, or expects to receive, from any source; service committee revenue income includes grants, sales, rents and fees and charges.

Infrastructure

are those assets which do not have a realizable value and include roads and footpaths.

Intangible Assets

are assets that do not have physical substance but are controlled by the council as a result of a past event.

Internal Service Recharge

Is a recharge from a department that provides professional and administrative support to other internal services.

IFRS

is an International Financial Reporting Standard advising the accounting treatment and disclosure requirements of transactions so that an authority's accounts 'present fairly' the financial position of the authority.

Investment

is the lending of surplus money to another party in exchange for interest.

Liability

must be included in the financial statements when the council owes money to others. There are different types of liability: -

- A current liability is a sum of money that will or might be payable during the next accounting period. e.g. creditors or cash overdrawn.
- A deferred liability is a sum of money that will not be payable until some point after the next accounting period or is paid off over a number of accounting periods.

Liquid Resources

are current assets which are readily convertible into cash at, or close to its carrying amount.

Loans and Receivables

are financial instruments that have fixed or determinable payments and are not quoted in an active market.

Long-term Investments

are those which are intended to be held on a continuous basis for the activities of the authority.

Materiality

is one of the main accounting concepts. It ensures that the statement of accounts includes all the transactions that, if omitted, would lead to a significant distortion of the financial position at the end of the accounting period.

Minimum Revenue Provision

is the sum required to be met from revenue under current capital controls to provide for the repayment of outstanding borrowings; additional sums may be voluntarily set aside.

Money Market Funds

are short term deposits that are deposited into a mutual fund that buys securities.

Movement in Reserves Statement (MIRS)

shows the movement in the year on the different reserves held by the council, analysed into 'usable reserves' and 'unusable reserves'.

National Non-Domestic Rate (NNDR) Income (also known as Business Rates)

Business Rates are collected locally, some of which is retained, and some is paid to Somerset County Council, Devon & Somerset Fire and Rescue, Central Government and Mendip District Council as lead authority of the Somerset Pool

Net Book Value

is the Balance Sheet amount of non-current assets and represents their historical cost or current replacement value less cumulative depreciation provisions.

Net Current Replacement Cost

is the cost of replacing an asset in its existing condition and use.

Net Realizable Value

is the open market value of an asset in its existing use net of the potential expenses of sale.

New Homes Bonus

is a grant paid by central government to local councils for increasing the number of homes and their use. The New Homes Bonus is paid each year for four years. It is based on the amount of extra council tax revenue raised for new build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.

Non-Current Asset

is an item of worth which is measurable in monetary terms and provides benefit for more than the period of account – see also Capital Expenditure.

Non-Current Asset Held for Sale

is a non-current asset that becomes available for sale and it is probable that the carrying amount of that asset will be recovered through a sale transaction rather than through its continuing use.

Non-operational Assets

are those assets which are not directly used in the provision of services and mainly comprise those assets which are surplus to requirements and held pending disposal.

Operational Assets

are those assets e.g. land and buildings, used in the direct provision of services.

Operating Leases

are all leases which are not finance leases.

Other Operating Costs

includes expenditure on buildings, fuel, light, rent, rates, and purchase of furniture and equipment.

Pooled Fund Adjustment Account

is the adjustment account introduced to manage the fair value process for Pooled Fund Financial Assets. It is permitted to have a negative value provided that the losses posted to it are not impairment losses.

Precept

is the means by which Somerset County Council; Avon and Somerset Police Authority; Devon and Somerset Fire and Rescue Authority and the parishes obtain their revenue income from the District Council's Collection Funds.

Provisions

are amounts set aside to meet costs which are likely or certain to be incurred, but are uncertain in value or timing.

PWLB

is the Public Works Loan Board, a Government agency which lends money to the public sector.

Prudence

is one of the main accounting concepts. It ensures the council only includes income in its accounts if it is sure it will receive the money.

Rateable Value

is the annual assumed rental value of a property that is used for business purposes.

Related Parties

are when at any time during the financial period: -

- One party has direct or indirect control of the other party
- The parties are subject to common control from the same source
- One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing its own interests
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own interests.

Related Party Transaction

is the transfer of assets or liabilities, or the performance of services by, to or for a related party irrespective of whether or not a charge is made.

Remuneration

includes taxable salary payments to employees, together with non-taxable payments on termination of employment (including redundancy, pension enhancement payments, and pay in lieu of notice), taxable expense allowances and any other taxable benefits.

Reserves

result from the accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the council's discretion.

Residual Value

is the value of an asset at the end of its useful life.

Revaluation Reserve

is a reserve which records the unrealised revaluation gains arising since 1 April 2007 from holding non-current assets.

Revenue Expenditure

is the day to day spending on salaries, maintenance of assets, purchase of stationery etc. after deducting income such as fees and charges.

Revenue Expenditure Funded Capital under Statute

are capital grants made by the council to another organization or person. This counts as capital expenditure but it does not create an asset that belongs to the council. The expenditure is charged to the balance sheet, but it is then reversed out through the Capital Adjustment Account to the revenue account.

Revenue Support Grant

is a general grant paid by the Government to local authorities as a contribution towards the cost of their services.

Slippage

is the term used mainly to describe capital payments occurring in later financial years than originally planned.

Usable Reserves

are reserves that can be applied to fund expenditure or reduce local taxation.

Contact Details for Further Information

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