

Broads Authority

28 July 2023

Agenda item number 13

Statement of Accounts 2022/23

Report by Senior Accountant

Summary

This report provides an update on the Broads Authority's Statement of Accounts and its audit for the year ended 31 March 2023.

Recommendation

To be noted.

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1. Introduction

- 1.1. In the Financial Performance and Direction report to the Authority on 12 May 2023, there were draft figures for 2022/23 that provided for a consolidated deficit of £316,687. At the meeting, a verbal update was provided that some additional year-end adjustments had been made and the deficit had increased to £366,036. These figures were then used in the production of the draft Statement of Accounts, which were signed and published on our website on 31 May 2023.
- 1.2. The draft Statement of Accounts and the Annual Governance Statement was presented to the Audit and Risk Committee on 25 July 2023. A verbal update will be provided at today's meeting.

2. Changes to the 2022/23 Accounts

- 2.1. There have been no significant changes to this year's accounts.
- 2.2. As with previous years, Table 1 below has been produced to help members understand the additional adjustments made at year end.

Table 1

Summary Income and Expenditure 2022/23

Income and Expenditure	Operations £000's	Strategic Services £000's	Finance & Support Services £000's	HLF & CANAPE £000's	Corporate Amounts £000's	Total £000's
Fees, charges and other service income	(223)	(1,292)	(35)	(689)	(3,928)	(6,167)
Contribution from reserves	0	0	0	0	(44)	(44)
Government Grants	0	0	0	0	(4,785)	(4,785)
Total Income	(223)	(1,292)	(35)	(689)	(8,757)	(10,996)
Employee expenses	2,558	1,665	972	172	148	5,515
Other service expenses	2,064	1,294	2,108	381	0	5,847
Total Expenditure	4,622	2,959	3,080	553	148	11,362
Net Expenditure	4,399	1,667	3,045	(136)	(8,609)	366

Table 2

Summary of adjustments

Adjustments	Amounts £000's
Net Expenditure	366
Amounts in the Comprehensive Income and Expenditure Statement (CIES) not reported to management	1,255

Adjustments	Amounts £000's
Amounts included in Table 1 not in the CIES	3,012
Cost of Services in the CIES	4,633

- 2.3. Items in the amounts included in the CIES not reported to management include year-end adjustments for the Pension scheme. The Accounts are adjusted to reflect the difference between the actual costs assessed by the Actuary and the contributions paid over during the year. Further adjustments are also made for untaken staff leave, depreciation and movements on the revaluation of fixed assets.
- 2.4. The main adjustments in the third line, which is in the analysis above but not the Comprehensive Income and Expenditure Statement, is the removal of the DEFRA grant, interest and investment income and interest payable. These items are added back in the lines under the cost of services. Further adjustments relate to the accounting treatment of capital expenditure, reserve expenditure and finance leases.
- 2.5. Table 3 below analyses these adjustments in more detail and agrees back to the Comprehensive Income and Expenditure Statement on page 16 in the Statement of Accounts.

Table 3

Detailed adjustments

Income and Expenditure type	Service Analysis £000's	Not reported to Management £000's	Not included in the CIES £000's	Net Cost of Services £000's	Other operating expenditure, finance & investment income and Government Grant £000's	Deficit on the Provision of Services £000's
Fees, charges and other service income	(6,051)	0	0	(6,051)	0	(6,051)
Interest and investment income	(117)	0	117	0	(117)	(117)
Contribution from reserves	(43)	0	(814)	(857)	0	(857)
Government Grants	(4,785)	0	4,785	0	(4,935)	(4,935)

Income and Expenditure type	Service Analysis £000's	Not reported to Management £000's	Not included in the CIES £000's	Net Cost of Services £000's	Other operating expenditure, finance & investment income and Government Grant £000's	Deficit on the Provision of Services £000's
Total Income	(10,996)	0	4,088	(6,908)	(5,052)	(11,960)
Employee expenses	5,515	929	0	6,444	255	6,699
Other services expenses	5,847	0	(1,076)	4,771	0	4,771
Depreciation, amortisation & revaluation	0	326	0	326	0	326
Interest payments	0	0	0	0	56	56
Gain on disposal of Assets	0	0	0	0	(8)	(8)
Total Operating Expenditure	11,362	1,255	(1,076)	11,541	303	11,844
(Surplus)/Deficit on the Provision of Services	366	1,255	3,012	4,633	(4,749)	(116)

3. Balance Sheet

3.1. At the end of 2022/23, the Balance Sheet was reporting a net asset position of £13,346,000. This is an increase from the 2021/22 net asset position of £289,000. As with previous years, the main cause of this is the movement in the Pension Fund liability, which changed from a net liability, with a movement of £11,475,000. The pension fluctuations are due to the changes in financial assumptions as calculated by the actuary. The fund also seeks to maintain contributions at a consistent rate to minimise the impact on the Authority's cash flows. The Authority makes additional contributions to the fund to reduce the deficit over the next 20 years. Funding levels are monitored on an annual basis, whilst the contributions and the annual deficit payments are recalculated as part of triennial valuation. Additional information about

the Pension Fund Assets and Liabilities can be found within the Statement of Accounts under Note 32.

- 3.2. The bottom section of the Balance Sheet on page 20 splits the reserves between useable and unusable reserves. The useable reserves can be used to fund future operating expenditure, while the unusable reserves are kept to manage accounting processes such as unrealised gains or acquisitions of Fixed Assets and the movements on the Pension Reserve.
- 3.3. The closing position on the National Park (General), Navigation and Earmarked reserves remain at the same levels as verbally reported on 12 May 2023. The individual balances that make up the Earmarked reserve can be found within the Statement of Accounts under note 10, page 41. The year end balances of the reserves are:
 - National Park £610,773;
 - Navigation £611,586;
 - Earmarked £3,767,349 of which £1,503,292 relates to Navigation.

4. Annual Governance Statement

- 4.1. The Accounts and Audit (England) Regulations 2015 contain a requirement that an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control, must be approved by the relevant body and must accompany the Statement of Accounts. The Annual Governance Statement (AGS) has not been incorporated into the Draft Statement of Accounts as this is awaiting approval from the Audit & Risk Committee and Broads Authority. The AGS was presented to the Audit and Risk Committee on 25 July 2023 and a verbal update will be provided at this meeting (separate item on this agenda). Once the AGS has been approved by Broads Authority, the Draft Statement of Accounts will be reuploaded to include the Annual Governance Statement.

5. Audit of the Statement of Accounts

- 5.1. The Authority's external auditors, Ernst & Young (EY) have not yet set a date to carry out the audit for 2022/23, but the planning stage will take place after 1 November 2023. This is due to other Local Authorities having prior year external audits still outstanding.

6. Financial Implications

- 6.1. The Statement of Accounts for 2022/23 shows revenue reserves of £1,222,359 (National Park (general) reserves £610,773, Navigation reserves £611,586) that are considered to be adequate. The National Park reserve at the end of 2022/23 stands at 12.1% of net expenditure, while the Navigation reserve is 15.2%.

6.2. The outturn figures for 2022/23, the impact of inflation and the 2023/24 level of tolls received will be assessed for their impact on the overall level of reserves, and will be taken into account in future budgeting proposals and when making decisions about income and expenditure in 2024/25.

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[Broads Plan](#) strategic objectives: All

Appendix 1 – [http://basps/sites/gov/AuditRiskCommittee/Draft Statement of accounts 2023 excl AGS.pdf](http://basps/sites/gov/AuditRiskCommittee/Draft%20Statement%20of%20accounts%202023%20excl%20AGS.pdf)