



**Draft  
Statement  
Of  
Accounts**

**2023/24**

## CONTENTS

	Page
Narrative Report	2
Statement of Responsibilities for the Statement of Accounts	18
<b>CORE FINANCIAL STATEMENTS</b>	
Comprehensive Income and Expenditure Statement	19
Movement in Reserves Statement	19
Balance Sheet	21
Cash Flow Statement	22
Notes to the Core Financial Statements	23
<b>SUPPLEMENTARY STATEMENTS</b>	
Collection Fund	78
Housing Revenue Account	86
Charities Administered by Dover District Council	92
Independent Auditor's Report	94

## **NARRATIVE REPORT**

### **1. INTRODUCTION**

This Narrative Report provides an overview of the Council, its year-end position at 31 March 2024, a review of the financial year 2023/24 and possible issues for the future.

These accounts are produced for Dover District Council as a single entity and explain:

- What the Council's services cost in the year of account
- Where the money came from
- What assets and liabilities the Council held at the year-end.

The accounts are supported by the Statement of Accounting Policies and by various notes to the accounts.

### **2. CORPORATE PLAN**

The Council's published Corporate Plan sets out our vision of 'building a better and fairer future':

The Corporate Plan has four strategic themes, with a fifth ambition for our Council underpinning them:

1. Improving our housing
2. Growing our economy
3. Protecting our environment
4. Supporting our communities
5. Modernising our Council.

Collectively, these themes add up to building a more environmentally, socially, and economically sustainable district. The strategic themes are interdependent, allowing for alignment across the themes and ensuring that no theme operates in isolation.

### **3. OVERVIEW OF DOVER DISTRICT**

The Dover District has a population of 116,410 and covers an area 320 square kilometres and has around 32 kilometres of coast. The district contains two urban areas, Dover a market town and a large rural area made up of dozens of villages and smaller settlements.

Over a fifth of the district (22%) is designated part of the district is designated as part of the Kent Downs Area of Outstanding Natural Beauty (AoNB). Three percent of the district is defined as Heritage Coast, centred on the famous white cliffs on either side of Dover.

The Dover District is connected to the main highways network by the M20/A20 and M2/A2 corridors, which provide a direct link to London. High-speed rail links also connect Dover, Martin Mill, Walmer, Deal and Sandwich to London and the wider rail network.

The Dover District is steeped in history and has a tradition of strategic, commercial and symbolic importance, attracting visitors from across the world. Sandwich and Dover are both Cinque Ports and Deal is a member of the Confederation. The district contains the spectacular Norman Castle at Dover, the Tudor castles of Deal and Walmer, the Roman castle at Richborough and extensive Napoleonic era fortifications at Dover's Western Heights. Sandwich is the most complete medieval town in Britain and Deal is noted for its Georgian seafront.

The Dover District is a great place to live with a wide range of sports and leisure facilities on offer including leisure centres, swimming pools, country parks and gardens, play areas, cinemas, theatres and museums. The Dover District is also famous for its golf courses including the Royal St. George's in Sandwich, which has hosted the Open Championship.

In recent years, Dover town has seen significant investment. This includes new retail in St James', a revamped promenade and beachfront, and a new pier and marina. It is also a point of destination for many illegal migrant crossings.

The economy of the Dover District is closely linked with the Port of Dover, which is Europe's busiest ferry port and a vital international gateway for the movement of passengers and trade. Additionally, Eurotunnel comes ashore in the district, supporting the links to France and the rest of Europe.

#### **4. THE COUNCIL**

The Dover District is part of a "two-tier" system of local government with responsibility for services divided between the district and county council. However, this term is misleading, as the district also has a "third-tier" – the Town and Parish Councils. These also have elected representatives and between them cover the entire district – there are 31 parish councils and four town councils in the Dover District.

Seven Kent County Council (KCC) councillors serve the Dover District over five county divisions. KCC is elected every four years, and the most recent elections took place in May 2021 with elections next in 2025

Local councils are run by democratically elected councillors. They are responsible for making decisions on behalf of the local community about local services, such as planning, housing, refuse collection and leisure facilities.

An electoral ward is a subdivision of a local authority, used to elect local councillors. Since 2019 there have been 17 electoral wards in the Dover District. The district council elections are held every four years and will be held next in May 2027. The current 32 elected councillors represent the 17 wards in the district, with each ward electing one, two or three councillors depending on the size of its electorate.

#### **5. HOW WE WORK**

Our Constitution is a set of rules for how we work, how we make decisions and the procedures that we follow to ensure these are efficient, transparent and accountable to local people.

The Executive (the Leader and the rest of Cabinet) takes all of the significant decisions within the Council (excluding planning and licensing issues) through their Cabinet meetings or individual decision-making processes. Key Decisions to be taken by the Cabinet are set out in our Forward Plan. Where Cabinet decisions fall outside the agreed policy and budget strategy, these must be referred to the Council for consideration. All meetings of our Cabinet are open to the public except when considering confidential matters.

The Council also has an Overview and Scrutiny Committee to hold the Cabinet to account, contribute an alternative view in the development of policy, and monitor the corporate health of the organisation.

The Chief Executive is the senior officer who leads and takes responsibility for the work of the paid staff of the Council. The role of Chief Executive is appointed by the whole Council. The Management Team comprises the Chief Executive, Strategic Director (Finance and Housing), Strategic Director (Place and Environment) and the Strategic Director (Corporate and Regulatory) who are responsible for managing the activities of our staff and for advising councillors on the potential implications of political decisions. The Council also appoints two other statutory officers – the Monitoring Officer who is responsible for ensuring the lawfulness and fairness of decision making and the s151 Officer (who is also the Strategic Director (Finance and Housing)) who has responsibility for the administration of the financial affairs of the Council.

Further information on the Council can be found at [www.dover.gov.uk](http://www.dover.gov.uk).

## 6. OVERVIEW OF STATEMENT OF ACCOUNTS

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. The Code is based on a hierarchy of approved accounting standards. There have been no material changes to the presentation of the Accounts for 2023/24.

The accounting convention adopted for the preparation of these Accounts is an historical cost basis modified for the revaluation of certain categories of assets.

The Statement of Accounts includes the following financial statements and associated notes:

- **Statement of Responsibilities for the Statement of Accounts (page 18)**

This sets out the respective responsibilities of the Authority and the Council's responsible financial officer.

- **Core Financial Statements (page 19 to 22)**

The core financial statements consist of the following five statements and associated notes:

- **Comprehensive Income and Expenditure Statement – CIES (page 19)**

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 Council Tax collected. Authorities raise Council Tax to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

- **Movement in Reserves Statement - MIRS (page 20)**

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents)

for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.

- **Balance Sheet (page 21)**

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities held 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 are 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 (e.g. the capital reserve that 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 includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments Between Accounting Basis and Funding Basis Under Regulations'.

- **Cash Flow Statement (page 22)**

The Cash Flow Statement shows the changes in cash and cash equivalents 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 Council.

- **Notes to the Core Financial Statements (pages 23 to 77)**

The notes present information about the basis of preparation of the financial statements and the specific accounting policies used, e.g. the method of depreciation used, policies in respect of provisions and reserves and accounting for pension costs. The notes disclose information required by the Code that is not presented elsewhere in the financial statements but is relevant to understanding them.

- **Supplementary Financial Statements (pages 78 to 94)**

In addition to the five core statements the following supplementary statements and associated notes are included within the accounts.

- **Collection Fund (pages 78 to 85)**

All council tax and business rates Dover District collects are paid into this separate account before being passed to the precepting authorities and Central Government.

The Collection Fund for English authorities is an agent's statement that reflects the

statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and Central Government of council tax and national non-domestic rates.

- **The Housing Revenue Account (pages 86 to 91)**

The HRA Income and Expenditure Statement shows the economic cost in the year of providing social housing services in accordance with generally accepted accounting practices. The increase or decrease in revenue balance in the year is shown in the Movement on the HRA Statement.

- **Charities Administered by Dover District Council (pages 92 to 93)**

This section includes summarised accounts for three charities for which Dover District Council is the sole trustee.

- **Independent Auditors' Report (page 94)**

The Council's external auditors provide an independent opinion on whether the financial statements present a true and fair view of the financial position of the Council at the Balance Sheet date and of its income and expenditure for the year.

DRAFT

## **SUMMARY OF THE 2023/24 FINANCIAL YEAR**

Dover District Council provides a variety of services for residents, local businesses and its tenants. Spending is split between revenue (as shown in the Comprehensive Income and Expenditure Statement) and capital in accordance with statute and accounting practice. Capital expenditure is incurred on items that provide value to the Council or the community for more than one year and is generally financed by loans, grants, revenue balances and proceeds from the sale of capital assets. Revenue expenditure is generally incurred on items that are utilised within the year and is further split between the General Fund Revenue Account and the Housing Revenue Account. The General Fund Revenue Account includes the costs of providing day-to-day services to Council Taxpayers and is financed from council tax, national non-domestic rates, government grants, fees and charges, use of reserves and other income. Expenditure charged to the Housing Revenue Account is defined in legislation and relates to the cost of managing the Council's housing stock, which is financed by rental income.

The summaries of the financial year for these areas are detailed below.

### **GENERAL FUND REVENUE ACCOUNT**

The General Fund Revenue Account shows the net cost of providing day-to-day services. The following paragraphs and tables provide details of actual General Fund spend compared to the budget on which the council tax was set. The presentation of information in the tables below has been simplified as far as possible, and so it is different to the accounting cost reflected within the financial statements – but they both reflect the Council's underlying financial position.

In February 2023 the Council approved the 2023/24 budget, forecasting a deficit of £1,130k, to be funded from the established Smoothing Reserve. During the year the forecast budget deficit was reduced to £935k. Overall the year-end position resulted in a £509k deficit for the year, which is £426k less than the forecast position. The deficit will be funded from the Smoothing Reserve to maintain the General Fund balance above the preferred level of £1.5m.

The actual net spend compared to the original, revised budgets and prior year spend are shown below. These are shown by service area as used for the reporting in the annual budget & Medium-Term Financial Plan. The major variations between the original budget, forecast position and year-end outturn are also detailed.



<u>2022/23</u> <u>Actual</u> £000		<u>2023/24</u> <u>Original</u> <u>Budget</u> £000	<u>2023/24</u> <u>Revised</u> <u>Budget</u> £000	<u>2023/24</u> <u>Actual</u> £000
	<b>Directorate</b>			
301	Chief Executive	1,322	1,148	740
1,578	Corporate and Regulatory	4,916	4,149	5,162
13,919	Finance and Housing	8,615	9,165	9,572
11,615	Place and Environment	10,361	10,558	9,743
1,031	Special Revenue Projects	0	0	757
0	Vacancy Allowance	(150)	(150)	0
0	Target Savings/Resource Adjustments/Income Generation	(103)	(103)	0
	Savings assumptions/Estimated Annual Underspend	(100)	(100)	0
<b>28,444</b>	<b>Net Direct Expenditure</b>	<b>24,862</b>	<b>24,667</b>	<b>25,974</b>
	<b>Other Operating Income &amp; Expenditure:</b>			
0	Contingency	125	125	0
83	River Stour Drainage Board	87	87	88
(4,572)	Recharge Income from HRA, DPHA & Projects	(5,288)	(5,288)	(4,998)
<b>23,955</b>	<b>Net Operating Expenditure</b>	<b>19,786</b>	<b>19,590</b>	<b>21,065</b>
	<b>Financing Adjustments:</b>			
(1,740)	Revenue Expenditure Funded by Capital Under Statute	(1,276)	(1,276)	(2,480)
(1,921)	Interest Receivable	(1,935)	(1,935)	(2,395)
200	Interest Payable	450	450	824
1,767	Loan Principal Repayments/Borrowing Allowance	1,777	1,777	1,811
<b>(1,694)</b>	<b>Total Financing Adjustments</b>	<b>(983)</b>	<b>(983)</b>	<b>(2,241)</b>
	<b>Contribution to/(from) Reserves:</b>			
245	- Special Projects & Events Reserve	1,018	1,018	752
(7,952)	- Periodic Operations Reserve	(446)	(446)	(340)
617	- Dover Regeneration Reserve	383	383	288
(155)	- IT Equipment Reserve	105	105	(141)
1,301	- Business Rates & Council Tax Reserve	0	0	(530)
2,275	- Operational and Fee Income Reserve	0	0	226
<b>(3,669)</b>	<b>Net Contribution to/(from) Reserves</b>	<b>1,059</b>	<b>1,059</b>	<b>256</b>
<b>18,592</b>	<b>Total Budget Requirement</b>	<b>19,861</b>	<b>19,666</b>	<b>19,079</b>
	<b>Financed by:</b>			
8,943	Non-Domestic Rates	8,562	8,562	8,401
501	Revenue Support Grant	1,148	1,148	1,148
8,038	Council Tax	8,321	8,321	8,321
(109)	Council Tax - Collection Fund Surplus	55	55	55
17	Council Tax – Other S31 Grants	0	0	0
1,229	New Homes Bonus	645	645	645
0	New Burdens & Other Grants	0	0	0
<b>18,619</b>	<b>Total Financing</b>	<b>18,732</b>	<b>18,732</b>	<b>18,571</b>
<b>(27)</b>	<b>General Fund (Surplus)/Deficit for the Year</b>	<b>1,130</b>	<b>935</b>	<b>509</b>
<b>(1,479)</b>	<b>General Fund Balance at Start of Year</b>	<b>(1,492)</b>	<b>(1,506)</b>	<b>(1,506)</b>
0	Transfer to/(from) Smoothing Reserve	(1,150)	(935)	(510)
<b>(1,506)</b>	<b>Leaving Year End Balances of</b>	<b>(1,512)</b>	<b>(1,506)</b>	<b>(1,507)</b>

## Major Variations

The table below provides a summary of the main variations between the original budget and the actual for the year.

	<b>£000</b>
<b>Original Budget Deficit</b>	<b>1,130</b>
Emergency Accommodation increase	740
Inflation on waste contract and savings target not achieved	480
Reduction in planning application income	170
Kearsney Café forecast deficit and savings not achieved	112
Parking admin computer software maintenance reduction	(48)
Increase in Housing Benefit non-subsidy costs	(58)
Changes in bin purchase charge	(120)
Additional grant for homelessness	(223)
Port Health DDC certificate income increase	(315)
Staff vacancy/salary savings	(923)
Numerous other variances	(10)
<b>Forecast Deficit</b>	<b>935</b>
Increased in year NDR funding	(209)
Decreased prior year income from NDR pooling arrangements	370
Application of NDR reserve to offset prior year pooling adjustments	(370)
Kearsney Café additional deficit	100
Reduction in garage and other rental streams	100
Reduction in Building Control income	93
Further increase in Homelessness pressures	65
Increased investment returns	(460)
Increase in short term borrowing costs	373
Salary savings across services	(244)
Parking income above forecast	(123)
Increased Council Tax penalties and fines income	(100)
Dover Museum NDR saving from appeal	(67)
Numerous other variances	46
<b>Actual Budget Deficit</b>	<b>509</b>

## HOUSING REVENUE ACCOUNT (HRA)

The Council maintains a housing stock of 4,438 houses and flats and shared ownership properties. The income and expenditure from this account is included in the Comprehensive Income and Expenditure Statement but is also reported separately from the General Fund and is maintained in an account called the Housing Revenue Account (HRA).

In 2023/24 the HRA outturn was a deficit of £2,161k compared to the original budget forecast of a deficit of £2,493k, a favourable variance of £332k. The main variances in year were:

<b>Original Budget Deficit</b>	<b>2,493</b>
Increase in Revenue work costs	1,203
Decrease in Capital Expenditure	(1,277)
Decrease in Rents income received	543
Increase in service charge income received	(248)

Reduced Management Costs (including recharges)	107
Savings as MRP allowance provided instead of borrowing	(1,085)
Increase in property management costs	143
HRA share of short term borrowing costs	295
Other variances	(13)
<b>HRA deficit for the year</b>	<b>2,161</b>
Application of Housing Initiatives Reserve	(2,165)
<b>HRA surplus after use of reserves</b>	<b>(3)</b>

With effect from 1 April 2012 Housing Finance Reform brought the housing subsidy system to an end and replaced it with a self-financing system. This change required a one off payment to Central Government of £90,473k on 28 March 2012. To fund this payment the Council borrowed the same sum from the Public Works Loan Board on a 30 year repayment basis at a fixed interest rate. £2,362k was paid off the PWLB loan principle sum during 2023/24, the balance outstanding on the loan is £64m.

Right-to-buy sales also continued, in 2023/24 there were 4 sales completed.

## CAPITAL INVESTMENT

The Council invested £28.5m in capital projects in 2023/24 the most significant of which were shown below:

<b>Major Projects</b>	<b>£000</b>
HRA – Affordable Housing Development Projects	4,175
HRA – Housing Stock Capital Works	6,056
Fast Track - BRT	7,361
Bench Street Demolition	425
Dover Beacon – Enabling Project	1,174
Disabled facility grants	2,445
Restoration of Maison Dieu	5,903
Sandwich Guildhall Forecourt improvements	443
Tides Leisure Centre replacement	41
Other smaller projects	495
<b>Total Capital Investment</b>	<b>28,518</b>

The main sources of capital financing applied in the year were:

<b>Financed by</b>	<b>£000</b>
Grants from external bodies (incl. KCC Better Care Fund, Homes England, and the Environment Agency)	15,193
Major Repairs Reserve	2,161
Earmarked Reserves	3,602
Capital Receipts (incl. Private Sector Housing loan receipts and excess RTB receipts)	1,659
HRA Revenue	3,924
Borrowing requirement	1,979
<b>Total Capital Financing</b>	<b>28,518</b>

Overall, the capital programme is within budget.

## **OTHER KEY FINANCIAL AREAS**

In addition the Council has responsibilities for the following key financial areas:

- Treasury Management – the management and reporting of the authority's investments, cash flow and borrowing.
- Balance Sheet – the detail of the assets and liabilities held by the authority.
- Pension Fund – reporting on the position of the authority's pension fund.

## **TREASURY MANAGEMENT**

The Council adopted the CIPFA (Chartered Institute of Public Finance and Accountancy) revised Code of Practice for Treasury Management in November 2009.

At 31 March 2024 the Council had investment balances and day-to-day cash balances managed in-house of approximately £45.6m.

The total interest and dividends income for the year is £2,395k, which is £460k higher than the original budget estimate of £1,935k. The Council has invested a total of £50m into pooled investment funds which generate a higher rate of interest than call accounts and fixed term deposits. These investments are classed as long term as it is anticipated they will be held for a minimum of five years.

Additional short term borrowing was undertaken in the year due to fluctuations in the cash flow requirements. A reduction in available funds for inter-authority lending and increased interest rates caused an increase in the cost of short-term borrowing in 2023/24 of £916k from the original budget estimate of £315k. This pressure was offset by the increase in investment income detailed above.

The Council has remained within its Treasury Management guidelines and has complied with the Prudential Code during the year.

At the end of the year the Council has total borrowing of £108.8m, The Council has just over £68m of borrowing from the Public Works Loans Board (PWLB), £40.5m short-term, and interest free loans from Salix £194k and £31k from Lawn Tennis Association.

During 2023/24 the Council employed the services of Arlingclose Limited as treasury management advisers.

## **BALANCE SHEET – The Council's Assets and Liabilities**

At the end of each year a Balance Sheet is drawn up that represents how much the Council's land and buildings are worth, how much is owed to others, how much others owe the Council and the amount of cash the Council has:

<b>As at 31 March</b>	<b>2023</b>	<b>2024</b>
	<b>£000</b>	<b>£000</b>
Value of land, property and other assets	460,132	475,646
Investments held and cash at bank	47,034	45,626
Money owed to DDC for goods and services	32,203	34,046
Loans owed to DDC (short and long term)	2,443	2,687
Money owed by DDC for goods and services	(52,047)	(25,936)
Loans owed by DDC (short and long term)	(86,177)	(109,114)
Grants for assets received but not yet used	(638)	(3,861)
Share of pension scheme liabilities owed by DDC	(23,791)	(20,224)
<b>Total Assets less Total Liabilities</b>	<b>379,159</b>	<b>398,871</b>

**Financed by:**

Usable reserves <sup>1</sup>	(82,153)	(78,867)
Unusable reserves <sup>2</sup>	(297,005)	(320,003)
<b>Net Worth of Council</b>	<b>(379,159)</b>	<b>(398,871)</b>

<sup>1</sup> Usable reserves are made up of:

Capital receipts and grants	(19,422)	(22,263)
Revenue balances	(2,516)	(2,521)
Earmarked reserves	(60,215)	(54,083)
	<b>(82,153)</b>	<b>(78,867)</b>

<sup>2</sup> Unusable reserves mainly comprise revaluations of assets from their original purchase value and the Pensions Reserve.

## **PENSION FUND**

The Council is a member of the Local Government Pension Scheme administered by Kent County Council. This Statement of Accounts reflects the full adoption of International Accounting Standard 19 (Retirement Benefits). IAS19 does not have an impact on the level of employer contribution rates paid by the Council.

Pension costs charged to services are based on the cost of providing retirement benefits to employees in the period that the benefits are earned by the employee rather than the actual cash contributions to the Pension Fund. This cost, referred to as the current service cost, is calculated by the Fund's actuary.

The net liability at 31 March 2024 was £20m (£24m at 31 March 2023).

It is important to note that IAS 19 does not have any impact on the actual level of employer contributions. Employers' levels of contribution are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields). The scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, on behalf of Kent County Council. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The triennial valuation carried out as at March 2022 and set the contributions for the period 1 April 2022 to 31 March 2025. The next actuarial valuation of the Fund was carried out as at 31 March 2025 and will set contributions for the period from 1 April 2025 to 31 March 2028.

Further information relating to the pension scheme is included in note 18.

## REVIEW OF THE YEAR

### Introduction

Despite the challenges we face locally, nationally, and internationally, we have continued to be ambitious for our residents and strived to deliver the best for our district. This report reflects on what we have achieved in the past 12 months and how we have worked to support our residents and businesses during 2023/24 (April 2023 to March 2024).

At the heart of everything we do is working together, with our public sector partners, local businesses, the voluntary and community sector, and, most importantly, our residents—we cannot deliver our ambitions alone.

### Corporate Plan

The Corporate Plan is our main strategic document. It provides a framework for delivering our services and a context for all our other strategies and plans.

Following the local elections in May 2023, which saw the Labour Party take majority control over the Council for the first time since 1995, we developed a new Corporate Plan based on the new administration's aspirations.

The Corporate Plan 2024 to 2027 is centred around a vision of “Building a better and fairer future” for the district. The Plan has four strategic themes with a fifth ambition underpinning them:

1. Improving our housing.
2. Growing our economy.
3. Protecting our environment.
4. Supporting our communities.
5. Modernising our Council.

The strategic themes are interdependent, allowing for alignment across the themes and ensuring that no theme operates in isolation.

### Highlights

Our highlights for 2023/24 include:

#### 1. Improving our housing

- We delivered 29 additional homes to our housing stock, including temporary and general needs accommodation. Additional homes are in the pipeline, as part of our ambitious multi-million-pound programme to provide much-needed homes for local people.
- We processed nearly 800 planning applications and investigated 445 complaints of planning breaches, helping to ensure the right type of developments are built in our district.
- We responded to nearly 200 complaints about poor conditions in privately rented homes, serving 160 Housing Act Notice, helping our residents challenge housing quality. We also processed over 150 grant and loan applications, including 27 hospital discharge cases.
- We completed over 300 referrals from Occupational Therapists, with an approximate expenditure of £620,000, to help our tenants live independently in their council homes.

- We provided homelessness advice to nearly 1,800 households and assisted over 500 households who went on to make a homeless application.
- Our Benefit and Money Advisors (BMAs) have supported nearly 1,100 tenants over the year, increasing the income of our tenants by over £0.5 million and preventing seven referrals to court and potential evictions.
- We approved a new Damp and Mould Policy, to holistically investigate the cause of dampness, carrying out required remedial works promptly, offering advice and guidance where appropriate and taking all steps to eradicate dampness in our housing stock.
- We published the findings from our district-wide housing needs survey asking people about current and future housing requirements. We will combine the results with other housing data to inform the development of a new Affordable Housing Delivery Strategy.

## 2. Growing our economy

- Over the year, we have supported the district's attractions, businesses, industry, groups, and town centres by providing promotion, information, updates, coordinating and running events, supporting community events, and giving advice. We have also continued working with potential investors and developers, promoting our tourism and economic development potential at all levels.
- Substantial investment in the district continued, and we have seen significant progress in several key regeneration projects, including £22.9 million investment in Dover Fastrack, £3.6 million investment in Dover Market Square, £10.5 million Maison Dieu restoration, and £18.1 million investment for Dover Beacon Project. We have also continued developing proposals for a new leisure centre in Deal.
- The Dover District Local Plan sets out the vision, strategic objectives, and overarching development strategy for the growth of the district to 2040. Our Local Plan has now undergone an independent examination in public, with the Planning Inspectorate publishing its initial findings in February 2024. The next stage towards adopting the Local Plan is the launching of a consultation on the Main Modifications, which will start in April 2024.
- We awarded nearly £199,000 from our UK Shared Prosperity Fund allocation to various projects that have, for example, helped promote the visitor economy, improve the public realm, and support local cultural, heritage and creative activities.
- We awarded over £90,000 from our Rural England Prosperity Fund allocation to support three projects that benefit local people and businesses.

## 3. Protecting our environment

- As part of our commitment to tackling climate change, we built two low-carbon homes in Woodnesborough, packed with green technology, achieving an EPC rating of A and a 75% reduction in carbon emissions. Both homes have solar PV panels, triple glazing, as well as air source pumps that take the warmth from the air outside and use it to heat the properties.
- We support the Great British Spring Clean each year – our 2023 campaign resulted in collecting over 650 bags of litter by over 600 participants. We also expanded our popular environmental awards scheme to include environmental and community heroes, with five categories of winners: Community Project of the Year, Green/Eco-Friendly Business of the Year, Green/Eco-Friendly School of the Year, Litter Picker of the Year (over 18s category), and Litter Picker of the Year (under 18s category).
- We investigated nearly 4,000 environmental protection and crime incidents, such as noise, dog fouling, and fly-tipping, protecting the environment and public health.
- Port Health interventions have increased by nearly 120% to 7,955 during the year. This work has resulted in the seizure of 66 tonnes of illegal meat, taking the total seized since we started this crucial work in September 2022 to over 80 tonnes. This intervention helps

prevent consumer illness and the spread of African Swine Fever in the pig industry. Such a spread could have a similar impact as the Foot and Mouth outbreak of 2001, estimated to cost the nation more than £8 billion.

#### 4. Supporting our communities

- In August 2023, we launched a new Cost of Living Plan to mark 100 days of a new Labour-run administration taking control of the Council. The Plan includes establishing a Cost-of-Living Community Impact Fund and providing support by working with our partners to design and launch dedicated online resources.
- During the year, the Community Impact Fund awarded nearly £87,000 to 59 charities and community groups to deliver their vital work in our communities.
- Through Round 4 of the Household Support Fund (HSF), we administered nearly £0.5 million of support to families and individuals through local providers: Dover, Deal and District Citizens Advice, Deal Foodbank, Dover Foodbank, Sandwich Age Concern, Deal Age UK, Dover Riverside Centre, and Dover Outreach Centre. The core HSF funding supported nearly 20,000 people during the year.
- Our Community Roots Van ('office on wheels') has continued to bring council services to communities across the district, helping to tackle social isolation and supporting communities in becoming more digitally inclusive. During 2023/24, the van provided advice, support, and fun to over 6,300 residents across the district.
- We supported setting up 34 warm spaces to help turn poverty and isolation into warmth and local connection.
- Working with the Department of Work and Pensions, we organised two successful Jobs Fairs showcasing the wide range of jobs, training opportunities, and further education available in the district: The Big Dover Jobs and Skills Fair in October 2023 and the Love to Care Jobs Fair in February 2024.
- Our Roots 2 Work project is a free programme that supports local people aged 50+ looking for employment and/or support and advice to increase their employability and skills. Launched in August 2023, over 100 residents have signed on to the programme, with seven entering employment and nearly 50 gaining qualifications.
- Our Inspire Project provides funding support to help young people facing challenges, such as lack of opportunities, family issues and low self-esteem. During 2023/24, we helped over 380 young people from across the district, with the top wards being some of the most deprived - St. Radigunds, Tower Hamlets and Buckland.
- Our Dover Asylum and Resettlement Team (DART) continued to welcome new families to the area. As of March 2024, just over 100 people had arrived under the Afghan Resettlement Schemes in Dover. Of these, 90 people (20 households) are still receiving support from the DART team, and two households (12 people) have successfully moved on and out of the district into longer-term accommodation.
- We invested around £120,000 in the renamed 'Platinum Jubilee Playground' at Cowdray Square in Deal. This extensive renovation has seen new inclusive play equipment and a whole range of new items to suit all ages, including three cradle swings, basket and rope swings, toddler and junior multi-play units, spring rockers, spinning dish, zip wire/aerial runway, inclusive roundabout suitable for wheelchair users, and picnic benches.

#### 5. Modernising our Council

- We engaged with our residents on various topics, including our Local Plan, the ambitious Dover Beacon project, our revised Air Quality Action Plan, the Tenant Satisfaction Survey, and our Budget for 2024/25.



- Our Customer Service centre responded to over 85,500 customer calls, 11,500 emails, and served more than 8,500 customers face to face, providing important support and access to our services.
- We kept council tax low for Dover District Council in 2024/25, with the average household (Band D) paying £4.12 a week, around 10% of the total council tax bill, towards our services. There are no major reductions in services proposed in our budget and we are maintaining schemes to support households on low incomes and people in receipt of certain benefits. A fully funded capital programme includes a whole range of projects, including the Dover Beacon project.

## **MEDIUM TERM FINANCIAL PLAN**

The Council's Budget 2024/25 and Medium-Term Financial Plan (MTFP) 2024/25– 2027/28 were approved in March 2024. The MTFP covers both revenue and capital budgets for the General Fund and the Housing Revenue Account over a three-year forecasting period. The main features of the MTFP are:

- General Fund budget deficit of £2.8m for 2024/25 mainly from pressure to maintain the current level of Port Health activities with reduced DEFRA funding, to be funded from the earmarked reserves
- General Fund balance forecast to be maintained at £1.5m
- Council Tax increase of £6.21 (2.98%) per annum (12p per week), for a Band D property, maintaining the lowest Council Tax in East Kent;
- The Housing Revenue Account forecasts a deficit of £1m due to ongoing commitments to repairs and maintenance, to be funded from the Housing Initiatives Reserve, but remains financially viable
- HRA balance to be maintained at £1m for 2024/25
- The current capital programme is fully funded, the current resources for funding capital and special revenue projects will be largely exhausted by the current programme
- Future capital receipts are expected to come mainly from on-going housing right to buy sales and one-off asset sales, so will not replenish capital funds and will not be sufficient to maintain the current level of activity in the future
- The major projects in the programme are:
  - Dover Beacon Project
  - Development of the Dover Fast Track Bus Route
  - Major restoration works on Maison Dieu (Dover Town Hall)
- Significant risks and budget volatility remain for future years.

More detailed information on the Council's Budget for 2024/25 and the Medium-Term Financial Plan can be found on the Council's website at: [Accounts and Budgets \(dover.gov.uk\)](https://www.dover.gov.uk/accounts-and-budgets)

## **THE FUTURE**

The Council, in common with others, will need to continue to make progress on or give consideration to:

- The economic impact affecting Council's finance e.g. energy prices, inflation and income, including council tax and fees and charges, as cost of living pressures deepen,
- Development and regeneration of the local economy,
- Welfare Reform and cessation of the administration of housing benefits for working age claimants,
- The sustainability of the NHB scheme and what will follow,
- The ongoing impact of the localisation of council tax support,

- Climate change agenda and associated costs,
- Proposals to transfer the Land Charges function to HM Land Registry and to devolve the setting of planning fees.

The increased volatility and uncertainty attached to a number of these issues is such that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections.

DRAFT

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Authority's Responsibilities

The Authority 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 officer is the Strategic Director (Finance and Housing);
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

### The Strategic Director (Finance and Housing)'s Responsibilities

The Strategic Director (Finance and Housing) is responsible for the preparation of the Authority's Statement of Accounts in accordance with 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 Strategic Director (Finance and Housing) has:

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

The Strategic Director (Finance and Housing) has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

By signing the Statement of Accounts, the Strategic Director (Finance and Housing) is stating that the accounts present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2024.

This Statement of Accounts is authorised for issue following its approval by the Strategic Director (Finance and Housing) and the Chairman of the Governance Committee at the date given below.

Signed:

Signed:

Mike Davis CPFA  
Strategic Director (Finance and Housing)

Councillor Susan Beer  
Chairman, Governance Committee

Dated:

Dated:

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Expenditure £000	2022/23 Gross Income £000	Net Expenditure £000		Note No	Gross Expenditure £000	2023/24 Gross Income £000	Net Expenditure £000
			<b>Continuing Operations</b>				
8,362	(7,924)	438	Chief Executive		8,166	(7,609)	557
17,380	(14,027)	3,353	Corporate and Regulatory		14,892	(10,064)	4,828
43,146	(33,593)	9,553	Finance & Housing		37,751	(33,570)	4,181
37,320	(24,226)	13,094	Place and Environment		39,472	(29,034)	10,438
1,351	(269)	1,082	Special Projects		1,045	(288)	757
26,434	(22,457)	3,977	Local Authority Housing (HRA)		23,612	(23,363)	250
0	0	0	Non-distributed Costs		0	0	0
<b>133,994</b>	<b>(102,496)</b>	<b>31,498</b>	<b>Net Cost of Services</b>		<b>124,938</b>	<b>(103,928)</b>	<b>21,010</b>
			<b>Other Operating Expenditure:</b>				
		(1,462)	(Gain) or loss on disposal of fixed assets	6			(670)
		(181)	Other Capital Receipts				(1,961)
			<u>Amounts due to precepting authorities</u>				
		3,019	– Town and Parish Councils				3,120
		83	– River Stour Drainage Board Levy				88
		0	Contribution of Housing Capital Receipts to Central Government Pool	23			0
			<b>Financing and Investment Income &amp; Expenditure:</b>				
		2,571	Interest payable and similar charges				3,345
		2,448	Interest and investment income				(3,550)
		(674)	Changes in the value of Investment Properties	7			687
		2,061	Net Interest on Defined Benefit Liability	18			1,024
			<b>Taxation &amp; Non-specific Grant Income:</b>				
		(11,056)	Demand on the Collection Fund – Council Tax	19			(11,458)
		(8,994)	Income from National Non-Domestic Rates	20			(8,815)
		(1,730)	Government grants (not attributable to specific services)	21			(1,793)
		(8,984)	Capital Grants and Contributions	21			(12,951)
		<b>8,598</b>	<b>(Surplus) or Deficit on Provision of Services</b>				<b>(11,924)</b>
			<u>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</u>				
		(4,051)	(Surplus) or deficit arising on revaluation of fixed assets	0			(5,252)
		(62,312)	Remeasurement of the net defined benefit liability on pension fund assets and liabilities	18			(2,536)
		<b>(66,363)</b>	<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(7,788)</b>
		<b>(57,765)</b>	<b>Total Comprehensive Income &amp; Expenditure</b>				<b>(19,712)</b>

## MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2022/23</b>										
<b>Balance at 31 March 2022</b>	<b>(1,479)</b>	<b>(59,199)</b>	<b>(1,012)</b>	<b>(12,228)</b>	<b>(16,064)</b>	<b>0</b>	<b>(4,745)</b>	<b>(94,727)</b>	<b>(226,668)</b>	<b>(321,394)</b>
<b>Movement in reserves</b>										
Total Comprehensive Income and Expenditure	3,463	0	5,135	0	0	0	0	8,598	(66,363)	(57,765)
Adjustments between accounting basis and funding basis under regulations (Note 5)	4,707	0	(2,120)	0	335	0	1,051	3,973	(3,973)	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>8,171</b>	<b>0</b>	<b>3,014</b>	<b>0</b>	<b>335</b>	<b>0</b>	<b>1,051</b>	<b>12,571</b>	<b>(70,336)</b>	<b>(57,765)</b>
<b>Transfer to/(from) reserves (Note 25)</b>	<b>(8,197)</b>	<b>(8,197)</b>	<b>(3,012)</b>	<b>3,012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net (Increase)/Decrease in year</b>	<b>(27)</b>	<b>8,197</b>	<b>2</b>	<b>3,012</b>	<b>335</b>	<b>0</b>	<b>1,051</b>	<b>12,571</b>	<b>(70,336)</b>	<b>(57,765)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(1,506)</b>	<b>(51,001)</b>	<b>(1,010)</b>	<b>(9,215)</b>	<b>(15,728)</b>	<b>0</b>	<b>(3,694)</b>	<b>(82,154)</b>	<b>(297,005)</b>	<b>(379,159)</b>
<b>2023/24</b>										
<b>Balance at 31 March 2023</b>	<b>(1,506)</b>	<b>(51,001)</b>	<b>(1,010)</b>	<b>(9,215)</b>	<b>(15,728)</b>	<b>0</b>	<b>(3,694)</b>	<b>(82,154)</b>	<b>(297,005)</b>	<b>(379,159)</b>
<b>Movement in reserves</b>										
Total Comprehensive Income and Expenditure	(14,152)	0	2,228	0	0	0	0	(11,924)	(7,788)	(19,712)
Adjustments between accounting basis and funding basis under regulations (Note 5)	18,118	0	(67)	0	(2,768)	0	(72)	15,211	(15,211)	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>3,966</b>	<b>0</b>	<b>2,161</b>	<b>0</b>	<b>(2,768)</b>	<b>0</b>	<b>(72)</b>	<b>3,287</b>	<b>(22,999)</b>	<b>(19,712)</b>
<b>Transfer to/(from) reserves (Note 25)</b>	<b>(3,967)</b>	<b>3,967</b>	<b>(2,165)</b>	<b>2,165</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net (Increase)/Decrease in year</b>	<b>(1)</b>	<b>3,967</b>	<b>(3)</b>	<b>2,165</b>	<b>(2,768)</b>	<b>0</b>	<b>(72)</b>	<b>3,287</b>	<b>(22,999)</b>	<b>(19,712)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(1,507)</b>	<b>(47,034)</b>	<b>(1,014)</b>	<b>(7,050)</b>	<b>(18,497)</b>	<b>0</b>	<b>(3,766)</b>	<b>(78,867)</b>	<b>(320,003)</b>	<b>(398,871)</b>

## BALANCE SHEET

31 March 2023 £000		Notes	31 March 2024 £000
284,998	Council dwellings		284,816
105,284	Land and buildings		107,344
7,770	Vehicles, plant and equipment		7,288
8,282	Infrastructure assets		7,911
2,879	Community assets		2,879
18,318	Assets under construction		34,698
1,531	Surplus Assets not Held for Sale		510
<b>429,064</b>	<b>Property, Plant and Equipment</b>	<b>6</b>	<b>445,448</b>
5,372	Heritage assets	8	5,261
25,093	Investment property	7	24,407
220	Intangible assets	6	132
45,450	Long term investments	11	45,961
2,443	Soft loans	15	2,688
898	Long term debtors	26	711
<b>79,476</b>	<b>Long Term Assets</b>		<b>79,159</b>
4	Short term investments	11	4
383	Stocks in hand		399
36,192	Short term debtors	26	38,273
(4,887)	Less impairment allowance	26	(4,938)
1,751	Cash and cash equivalents	27	1,680
0	Assets held for sale		0
<b>33,443</b>	<b>Current Assets</b>		<b>35,417</b>
(171)	Bank Overdraft	27	(2,018)
(17,889)	Short term borrowing	12	(43,600)
(41,920)	Short term creditors	28	(15,700)
(1,620)	Provisions	29	(2,003)
(8,507)	Receipts in advance	30	(8,233)
<b>(70,107)</b>	<b>Current Liabilities</b>		<b>(71,554)</b>
(68,287)	Long term borrowing	12	(65,513)
(638)	Capital grants received in advance	32	(3,861)
(23,791)	Pensions liability	18	(20,224)
<b>(92,716)</b>	<b>Long Term Liabilities</b>		<b>(89,599)</b>
<b>379,159</b>	<b>Net Assets</b>		<b>398,871</b>
(1,506)	General Fund balance	24	(1,507)
(1,010)	Housing Revenue Account balance	24	(1,014)
(51,001)	Earmarked reserves	25	(47,034)
(9,215)	Housing Revenue Account reserves	25	(7,050)
(15,728)	Usable capital receipts reserve	23	(18,497)
(3,694)	Capital grants unapplied	31	(3,765)
<b>(82,154)</b>	<b>Reserves Available to Fund Services</b>		<b>(78,867)</b>
(56,964)	Revaluation reserve	0	(62,181)
(269,735)	Capital adjustments account	33	(282,196)
0	Financial instruments revaluation reserve	16	0
4,802	Pooled investment fund adjustments reserve	16	4,045
1,204	Financial adjustments account	14	809
(3)	Collection Fund adjustment account- NNDR	20	(696)
(45)	Collection Fund adjustment account- Council tax	19	(6)
(54)	Enterprise Zone relief adjustment account	20	0
(1)	Renewable Energy adjustment account	20	(2)
23,791	Pensions reserve	18	20,224
<b>(297,004)</b>	<b>Reserves Unavailable to Fund Services</b>		<b>(320,003)</b>
<b>(379,159)</b>	<b>Total Reserves</b>		<b>(398,871)</b>

## CASH FLOW STATEMENT

2022/23			2023/24	
£000	£000		£000	£000
	8,386	Cash & cash equivalents – at 1 April	1,580	
		Cash & cash equivalents – at 31 March	338	
	(1,580)			
	<u>6,806</u>	<b>Net (increase) or decrease in Cash &amp; Cash Equivalents</b>		<u>1,918</u>
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
	<b>8,598</b>	<b>Net surplus on Income &amp; Expenditure</b>		<b>(11,924)</b>
		<u>Non-cash transactions:</u>		
(3,286)		Depreciation and amortisation	(4,059)	
(7,530)		Revaluation gains / losses	(7,171)	
1,462		Gains / losses on disposal of fixed assets	670	
(4,138)		Pension adjustments	1,031	
120		Financial instruments adjustments	370	
1,856		Provisions	(383)	
(3,060)		Transfer to/from earmarked reserves	(3,024)	
	(14,576)			(12,565)
		<u>Items on an accrual's basis:</u>		
(215)		Increase or (decrease) in stock and work in progress	16	
10,976		Increase or (decrease) in debtors	(744)	
11		Increase or (decrease) in long term debtors	(187)	
108		Movement in impairment for bad debts	127	
(11,706)		(Increase) or decrease in creditors	15,420	
6,884		(Increase) or decrease in receipts in advance	274	
1,644		Collection Fund adjustment accounts	601	
	7,701			15,507
		<u>Adjustments re investing and financing activities:</u>		
(1,740)		Revenue expenditure funded from capital	(2,480)	
9,166		Capital grant contributions and capital receipts	14,912	
	7,426			12,432
	<b>9,148</b>	<b>Net Cash Flows from Operating Activities</b>		<b>3,450</b>
		<u>Investing activities:</u>		
25,709		Purchase of property, plant, equipment, etc.	26,028	
(90)		Other payments for investing activities	(126)	
22,362		Proceeds from long and short term investments	27,548	
(26,649)		Purchase of long and short term investments	(26,649)	
(4,981)		Proceeds from the sale of non-current assets	(4,399)	
(6,663)		Movement in capital grants	(13,454)	
	9,718			8,948
		<b>Net Cash Flows from Investing Activities</b>		
		<u>Financing activities:</u>		
(31,174)		Cash receipts of short & long term borrowing	(108,720)	
18,740		Payments of short & long term borrowing	85,783	
373		Net movement in Collection Fund cash position	12,456	
	(12,060)	<b>Net Cash Flows from Financing Activities</b>		(10,481)
	<u><u>6,806</u></u>			<u><u>1,918</u></u>

## NOTES TO FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### (a) General

The Statement of Accounts summarises the Authority's transactions for the financial year and its position at the year-end. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24. The Code is based on a hierarchy of approved accounting standards:

- International Financial Reporting Standards (IFRS) approved by the International Accounting Standards Board (IASB).
- International Accounting Standards (IAS) approved by the International Accounting Standards Committee (IASC).
- Interpretations originating from the International Financial Reporting Interpretations Committee (IFRIC).
- Interpretations originating from the Standing Interpretations Committee (SIC).
- International Public Sector Accounting Standards (IPSAS) approved by the International Public Sector Accounting Standards Board (IPSASB).
- Financial Reporting Standards (FRS) approved by the Accounting Standards Board (ASB).
- Statements of Standard Accounting Practice (SSAP) approved by the Accounting Standards Committee (ASC).
- Urgent Issues Task Force's (UITF) Abstracts.

The accounting convention adopted for the preparation of these Accounts is an historical cost basis modified for the revaluation of certain categories of assets.

#### (b) Qualitative Characteristics of Financial Information

- Relevance – in accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the objective of the principal statements is to provide information on the Council's financial performance that is useful for assessing the stewardship of public funds and for making economic decisions.
- Reliability – the financial information can be depended upon to represent accurately the substance of the transactions that have taken place. The accounts are unbiased, free from material error, have been prepared in a prudent manner and have included all issues that would assist users to make adequate decisions on the Council's financial standing.
- Comparability – the accounts contain comparative information about the Council so that performance may be compared with a prior period.
- Understandability – although a reasonable knowledge of accounting and local government is required, all efforts have been made in the preparation of the financial statements to ensure that they are as easy to understand as possible.
- Materiality – an item of information is material to the accounts if its misstatement or omission might reasonably be expected to influence assessments of the Council's stewardship and economic decisions.

#### (c) Accounting Concepts

- Going concern – it is assumed that the Council will continue in operational existence for the foreseeable future and accordingly the accounts have been prepared on a going concern basis.



- Accruals – the financial statements, other than the Cash Flow Statement, have been prepared on an accruals basis. The accruals basis requires the effects of transactions to be reflected in the financial statements for the accounting period in which those effects are experienced and not in the period in which any cash is received or paid.
- Primacy of legislation – local authorities derive their power from statute and their financial and accounting framework is closely controlled by legislation. Where there is conflict between a legal requirement and an accounting standard, the legal requirement will take precedence.

**(d) Accruals of Income and Expenditure (Debtors and Creditors)**

Income and expenditure is accrued to ensure that it is accounted for in the year to which it relates, not when cash payments are made or received. In particular:

- Revenue from the sale or provision of goods and services is recognised when it is probable that the economic benefit will flow to the Council.
- Supplies are recorded as expenditure when they are consumed, where supplies remain unconsumed as at the balance sheet date 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.
- Revenue relating to council tax and business rates will be recorded at the full amount receivable, net of any impairment losses. These transactions are deemed to be of a non-contractual, non-exchange nature in that there is no difference between the delivery of services and the payment of the debt raised.
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant investment rather than the cash flows for the redemption of the investment or interest due dates.

Where income or expenditure has been recognised within the income and expenditure account, but cash has not been received or paid, a debtor or creditor for the amount stated will be recorded on the Balance Sheet. Where debts raised may not be settled, the balance of debtors will be adjusted by an impairment adjustment charged to the revenue account.

Exceptions to these principles are periodic payments, such as utility bills, which are charged at the date of invoice rather than being apportioned between financial years; and penalty charge notices and licensing fees which are accounted for on the day of receipt. This policy is consistently applied each year and its effect on the Accounts is not considered to be material.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and are shown on the Balance Sheet at their nominal value. The authority has defined cash equivalents as internally held investments with a maturity of 100 days or less from the date of acquisition of the investment.

**(f) Council Tax and National Non-Domestic (Business) Rates**

Revenue relating to council tax and NNDR shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions.

For the majority of transactions the Council undertakes it is acting entirely on its own behalf and completely owns any risks and rewards of the transaction. This is known as the Council acting as a Principal.

However there are some situations whereby the Council is acting as an Agent, where the Council is acting as an intermediary for all or part of a transaction or service. The two main instances where this occurs are in relation to council tax and business rates (NDR) whereby the Council is collecting council tax and NDR income on behalf of itself and preceptors (Kent County Council (KCC), The Police and Crime Commissioner for Kent (PCCK) and Kent Fire and Rescue Authority (KFR) in relation to Council Tax, and the Department for Communities and Local Government (DCLG), KCC and KMFRA in relation to Business Rates).

The implications for this is that any balance sheet transactions at the year end, in relation to these Agent relationships, are split between the principal parties and, therefore, the balances contained on the Balance Sheet for a particular debt are the Council's own proportion of the debt and associated balances. The proportions of transactions that relate to the other parties to the relationship are shown as debtors or creditors due from/to these parties.

The amount shown in the Comprehensive Income and Expenditure Statement as the demand on the Collection Fund includes the accrued amount of council tax and NDR collected as well as amounts from previous years' estimates. This adjustment is subsequently reversed within the Movement in Reserves Statement to the Collection Fund Adjustment Account.

**(g) Provisions**

The Council sets aside provisions for liabilities or losses that are either likely to, or certain to be incurred, but uncertain as to the amount or the date on which they will arise. Provisions are recognised when:

- The Council has a present obligation (legal or constructive) as a result of a past event.
- It is probable that a transfer of economic benefits will be required to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

**(h) Contingent Assets and Liabilities**

A contingent asset arises where an event has taken place that gives the authority 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 authority.

A contingent liability arises where an event has taken place that gives the authority 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 assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts, detailing the nature of the contingency, a brief description, and an estimate of its financial effect.

(i) **Debt Write-Off**

The Strategic Director (Finance and Housing) approves the processes and reporting for the write-off of debt and reviews the actual write-off of debt where efforts to collect the sums have failed and any further action would be uneconomic or impractical. In order to mitigate the financial impact of write-offs an impairment allowance is made for bad debt taking into account the size and age of the debt outstanding and the likelihood of recovery.

(j) **Employee Benefits**

Under the Code employee benefits are accounted for when the Council is committed to pay an employee. Employee benefits are split into three categories:

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year end. They include benefits such as salaries and wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense in the year the employee renders service to the Authority.

Termination Benefits

This covers costs that are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are often lump-sum payments and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the entity.

In the event of notice of termination being served on an employee the known liability is recognised at the earlier of when the authority can no longer withdraw the offer of these benefits or when the authority recognises the costs of a restructure, which will involve the payment of termination benefits. Any enhanced retirement benefits paid by the employer are accounted for on a cash basis.

Post-Employment Benefits

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement. The Local Government Pension Scheme is administered locally by Kent County Council – this is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2014, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement, meaning that the Council and employees pay

contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

Under IAS 19, the employer recognises as an asset or liability the surplus/deficit in a pension scheme. The surplus/deficit in a pension scheme is the excess/shortfall of the value of assets when compared to the present value of the scheme liabilities. A prerequisite of the introduction of IAS 19 was that it did not impact on taxation requirements. Where the contributions paid to the pension scheme do not match the change in the Council's recognised liability for the year, the recognised cost of pensions will not match the amount required to be raised in taxation. Any such mismatch is to be dealt with by an equivalent appropriation to or from a pension reserve. The Balance Sheet will show the net pension asset or liability and an equivalent pension reserve balance.

Contributions to the pension scheme are determined by the fund's actuary on a triennial basis. A formal valuation of the Kent County Council Pension Fund for funding purposes was undertaken as at 31 March 2022. Changes to contribution rates as a result of the 31 March 2022 valuation took effect from 1 April 2022.

**(k) Events After the Balance Sheet Date**

Events after the Balance Sheet date 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.

The authorised for issue date is:

- When the Accounts are signed by the Council's Section 151 Officer for approval by Members and published with the audit opinion and certificate which should be by no later than 30 September 2024.

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 Statement 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.

**(l) Exceptional Items**

When exceptional items (where items of income and expense are material) occur, they are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if that degree of prominence is necessary in order to give a fair presentation of the accounts. A description of any exceptional items would be given within the notes to the accounts.

(m) **Prior Period Adjustments**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for in the current and future years affected by the change and do not give rise to a prior period adjustment.

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.

(n) **Financial Instruments**

Financial instruments are broken down between financial assets (investments and debtors) and financial liabilities (creditors and loans payable).

Debtors and creditors are measured at fair value and are carried in the Balance Sheet at amortised cost.

Financial instruments are valued at fair value. The fair value of financial instruments can be attributed in three ways.

- Level 1 – Quoted prices in active markets for identical assets/liabilities that the authority can access at the measurement date.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

Financial Assets

Investments are broken down in two ways. Firstly, by maturity, in that any investment with a maturity date of more than 364 days after the Balance Sheet date will be classed as long-term and less than as short-term; and secondly by class of asset such as amortised cost (e.g. bank deposits), fair value through other comprehensive income (e.g. strategic pooled funds) or fair value through profit and loss (e.g. money market funds).

Assets classed as amortised cost are assets that have fixed or determinable payments but are not quoted in an active market; these are recognised at fair value and are carried on the Balance Sheet at amortised cost.

Assets classed as fair value through other comprehensive income or fair value through profit or loss have a quoted active market price and do not have fixed or determinable payments. These are measured and carried on the Balance Sheet at fair value.

Accrued interest receivable within 364 days of the Balance Sheet date will be recognised as part of the short-term investment balance on the Balance Sheet, irrespective of the date of maturity of the investment. This is a departure from the Code which requires accrued interest to be shown as part of the debtors' balance.

Realised gains and losses in relation to investments are recognised within the Comprehensive Income and Expenditure Statement under interest and investment income. Unrealised gains and losses are recognised in the Balance Sheet under the appropriate investment heading offset by an adjustment to the Financial Instruments Revaluation Reserve.

### Soft Loans

The Authority makes Private Sector Housing loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

#### **(o) Foreign Currency Transactions**

Any gains and losses arising from exchange rate fluctuations will be charged to the Comprehensive Income and Expenditure Statement in the year of payment or receipt.

#### **(p) Government Grants and Other Contributions**

Government grants and third party contributions and donations are recognised as due to the Authority when there is reasonable assurance that the Authority will comply with the conditions attached to the payments, and the grants or contributions will be received.

Grants specific to a service will be shown against that service expenditure line. General grant, e.g. Revenue Support Grant and New Homes Bonus are credited and disclosed separately in the Comprehensive Income and Expenditure Statement under taxation and non-specific grant income.

Capital grants and contributions (such as Section 106 developer contributions) received will be credited in full to the Comprehensive Income and Expenditure Statement on receipt where there are no conditions attached to its use and in the year that the capital expenditure is incurred where there are conditions attached to its use.

(q) **Long Term Contracts**

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.

(r) **Leases**

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Where the lease transfers substantially all the risk and rewards associated with the ownership of an asset (title may or may not eventually be transferred) the lease is defined as a finance lease. A lease other than a finance lease is called an operating lease. A definition of a lease includes hire purchase arrangements.

Finance Leases

The Council currently has no material finance lease arrangements where it is the lessor or where it is a lessee.

Operating Leases

Lease payments under an operating lease shall be recognised as income or expenditure on a straight-line basis over the lease term unless another systematic basis is more representative of the benefits received by the Council where the Council is a lessor or lessee respectively.

(s) **Non-Current Assets**

The Council has set a de-minimus level of £10k for the purposes of capital expenditure. In the case where the individual value of an item, e.g. computer, is below the de-minimus level, but the aggregate value of similar items purchased in the year exceed the de-minimus level, the expenditure may be treated as capital expenditure.

(i) Impairment of Non-Current Assets

A review for impairment of a non-current asset should be carried out if events or changes in circumstances indicate that the carrying amount of the non-current asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have been incurred include:

- a significant decline in market value during the period.
- evidence of obsolescence or physical damage.
- a significant adverse change in the statutory or other regulatory environment in which the Council operates.
- a commitment by the Council to undertake a significant reorganisation.

In the event that impairment is identified the value will either be written off to the revaluation reserve, where sufficient reserve levels for that asset exist, or written off to revenue through the Comprehensive Income and Expenditure Statement. Any impairment at the Balance Sheet date is shown in the notes to the core financial statements.

(ii) Gains or Losses on Disposal of Non-Current Assets

When an asset is disposed of or de-commissioned, the net book value of the asset and the receipt from the sale are both charged to the Comprehensive Income and Expenditure Statement which could result in a net gain or loss on disposal.

Receipts in excess of £10k are categorised as capital receipts. The receipt is required to be credited to the usable capital receipts reserve and can only be used to finance capital expenditure. Receipts below £10k are usually considered de-minimus and treated as revenue.

The net gain or loss on disposals has no impact on taxation requirements as the financing of non-current assets is provided for under separate arrangements.

(iii) Assets Held for Sale

Non-current assets that have been identified for sale by the Council will be reclassified as current assets when the asset is being actively marketed and has a high probability of sale within twelve months of the Balance Sheet date.

(iv) Property, Plant and Equipment

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services or for administrative purposes, and expected to be used during more than one period.

Property, plant and equipment are split into five categories as described below:

- Land and buildings
- Vehicles, plant and equipment
- Infrastructure assets
- Community assets
- Assets under construction

The policy for each type of asset is explained below.

• Land and Buildings

The Council has a policy of revaluing its property assets on a rolling programme such that the intervals between valuations do not exceed 5 years. Additionally, assets with a value in excess of £1m are revalued on an annual basis.

The valuations are carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institution of Chartered Surveyors (RICS). Valuations are based on the market value for existing use or, where a market value cannot be determined as the property is of a specialist nature, the depreciated replacement cost. The method used on the current year's valuation will be explained in the notes to the accounts. Items of plant that are integral to the operation of a building are included in the valuation for that building.



All buildings are subject to straight line depreciation over their estimated useful lives up to 80 years depending on the building. In accordance with the Code land is not depreciated.

Under the Code the Council is required to consider the componentisation of significant parts of an asset, where they are of a material financial nature or have significantly differing life expectancies. The Council has carried out a review of its non-current assets and has set a minimum asset value of £1m to be considered for componentisation.

- Vehicles, Plant and Equipment

Vehicles, plant and equipment, other than plant that is integral to the operation of a building, are recognised in the Balance Sheet at historic cost and are subject to straight line depreciation over a period of up to 12 years.

- Infrastructure Assets

These assets are carried on the Balance Sheet at historic cost and are not subject to revaluation. These assets are subject to straight line depreciation over a period of up to 40 years. Examples of infrastructure assets are sea defences, footpaths and signage.

- Community Assets

These are non-current assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and open spaces.

These assets are carried on the Balance Sheet at historic cost and are not subject to revaluation or depreciation.

- Surplus Assets

This covers assets that are not being used to deliver services, but which do not meet the criteria to be classified as either investment properties or non-current assets held for sale.

- Assets under Construction

This covers assets not yet ready for operational use, but expected to be operational within twelve months of the Balance Sheet date. Assets under construction are not subject to revaluation or depreciation.

(v) Investment Property

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. The fair value of these assets can be attributed in three ways.

- Level 1 – Quoted prices in active markets for identical assets/liabilities that the authority can access at the measurement date.
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability.

For the purposes of investment property fair value will be determined at level 2 using market knowledge and indices on market values of compatible properties.

Properties are subject to revaluation on an annual basis in accordance with market conditions at the year-end. However, due to the nature and size of the portfolio held full valuation reviews are carried out once every five years or earlier where there is a material change in value.

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 income 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.

Investment properties are not subject to depreciation or componentisation.

(vi) Intangible Assets

These are non-current assets that do not have physical substance, but are identifiable and controlled by the Council through custody or legal rights. Intangible assets held by this Council currently consist of IT software and associated costs.

Intangible Assets are recognised on the Balance Sheet at historic cost, are not subject to revaluation, but are amortised over their useful economic life assessed to be 5 years for IT software and associated costs.

(vii) Heritage Assets

These are assets held principally for their contribution to knowledge or culture and meet the definition of a heritage asset. Heritage Assets may be either tangible or intangible with historical, artistic or scientific qualities.

Heritage assets are carried at valuation (e.g. insurance valuation) rather than fair value, reflecting the fact that exchanges of heritage assets are uncommon. Valuations are determined by the insurance valuation, or where not available the historical cost. Although there are no prescribed minimum periods for review, the assets will be reviewed in line with the insurance policy and material changes will be incorporated into the accounts. A de-minimis level has been set at £10k for heritage assets based on the method of valuation above.

Heritage Assets are not subject to depreciation.

**(t) Overheads and Support Services**

The majority of management and administrative expenses, including buildings, are allocated to Services. Costs of Support Services are allocated on the basis of estimated time spent by officers on services, or other appropriate basis, and costs of buildings are apportioned on a floor area basis.

**(u) Reserves**

The Council maintains both general and earmarked reserves. General reserves are to meet general future expenditure and earmarked reserves are for identified purposes. No expenditure is charged directly to a reserve, but is charged to the service revenue account within the Comprehensive Income and Expenditure Statement. This is then offset by a reserve appropriation within the Movement in Reserves Statement.

**(v) Revenue Expenditure Funded from Capital Under Statute**

This is expenditure of a capital nature on non-current assets not owned by the Council. Under the Code this is revenue expenditure and as such the expenditure is charged in full to the relevant service revenue account in the Comprehensive Income and Expenditure Statement in the year it is incurred. Statute, however, allows such expenditure to be funded from capital resources.

**(w) Value Added Tax (VAT)**

VAT is included within the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable.

**(x) Critical Judgements in Applying Accounting Policies**

The Council continues to face a significant financial challenge brought about by reductions in funding from Government and the general economic climate, as well as some specific government-led initiatives that will impact on the Council's finances.

Taking account of the above, critical judgements made in respect of the Statement of Accounts are:

- The Council continues to face a significant financial challenge brought about by, in the main, the Government's budget deficit reduction programme and the economic climate, as well as some specific government led-initiatives that will impact on the Council's finances. The impact of these pressures is not considered to require any impairment in the valuation of the Council's assets;
- The result of the EU referendum was a vote to leave the European Union. This decision could have an impact on the Council's future financial position but at this stage it is not possible to assess what that impact might be however it is not considered necessary to require any change in the financial position reported;
- It has been concluded that the contract for waste collection and recycling entered into by the East Kent Waste Partnership, consisting of Folkestone & Hythe, Dover and Kent County councils, does not include an embedded lease in respect of the assets used to provide the service. Therefore, no assets have been recognised on the balance sheet and all contract payments have been

accounted for as supplies and services within the appropriate service lines in the Comprehensive Income and Expenditure Statement; and

- In line with advice from the Council's treasury management advisors, Arlingclose Limited, the fair value of PWLB loans has been estimated following an alternative market approach based on borrowing rates in the inter-local authority borrowing market, on the basis that the Council considers this to be the principal market for local authority borrowing.

## 2. 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 Authority 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 certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

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. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. The annual depreciation charge for buildings would increase if useful lives had to be reduced.
Property, Plant and Equipment	Asset valuations are calculated on a maximum 5-year cycle with the exception of Housing Revenue Account dwellings and land and building with a value in excess of £1m which are also valued on annual basis. If the market indicators change the asset values could be affected.	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recognised in CIES.  The effects on asset valuations of a 1% reduction or increase would result in a change of £3.9m on the revaluation reserve and/or CIES

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Assets and Liabilities	<p>Estimation of the present value of total obligations 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. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p>	<p>The effects on the present value of total obligations of changes in individual assumptions can be measured. For instance, a 0.5% adjustment in the discount rate assumption would result in a change in the present value of total obligations of approximately £9.9m to £11.2m.</p>
Bad Debts Provisions	<p>The Council has impairment allowance of £4.94m for HRA, benefit overpayment, council tax &amp; NNDR (DDC share) and general debtors. This is approximately 8.87% of the outstanding debt value.</p>	<p>In the current economic climate collection rates are being monitored and any decline in collection rates for debt would result in a need to increase the provision.</p>

DRAFT

### 3. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis is designed to demonstrate how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services. This is in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis 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.

<b>2022/23</b>	As Reported in Quarterly Budget Monitoring Report £000	Adjustments to Arrive at the Net Amount Chargeable to the GF and HRA Balances £000	<b>Net Expenditure Chargeable to the GF and HRA Balances £000</b>	Adjustments between Funding and Accounting Basis £000	<b>Net Expenditure in the CIES £000</b>
Chief Executive	301	(612)	<b>(311)</b>	750	<b>439</b>
Corporate and Regulatory	1,578	252	<b>1,830</b>	1,523	<b>3,353</b>
Finance and Housing	13,919	(3,397)	<b>10,522</b>	(968)	<b>9,553</b>
Place and Environment	11,615	(2,045)	<b>9,569</b>	3,524	<b>13,094</b>
Special Projects	1,031	51	<b>1,082</b>	0	<b>1,082</b>
Local Authority Housing (HRA)	3,977	(3,334)	<b>643</b>	3,334	<b>3,977</b>
<b>Net Cost of Service</b>	<b>32,421</b>	<b>(9,085)</b>	<b>23,335</b>	<b>8,163</b>	<b>31,498</b>
Other Income & Expenditure	(13,938)	1,286	<b>(12,150)</b>	(10,749)	(22,899)
<b>(Surplus) or deficit</b>			<b>11,185</b>	<b>(2,586)</b>	<b>8,599</b>
Opening General Fund and Housing Revenue Account Balance 1 April 2022			(73,917)		
<b>Closing General Fund and Housing Revenue Account Balance 31 March 2023</b>			<b>(62,732)</b>		
<u>Made up of:</u>					
General Fund Balance			(1,506)		
Housing Revenue Account Balance			(1,010)		
General Fund Earmarked Reserves			(51,001)		
Housing Revenue Account Earmarked Reserves			(9,215)		
			<b>(62,732)</b>		

<b>2023/24</b>	As Reported In Quarterly Budget Monitoring Report £000	Adjustments to Arrive at the Net Amount Chargeable to the GF and HRA Balances £000	<b>Net Expenditure Chargeable to the GF and HRA Balances £000</b>	Adjustments between Funding and Accounting Basis £000	<b>Net Expenditure in the CIES £000</b>
Chief Executive	740	(341)	<b>399</b>	157	<b>557</b>
Corporate and Regulatory	5,162	(355)	<b>4,807</b>	21	<b>4,828</b>
Finance and Housing	9,572	(3,647)	<b>5,925</b>	(1,744)	<b>4,181</b>
Place and Environment	9,743	(3,113)	<b>6,630</b>	3,808	<b>10,438</b>
Special Projects	828	(70)	<b>757</b>	0	<b>757</b>
Local Authority Housing (HRA)	250	(601)	<b>(351)</b>	601	<b>250</b>
<b>Net Cost of Service</b>	<b>26,294</b>	<b>(8,127)</b>	<b>18,167</b>	<b>2,842</b>	<b>21,010</b>
Other Income & Expenditure	(13,075)	1,035	<b>(12,041)</b>	(20,893)	<b>(32,934)</b>
<b>(Surplus) or deficit</b>			<b>6,127</b>	<b>(18,050)</b>	<b>(11,924)</b>
Opening General Fund and Housing Revenue Account Balance 1 April 2023			(62,732)		
<b>Closing General Fund and Housing Revenue Account Balance 31 March 2024</b>			<b>(56,605)</b>		
<u>Made up of:</u>					
General Fund Balance			(1,507)		
Housing Revenue Account Balance			(1,013)		
General Fund Earmarked Reserves			(47,034)		
Housing Revenue Account Earmarked Reserves			(7,050)		
			<b>(56,605)</b>		

## NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

<b>2022/23</b>	Depreciation / Impairment	Soft Loan Adjustments	Charge for Pension Adjustment	Other Capital Adjustments	Other Adjustments	Total Adjustment Between Funding & Accounting Basis
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£000	£000	£000	£000	£000	£000
Chief Executive	282	0	468	0	0	750
Corporate and Regulatory	2	108	1,413	0	0	1,523
Finance and Housing	0	0	(968)	0	0	(968)
Place and Environment	1,934	0	1,591	0	0	3,524
Special Projects	0	0	0	0	0	0
Local Authority Housing (HRA)	0	0	(426)	3,760	0	3,334
<b>Net Cost of Service</b>	<b>2,218</b>	<b>108</b>	<b>2,077</b>	<b>3,760</b>	<b>0</b>	<b>8,163</b>
Other Income & Expenditure	(1,462)	4,369	2,061	(14,073)	(1,644)	(10,749)
<b>Total</b>	<b>756</b>	<b>4,476</b>	<b>4,138</b>	<b>(10,313)</b>	<b>(1,644)</b>	<b>(2,586)</b>

<b>2023/24</b>	Depreciation / Impairment	Soft Loan Adjustments	Charge for Pension Adjustment	Other Capital Adjustments	Other Adjustments	Total Adjustment Between Funding & Accounting Basis
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£000	£000	£000	£000	£000	£000
Chief Executive	157	0	0	0	0	157
Corporate and Regulatory	2	18	0	0	0	21
Finance and Housing	0	0	(1,744)	0	0	(1,744)
Place and Environment	3,808	0	0	0	0	3,808
Special Projects	0	0	0	0	0	0
Local Authority Housing (HRA)	0	0	(311)	912	0	601
<b>Net Cost of Service</b>	<b>3,967</b>	<b>18</b>	<b>(2,055)</b>	<b>912</b>	<b>0</b>	<b>2,842</b>
Other Income & Expenditure	(670)	(1,145)	1,024	(19,500)	(601)	(20,893)
<b>Total</b>	<b>3,297</b>	<b>(1,127)</b>	<b>(1,031)</b>	<b>(18,588)</b>	<b>(601)</b>	<b>(18,050)</b>



#### 4. INCOME AND EXPENDITURE ANALYSED BY NATURE

The authority's expenditure and income are analysed as follows:

<b>2022/23</b>		<b>2023/24</b>
<b>£000</b>		<b>£000</b>
	<b>Expenditure</b>	
25,220	Employee expenses	24,655
2,607	Premises	2,590
243	Transport	217
22,434	Supplies & Services	18,129
19,918	Third Party Payments	21,552
21,479	Housing Benefits	21,722
1,426	Support service recharges	(2,930)
6,349	Depreciation, amortisation, impairment	7,085
2,571	Interest payments	3,345
3,102	Precepts and levies	3,208
0	Payments to housing capital receipts pool	-
(674)	Income and expenditure in relation to investment properties and changes in their fair value	687
2,061	Net Interest on Defined Benefit Liability	1,024
<b>106,737</b>	<b>Total Expenditure</b>	<b>101,285</b>
	<b>Income</b>	
(34,163)	Fees, Charges & Other Service Income	(42,010)
(42,327)	Grants & Contributions	(36,503)
(1,462)	Gain on the disposal of assets	(670)
8,311	Gain from revaluation	6,502
2,448	Interest and investment income	(3,550)
(20,050)	Income from council tax, non-domestic rates, district rate income	(20,273)
(1,730)	Government grants and contributions	(1,793)
(9,166)	Other Capital Grants & Receipts	(14,912)
<b>(98,138)</b>	<b>Total Income</b>	<b>(113,209)</b>
<b>8,598</b>	<b>Surplus or deficit on the provision of services</b>	<b>(11,924)</b>

## 5. 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 arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2022/23	General Fund Balance & Reserves	Housing Revenue Account Balance & Reserves	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustment to the revenue resources</b>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension Costs	(4,193)	55	0	0	0	4,138
Pooled investment funds	(4,596)	0	0	0	0	4,596
Council tax and NDR	1,663	0	0	0	0	(1,663)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure	(1,504)	(9,239)	0	(3,060)	0	13,804
<b>Total adjustments to revenue resources</b>	<b>(8,630)</b>	<b>(9,184)</b>	<b>0</b>	<b>(3,060)</b>	<b>0</b>	<b>20,875</b>
<b>Adjustments between revenue and capital resources</b>						
Transfer of non-current asset sale proceeds from revenue to capital grants and receipts unapplied	(93)	(1,584)	(4,559)	0	0	2,968
Transfer of capital grants and contributions to capital grants unapplied	181	0	(550)	0	0	369
Administrative costs of non-current asset disposals	(29)	0	29	0	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
Posting of HRA resources from revenue to the major repair reserve	0	1,656	0	(1,656)	0	0
Capital expenditure financed from revenue balances	4,206	3,823	0	0	0	(8,030)
<b>Total adjustments between revenue and capital resources</b>	<b>4,266</b>	<b>7,064</b>	<b>(4,981)</b>	<b>(1,656)</b>	<b>0</b>	<b>(4,693)</b>
<b>Adjustment to capital resources</b>						
Use of capital receipts reserve to finance capital expenditure	0	0	5,316	0	0	(5,316)
Use of the major repairs reserve to finance capital expenditure	0	0	0	4,716	0	(4,716)
Application of capital grants to finance capital expenditure	8,984	0	0	0	1,051	(10,035)
Cash payment in relation to deferred capital receipts	86	0	0	0	0	(86)
<b>Total adjustments to capital resources</b>	<b>9,071</b>	<b>0</b>	<b>5,316</b>	<b>4,716</b>	<b>1,051</b>	<b>(20,154)</b>
<b>Total adjustments</b>	<b>4,707</b>	<b>(2,120)</b>	<b>335</b>	<b>0</b>	<b>1,051</b>	<b>(3,972)</b>

2023/24

	General Fund Balance & Reserves	Housing Revenue Account Balance & Reserves	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustment to the revenue resources</b>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension Costs	904	127	0	0	0	(1,031)
Pooled investment funds	756	0	0	0	0	(756)
Council tax and NDR	654	0	0	0	0	(654)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure	(5,117)	(6,546)	0	(3,024)	0	14,688
<b>Total adjustments to revenue resources</b>	<b>(2,802)</b>	<b>(6,419)</b>	<b>0</b>	<b>(3,024)</b>	<b>0</b>	<b>12,246</b>
<b>Adjustments between revenue and capital resources</b>						
Transfer of non-current asset sale proceeds from revenue to capital grants and receipts unapplied	(42)	718	(2,203)	0	0	1,527
Transfer of capital grants and contributions to capital grants unapplied	1,960	0	(2,201)	0	0	240
Administrative costs of non-current asset disposals	(6)	0	6	0	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
Posting of HRA resources from revenue to the major repair reserve	0	1,739	0	(1,739)	0	0
Capital expenditure financed from revenue balances	5,944	3,895	0	0	0	(9,839)
<b>Total adjustments between revenue and capital resources</b>	<b>7,857</b>	<b>6,352</b>	<b>(4,399)</b>	<b>(1,739)</b>	<b>0</b>	<b>(8,072)</b>
<b>Adjustment to capital resources</b>						
Use of capital receipts reserve to finance capital expenditure	0	0	1,630	0	0	(1,630)
Use of the major repairs reserve to finance capital expenditure	0	0	0	4,763	0	(4,763)
Application of capital grants to finance capital expenditure	12,951	0	0	0	(72)	(13,242)
Cash payment in relation to deferred capital receipts	112	0	0	0	0	(112)
<b>Total adjustments to capital resources</b>	<b>13,063</b>	<b>0</b>	<b>1,630</b>	<b>4,763</b>	<b>(72)</b>	<b>(19,385)</b>
<b>Total adjustments</b>	<b>18,118</b>	<b>(67)</b>	<b>(2,768)</b>	<b>0</b>	<b>(72)</b>	<b>(15,211)</b>

## 6. PROPERTY, PLANT AND EQUIPMENT

Movement on Balances 2022/23	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Eqpt	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction (WIP)	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>								
<b>At 1 April 2022</b>	<b>282,160</b>	<b>103,126</b>	<b>11,499</b>	<b>7,175</b>	<b>2,873</b>	<b>3,163</b>	<b>15,507</b>	<b>425,505</b>
Additions – Expenditure in year	10,985	2,162	191	174	0	0	12,198	25,709
Additions–transfer from WIP*	5,395	1,621	1,104	1,266	0	0	(9,387)	0
Revaluations recognised in the Revaluation Reserve	0	3,982	0	0	0	0	0	3,982
Revaluations recognised in the Provision of Services	(12,249)	(1,591)	0	0	0	(50)	0	(13,890)
Depreciation written out	0	0	0	0	0	0	0	0
Disposals	(1,293)	(97)	0	0	0	(1,582)	0	(2,972)
<b>At 31 March 2023</b>	<b>284,998</b>	<b>109,203</b>	<b>12,795</b>	<b>8,614</b>	<b>2,873</b>	<b>1,531</b>	<b>18,319</b>	<b>438,333</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2022	0	(3,781)	(4,517)	0	(411)	0	0	(8,708)
Depreciation charge	(3,060)	(2,770)	(508)	(332)	411	0	0	(6,259)
Impairment recognised in the Provision of Services	3,060	2,627	0	0	0	0	0	5,687
Impairment recognised in Revaluation Reserve	0	4	0	0	0	0	0	4
<b>Subtotal</b>	<b>0</b>	<b>(3,919)</b>	<b>(5,025)</b>	<b>(332)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(9,276)</b>
<b>Net Book Value</b>								
At 31 March 2023	284,998	105,285	7,772	8,282	2,873	1,531	18,319	429,063
At 31 March 2022	282,160	99,345	6,983	7,175	2,462	3,163	15,507	416,795

<b>Movement on Balances 2023/24</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture and Eqpt</b>	<b>Infrastructure Assets*</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction (WIP)</b>	<b>Total Property, Plant and Equipment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>								
<b>At 1 April 2023</b>	<b>284,998</b>	<b>109,203</b>	<b>12,795</b>	<b>8,282</b>	<b>2,879</b>	<b>1,531</b>	<b>18,319</b>	<b>438,007</b>
Additions – Expenditure in year	9,191	0	25	0	0	0	16,811	26,027
Additions–transfer from WIP	432	0	0	0	0	0	(432)	0
Revaluations recognised in the Revaluation Reserve	0	5,320	0	0	0	0	0	5,320
Revaluations recognised in the Provision of Services	(9,570)	(5,521)	0	0	0	0	0	(15,091)
Depreciation written out	0	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0	0
Disposals	(234)	(272)	0	0	0	(1,021)	0	(1,527)
<b>At 31 March 2024</b>	<b>284,816</b>	<b>108,730</b>	<b>12,820</b>	<b>8,282</b>	<b>2,879</b>	<b>510</b>	<b>34,698</b>	<b>452,735</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2023	<b>0</b>	<b>(3,919)</b>	<b>(5,025)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8,944)</b>
Depreciation charge	(3,024)	(3,094)	(507)	(371)	0	0	0	(6,996)
Impairment recognised in the Provision of Services	3,024	9	0	0	0	0	0	3,033
Impairment recognised in Revaluation Reserve	0	5,618	0	0	0	0	0	5,618
<b>Subtotal</b>	<b>0</b>	<b>(1,386)</b>	<b>(5,532)</b>	<b>(371)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(7,288)</b>
<b>Net Book Value</b>								
At 31 March 2024	284,816	107,344	7,288	7,911	2,873	510	34,698	445,444
At 31 March 2023	284,998	105,285	7,772	8,282	2,879	1,531	18,319	429,063

\*Infrastructure Assets are valued on the basis of Net Book Value.

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets where there is replacement expenditure is nil.

## Non-Current Asset Valuation

The Council has a policy of revaluing its property assets on a rolling programme, such that the intervals between valuations do not exceed 5 years as detailed in the accounting policies. From 1 April 2014 assets valued at over £1m will be revalued on an annual basis.

The valuations have been made in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual and Guidance notes. They have also been carried out in accordance with the relevant international accounting standards. All properties held for investment are revalued annually. The basis for valuation is the Fair Value as there is sufficient evidence of market transactions. Housing stock is valued using existing use value – social housing.

The properties were valued by Robert Reid-Easton, the Authority's Senior Valuer (a Professional Member of the Royal Institution of Chartered Surveyors), on 1 April 2024. Housing Revenue Account dwellings were valued as at 31 March 24 and the valuation is valid for the 3 months from that date.

In arriving at the valuation of this year's assets the following assumptions have been made:

- That the most valuable use of each property is the existing use; and
- That all properties are in a reasonable state of repair.

	<b>Council Dwellings</b>	<b>Other land and buildings</b>	<b>Vehicles, plant, furniture and equipment</b>	<b>Infrastructure</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets under construction</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Carried at historical cost	0	0	12,820	8,282	2,879	0	34,698	58,675
Carried at current value as at								
31 March 24	284,816	97,212	0	0	0	510	0	382,539
31 March 23	0	7,220	0	0	0	0	0	7,220
31 March 22	0	1,216	0	0	0	0	0	1,216
31 March 21	0	2,127	0	0	0	0	0	2,127
31 March 20	0	1,806	0	0	0	0	0	1,806
Prior Years	0	0	0	0	0	0	0	0
<b>Total</b>	<b>284,816</b>	<b>109,580</b>	<b>12,820</b>	<b>8,282</b>	<b>2,879</b>	<b>510</b>	<b>34,698</b>	<b>453,582</b>

## Intangible Non-Current Assets

	2022/23 £000	2023/24 £000
Opening Net Book Value	313	219
Additions – transferred from	0	0
Additions – expenditure in year	0	0
Amortisation	(94)	(88)
<b>Closing Net Book Value</b>	<b>219</b>	<b>131</b>

## Gain or Loss on Disposal of Non-Current Assets

	2022/23 £000	2023/24 £000
<b>Net Book Value</b>		
HRA right-to-buy	1,249	234
HRA other sales	1,626	1,251
Demolished	92	42
General Fund sales	0	0
<b>Total</b>	<b>2,968</b>	<b>1,527</b>
<b>Sales Proceeds</b>		
<b>HRA right-to-buy</b>		
HRA right-to-buy	(2,336)	(588)
HRA other sales	(2,123)	(1,614)
General Fund sales	0	(1)
<b>Total</b>	<b>(4,459)</b>	<b>(2,203)</b>
Less admin fees	29	6
<b>(Gain) or Loss on Disposal</b>	<b>(1,462)</b>	<b>(670)</b>

## Committed Capital Contracts

At 31 March 2024 the Authority was contractually committed to capital expenditure amounting to £936k in respect of the following projects:

Project	Total Commitment £000
Dover Market Square Project	288
Maison Dieu Restoration	573
Beacon Enabling Project	75
<b>Total</b>	<b>936</b>

## 7. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for within Net Cost of Services in the Comprehensive Income and Expenditure Statement:

	2022/23 £000	2023/24 £000
Rental income from investment property	1,613	1,927
Direct operating expenses arising from investment property	(971)	(735)
<b>Net gain or (loss)</b>	<b>642</b>	<b>1,192</b>

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or to repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year. The revaluation gains and losses are shown separately in the Comprehensive Income and Expenditure Statement in the Financing and Investment Income & Expenditure Section.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at start of the year</b>	24,420	25,094
Net gain/(loss) from fair value adjustments	674	(687)
Transfer (to)/from PPE (Change of Use)	0	0
<b>Balance at end of year</b>	<b>25,094</b>	<b>24,407</b>

## 8. HERITAGE ASSETS

Heritage Assets where the Council holds information on their cost or value are to be recognised on the Balance Sheet and are detailed in the table below.

	<b>At 1 April 2022</b>	Revaluation increases/(decreases) recognized in the revaluation reserve	Revaluation increases/(decreases) recognized in surplus or deficit on the provision of services	<b>At 31 March 2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Historic Buildings	580	0	0	580
Works of Art	68	0	0	68
Museum Collections	1,970	1	0	1,971
Town Hall Artefacts	2,438	63	0	2,501
Memorials and Statues	247	5	0	252
<b>Total</b>	<b>5,303</b>	<b>69</b>	<b>0</b>	<b>5,372</b>

	<b>At 1 April 2022</b>	Revaluation increases/(decreases) recognized in the revaluation reserve	Revaluation increases/(decreases) recognized in surplus or deficit on the provision of services	<b>At 31 March 2023</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Historic Buildings	580	(68)	(44)	468
Works of Art	68	0	0	68
Museum Collections	1,971	0	0	1,971
Town Hall Artefacts	2,501	0	0	2,501
Memorials and Statues	252	0	0	252
<b>Total</b>	<b>5,372</b>	<b>(68)</b>	<b>(44)</b>	<b>5,261</b>

## 9. CAPITAL EXPENDITURE AND FINANCING

The following statement identifies capital expenditure during the year and how that expenditure was financed:



	2022/23 £000	2023/24 £000
<b>Opening Capital Financing Requirement</b>		
<b>Capital Investment:</b>	<b>138,995</b>	<b>137,032</b>
Plant, property and equipment	25,709	25,993
Investment Property	0	0
Intangible assets	0	0
Revenue expenditure under statute funded by capital	1,740	2,480
Private sector housing loans	340	45
<b>Total Capital Investment</b>	<b>27,790</b>	<b>28,518</b>
<b>Sources of Finance:</b>		
Capital receipts (including Excess Right to Buy Receipts and PSH Loan Receipts)	(5,316)	(1,630)
Capital grants and contributions	(9,772)	(12,763)
Major repairs reserve	(2,195)	(2,161)
Direct revenue financing/Reserves	(8,030)	(9,839)
Section 106 funding	(264)	(116)
<b>Total Financing</b>	<b>(25,576)</b>	<b>(26,510)</b>
<b>Capital Financing Requirement Movement:</b>		
HRA Loan Repayments	(2,522)	(2,602)
Minimum Revenue Provision (MRP)	(1,656)	(1,673)
Under Borrowing	2,214	2,008
<b>Closing Capital Financing Requirement</b>	<b>137,032</b>	<b>134,764</b>

## 10. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

This represents capital expenditure on non-current assets not owned by the Council. The Code considers this to be revenue expenditure and as such the expenditure is charged in full to the relevant service revenue account in the Comprehensive Income and Expenditure Statement in the year it is incurred. Statute allows the expenditure to be funded from capital resources.

	2022/23		2023/24	
	£000	£000	£000	£000
Gross expenditure:				
Disabled Facilities Grants	1,700		2,169	
Winter Warmth Grants	40		276	
Renovation Loans	184		29	
Empty Home Loans	156		16	
Coast Protection	0		35	
		2,081		2,525
Grants & contributions received:				
Disabled Facilities Grant (KCC BCF)	(1,740)		(2,480)	
		(1,740)		(2,480)
Total deferred charges		340		45
Written off to revenue in year		(340)		(45)
<b>Total</b>		<b>0</b>		<b>0</b>

## 11. INVESTMENTS

The value of investments on the balance sheet is broken down as follows:

### Short Term Investments

	2022/23 £000	2023/24 £000
Cash flow short term investment	4	4
<b>Total</b>	<b>4</b>	<b>4</b>

### Long Term Investments

	2022/23 £000	2023/24 £000
Stocks	6	6
Pooled Investment Funds	45,444	45,955
<b>Total</b>	<b>45,450</b>	<b>45,961</b>

### Investment Portfolio

The Council's investment portfolio as at 31 March 2024 was as follows:

Counter Party	Maturity Date	Principal Invested £000
<u>Internal Investments:</u>		
Amortised cost		
Santander UK Notice Account		4
<b>Total Internal Investments</b>		<b>4</b>
<u>External Investments:</u>		
Fair value through profit and loss		
Pooled Investment Funds		
CCLA Local Authorities Property Fund		6,000
Ninety One Diversified Income Fund		10,000
CT Strategic Bond Fund		8,000
Payden Sterling Reserve Fund		8,000
CCLA Better World Cautious Fund		8,000
Aegon Diversified Monthly Income Fund		10,000
<b>Total External Investments</b>		<b>50,000</b>
<u>Cash and Cash Equivalents:</u>		
Amortised cost		
Cash at bank	n/a	(2,017)
Nat West	Instant Access	455
HSBC	Instant Access	0
Santander UK	Instant Access	1
Bank of Scotland	Instant Access	5
Barclays	Instant Access	1
Fair value through profit or loss		
Goldman Sachs MMF	Instant Access	1,217
Aberdeen MMF	Instant Access	0
<b>Total Cash and Cash Equivalents</b>		<b>(338)</b>

## 12. BORROWING

	2022/23 £000	2023/24 £000
<u>Short term borrowing</u>		
Accrued Interest	175	302
PWLB	2,602	2,685
Temporary loan	15,000	40,500
Salix loan	104	104
LTA loan	9	9
<b>Total Short Term Borrowing</b>	<b>17,889</b>	<b>43,600</b>
<u>Long term borrowing</u>		
PWLB	68,064	65,402
Salix Loan	194	90
LTA Loan	30	22
<b>Total Long Term Borrowing</b>	<b>68,288</b>	<b>65,514</b>

## 13. FINANCIAL INSTRUMENTS

The Council adopted the IFRS 9 Financial Instruments accounting standard with effect from 1st April 2019. The main changes include the reclassification and re-measurement of financial assets and the earlier recognition of the impairment of financial assets and the re-measurement of modified loan liabilities.

The Council has made use of the transitional provisions in IFRS 9 to not restate the prior year's financial statements.

### Financial Instruments - Classifications

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, benefits 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:

- long-term loans from the Public Works Loan Board and commercial lenders.
- short-term loans from other local authorities.
- 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 three classifications:

Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:

- cash at bank.
- bank current and deposit accounts with Natwest bank.
- fixed term deposits with banks and building societies.
- loans to other local authorities.
- soft loans made for service purposes.
- trade receivables for goods and services provided.

Fair value through other comprehensive income (where cash flows are solely payments of principal and interest, and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category) comprising:

- pooled bond, equity and property funds managed by fund managers held as strategic investments.

Fair value through profit and loss (all other financial assets) comprising:

- money market funds,

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.

## Financial Instruments - Fair Values

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.

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 2024, 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.

- 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

DRAFT

The balances of the financial instruments are shown in the table below:

## Financial Assets

Balance as at:	Fair Value Level	31 March 2023		31 March 2024	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Short term Assets</b>					
<b>Amortised cost:</b>					
Notice accounts with Bank and building societies		4	4	4	4
Total Short Term Investments		4	4	4	4
<b>Amortised cost:</b>					
Debtors		14,388	14,388	17,404	17,404
Cash and liquid assets		1,234	1,234	(1,555)	(1,555)
<b>Fair value through profit and loss:</b>					
Money Market funds	1	346	346	1,217	1,217
<b>Total short term assets</b>		<b>15,971</b>	<b>15,971</b>	<b>17,069</b>	<b>17,069</b>
<b>Long term Assets</b>					
<b>Amortised cost:</b>					
Long Term Debtors		516	516	446	446
Stocks		6	6	6	6
Soft Loans		2,442	2,442	2,687	2,687
<b>Fair value through profit and loss:</b>					
Long Term Investments	1	45,444	45,444	45,955	45,955
<b>Total long term assets</b>		<b>48,409</b>	<b>48,409</b>	<b>49,094</b>	<b>49,094</b>
<b>Total Financial Assets</b>		<b>64,380</b>	<b>64,380</b>	<b>66,163</b>	<b>66,163</b>

## Financial Liabilities

Balance as at:	Fair Value Level	31 March 2023		31 March 2024	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Short Term Liabilities</b>					
<b>Amortised cost:</b>					
Accrued Interest		(107)	(107)	(302)	(302)
PWLB repayments due		(2,692)	(2,692)	(2,685)	(2,685)
Temporary Loan		(15,000)	(15,000)	(40,500)	(40,500)
Lawn Tennis Association Loan		(9)	(9)	(9)	(9)
Salix Loan		(104)	(104)	(104)	(104)
Total Short Term Borrowing		(17,822)	(17,822)	(43,600)	(43,600)
Creditors		(16,650)	(16,650)	(7,963)	(7,963)

Balance as at:	Fair Value Level	31 March 2023		31 March 2024	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Total Short Term Liabilities</b>		<b>(34,472)</b>	<b>(34,472)</b>	<b>(51,563)</b>	<b>(51,563)</b>
<b><u>Long Term Liabilities`</u></b>					
<b>Amortised cost:</b>					
PWLB – maturity	2	(4,000)	(5,173)	(4,000)	(5,186)
PWLB – Annuity	2	(64,063)	(54,550)	(61,402)	(53,300)
Salix Loan	2	(194)	(194)	(90)	(90)
Lawn Tennis Association Loan	2	(30)	(30)	(22)	(22)
<b>Total Long Term Liabilities</b>		<b>(68,288)</b>	<b>(59,947)</b>	<b>(65,514)</b>	<b>(58,598)</b>
<b>Total Financial Liabilities</b>		<b>(102,760)</b>	<b>(94,418)</b>	<b>(117,077)</b>	<b>(110,161)</b>

### Financial Instruments – Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

Financial Instruments Income, Expense, Gains and Losses 23/24	Financial Liabilities at Amortised cost £000	Financial Assets at Amortised Cost £000	Financial Assets at Fair Value Profit & Loss £000	2023/24	2022/23
				£000	£000
Interest expense	3,345	0	0	3,345	2,570
Losses from changes in fair value	0	0	0	0	4,596
<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	<b>3,345</b>	<b>0</b>	<b>0</b>	<b>3,345</b>	<b>7,167</b>
Interest/dividend income	0	(644)	(2,149)	(2,798)	(2,149)
Gains from changes in fair value	0	(756)	0	(756)	0
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>(1,400)</b>	<b>(2,149)</b>	<b>(3,550)</b>	<b>(2,149)</b>
<b>Net (gain)/loss for the year</b>	<b>3,345</b>	<b>(1,400)</b>	<b>(2,149)</b>	<b>(204)</b>	<b>5,018</b>

### 14. FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

The Financial Instruments Adjustment Account reflects adjustments for soft loans and LOBO.

	2022/23		2023/24	
	£000	£000	£000	£000
Opening balance	1,349		1,204	
Movement during the year				
LOBO premium amortised cost		(25)		(25)
Soft loans		(119)		(370)
<b>Balance at 31 March</b>		<b>1,204</b>		<b>809</b>

## 15. SOFT LOANS

Soft loans are loans with a lower than market rate of interest. These are given as part of the organisation's Private Sector Housing schemes. Financial instrument adjustments are made to the holding values of the loans to reflect the difference between the interest rate charged and the market rate.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Opening balance	2,413	2,443
Advances in year	184	29
Repayments in year	(274)	(155)
Financial instruments adjustments	119	370
<b>Closing balance</b>	<b>2,443</b>	<b>2,687</b>

## 16. POOLED INVESTMENT FUNDS ADJUSTMENT ACCOUNT

The amount shown on the Pooled Investment Funds Adjustment Account represents unrealised gains/losses in respect of the Council's strategic pool fund investments that have been classified as fair value profit and loss.

<b>Pooled Investment Funds Adjustment Account</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Opening balance	206	4,801
Unrealised profit/(loss) on pooled investments and fixed securities	4,596	(756)
<b>Closing balance</b>	<b>4,802</b>	<b>4,045</b>

## 17. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

In line with 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 Investment Strategy in compliance with the Ministry for Housing, Communities and Local Government Guidance on Local Government Investments. This Guidance emphasises 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 main risks covered are:

- **Credit Risk:** The possibility that the counterparty 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 materialise because of changes in market variables such as interest rates or equity prices.

### Credit Risk

The Council manages credit risk by ensuring that treasury 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 swap and equity prices when selecting commercial entities for investment.

A limit of £10m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £5m applies. The Council also sets limits on investments in certain sectors.

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 150% to adjust for current and forecast economic conditions. A [two-year] delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by [three] or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a “D” credit rating or equivalent. At 31st March 2024, there were no loss allowances related to treasury investments.

### Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. 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. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 25% of the Council’s borrowing matures in any one financial year.

The maturity analysis of financial instruments is as follows:

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Cash and cash equivalents	1,580	(338)
Less than 1 year	4	4
More than 1 year	45,450	45,961
<b>Total</b>	<b>47,034</b>	<b>45,627</b>

The Council has taken into account that all trade and other payable creditors are due to be paid in less than one year, and treasury management procedures allow for sufficient cash flow funds to be maintained to settle these as they become due.

### **Market Risk**

The Council is not exposed to significant risk in terms of its exposure to interest rate movements because the majority of investments are in fixed rate instruments. However, investments held in fixed rate deposits carry a market risk in that interest rates could rise above the current level and therefore achieve lower rates than those available in the market in the future.

The Council has a policy of holding all investments to maturity and is, therefore, insulated from temporary changes in the prices of those investments.

### **Foreign Exchange Risk**

The Council has no Financial Instruments denominated in foreign currencies and thus has no exposure to losses arising from movements in exchange rates.

### **Interest Rate Risk**

The Council's long-term investment return for the period to 31 March was 7.13% (annualised), which outperformed the benchmark by 2.17%. DDC uses as benchmark to assess its performance the 3-month Sterling Overnight Rate (SONIA) rate and this averaged 4.96% over the period to 31st March. The total forecast interest and dividends income for the year is £2,395k, which is £460k higher than the original budget estimate of £1,935k.

The Council paid interest on its long-term borrowings of £2.5m based on an average rate of 3.66%. The loans associated with this borrowing are held at fixed interest rates and therefore there is no associated interest rate risk with the existing commitments.

## **18. PENSION COSTS**

Employees of Dover District Council may participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The fund is administered by KCC in accordance with the Local Government Pension Scheme Regulations 2013, as amended. Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The triennial valuation took effect from April 2022 and set the contributions for the period 1 April 2022 to 31 March 2025.

### **Transactions Relating to Retirement Benefits**

The cost of retirement benefits is recognised in the cost of services when they are earned by employees, rather than when the benefits are eventually 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 via the MIRS. The following transactions have been made in the CIES and the General Fund Balance via the MIRS during the year:

	2022/23 £000	2023/24 £000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services</b>		
Current service costs	7,445	2,818
Curtailments and past service costs	0	0
Administrative expense	78	117
<b>Net Operating Expenditure</b>		
Net Interest on the Defined Liability	2,061	1,024
<b>Charge to the Surplus or Deficit on the Provision of Services</b>	<b>9,584</b>	<b>3,959</b>

**Other charge to the Comprehensive income and expenditure statement**

Return on plan assets (excluding the amount included in net interest expense)	(1,660)	(1,337)
Actuarial gains and losses arising on changes in demographic assumptions	5,898	2,184
Actuarial gains and losses arising on changes in financial assumptions	82,340	2,153
Experience loss/(gain) on defined benefit obligation	(24,199)	(464)
Other actuarial gains and losses	(67)	0
Settlements	0	0
<b>Re-measurement of the net defined benefit liability</b>	<b>62,312</b>	<b>2,536</b>

**Movement in Reserves Statement**

Reversal of net charges made for retirement benefits in accordance with IAS 19	(9,584)	(3,959)
Actual amount charged to the General Fund for pensions in the year:		
Employer's contributions payable to scheme	5,446	4,990
<b>Contribution (From) or To Pensions Reserve</b>	<b>(4,138)</b>	<b>1,031</b>

As required under IAS19 the valuation method used is the projected unit method of valuation. With this method where the age profile of the active membership is rising the current service cost will increase as the members of the scheme approach retirement.

**Pension Assets and liabilities recognised in the Balance Sheet**

The table below summarises the reconciliation of the present value of scheme liabilities:

<b>Liabilities</b>	<b>2022/23</b>	<b>2023/24</b>
Opening balance at 1 April	209,736	153,229
Current service costs	7,445	2,818
Interest cost	5,385	7,181
Change in financial assumptions	(82,340)	(2,153)
Change in demographic assumptions	(5,898)	(2,184)

Experience loss/(gain) on defined benefit obligation	24,199	464
Liabilities assumed / (extinguished on settlement)	0	0
Benefits paid net of transfers in	(5,861)	(7,817)
Past service costs, including curtailments	0	0
Contributions by scheme participants	1,119	1,071
Unfunded pension payments	(556)	(595)
<b>Closing balance at 31 March</b>	<b>153,229</b>	<b>152,014</b>

The liability shows the underlying commitment that the Council has in the long run to pay retirement benefits.

The table below summarises the reconciliation of the present value of scheme assets:

<b>Assets</b>	<b>2022/23</b>	<b>2023/24</b>
Opening balance at 1 April	127,771	129,438
Interest on assets	3,324	6,157
Return on assets less interest	(1,660)	(1,337)
Other actuarial gains / (losses)	(67)	0
Administration expenses	(78)	(117)
Contributions by employer including unfunded	5,446	4,990
Contributions by scheme participants	1,119	1,071
Estimated benefits paid plus unfunded net of transfers in	(6,417)	(8,412)
Settlement prices received / (paid)	0	0
<b>Closing balance at 31 March</b>	<b>129,438</b>	<b>131,790</b>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

### **Net Pension Liability**

The table below details the net pension liability included in the Balance Sheet:

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Present value of funded obligation	147,053	146,278
Fair value of scheme assets (bid price)	(129,438)	(131,790)
<b>Net Liability</b>	<b>17,615</b>	<b>14,488</b>
Present value of unfunded obligation	6,176	5,736
<b>Net Liability in Balance Sheet</b>	<b>23,791</b>	<b>20,224</b>

The figures presented are prepared only for the purpose of IAS19. They are not relevant for calculations undertaken for funding purposes. IAS19 does not have any impact on the actual level of employer contributions paid to Kent County Council Pension Fund. Employers' levels of contribution are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields).

## Reconciliation of Opening & Closing Surplus or Deficit

The table below reconciles the opening and closing deficit on the scheme:

<b>Surplus or Deficit</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Opening balance at 1 April	(81,965)	(23,791)
Current service costs	(7,445)	(2,818)
Past service costs and curtailments	0	0
Employer's contributions	5,446	4,990
Administrative expenses	(78)	(117)
Capitalised loss on settlement	0	0
Remeasurement of net defined benefit liability	62,312	2,536
Interest on net defined benefit liability	(2,061)	(1,024)
<b>Closing balance at 31 March</b>	<b>(23,791)</b>	<b>(20,224)</b>

## Breakdown of Assets Held by Pension Fund shown at Fair Value

The fair values of the attributable assets and expected rates of return are given below (Noting due to rounding they may not total 100%):

<b>Assets</b>	<b>31-Mar-23</b>		<b>31-Mar-24</b>	
	<b>Fund Value</b>	<b>Percentage of Fund</b>	<b>Fund Value</b>	<b>Percentage of Fund</b>
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Equities	82,597	64	76,667	58
Gilts	709	1	9,656	7
Bonds	17,000	14	18,976	14
Property	12,919	11	11,824	9
Cash	2,322	2	2,099	2
Target Return Portfolio	9,482	7	6,659	5
Infrastructure	4,409	0	5,909	4
<b>Total</b>	<b>129,438</b>	<b>100</b>	<b>131,790</b>	<b>100</b>

Percentage of the total Fund held in each asset class split by those that have a quoted market price in an active market and those that do not:

<b>Asset Breakdown</b>	<b>% Quoted</b>	<b>% Unquoted</b>
<b>Fixed Interest Government Securities</b>		
UK	-	-
Overseas	0	-
<b>Index Linked Government Securities</b>		
UK	7	-
Overseas	-	-
<b>Corporate Bonds</b>		
UK	4	-
Overseas	11	-

<b>Equities</b>	
UK	16
Overseas	38
<b>Property</b>	
All	9
<b>Others</b>	
Absolute return portfolio	5
Private Equity	5
Infrastructure	4
Derivatives	(2)
Cash/Temporary Investments	3
<b>Net Current Assets</b>	
Debtors	1
Creditors	(0)
<b>Total</b>	<b>80</b>

### Scheme History

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	-£000	£000	£000	£000	£000	£000
Present value of liabilities	(177,664)	(174,667)	(175,356)	(167,585)	(210,956)	(209,736)	(153,229)	(152,014)
Scheme assets	91,841	93,614	99,199	90,384	123,983	127,771	129,438	131,790
<b>Surplus or (deficit) in the scheme</b>	<b>(85,823)</b>	<b>(81,053)</b>	<b>(76,157)</b>	<b>(77,201)</b>	<b>(86,973)</b>	<b>(81,965)</b>	<b>(23,791)</b>	<b>(20,224)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £20m 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.

### Remeasurement of Net Defined Benefit Liability

The remeasurement changes to the net defined liability translate into movements on the Pensions Reserve in 2023/24 and are detailed below:

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	-£000	£000	£000	£000	£000	£000
Remeasurement of the net defined liability recognised in the CIES	(7,589)	6,481	6,315	1,129	(3,722)	8,784	62,312	2,536
<b>Cumulative remeasurement of the net defined benefit liability</b>	<b>(67,910)</b>	<b>(61,429)</b>	<b>(55,114)</b>	<b>(53,985)</b>	<b>(57,707)</b>	<b>(48,923)</b>	<b>13,389</b>	<b>15,925</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, and estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, on behalf of Kent County

Council based upon the latest full valuation of the scheme which took effect from April 2022.

The financial assumptions used for the purposes of IAS19 calculations are given below:

	2022/23	2023/24
<b>Life expectancy from age 65 (years)</b>		
<b>Retiring Today</b>		
Men	21.1	20.8
Women	23.5	23.3
<b>Retiring in 20 years</b>		
Men	22.3	22.0
Women	25	24.7
Rate of inflation – CPI	2.90%	2.90%
Rate of increase in salary	3.90%	3.90%
Rate of increase in pension	2.90%	2.90%
Rate for discounting scheme liabilities	4.80%	4.90%

### Sensitivity Analysis

The following table sets out the impact of a small change in the discount rate; salary increase; pension increase; and mortality assumptions on the defined benefit obligation and projected service cost.

	£000	£000	£000	£000	£000
Adjustment to discount rate:	+0.5%	+1.0%	0.0%	-1.0%	-0.5%
Present value of total obligation	142,062	149,929	152,014	154,148	163,216
Projected service cost	2,242	2,586	2,679	2,776	3,197
Adjustment to long term salary increase:	+0.5%	+1.0%	0.0%	-1.0%	-0.5%
Present value of total obligation	152,871	152,183	152,014	151,846	151,187
Projected service cost	2,688	2,681	2,679	2,677	2,670
Adjustment to pension increases and deferred revaluation:	+0.5%	+1.0%	0.0%	-1.0%	-0.5%
Present value of total obligation	162,532	154,019	152,014	150,055	142,660
Projected service cost	3,211	2,777	2,679	2,584	2,228
Adjustment to life expectancy assumption:		+1 year	None	-1 year	
Present value of total obligation		158,899	152,014	145,463	
Projected service cost		2,785	2,679	2,577	

## Projected Pension Expense for the Year to 31 March 2025

These projections are based on the Actuary's assumptions as at 31 March 2024.

	<b>2024/25 Projection £000</b>
Service cost	2,679
Net interest on the defined liability (asset)	869
Administration expenses	115
<b>Total</b>	<b>3,663</b>
Employer's contributions	4,435

### Further Information

Information can also be found in Kent County Council's Superannuation Fund Annual Report, which is available upon request from the Investment Section, Sessions House, County Hall, Maidstone, Kent, ME14 1XQ.

### 19. DEMAND ON THE COLLECTION FUND – COUNCIL TAX

<b>Council Tax Income</b>	<b>£000</b>	<b>2022/23 £000</b>	<b>£000</b>	<b>2023/24 £000</b>
District council's council tax		8,038		8,322
Parish councils' council tax		3,019		3,120
		<u>11,057</u>		<u>11,442</u>
Current year's actual Collection Fund surplus / (deficit)	45		6	
<b>Reversal of the difference between:</b>				
Prior year's actual accumulated Collection Fund surplus	(46)		45	
Share of estimated prior year surplus distributed in year	109		(55)	
	<u>63</u>		<u>(10)</u>	
		(18)		16
Council Tax S31 Grant – re discount for Family Annexes		17		0
<b>Amount credited to the CIES from Council Tax</b>		<u>11,056</u>		<u>11,458</u>

### 20. INCOME FROM NATIONAL NON-DOMESTIC RATES (NNDR)

	<b>2022/23 £000</b>	<b>£000</b>	<b>2023/24 £000</b>	<b>£000</b>
District council's share of NNDR		15,630		19,865
S31 Grant for NNDR Reliefs given		4,776		4,413
Tariff to Central Government		(12,270)		(15,325)
Levy Payable to Government/Pool Lead		(968)		(1,211)
Levy Surplus and other grants		20		31



	2022/23		2023/24	
	£000	£000	£000	£000
Current year's actual Collection Fund surplus/(deficit) - NNDR		3		692
<b>Reversal of the difference between:</b>				
Prior year's actual accumulated Collection Fund surplus/(deficit)	1,569		(3)	
Share of estimated prior year surplus/(deficit) contributed in year	<u>(1,501)</u>		<u>(226)</u>	
		68		(229)
<b>Income from NNDR</b>		<b>7,259</b>		<b>8,235</b>
<b>Enterprise Zone Relief:</b>				
Enterprise Zone Relief received from Government/KCC	539		579	
Enterprise Zone Relief due from/(to) Government/KCC	<u>54</u>		<u>0</u>	
<b>Total Enterprise Zone Relief</b>		<b>593</b>		<b>579</b>
<b>Renewable Energy NNDR Retained:</b>				
Renewable Energy retained as per NNDR1	1,141		0	
Further Renewable energy due for year/(reduction)	<u>1</u>		<u>2</u>	
<b>Total Renewable Energy Retained</b>		<b>1,142</b>		<b>2</b>
<b>Amount credited to CIES from NNDR (inc. Enterprise Zone Relief)</b>		<b>8,994</b>		<b>8,815</b>

## 21. GRANT INCOME

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement:

	2022/23	2023/24
	£000	£000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
General government grants:		
Revenue Support Grant	82	388
New Burdens Grant	419	0
Funding Guarantee	0	760
New Homes Bonus	<u>1,228</u>	<u>645</u>
<b>Total non-specific grant income</b>	<b>1,730</b>	<b>1,793</b>
<b>Capital Grants &amp; Contributions</b>	<b>£000</b>	<b>£000</b>
KCC Better Care Fund	1,240	1,486
Section 106	264	116
Environment Agency	195	35
Homes England	5,794	7,577
MHCLG Future High Streets Fund	57	167
Levelling Up Fund	1,076	70
Local Authority Housing Fund	<u>357</u>	<u>3,499</u>
<b>Total capital grant contributions</b>	<b>8,984</b>	<b>12,951</b>

<b>Credited to Services</b>	<b>£000</b>	<b>£000</b>
Rent Allowance Subsidy	13,488	13,133
Benefit Administration Grant	165	109
Council Tax Administration Grant	337	239
Non-HRA Rent Rebate Subsidy	522	695
HRA Rent Rebate Subsidy	7,149	7,418
Discretionary Housing Payment Contribution	175	177
NNDR Cost of Collection Allowance	170	165
New Burdens – NNDR	97	0
New Burdens – CTAX	181	279
Homelessness Grant	579	736
Rough Sleeping	290	649
NHS Grant	7	0
DPHA – Officer Meetings	8,335	3,624
Other	1,353	3,751
KCC Contributions	1,664	299
Agency Reimbursements	21	75
Household Support Fund	0	485
Elections New Burdens	0	40
Covid19 Grants Inc. ARF Grant	0	6
Biodiversity Grant	0	54
Land Registry Grant	0	25
Council Tax Rebate	0	(32)
Donations / Sponsorship	171	112
Other Non Govt Grants	125	88
WCCP Projects	831	414
Rechargeable Works	73	105
Energy Bill Support Scheme	603	(432)
Misc Contributions	590	282
Joint Financing	5,230	5,847
<b>Total Credited to Services</b>	<b>42,157</b>	<b>38,341</b>
<b>Total Grant Income</b>	<b>52,872</b>	<b>53,085</b>

## 22. OFFICERS' EMOLUMENTS, ANNUAL LEAVE AND TERMINATION BENEFITS

### Emoluments

The table below shows the number of Council officers, including senior employees, whose remuneration exceeds £50k grouped into £5k bands. Remuneration is defined as 'the amount paid to or receivable by an employee, and includes gross pay (i.e. before deduction of employees' pension contributions), redundancy payments, sums due by way of expenses, allowances and the estimated monetary value of benefits such as a leased car and other non-cash items'. Pension contributions made by the Authority are not included.

Remuneration Band	Number of Employees	
	2022/23	2023/24
£50,000-£54,999	6	15
£55,000-£59,999	16	5
£60,000-£64,999	19	18
£65,000-£69,999	5	10
£70,000-£74,999	4	0
£75,000-£79,999	2	5
£80,000-£84,999	2	1
£85,000-£89,999	4	3
£90,000-£94,999	1	2
£95,000-£99,999	1	2
£100,000-£104,999	1	0
£110,000-£114,999	1	0
£115,000-£119,999	1	0
£120,000-£124,999	0	1
£125,000-£129,999	1	0
£135,000-£139,999	1	0
£145,000-£149,999	0	1
	<b>65</b>	<b>63</b>

### Exit Packages

The number of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the table below. This includes those for which the Authority is demonstrably committed.

Exit Package Cost Band	2022/23			2023/24		
	Number of compulsory redundancies	Number of other departures agreed	Total Cost of Exit Packages £'000	Number of compulsory redundancies	Number of other departures agreed	Total Cost of Exit Packages £'000
£0 - £19,999	-	-	-	1	2	26
£20,000-£39,999	-	-	-	1	-	35
£40,000 - £59,999	-	2	106	-	1	41
£60,000 - £79,999	1	-	66	-	1	60
<b>Total</b>	<b>1</b>	<b>2</b>	<b>172</b>	<b>2</b>	<b>4</b>	<b>162</b>

### Senior Officers' Emoluments

Under the Accounts and Audit Regulations 2015, the Authority is required to include additional remuneration information in the Statement of Accounts about the senior officers, as shown below. These employees are included in the banding table; however, for the note there is an additional inclusion of the employer's pension contributions.

<b>2022/23 Post Title</b>	<b>Salary, Fees &amp; Allow- ances</b>	<b>Expense Allow- ances</b>	<b>Car Allowance (eg Benefits in Kind or Cash)</b>	<b>Comp. for Loss of Office</b>	<b>Total Remune- ration Excl. Pension</b>	<b>Pension contrib- utions</b>	<b>Total Remune- ration including pension</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chief Executive	95	3	8	0	106	21	127
Strategic Director (Corporate and Regulatory)	73	2	4	0	79	15	94
Strategic Director (Finance and Housing)	76	3	8	0	87	16	103
Strategic Director (Place and Environment)	78	3	9	0	90	17	107
Head of Leadership Support	57	0	6	58	121	11	132
Head of Community and Digital Services	79	0	3	0	82	16	98
<b>Total</b>	<b>458</b>	<b>11</b>	<b>38</b>	<b>58</b>	<b>565</b>	<b>96</b>	<b>661</b>

<b>2023/24 Post Title</b>	<b>Salary, Fees &amp; Allow- ances</b>	<b>Expens e Allow- ances</b>	<b>Car Allowance (eg Benefits in Kind or Cash)</b>	<b>Comp. for Loss of Office</b>	<b>Total Remune- ration Excl. Pension</b>	<b>Pension contrib- utions</b>	<b>Total Remune- ration including pension</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chief Executive	106	3	11	0	120	25	145
Strategic Director (Corporate and Regulatory)	86	3	10	0	99	19	118
Strategic Director (Finance and Housing)	81	3	7	0	91	16	107
Strategic Director (Place and Environment)	81	3	3	0	87	16	103
Head of Community and Digital Services	81	0	8	60	149	13	162
<b>Total</b>	<b>435</b>	<b>12</b>	<b>39</b>	<b>60</b>	<b>546</b>	<b>89</b>	<b>635</b>

### Reasons for Change between years 2022-23 to 2023-24

Head of Community and Digital Services – Mid-year leaver and post removed.

## 23. CAPITAL RECEIPTS

### Usable Capital Receipts

These are proceeds from the sale of capital assets that have not yet been used to finance new capital expenditure. Capital receipts are as defined in the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. The latter provides for the payment to the Secretary of State of a proportion of the capital receipts from the sale of Housing Revenue Account assets.

	2022/23	2023/24
	£000	£000
Balance at 1 April	(16,064)	(15,728)
Usable capital receipts received	(4,981)	(4,399)
	<u>(21,044)</u>	<u>(20,127)</u>
Less: usable capital receipts applied:		
Expenditure on non-current assets	4,975	1,585
Empty Home Loans	156	16
Private Sector Housing Loans	184	29
Pooled housing capital receipts	0	0
<b>Balance at 31 March</b>	<b><u>(15,728)</u></b>	<b><u>(18,497)</u></b>

### Pooling of Housing Capital Receipts

In accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, local authorities are required to pool a proportion of their capital receipts from the sale of Housing Revenue Account assets.

DDC has entered into an agreement with Government to retain receipts above the level anticipated under Housing Finance Reform. These excess receipts (known as 1:4:1 replacement) are ring fenced to provide part funding of the cost of new affordable / social housing.

## 24. GENERAL FUND AND HRA BALANCES

The Council's policy is to maintain a General Fund balance above £1.5m and an HRA balance above £1m.

## 25. EARMARKED RESERVES

General Fund Earmarked Reserves:	Opening Balance	Receipts in year	Applied in year	Closing Balance
	£000	£000	£000	£000
Special Projects & Events	26,146	1,018	(3,763)	23,401
Periodic Operations	8,205	3,558	(3,887)	7,877
Smoothing Reserve	4,000	0	(510)	3,490
Regeneration	2,791	479	(191)	3,080
ICT Equipment & Servers	1,709	115	(256)	1,568
Business Rates & Council Tax	3,655	55	(811)	2,898
Operational and Fee Income Reserve	4,494	466	(240)	4,721
<b>Total</b>	<b>51,000</b>	<b>5,691</b>	<b>(9,658)</b>	<b>47,034</b>

**Special Projects & Events** – This reserve is set aside to continue to fund one-off General Fund projects as they arise and to support major events in the district. It can be used for both revenue and capital projects.

**Periodic Operations** – This reserve is to cover costs of cyclical / periodic events such as elections, “carry forward requests” and to hold grants or other income streams for specific purposes, such as the Homelessness grant and On-Street parking surpluses.

**Smoothing Reserve** – This reserve is to mitigate the risk and the volatility of the budget to enable the council to take a measured approach to the forecast pressures. This will enable the projections for future revenue budgets to be based on “mid case” assumptions and if subsequently an overspend is incurred due to unanticipated pressures, this will be met from the Smoothing Reserve and remedial action (including rebuilding of the Smoothing Reserve) will be planned for future years.

**Regeneration** – In order to support the Local Development Framework process and associated regeneration projects a Regeneration Reserve has been established.

**ICT Equipment & Servers** – The current ICT Equipment & Servers reserve is held in order to support the requirements of the current and future ICT Strategies.

**Business Rates & Council Tax** – This reserve has been established to allow for the risk of unforeseen pressures from the Redistribution of Business Rates and the new Council Tax Support scheme and future changes for Universal Credit. As there are still many uncertainties around these areas, such as the unknown collection rates achievable and the level of business rates appeals, etc., this reserve has been retained and will be reviewed on an annual basis.

**Operational and Fee Income Reserve** – This reserve is required to provide the flexibility to cope with areas of fee income uncertainty including the volume of fees raised, the fee level per transaction and therefore the total income stream, the cost base and any more significant structural changes to the service that may arise.

<b>Housing Revenue Account Earmarked Reserves:</b>	<b>Opening Balance</b>	<b>Receipts in year</b>	<b>Applied in year</b>	<b>Closing Balance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Housing Initiatives	8,740	0	(2,505)	6,235
HRA MRP Allowance	475	340	0	815
Major Repairs Reserve	0	4,763	(4,763)	0
<b>Total</b>	<b>9,215</b>	<b>5,103</b>	<b>(7,268)</b>	<b>7,050</b>

**Housing Initiatives Reserve** – This reserve has been established to provide a source of funding for special initiatives arising in respect of affordable housing.

**Minimum Revenue Provision Allowance** – This reserve has been established to set aside a provision to be applied to reduce future borrowing requirements. It is calculated in a similar manner to the GF Minimum Revenue Provision but is not required by regulations and so can be used flexibly if required.

**Major Repairs Reserve** – This is a ring-fenced reserve for HRA capital expenditure or debt repayment of a housing nature.

## 26. DEBTORS

<b>Long Term Debtors</b>	<b>31 March 2023</b>	<b>31 March 2024</b>
	<b>£000</b>	<b>£000</b>
Loans to:		
Local organisations	0	0
Local Authorities	516	447
Other:		
Housing benefit debtors <sup>1</sup>	382	265
<b>Total</b>	<b>898</b>	<b>712</b>

<sup>1</sup> **Housing benefit debtors** –Housing benefit overpayments are often recovered through deductions from claimants' future benefits over many years. This debtor represents the value of housing benefit outstanding at 31 March which is expected to be recovered after one year.

<b>Short Term Debtors</b>	<b>31 March 2023</b>	<b>31 March 2024</b>
	<b>£000</b>	<b>£000</b>
General Fund		
Central Government	23,131	18,608
Local Authorities	3,662	3,758
Payments in Advance	1,020	1,638
Other debtors	4,173	7,318
	<u>31,986</u>	<u>31,322</u>
Collection Fund		
Local tax payers (district council's share)	3,476	6,005
Central Government	94	0
	<u>3,570</u>	<u>6,005</u>
Other Local Authorities – cash due	637	945
<b>Total</b>	<b>36,192</b>	<b>38,273</b>

The carrying amount is also deemed to be the fair value (being the amount that the market is willing to exchange assets).

<b>Impairment Allowance</b>	<b>Council Tax</b>	<b>NDR</b>	<b>General Debtors</b>	<b>Housing Benefits</b>	<b>HRA</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance at 1 April 2022	913	1,251	1,304	1,414	612	5,494
Write-offs	(42)	(1,450)	(55)	(83)	(6)	(1,636)
Contribution to /(from) provision	122	870	80	(44)	0	1,028
<b>Balance at 31 March 2023</b>	<b>993</b>	<b>671</b>	<b>1,329</b>	<b>1,287</b>	<b>606</b>	<b>4,886</b>
Write-offs	(45)	(29)	64	(65)	0	(75)
Contribution to /(from) provision	205	48	(184)	(6)	64	127
<b>Balance at 31 March 2024</b>	<b>1,153</b>	<b>690</b>	<b>1,209</b>	<b>1,216</b>	<b>670</b>	<b>4,938</b>

The impairment allowance in respect of council tax and NNDR represent the Council's share only. The total impairment allowance in respect of council tax, together with the bad debt provision for NNDR, can be found on page 82.

## Disclosure Requirements under IAS 32 (Financial Instruments: Presentation)

Debtors are classified as financial assets under IAS 32 and as such require additional disclosures on the age profile and collectability of the debt.

### Age of Debt

An analysis of the age profile of trade debtors is given in the table below which form part of the other debtors figure shown above.

Age of debt	At 31 March 2023			At 31 March 2024		
	General Debtors £000	HRA £000	Total £000	General Debtors £000	HRA £000	Total £000
< 1 month	321	287	608	1,885	281	2,166
1 – 3 months	663	136	799	136	123	259
3 – 6 months	(9)	96	87	83	77	160
6 – 12 months	(127)	143	16	(42)	211	169
1 year +	343	538	881	323	552	875
<b>Total</b>	<b>1,191</b>	<b>1,200</b>	<b>2,391</b>	<b>2,385</b>	<b>1,244</b>	<b>3,629</b>

### Collectability of Debt

The Council does not generally allow credit for customers; however, it is prudent to establish a provision for non-payment of debt. This calculation is based upon the type and age of the debtor and allows a percentage for the expected failure of collection. The Council's potential maximum exposure to default or collectability of the debt as at 31 March is shown in the impairment allowance table above.

## 27. CASH & CASH EQUIVALENTS

Under the IFRS Code investments which are considered to be of a liquid nature are to be included under the category of cash and cash equivalents. Under the Council's accounting policies these are deemed to be internally managed investments with a maturity date within 100 days of the Balance Sheet date and net cash holdings in the Council's bank accounts.

	2022/23 £000	2023/24 £000
Cash held at bank/(Overdraft)	(171)	(2,018)
Bank call accounts	1,751	1,680
<b>Total Cash and Cash Equivalents</b>	<b>1,580</b>	<b>(338)</b>

## 28. SHORT TERM CREDITORS

As at 31 March	2022/23 £000	2023/24 £000
General Fund		
Government departments	(18,893)	(2,580)
Other local authorities	(1,257)	(1,198)
Housing tenants	(288)	(508)
Other creditors	(8,015)	(8,147)
	<b>(28,453)</b>	<b>(12,433)</b>



<b>As at 31 March</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
Collection Fund		
Government Departments	(3,034)	(2,228)
Local Authorities	(9,428)	(430)
Local tax payers (DDC's share)	(1,004)	(609)
	<u>(13,467)</u>	<u>(3,267)</u>
<b>Total</b>	<b><u>(41,920)</u></b>	<b><u>(15,700)</u></b>

## 29. PROVISIONS

### Localisation of Business Rates

Under the localisation of business rates, the Council is required to calculate a provision for successful appeals made against NNDR debts based on disputes over rateable value, which includes an estimate based on appeals currently lodged against 2023/24 and prior years. The Council includes only its share (40%) of the total appeals provision calculated within the Council's own balance sheet. The full provision of circa £4.96m (2022/23 £4m) can be seen within the separate Collection Fund section.

The likely reduction in business rates income arising from appeals is difficult to estimate accurately, as decisions by both the Valuation Office Agency (VOA) and Valuation Tribunal Service are difficult to predict.

The provision for appeals against the 2023 valuation is based on an estimate of 2.1p per £1 of Rateable Value, which is in accordance with the calculations proposed by other Kent Authorities. This is a national rate that Central Government used when re-calculating tariffs payable by local authorities under the 2017 valuation. It represents the average annual decrease in RV expected across the period of the 2023 valuation.

### Municipal Mutual Insurance

In 1992 the company failed and went into solvent "run-off". If a solvent "run-off" is not achieved the Council is liable to repay sums paid out on its behalf to settle claims. The maximum amount liable to clawback is the total claim payments of £182,782 less £50,000. In 2012/13 the scheme administrator indicated that a levy of between 9.5% and 28% would be required to achieve a projected solvent run off. A provision of 25% of the claim payment was therefore set aside. In 2013/14 the appointed administrators, Ernst & Young, set the amount liable to clawback at 15% and as a result a payment was made to MMI in the sum of £19,917. In 2016/17 another 10% levy (£13,278) was paid, and there may be a further levy of 15%. To provide for this, the provision has been set at 15% of the total claim.

<b>As at 31 March</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>
DDC Share of NNDR Appeals Provision	(1,600)	(1,983)
Municipal Mutual Insurance provision	(20)	(20)
<b>Total</b>	<b><u>(1,620)</u></b>	<b><u>(2,003)</u></b>

### 30. RECEIPTS IN ADVANCE

	2022/23	2023/24
	£000	£000
As at 31 March		
Government departments	(285)	(162)
Other local authorities	(1,364)	(1,411)
Other	(6,858)	(6,661)
<b>Total</b>	<b>(8,507)</b>	<b>(8,233)</b>

### 31. CAPITAL GRANTS UNAPPLIED

Capital Grants Unapplied holds 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.

	2022/23	2023/24
	£000	£000
<b>Balance at 1 April</b>	<b>(4,745)</b>	<b>(3,695)</b>
Contributions received	(1,598)	(3,325)
Applied to projects	2,648	3,253
<b>Balance at 31 March</b>	<b>(3,694)</b>	<b>(3,766)</b>

### 32. CAPITAL GRANTS RECEIVED IN ADVANCE

Capital grants received which are subject to conditions relating to specific projects are held as Capital Grants received in advance. These amounts are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied.

	2022/23	2023/24
	£000	£000
<b>Balance at 1 April</b>	<b>(879)</b>	<b>(637)</b>
Contributions received	(6,881)	(12,733)
Applied to capital projects	(7,123)	9,510
Grant repaid	0	0
<b>Balance at 31 March</b>	<b>(637)</b>	<b>(3,860)</b>

### 33. CAPITAL ADJUSTMENT ACCOUNT

The capital adjustment account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system. The account is credited with the amounts set aside to finance the cost of acquiring / enhancing non-current assets. It is debited with the cost of acquisition / enhancement as the assets are depreciated / impaired to the CIES. The account also contains accumulated gains or losses on investment properties and operational land and buildings pre-dating 1 April 2007.

<b>Capital Adjustment Account</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>(258,743)</b>	<b>(269,735)</b>
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Impairment of non-current assets	6,221	6,964
Amortisation of intangible assets	94	88
Revaluation losses on property, plant and equipment	10,160	6,591
Revaluation gains on property, plant and equipment	(1,956)	(107)
Revenue expenditure funded from capital under statute	1,740	2,480
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	2,895	1,492
Adjusting amounts written out of the Revaluation Reserve	0	0
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(5,316)	(1,630)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,195)	(2,161)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(7,387)	(9,626)
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,648)	(3,253)
Receipt of capital income from long term debtors	369	240
Capital expenditure charged against the General Fund and HRA balances	(5,003)	(6,353)
Capital expenditure charged against Earmarked Reserves	(3,026)	(3,486)
Movements in the market value of Investment Properties debited or credited to the CIES	(674)	687
Loan Repayments Made	(2,608)	(2,715)
Prior year adjusting entry	0	0
Minimum Revenue Provision	(1,656)	(1,673)
<b>Balance at 31 March</b>	<b>(269,735)</b>	<b>(282,197)</b>

### 34. REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

	2022/23 £000	2022/23 £000	2023/24 £000	2023/24 £000
Balance at 1 April		(52,985)		(56,964)
Revaluation gains	(9,625)		(5,495)	
Revaluation losses/impairments	5,573		243	
Surplus on revaluation of fixed assets		(4,051)		(5,252)
Historic cost depreciation written out to the capital adjustments account		0		0
(Gain)/Loss on asset sold or scrapped		73		35
<b>Balance at 31 March</b>		<b>(56,964)</b>		<b>(62,181)</b>

### 35. RELATED PARTY TRANSACTIONS

All Members and Chief Officers of the Council are required to disclose where they or any member of their family or household has an interest in a company, partnership or trust that has had transactions with the Council. Disclosures of these transactions allow readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Returns were received from all Members and Chief Officers, and there were no transactions of material significance to Dover District Council to warrant separate disclosure in the accounts, however the following expenditure may be significant to the recipient parties:

Organisation	Value	Details
Aylesham and District Community Workshop Trust	£5,324	Cost-of-Living Community Impact Fund Grant and payment to the Trust for use of office space and training session. One Member is the Chairman of this Trust.
Parish of Upper Deal and Great Mongeham	£1,000	Grant to the Church for Ukrainian Student art workshop and courses. One Member is Church Warden of this Parish.
Martha Trust	£882	Cost-of-Living Community Impact Fund Grant to the Trust. One Member is Trustee of this Trust.
Shamphire Charity	£300	Payment to the Charity for training session. One Member is Director of the Charity.

Dover District Council has also provided minimal administrative support to White Cliffs Country Tourism Association, of which one councillor is an Executive Member.

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in note 21 Grant Income on reporting for resources allocation decision.

### 36. MEMBERS' ALLOWANCES

The total paid in Members' allowances, excluding travel and subsistence expenses, is shown in the table below:

	2022/23 £000	2023/24 £000
Basic Allowance	160	162
Special Responsibility Allowance	93	97
Members' National Insurance Contributions	5	7
<b>Total</b>	<b>258</b>	<b>266</b>

The Council also produces a statement, in accordance with provision 1021 15(3) of the *Local Authorities (Members Allowance) (England) Regulations 2003*, giving details of allowances paid to individual Members for the year. This may be seen on the Council's website at: Member (Councillor) Allowances ([dover.gov.uk](http://dover.gov.uk))

### 37. EXTERNAL AUDIT FEES

The Council's auditors, Grant Thornton, are responsible for reviewing the Council's procedures which ensure that money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. The Council incurred the following fees relating to external audit and inspection carried out during 2023/24:

	2022/23 £000	2023/24 £000
External audit services – Grant Thornton	44	163
Certification of grant claims and returns	42	55
<b>Total</b>	<b>86</b>	<b>218</b>

### 38. CONTINGENT LIABILITIES

#### Private Finance Initiative

In 2007/08 and 2014/15 the Council entered into partnership agreements with Kent County and other district councils within Kent to provide new homes for vulnerable people. The projects are known as Better Homes Active Lives (BHAL) and Kent Excellent Homes For All (KEHFA). The scheme's assets are shown on Kent County Council's Balance Sheet and are being funded by Private Finance Initiative credits paid to the County Council over a thirty-year period.

Under the agreements the Council will be jointly financially liable if the PFI contracts are terminated for reasons such as contractor default or force majeure. For BHAL the implications of a termination in year 10 was assessed as approximately £60m and the cost implication for KEHFA will be similar. This would mean a contribution of £4.48m as at year 10 of the scheme in respect of BHAL and £8m for KEHFA based on the cost share percentages set out in the agreements. However, the risks of such an event occurring continue to be assessed as very remote.

#### Municipal Mutual Insurance (MMI)

Municipal Mutual Insurance Company (MMI) was the main local authority insurer for many years up until 1992 when the company failed and went into "run-off". At the present time MMI is still solvent and the known and anticipated liabilities arising from

prior years' insurance cover will be met from the company's assets. If a solvent run-off is not achieved, councils (and other scheme creditors) would be liable to repay sums paid out on their behalf to settle claims.

As at 31 March 2023, the estimated amount liable to claw-back if a solvent run-off is not achieved is the total carried forward claim payments of up to £183k less £50k.

A provision of 25% of the claim was made in the balance sheet in 2012/13 (being £33k) from which a payment of £20k was made in 2013/14. In 2015/16, the provision was increased by £20k, returning it to £33k. In 2016/17 a further payment of £13k was made. The £80k balance of the claim remains as a contingent liability.

### **Civica UK Ltd Pension Deficit**

In February 2018, this Council, together with Canterbury and Thanet district councils, entered into a contract with Civica UK Ltd. As part of the contractual arrangements with Civica, the councils have agreed to a cap and collar arrangement whereby the councils meet annual pension costs above the cap value but receive the benefit if pension costs fall below the collar value. The councils have also jointly agreed to act as a guarantor to Civica to enable it to become an admitted body in the Kent Pension Fund. Staff were transferred to Civica on a 100% funded basis.

### **Rent Deposit Scheme**

The Council operates a rent deposit bond scheme as part of its homelessness prevention programme. The bond scheme was started in 2006 after a change of legislation in which the rent deposit had to be held by a third party. The scheme requires an agreement to be entered into where the Council holds a bond on behalf of the tenant, equal to an amount of a rent deposit. The potential liability of all bonds held by the Council on behalf of landlords is £40k.

## **39. POST BALANCE SHEET EVENTS**

In preparing these accounts the Council is required to consider events that may have an impact on the accounting statements since 31 March 2024. The Council does not consider there to have been any material post balance sheet events.

## **40. ACCOUNTING STANDARDS ISSUED BUT YET TO BE ADOPTED**

International Accounting Standard 8 requires the Council to disclose the expected impact of new standards that have been issued, but not yet adopted. Standards that have been issued but not yet adopted - IFRS 16 Leases. This standard, when adopted, do no expected to have a material impact on the Council's financial statements.

## COLLECTION FUND

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates (NDR) and Council Tax, and illustrates the way in which these have been distributed to precepting authorities and the General Fund. The billing authority's share of the Collection Fund is consolidated with the other accounts of the billing authority.

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

<b>2022/23</b>			<b>2023/24</b>		
Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
<b>Income</b>					
<b>Council tax:</b>					
0	(82,285)	(82,285)	0	(87,642)	(87,642)
0	0	0	0	0	0
<b>National Non-domestic rates:</b>					
(35,303)	0	(35,303)	(47,724)	0	(47,724)
(742)	0	(742)	0	0	0
0	0	0	(4,916)	0	(4,916)
(3,754)	0	(3,754)	(565)	0	(565)
<b>Total Income</b>					
<b>(39,799)</b>	<b>(82,285)</b>	<b>(122,084)</b>	<b>(53,205)</b>	<b>(87,642)</b>	<b>(140,847)</b>
<b>Expenditure</b>					
<b>Precepts, Demands &amp; Shares:</b>					
19,537	0	19,537	24,831	0	24,831
3,517	57,533	61,050	4,470	61,625	66,095
0	8,986	8,986	0	9,768	9,768
391	3,241	3,632	497	3,506	4,003
15,630	7,928	23,558	19,865	8,377	28,242
0	3,019	3,019	0	3,120	3,120
<b>39,075</b>	<b>80,707</b>	<b>119,782</b>	<b>49,663</b>	<b>86,396</b>	<b>136,059</b>
<b>Enterprise Zone Relief Payable:</b>					
593	0	593	0	0	0
133	0	133	0	0	0
14	0	14	0	0	0
<b>742</b>	<b>0</b>	<b>742</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Renewable Energy Retained</b>					
1,143	0	1,143	580	0	580
<b>1,143</b>	<b>0</b>	<b>1,143</b>	<b>580</b>	<b>0</b>	<b>580</b>
<b>Charges to the Collection Fund:</b>					
0	306	306	0	199	199
(893)	593	(300)	119	1,338	1,457
(4,640)	0	(4,640)	957	0	957
162	0	162	165	0	165
<b>(5,371)</b>	<b>899</b>	<b>(4,472)</b>	<b>1,241</b>	<b>1,537</b>	<b>2,778</b>
278	0	278	0	0	0
<b>Total Expenditure</b>					
<b>35,867</b>	<b>81,606</b>	<b>117,473</b>	<b>51,484</b>	<b>87,933</b>	<b>139,417</b>
<b>(Surplus) or Deficit for the Year</b>					
<b>(3,931)</b>	<b>(679)</b>	<b>(4,610)</b>	<b>(1,721)</b>	<b>291</b>	<b>(1,430)</b>
3,923	343	4,266	(8)	(336)	(344)
<b>(8)</b>	<b>(336)</b>	<b>(344)</b>	<b>(1,729)</b>	<b>(45)</b>	<b>(1,774)</b>

## NOTES TO THE COLLECTION FUND ACCOUNTS

### 1. COUNCIL TAX

Council tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimated at their 1 April 1991 values for this specific purpose. The property valuations are carried out by the Valuation Office Agency. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Kent County Council (KCC), The Police and Crime Commissioner for Kent (PCC), Kent and Medway Fire and Rescue Authority (KMFRA) and the District Council (DDC), and dividing this by the council tax base.

Council tax benefit (CTB) was abolished by Government from April 2013 and billing authorities were required to implement a local 'Council Tax Reduction Scheme' (CTRS). Council Tax Benefit was previously administered by local authorities, but fully funded by central government subsidy, so that money paid to claimants for CTB was fully recovered through subsidy income and there was no impact on the billing authority or preceptors. However, under the Council Tax Reduction Schemes (CTRS), Government grant funding to local schemes was reduced by 10% compared to its funding for CTB.

CTB was a "benefit" scheme. CTRS is a "discount" scheme. With a discount scheme, instead of raising Council Tax bills to claimants and then settling the debts with benefit, the bills are reduced through the use of a discount instead. In principle, there is little difference between the two methods, but the reduction in funding by Government means that if the level of discount given to claimants under CTRS was equivalent to the level of CTB previously awarded, there would be a shortfall in overall Council Tax income (including grant/subsidy) by the proposed 10% funding cut by Government. In arriving at a local scheme that could offset the loss of funding, the level of discounts awarded (both to prior benefit claimants and recipients of other types of discounts) would need to be reduced. However, Government stipulated that pensioners must not be disadvantaged and incentives to work should not be removed.

The East Kent CTRS (covering the billing authorities of Dover District Council, Canterbury City Council and Thanet District Council) has the following features:

- A reduction in 'benefit' to claimants of circa 10% (DDC figure). That means that claimants who weren't paying Council Tax are now required to pay 10% of the bill;
- Empty homes discounts were reduced to 0% for Class C empty properties from 1 April 2013, in order to meet the costs of the discount to claimants over and above the reduced level of Government funding;
- Second home discounts were removed from 1 April 2013, in order to meet the costs of the discount to claimants over and above the reduced level of Government funding.

#### Precepts

Authorities who made a precept on the Collection Fund for **Council Tax** are as follows, including their share of the surplus paid:



<b>Preceptor</b>	<b>2022/23 Precept £000</b>	<b>2022/23 Surplus £000</b>	<b>2022/23 Total £000</b>	<b>2023/24 Precept £000</b>	<b>2023/24 Surplus £000</b>	<b>2023/24 Total £000</b>
Kent County Council	58,104	(571)	<b>57,532</b>	61,330	295	<b>61,625</b>
Police and Crime Commissioner for Kent	9,072	(33)	<b>9,038</b>	9,720	48	<b>9,768</b>
Kent and Medway Fire & Rescue Authority	3,274	(87)	<b>3,188</b>	3,490	16	<b>3,506</b>
Dover District Council	8,038	(109)	<b>7,928</b>	8,321	55	<b>8,376</b>
	<b>78,488</b>	<b>(800)</b>	<b>77,688</b>	<b>82,861</b>	<b>414</b>	<b>83,275</b>
Parish councils	3,019	0	<b>3,019</b>	3,120	0	<b>3,120</b>
<b>Total Demand on the Collection Fund</b>	<b>81,507</b>	<b>(800)</b>	<b>80,707</b>	<b>85,981</b>	<b>414</b>	<b>86,395</b>

### Council Tax Base

The council tax base, i.e. the number of chargeable dwellings in each valuation band (adjusted where discounts apply) converted into an equivalent number of Band D dwellings, was calculated as follows:

<b>Band</b>	<b>2022/23</b>			<b>2023/24</b>		
	<b>Estimated no. of Properties</b>	<b>Multiplier</b>	<b>Band D Equivalent Dwellings</b>	<b>Estimated no. of Properties</b>	<b>Multiplier</b>	<b>Band D Equivalent Dwellings</b>
Disabled A	2.45	5/9ths	1.36	5.82	5/9ths	3.23
A	4,104.71	6/9ths	2,736.47	4,089.08	6/9ths	2,726.05
B	12,564.45	7/9ths	9,772.35	12,728.65	7/9ths	9,900.06
C	11,957.59	8/9ths	10,628.97	11,989.70	8/9ths	10,657.51
D	6,684.28	9/9ths	6,684.28	6,683.20	9/9ths	6,683.20
E	4,107.56	11/9ths	5,020.35	4,149.67	11/9ths	5,071.82
F	2,360.56	13/9ths	3,409.70	2,351.53	13/9ths	3,396.65
G	1,413.69	15/9ths	2,356.15	1,430.91	15/9ths	2,384.85
H	55.25	18/9ths	110.50	56.50	18/9ths	113.00
	<b>43,250.54</b>		<b>40,720.13</b>	<b>43,485.06</b>		<b>40,936.37</b>
<b>Estimated Collection Rate</b>			<b>97.65%</b>			<b>97.65%</b>
<b>Council Tax Base</b>			<b>39,763.21</b>			<b>39,974.37</b>

### Band D Council Tax

	<b>2022/23 £</b>	<b>2023/24 £</b>
Kent County Council	1,461.24	1,534.23
Police and Crime Commissioner for Kent	228.15	243.15
Kent and Medway Fire & Rescue Authority	82.35	87.30
Dover District Council	202.14	208.17
	<b>1,973.88</b>	<b>2,072.85</b>
Parish councils (average)	75.93	78.06
<b>Total</b>	<b>2,049.81</b>	<b>2,150.91</b>

This basic amount of council tax for a Band D property of £2,150.91 for 2023/24 (£2,049.81 for 2022/23) is multiplied by the proportion specified within the Local Government Finance Act 1992 for the particular band to give an individual amount due. In addition to this, special expenses are charged specifically in relation to the precepts of parish councils.

## 2. NATIONAL NON-DOMESTIC RATES (NNDR)

Non-domestic rates are set on a national basis, but the Council is responsible for collecting rates due from the ratepayers in its area. The Government specifies an amount of 'rate poundage' of 51.2p for large businesses or 49.9p for small businesses, these rates have been frozen since 2020/21, local businesses pay rates calculated by multiplying their rateable value by that amount.

On 1 April 2013 the Business Rates Retention Scheme (BRRS) was introduced. Under the BRRS, cash collected by the billing authority from NNDR debtors belongs proportionately to the government (50%), the billing authority (40%) and the major precepting authorities, being Kent County Council (9%) and Kent & Medway Fire and Rescue Authority (1%). There will be a debtor or creditor position between the billing authority, the government and the major preceptors to be recognised at the end of each year, as the net cash paid to the government and the major preceptors during the year will not exactly match its share of the cash collected from NNDR payers.

However, from April 2013 the Ministry of Housing, Communities and Local Government has calculated a tariff payable by the billing authority (Dover District Council) that reduces its retained funding significantly from the 40% share. There is also a separate calculation of a pre-determined baseline need for the billing authority. Further arrangements to limit the loss of income to the billing authority (or restrict the retention of income above the baseline need) result in safety net payments from Government (or levy payments to it). Dover was in a levy position for 2023/24 and will pay £1,896k on growth above its 'baseline need' level determined by Government, being 50% of the growth achieved. Similar arrangements exist for the other major preceptors. Tariff, levy and safety net calculations form part of the Core Statements but are not shown in the collection fund itself.

Dover is a 'shadow' member of the Kent-wide business rates pool in 2023/24 and receives a portion of its levy back as a saving, as if it was a full pool member, on the basis that Kent authorities were entitled to leave and join the pool freely in any year. Dover has continued to be given 'shadow' status for pooling calculations to avoid the need for formal dissolution and reconstitution of the pool by permission of MHCLG. In practice, a small element of 'contingency' within the pool is used to refund 60% of DDC's deemed levy saving, calculated as if it was a pool member paying a much lower levy rate, circa 3%. Half of the saving is for DDC's use at its own discretion, half requires KCC approval of proposed projects. This means that DDC will receive £881k back from the pool for 23-24. A revision for 22-23 figures was sent from the pool leader which changes the amount Dover will receive from the pool from £1,193k to £989k.

The NNDR income, after reliefs, of £47.724m for 2023/24 (£35.303m for 2022/23), was based on the total rateable value for the Council's area, which at the year-end was £129.443m (£109.499m in 2022/23). There was a revaluation in 2023 in which the rateable values of business's properties were calculated by the Valuation Office Agency (VOA), this has led to the increase in total rateable value for the Council.

Authorities who made a precept on the Collection Fund for **Business Rates** are as follows, including their share of the surplus paid:

<b>Preceptor</b>	<b>2022/23 Precept £000</b>	<b>2022/23 Deficit £000</b>	<b>2022/23 Total £000</b>	<b>2023/24 Precept £000</b>	<b>2023/24 Deficit £000</b>	<b>2023/24 Total £000</b>
Kent County Council	3,517	(338)	<b>3,179</b>	4,470	(51)	<b>4,419</b>
Kent and Medway Fire & Rescue Authority	391	(38)	<b>353</b>	496	(6)	<b>490</b>
Dover District Council	15,630	(1,501)	<b>14,129</b>	19,865	(226)	<b>19,639</b>
	19,538	(1,877)	<b>17,661</b>	24,831	(283)	<b>24,548</b>
Central Government	19,538	(1,877)	<b>17,661</b>	24,831	(283)	<b>24,548</b>
<b>Total Demand on the Collection Fund</b>	<b>39,076</b>	<b>(3,754)</b>	<b>35,322</b>	<b>49,662</b>	<b>(566)</b>	<b>49,096</b>

### 3. IMPAIRMENT ALLOWANCE

	<u>2022/23</u>			<u>2023/24</u>		
	<b>Council Tax £000</b>	<b>NDR £000</b>	<b>Total £000</b>	<b>Council I Tax £000</b>	<b>NDR £000</b>	<b>Total £000</b>
Balance at 1 April	6,729	3,128	9,857	7,323	1,678	9,001
Write-Offs	(306)	(557)	(863)	(200)	(71)	(271)
Contribution to/(from) Provision	900	(893)	7	1,538	119	1,657
<b>Balance at 31 March</b>	<b>7,323</b>	<b>1,678</b>	<b>9,001</b>	<b>8,661</b>	<b>1,726</b>	<b>10,387</b>

### 4. COLLECTION FUND SURPLUSES AND DEFICITS

#### Council Tax

The District Council was required to estimate by 15 January 2023 the amount of the surplus or deficit on the Collection Fund for the financial year in respect of council tax. Where a surplus is estimated, it is to be shared in the following year between the District Council, Kent County Council, The Police and Crime Commissioner for Kent, and Kent and Medway Fire & Rescue Authority in proportion to their respective precepts. The Council Tax Collection Fund balance for 23/24 was showing a surplus of £45K (22/23 £336k Surplus). This surplus will be paid over future years. However, the closing balance, estimated in January 24, as required under legislation, suggested that a surplus of £684k might be realised (DDC's share £91k or 13.30%). This £684k is due to be paid to the Preceptors during 24/25 and this therefore means that the £639k deficit (£45k less the £684k) will form part of the surplus / deficit estimate that will be calculated in January 25.

Each of the major precepting authorities' shares of the surplus or deficit relating to council tax is shown in the table below.

	Surplus at 31 March 2022 £000	Movement in Year £000	Surplus at 31 March 2023 £000	Movement in Year £000	Surplus at 31 March 2024 £000
Kent County Council Police and Crime Commissioner for Kent	245	(484)	(239)	207	(32)
Kent & Medway Fire & Rescue Authority	38	(76)	(38)	33	(5)
Dover District Council	14	(28)	(14)	12	(2)
	46	(91)	(45)	39	(6)
<b>Total</b>	<b>343</b>	<b>(679)</b>	<b>(336)</b>	<b>291</b>	<b>(45)</b>

### National Non-Domestic Rates (NNDR)

The District Council was required to estimate by 31 January 2023 the amount of the surplus or deficit on the Collection Fund for the financial year in respect of non-domestic rates. Where a surplus (or deficit) is estimated, it is to be shared (or recovered) in the following year by (or from) the District Council, Kent County Council, Kent and Medway Fire & Rescue Authority and Central Government in proportion to their shares of non-domestic rates income. The District Council estimated that the fund would have an accumulated surplus of £8k for 2022/23 and this was distributed to major preceptors during 2022/23. The overall total result for 2023/24 is a surplus of £1,729k – this will be the opening Collection Fund balance for 2024/25.

The proportionate shares (prescribed by legislation) of the actual collection fund deficit for non-domestic rates are shown below. The closing balance of £1,729k at 31 March 2024 is split as follows:

	Proportionate Shares 22/23	Proportionate Shares 23/24	Surplus at 31 March 2023 £000	Movement in Year £000	Surplus at 31 March 2024 £000
Central Government	50%	50%	(4)	(861)	(865)
Kent County Council	9%	9%	(1)	(154)	(155)
Kent & Medway Fire & Rescue Authority	1%	1%	0	(17)	(17)
Dover District Council	40%	40%	(3)	(689)	(692)
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>(8)</b>	<b>(1,721)</b>	<b>(1,729)</b>

## 5. ALLOCATION OF ARREARS, PREPAYMENTS AND OTHER BALANCES

Each of the major precepting authorities' shares of the arrears, prepayments and other balances are shown below:

	<b>KCC £000</b>	<b>PCCK £000</b>	<b>KMFR £000</b>	<b>DDC £000</b>	<b>Gov't £000</b>	<b>Total £000</b>
<b>Council Tax:</b>						
Council tax arrears	7,397	1,155	417	1,408	0	10,377
Council tax provision for bad debts	(5,220)	(815)	(295)	(993)	0	(7,323)
Council tax overpayments & prepayments	(1,695)	(265)	(95)	(323)	0	(2,378)
Council tax cash	(243)	(37)	(13)	(47)	0	(340)
Collection Fund surplus	(239)	(38)	(14)	(45)	0	(336)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Business Rates (NNDR):</b>						
NNDR arrears	298	0	33	1,325	1,656	3,312
NNDR provision for bad debts	(151)	0	(17)	(671)	(839)	(1,678)
NNDR provision for appeals	(360)	0	(40)	(1,600)	(2,000)	(4,000)
NNDR overpayments & prepayments	(153)	0	(17)	(681)	(852)	(1,703)
NNDR cash	367	0	41	1,630	2,039	4,077
Collection Fund surplus	(1)	0	0	(3)	(4)	(8)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>KCC £000</b>	<b>PCCK £000</b>	<b>KMFR £000</b>	<b>DDC £000</b>	<b>Gov't £000</b>	<b>Total £000</b>
<b>Council Tax:</b>						
Council tax arrears	8,634	1,368	491	1,611	0	12,104
Council tax provision for bad debts	(6,178)	(979)	(351)	(1,153)	0	(8,661)
Council tax overpayments & prepayments	(1,645)	(261)	(94)	(307)	0	(2,307)
Council tax cash	(779)	(123)	(44)	(145)	0	(1,091)
Collection Fund surplus	(32)	(5)	(2)	(6)	0	(45)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Business Rates (NNDR):</b>						
NNDR arrears	434	0	48	1,930	2,412	4,824
NNDR provision for bad debts	(155)	0	(17)	(690)	(863)	(1,725)
NNDR provision for appeals	(446)	0	(50)	(1,983)	(2,478)	(4,957)
NNDR overpayments & prepayments	(68)	0	(8)	(303)	(379)	(758)
NNDR cash	390	0	44	1,738	2,173	4,345
Collection Fund surplus	(155)	0	(17)	(692)	(865)	(1,729)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 6. APPEALS PROVISIONS

The Collection Fund includes a prudent provision for appeals, as required under legislation. The 2017 list of outstanding appeals had a provision of £4m at the start of the 2023/24 year, during the year there were refunds and reductions of £1.4m in the 2017 list reducing the provision for the 2017 list to £2.6m at 31 March 2024.

A new 2023 valuation took place at the start of the financial year. In accordance with other Kent Authorities, the appeals provision against the 2023 valuation is based on an estimate of 2.1p per £1 of Rateable Value. This is a national rate that Central Government used when re-calculating tariffs payable by local authorities under the 2023 valuation. It represents the average annual decrease in RV expected across the period of the 2023 valuation. An increase in the appeal provision for the 2023 list of £2.4m led to a closing total provision for both lists of £4.96m at 31 March 2024.

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
Provided against 2017 valuation appeals	4,000	2,625
Provision for 2023 valuation appeals	0	<u>2,332</u>
<b>Total</b>	<b><u>4,000</u></b>	<b><u>4,957</u></b>

## HOUSING REVENUE ACCOUNT

The HRA Income and Expenditure Statement shows the economic cost in the year of providing social housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

### HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

<b>2022/23</b>		<b>Note</b>	<b>2023/24</b>
<b>£000</b>			<b>£000</b>
	<b>Income</b>		
(20,207)	Dwelling rents	9	(21,820)
0	Non-dwelling rents		(41)
(736)	Tenant charges for services and facilities		(964)
(530)	Leaseholder charges for services and facilities		(435)
<b>(21,473)</b>	<b>Total Income</b>		<b>(23,260)</b>
	<b>Expenditure</b>		
6,870	Repairs and maintenance		6,926
4,700	Supervision and management		5,477
153	Rent, rates, taxes and other charges		177
3,093	Depreciation and impairment of fixed assets	5	3,055
9,239	Exceptional Item – revaluation (gain)/loss	8	6,546
16	Debt management expenses		35
(6)	Increase/(Decrease) in impairment of debtors	11	64
<b>24,065</b>	<b>Total Expenditure</b>		<b>22,280</b>
	<b>Net Cost of Services Included in the Whole Authority</b>		
<b>2,592</b>	<b>Comprehensive Income and Expenditure Statement</b>		<b>(980)</b>
1,371	HRA share of corporate and democratic core		1,208
	HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		21
<b>3,977</b>	<b>Net Cost of HRA Services</b>		<b>250</b>
(1,584)	(Gain) or loss on sales of HRA non-current assets		(718)
2,371	Interest payable and similar charges		2,522
0	Interest and investment income		(9)
371	Net Interest on Defined Benefit Liability	12	184
<b>5,135</b>	<b>(Surplus) or Deficit for the year on HRA Services</b>		<b>2,229</b>

## MOVEMENT IN THE HOUSING REVENUE ACCOUNT STATEMENT

2022/23		2023/24	
£000		£000	£000
<u>(1,012)</u>	Balance on the HRA at the end of the previous year		<u>(1,010)</u>
5,135	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		2,229
	Adjustments between Accounting Basis and Funding under Statute:		
1,656	Voluntary Excess depreciation over MRA charged to the HRA	1,739	
(9,239)	Diff between other income and expenditure in accordance with the Guidance	(6,546)	
1,584	Gain on disposal of non-current assets	718	
55	Net charges made for retirement benefits	126	
<u>3,823</u>	Capital expenditure funded by the HRA	<u>3,895</u>	
<b>3,014</b>	<b>Net (increase) / decrease before transfers to reserves</b>		<b>2,161</b>
<u>(3,012)</u>	Transfers to/(from) earmarked reserves (note 4)		<u>(2,165)</u>
<u>2</u>	(Increase) or decrease in year on the HRA Balance		<u>(3)</u>
<u><b>(1,010)</b></u>	<b>Balance on the HRA at the End of the Current Year</b>		<u><b>(1,013)</b></u>



## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. NUMBER AND TYPES OF DWELLING

#### Movement in Housing Stock 2023/24

	Stock at 1 April 2023	Sales	Acquisitions	Stock at 31 March 2024
Houses/bungalows	2,669	3	9	2,675
Flats	1,710	1	20	1,729
Shared Ownership	33	0	1	34
<b>Total</b>	<b>4,412</b>	<b>4</b>	<b>30</b>	<b>4,438</b>

#### Total Value of Assets

	2022/23 £000	2023/24 £000
Dwellings	284,998	284,816
Other land and buildings	58	54
Equipment	217	375
Investment properties	0	0
Assets under construction	474	1,039
	<u>285,747</u>	<u>286,284</u>

### 2. HOUSING STOCK

The vacant possession value of dwellings within the Authority's HRA as at 31 March 2024 was £848m (£851m as at 31 March 2023). The difference between the vacant possession and Balance Sheet value of dwellings reflects the economic cost to Government of providing council housing at less than open market rents.

### 3. ANALYSIS OF MOVEMENT ON THE MAJOR REPAIRS RESERVE

The Major Repairs Reserve is ring-fenced for HRA capital expenditure or debt repayment of a housing nature.

	2022/23 £000	2023/24 £000
<b>Balance as at 1 April</b>	<b>0</b>	<b>0</b>
Major Repairs Allowance:		
Depreciation	(3,060)	(3,024)
Voluntary Excess Depreciation charge to HRA	(1,656)	(1,739)
Transfer from reserve for capital expenditure	2,195	2,161
Repayment of principal on loan	2,522	2,602
<b>Balance at 31 March</b>	<u><b>0</b></u>	<u><b>0</b></u>

#### 4. EARMARKED RESERVES

The Housing Initiatives Reserve and MRP Reserve have been established to provide a source of funding in respect of affordable housing.

	Housing Initiatives Reserve	HRA MRP Reserve	Total
	£000	£000	£000
<b>Balance as at 31<sup>st</sup> March 2023</b>	<b>(8,740)</b>	<b>(475)</b>	<b>(9,215)</b>
Transfer between reserve	340	(340)	0
Contribution to HRA	2,165	0	2,165
<b>Balance as at 31<sup>st</sup> March 2024</b>	<b>(6,235)</b>	<b>(815)</b>	<b>(7,050)</b>

#### 5. DEPRECIATION AND AMORTISATION

The Housing Revenue Account includes a charge for depreciation of non-current assets and amortisation of intangible assets of £3,055K (£3,060k at 31 March 2023) as detailed below.

	2022/23 £000	2023/24 £000
Council dwellings	3,060	3,024
Equipment	33	31
<b>Total</b>	<b>3,093</b>	<b>3,055</b>

#### 6. SUMMARY OF CAPITAL EXPENDITURE

	2022/23 £000	2023/24 £000
Capital expenditure:		
Dwellings	5,833	4,174
Other Land & Buildings	5,626	6,056
Equipment	0	0
<b>Total</b>	<b>11,459</b>	<b>10,230</b>
Financed by:		
Funded by HRA	(3,823)	(3,957)
Borrowing	(4,254)	(1,003)
Transfer from Major Repairs Reserve	(2,195)	(2,161)
Excess RTB Receipts	(994)	(576)
Grant & S106 Contribution	(193)	(2,534)
Capital Receipts	0	0
	<b>(11,459)</b>	<b>(10,230)</b>

#### 7. SUMMARY OF CAPITAL RECEIPTS

	2022/23 £000	2023/24 £000
Receipts from sales during the year:		
Dwelling sales	(4,459)	(2,203)
Amount pooled to Government	0	0
	<b>(4,459)</b>	<b>(2,203)</b>

## 8. REVALUATION GAIN ON HRA STOCK

The total value of the HRA stock has decreased from 2022/23 to 2023/24 (see note 2), even though we acquired 30 properties in 2023/24. The revaluation loss of £6.5m is attributable to a revaluation of all HRA stock by own in-house valuer.

## 9. RENT OF DWELLINGS

This is the total rent income collectable for the year after an allowance is made for empty properties.

The average weekly rent at 31 March 2024 was £96.77 compared with £90.52 at 31 March 2023.

## 10. RENT ARREARS

The position for rent arrears is shown below:

31 March 2023			31 March 2024		
Former Tenant Arrears	Current Tenant Arrears	Total Rent Arrears	Former Tenant Arrears	Current Tenant Arrears	Total Rent Arrears
£000	£000	£000	£000	£000	£000
167	305	472	133	263	396

The rents team have been back in house since October 2020 and have continued to reduce the total arrears by £76k since March 2023.

The large majority of the total rent arrears is due to tenants moving onto Universal Credit (UC). The Department for Work and Pensions pay UC up to 6 weeks in arrears meaning the Council has to carry a larger debt. This should be a cashflow issue rather than a significant increase in debt.

## 11. IMPAIRMENT ALLOWANCE

The following provision has been made against possible non-collection of debt:

	2022/23 £000	2023/24 £000
Balance brought forward as at 1 April	613	607
Provision made in the year	0	64
Less amounts written off	(6)	0
<b>Balance carried forward at 31 March</b>	<b>607</b>	<b>670</b>

## 12. IAS19 (RETIREMENT BENEFITS) AND THE HOUSING REVENUE ACCOUNT

A proportion of the pension costs, as identified by the fund's actuary, have been charged to the Housing Revenue Account.

The costs of retirement benefits are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge to

be made against the HRA Balance is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the HRA Balance.

The following IAS19 adjustments have been made:

	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>
<b>HRA Income and Expenditure Statement</b>		
<b>Cost of Services</b>		
Curtailments and past service costs	0	0
Administrative expense	14	21
<b>Net Operating Expenditure</b>	<b>371</b>	<b>184</b>
Net Interest on the Defined Liability (Asset)		
<b>Charge to the Surplus or Deficit on the Provision of Services</b>	<b>385</b>	<b>205</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits in accordance with IAS 19	(385)	(205)
Actual amount charged to the HRA for pensions in the year:		
Employers' contributions payable to scheme	440	225
<b>Contribution (From) or To Pensions Reserve</b>	<b>(55)</b>	<b>(20)</b>

## CHARITIES ADMINISTERED BY DOVER DISTRICT COUNCIL

Dover District Council is the sole trustee for the three charities named below and has appointed a Committee to carry out the operational functions of administering them:

- Sir Ernest Bruce Charles Charity No 1021750
- The Salter Collection Charity No 288731
- Frederick Franklin Public Park Charity No 1092171

Summarised accounts for each charity are set out below. All accounts are submitted to the Charity Commission as they prescribe. These accounts do not represent assets of the Council and are not included in the Consolidated Balance Sheet.

Investment of charitable funds is governed by the Trustee Investments Act 1961.

### SIR ERNEST BRUCE CHARLES

Purpose of charity - income (after expenses) to be applied for the benefit of Deal and surrounding area inhabitants:

	2022/23	2023/24
	£	£
Income	489	1,464
Expenditure	0	0
Surplus or (deficit) for year	489	1,464
Fund balance at 1 April	66,046	66,535
<b>Fund balance at 31 March</b>	<b>66,535</b>	<b>67,999</b>
Represented by:		
Investments	66,535	67,999
	<b>66,535</b>	<b>67,999</b>

### THE SALTER COLLECTION CHARITY

Purpose of charity - to maintain a collection of costumes and accessories for display to the public or for research:

	2022/23	2023/24
	£	£
Income	389	1,264
Expenditure	0	0
Surplus or (deficit) for year	389	1,264
Fund balance at 1 April	271,746	272,135
<b>Fund balance at 31 March</b>	<b>272,135</b>	<b>273,399</b>
Represented by:		
Collection	180,000	180,000
Investment	92,135	93,399
	<b>272,135</b>	<b>273,399</b>

## CHARITY OF FREDERICK FRANKLIN FOR A PUBLIC PARK

	2022/23	2023/24
	£	£
Income	739	2,404
Expenditure	0	0
Surplus or (deficit) for year	739	2,404
Fund balance at 1 April	498,999	498,999
Revaluation Gain / (Loss)	0	0
<b>Fund balance at 31 March</b>	<b>498,999</b>	<b>501,403</b>
Represented by:		
Land and other buildings	323,822	323,822
Investment	179,732	179,732
Creditor	(4,555)	(2,151)
	<b>498,999</b>	<b>501,403</b>

Purpose of charity - land at Marke Wood and Victoria Park to be used for recreational activities by the inhabitants of Walmer.

This charity was set up on 22 April 2002 and replaced the Frederick Franklin Charity for a Public Park (Charity No 299470) and Charles Sports Ground Charity (Charity No 1015537).

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS  
OF DOVER DISTRICT COUNCIL**

**INTENTIONALLY BLANK**

DRAFT