

SSDC Statement of Accounts 2022/23 – edits post the published agenda on 19 November 2024

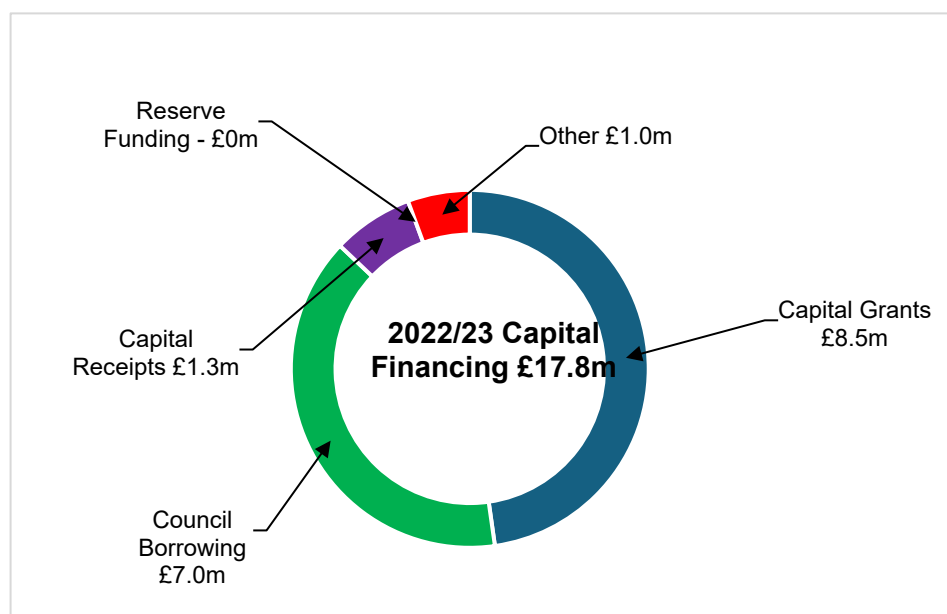
Changes for the Audit Committee to note:

- Narrative Report (pg. 7) – under the heading “Reserve Position”, the General Fund balance quoted of £15.462m has been updated in line with the new GF position per Note 33 (pg.58) of £10.025m. The comparative figure for previous year has changed from £11,993m to £6.556m. **This is a disclosure note consistency amendment and has no impact on the reserves position reported in the accounts.**
- Prior Period adjustments (pg. 37 and pg. 41) – Additional text and tables to describe the changed made for the following:
 - Note 14: Financing and Investment Income and Expenditure, comparator 21/22 (pg.50) – The figure noted for ‘Financing and Investment Income and Expenditure’ was stated as £6,582k. However, per the CIES (pg.30), this is stated as £4,331k. Note 14 had not included the ‘Operating Expenses and Financing costs arising from Investment Property’ in the ‘(Surplus)/Deficit on Investment Properties (note 18)’ line. This has therefore been adjusted by £2,251k, from £6,678 to £4,427k. **This is a disclosure note consistency amendment and has no impact on the reserves position reported in the accounts.**
 - Note 18: Investment Property, comparator 21/22 (pg.53) – This change is a flow through as part of the change to note 14, detailed above. The ‘Operating Expenses and Financing costs arising from Investment Property’ line did not include all of the costs that were included in the CIES. Therefore the note has been updated by £2,252k (£1k for roundings) from £803k to £3,055. **This is a disclosure note consistency amendment and has no impact on the reserves position reported in the accounts.**

The following five pages are the amended extracts, confirming these amendments will form part of the final approved accounts (as highlight yellow).

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, this is represented in Note 45 as the increase in Capital Financing Requirement from £143.9m to £150.9m.

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 SSSC meets its external borrowing needs through 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 **£10.025m** as at 31 March 2023 (previous year's position was **£6.556m**).

Capital receipts reserves are £10.008m as at 31 March 2023 (corresponding position last year was £6.675m).

1. Prior Period Adjustments

There have been four prior period adjustments that have been made due to errors in the 2020/2021 and 2021/22 accounts being identified.

2020/2021 error

- The Council received Covid grant for £5,437k which should have been treated as an agent grant and held on the balance sheet in creditors but was classified as income in the Comprehensive Income and Expenditure Statement. As this error happened in 2020/2021 we've also included the 2020/2021 balance sheet in the primary statement to show what the balances should have been if this error wasn't made.

2021/2022 errors

- A missing figure in relation to the IAS19 Pensions liability calculation in relation to the valuation of the actuarial gains or losses from changes in demographic assumptions – (£16,022k)
- Disposals of property assets that were held for resale and therefore inventories. Disposals should have been processed through the CIES and into the capital receipts reserve and capital adjustment account. The net impact of this change is £347k but the is a gross book value movement of £1,838k and £1.491k of capital receipts.
- The 'Operating Expenses and Financing costs arising from Investment Property' line in disclosure notes 14 and 18 did not include all of the costs that were included in the Comprehensive Income and Expenditure Statement. Therefore the notes has been updated by £2,251k. There is no impact to the primary statements.

2020/2021 error adjustments

Prior Period Adjustment - Note 29 Short Term Creditors	2020/2021			2021/2022		
	As Originally Stated £000	As Restated £000	Amount of Restatement £000	As Originally Stated £000	As Restated £000	Amount of Restatement £000
The Council received Covid Income in 2020/2021 which should have been treated as an agent rather than a principal as the Council had no control on what this income was for, and therefore been in Creditors instead of income in the I&E. This will reduce the Council's General Fund.	(31,149)	(36,586)	(5,437)	(23,129)	(28,566)	(5,437)
Total Movement in Short Term Creditors	(31,149)	(36,586)	(5,437)	(23,129)	(28,566)	(5,437)

The Short Term Creditors note (Note 29) now includes 2020/2021 to show what the balances would have been if this error wasn't made.

Prior Period Adjustment - Note 14 Financing and investment income and expenditure	As Originally Stated	As Restated 2021/22	Amount of Restatement
	£'000	£'000	£'000
(Surplus)/Deficit on Investment Properties (note18)	(6,678)	(4,427)	2,251
Total Financing and investment income and expenditure	(6,582)	(4,331)	2,251

Prior Period Adjustment - Note 18 Investment Property	As Originally Stated	As Restated 2021/22	Amount of Restatement
	£'000	£'000	£'000
Operating Expenses and Financing costs arising from Investment Property	803	3,055	2,252
Total income from Investment Property	(6,678)	(4,427)	2,252

Prior Period Adjustment - Note 25 Inventories	Property Acquired or constructed for sale Original	Property Acquired or constructed for sale Restated	Amount of Restatement
	£'000	£'000	£'000
Property Disposal Adjustment	(1,491)	(1,838)	(347)
Balance 31 March	3,238	4,730	1,492

Prior Period Adjustment - Note 33 Capital Receipts Reserve	As Originally Stated 2021/22	As Restated 2021/22	Amount of Restatement
	£'000	£'000	£'000
Receipt from Sale of assets	(4,815)	(6,307)	(1,492)
Total Capital Receipts Reserve	(5,183)	(6,675)	(1,492)

Prior Period Adjustment - Note 34 Capital Adjusting Account	As Originally Stated 2021/22	As Restated 2021/22	Amount of Restatement
	£'000	£'000	£'000
Carrying Amount of Assets Disposed	255	2,093	1,838
Total Capital Adjustment Account	(20,218)	(18,380)	1,838

11. 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	6,529
(948)	Easements and other Capital Receipts (note 12)	(580)
5,170	Total Other Operating Income and Expenditure	5,949

12. Easements and other capital receipts

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

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

The net loss on disposal of plant, property and equipment amounts to £21k (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.

14. Financing and investment income and expenditure

Previous year 2021/22 (RESTATED) £'000		Current year 2022/23 £'000
151	Interest Payable and similar charges	1,462
2,017	Net interest on the net defined benefit liability	1,835
(122)	(Surplus)/Deficit on Trading Undertaking (note 39)	(80)
(4,427)	(Surplus)/Deficit on Investment Properties (note 18)	(10,144)
(2,381)	Total Financing and Investment Expenditure	(6,927)
(1,950)	Interest receivable and similar income	(2,947)
(4,331)	Total Financing and Investment Income and Expenditure	(9,874)

15. 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	(1,601)
(10,400)	Non ring-fenced government grants	(9,379)
(34,175)	Total Taxation and Non Specific Grant Income	(29,007)

17. 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	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Valued at historical cost	98	1,141	1,188	787	46	3,260
Valued at current value at:						
31 December 2018	0	55	0	0	0	55
31 December 2019	0	860	0	0	0	860
31 December 2020	0	789	0	86	0	875
31 December 2021	1,438	2,741	0	0	0	4,179
31 December 2022	38,083	41	0	57	0	38,181
31 March 2023	19,955	0	0	0	0	19,955
Total	59,574	5,627	1,188	930	46	67,365

18. 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 (RESTATED) £'000		Current year 2022/23 £'000
(6,972)	Rental Income from Investment Property	(8,157)
3,055	Operating Expenses and Financing costs arising from Investment Property	1,933
(510)	Net (gains) / Losses from fair value adjustments	(3,920)
(4,427)	Total	(10,144)

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

Previous year 2021/22 £'000		Current year 2022/23 £'000
79,809	Balance at the start of the year	89,967
9,648	Additions	2,807
510	Net gains / (losses) from fair value adjustments	3,920
0	Disposals	0
0	Transfers: (To)/from Property, Plant & Equipment	0
89,967	Balance at the end of the year	96,694