



# **STATEMENT OF ACCOUNTS**

**2024/25**

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**The Statement of Accounts 2024-25 showing signatures is available for inspection at the Civic Centre.**

## NARRATIVE REPORT

### Introduction

This Narrative Report provides a guide to the Council's accounts for the year ending 31 March 2025. The statement also provides some analysis of the development and performance of the Council in the financial year and of its position at the end of that year.

The accounts are set out on pages 31 to 138.

### The Statement of Accounts comprises:

**The Statement of Responsibilities for the Statement of Accounts:** this sets out the Council's and the Section 151 Officer's responsibilities for the statement of accounts. This statement also carries the certification of the Section 151 Officer.

**Movement in Reserves Statement:** this statement shows the movement in the year on the different reserves held by the authority, analysed into usable reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and unusable reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund and the Housing Revenue Account for Council Tax setting and dwellings' rent setting purposes. The line titled "Net Increase/Decrease before Transfers to Earmarked Reserves" shows the statutory General Fund and Housing Revenue Account balances, before any discretionary transfers to or from earmarked reserves undertaken by the Council.

**Comprehensive Income and Expenditure Statement:** this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost.

**Balance Sheet:** The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve) where cash amounts would only become available to provide services if the assets were sold.

**Cash Flow Statement:** this statement brings together the total movements of the Council's assets and liabilities during the financial year; these are inflows and outflows of cash arising from both revenue and capital transactions with third parties.

**Expenditure and Funding Analysis:** Officially a note to the accounts, this analysis brings together both the fiscal/funding framework and the accounting framework by service. It takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Surplus or Deficit on the Provision of Services line in the Consolidated Income and Expenditure Statement.

**Other Notes to the Accounts:** the various accounts and statements are supported by detailed notes to help the reader. These include the significant accounting policies adopted by the Council and other explanatory information.

**Housing Revenue Account (HRA) and notes:** the Council is required by law to account separately for the provision of social housing. This account shows the major elements of housing revenue expenditure: repairs and maintenance, administration and financing costs as well as how the expenditure is financed from rents and other income. The HRA Income and Expenditure Statement is supported by a Movement on the HRA Statement.

**Collection Fund and notes:** there is a statutory requirement for local authorities that bill for council tax and non-domestic rates (billing authorities) to maintain a separate fund to show the transactions in respect of these items and the way in which they have been distributed to precepting authorities.

**Glossary:** this provides a guide to some of the technical terms used in this document.

### **Changes to the 2024/25 Statement of Accounts**

The accounts are similar in presentation to the previous year but the application of IFRS16 Leases is new to this year. The main change is that it introduces the concept of a right of use asset, being the net present value of future payments due under the lease plus any prepayments made. The right of use asset is shown on the balance sheet as is the future obligation to pay lease costs, as a future liability. More details of this change and how it applies to Dartford Borough Council are shown in the leases note to the accounts.

### **Summary of financial performance in the year**

#### **The General Fund**

The financial statements are produced in accordance with accounting principles. These differ markedly from the internal financial management information used to set budgets and monitor performance.

The General Fund accounts for all revenue services other than those provided in respect of council housing. The budget requirement is the net expenditure on services and is the sum to be met from government grants, retained business rates and council tax.

The Council set its budget requirement for 2024/25 at the budget meeting on 26 February 2024. This allowed for a net increase in reserves and balances of £6,638,890

The following table compares the final figures for 2024/25 with the original budget.

	Original Budget £,000	Actual £,000
Net expenditure on services	19,895	15,513
Contribution to reserves	6,639	11,089
Budget Requirement	26,534	26,602
Less:		
Business Rates Retention	(14,039)	(14,583)
Other grants	(4,686)	(4,710)
Council tax	(7,809)	(7,809)
Contribution from reserves	0	0
Deficit (Surplus) for the year	0	(500)

Net expenditure on services was £4.3m lower than the original budget. In the main, this was due to £5.1m additional net income from interest relating to the Council's investments. Interest rates remain close to their peak and while the interest budget has been increased going forward, it remains prudent.

Other areas where income was markedly higher or expenditure was lower than budget include, benefit overpayment and legal/court fee recoveries of £219,000 and car parking income of £115,000.

Conversely, a net overspend of £1.8m was incurred on temporary accommodation/homelessness prevention and there was a £168,000 under achievement on property income due to vacancies.

There were several other smaller budget variances. Full details can be found in the report to Cabinet of 24 July 2025.

Because of the favourable outturn position, it was possible to increase planned transfer to earmarked reserves by an additional £4m which was used to largely increase capital reserves and replenish reserve spending incurred during the year as well as increasing the general reserve by £500,000.

### **Earmarked Reserves**

Service expenditure of £2.27m was incurred from reserves. Expenditure included £1.1m for the Temporary Theatre, £457,000 for feasibility and planning work on the former co-op site, £101,000 for temporary costs and business rates for the vacant nightclub building.

Spend in the Identified Initiative Reserve totalled £521,093.

Conversely £736,000 was added to reserves from services. This was mainly made up of £190,000 of grants as well as some contributions to specific reserve pots from delayed plans/spending commitments/future estimated costs.

An amount of £1.5m business rates income was also set aside for project work as per the pool agreement with the Kent Pool and £2.95m of business rates growth was added to the Temporary Accommodation Capital reserve.

As per the projected outturn position £5.55m was added to the Capital Projects Reserve, £1.5m was set aside for Temporary Accommodation Capital reserve and £1.0m was used to replenish reserve spending, £1.348m for the identified initiatives reserve and £795,000 for the financial sustainability reserve. As a result of additional in year end variance an additional £896,000 was identified which was used to add to the financial sustainability reserve (£496,000) and the capital project reserve (400,000).

The total amount carried forward in earmarked revenue reserves was £77.8m.

### **The Housing Revenue Account**

The Housing Revenue Account accounts for all revenue services in respect of council housing.

The Housing Revenue Account is "ringfenced", i.e. it cannot subsidise or receive subsidies from other accounts. It is also known as the 'Landlord Account', as all costs and income relate to the provision of council housing.

The 2024/25 account was budgeted to make a deficit of £3.218m The final outturn was a surplus of £3.12m.

Areas of variance are described in the report to Cabinet of 24 July 2025, but underspend mainly relates to capital spending where reduced spend of £2.89m was incurred mainly as a result of the suspension of non-essential works due to contractor management issues, There was also additional grant availability of £1m for the new build scheme which reduced the amount needed from the HRA. In other areas rent income was around £430k higher than budgets and interest was £319k higher, staffing vacancies of £378k, R&M maintenance underspend of £268k and a lower provision for bad debt required of £109k. Additionally, delays to the demolition project saved £241k in year.

The Council continues to charge debt instalments to the HRA in 2025/26 and the account continues to fund the new build programme as well as maintaining current stock which is currently undergoing a condition survey. The reserve balance of £11.98m will be important in facilitating this expenditure.

### **The Capital Programme**

The Capital Programme consists of a number of projects where expenditure is incurred on investment in new assets or improving existing ones. Ongoing revenue costs, such as those charged to the General Fund or Housing Revenue Account, cannot be charged to capital.

The Council budgeted to spend £38.1m on investment in assets of a capital nature; actual expenditure was £26.8m including £5.2m of Revenue Funded from Capital Under Statute (REFCUS). This was lower due mainly due to timing issues and schemes taking longer than anticipated. Ongoing budgets are likely to be rolled forward into the 2025/26 budget. Capital



expenditure was funded from capital receipts, government grants, developer contributions, revenue contributions and the Major Repairs Reserve.

The Usable Capital Receipts Reserve had a balance at the beginning of the year of £12.5m. New usable receipts during the year totalled £11m, £11.2m was used to finance expenditure. Additionally capital receipts of £1.8m arising from the sale of council housing, were set aside to be used to finance the provision of new social housing under the “one for one receipts” scheme. The balance of usable capital receipts carried forward at the end of the year was £12.4m.

The Balance Sheet valuation of property, plant and equipment at the end of the year was £468m, an increase of £21m compared to 2023/24. Movements within this figure can be seen in the relevant notes. £3.69m of this increase was due to the recognition of right of use assets as a result of implementing IFRS16. The rest of the change was as a result of new expenditure and valuation adjustments.

Capital commitments as at 31 March 2025 stand at £12.67m, compared with at £4.3m as at 31 March 2024. This commitment relates to the ongoing completion of various schemes including works to the town centre, new build housing, lift replacement, fire alarm installation in supported housing units and door entry system installation.

### **CORPORATE PLAN PERFORMANCE INDICATORS 2024/25**

The Corporate Plan sets out the vision and priority themes for the Council and the Borough as a whole. It provides a focus for the work of the Council from 2024 to 2027, taking account of its primary role in delivering high quality services to local residents and businesses, and its key role in the regeneration of the area.

Themes in the Corporate Plan include:

- Housing
- Economic Growth
- Traffic and Transport
- Safety
- Public Health
- Environment
- People and Communities

In addition, the Plan includes a theme relating to the Council itself:

- A Council Performing Strongly

Each theme in the Corporate Plan has a set of performance indicators, which are further divided and relate to services directly provided by the Council and those that relate to the wider state of the Borough where the Council does not have prime responsibility but instead works in partnership with those who do.

### Points to note:

The Corporate Plan 2024-2027 sets the strategic direction for Dartford Borough Council for the next four years and was formally adopted at GAC on 29 July 2024. In order to measure performance against the objectives set within the plan a revised suite of Key Performance Indicators (KPIs) has been developed with the intention that the results will be reported to the Council on a quarterly basis.

The Key Performance Indicators reflect the Council's commitments outlined in the Corporate Plan and serve as tools for monitoring and tracking progress against the Plan where possible. Some KPIs will be 'tracker' indicators where we will monitor improvement or deterioration in performance over time, whereas others will include targets where appropriate.

It is important to highlight that several existing Performance Indicators remain relevant, while new indicators have been introduced to address gaps in reporting.

Overall, the Corporate Performance Indicators evidence strong and consistent performance across most areas.

### **Green indicators include:**

#### **Housing**

Total number of affordable homes delivered:

There was a total of 215 affordable homes delivered in 2024 against a target of 90.

#### **Environment**

Number of fly tipping incidents:

For 2024, there were 1,694 fly tipping incidents against a target of 1,800. For 2023 incidents were 1,517. Overall fly-tipping has decreased in recent years and is within the target level.

Number of graffiti incidents reported:

There were 80 graffiti incidents reported for 2024 against a target of 120. For 2023, there were 81.

Small projects carried out to support the creation of pollination corridors:

There were 12 projects that took place 2024 against a target of 12, which is the same number of projects that took place in 2023.

Number of public EV charging points in the Borough:

There were 136 charging points in the Borough for 2024. Total public charging devices 50kW and above is 61 and the number of charging devices per 100,000 population is 114.5. The charging points in the borough for 2024 has increased by 42 compared to 2023 when the number was 94.

Number of energy efficiency measures provided to private homes:

The data for 2024 was 167 and for 2023, 210.

Number of energy efficiency measures provided to DBC homes:  
160 energy efficiency measures were provided to DBC homes for 2024.

Number of Households taking part in the garden waste/ brown bin service:  
The council exceeded the target of 8,000 households participating in the garden waste/brown bin service for 2024, with 8,434 households subscribing to the Council's opt-in garden waste collection service.

Percentage of waste collections carried out to schedule:  
The Council continues to provide a reliable service 99.5% of collections were carried out to schedule for 2024 against a target of 99%.

### **Council Performing Strongly**

Percentage of in-year Business Rates collected:  
A collection rate of 95.7% was achieved for 2024 against a target of 95%. Collection for 2024 is 0.7% above target, collecting £92.9m in year. For 2023, there was a collection percentage of 96.5% against a target of 95%.

**Amber and Red indicators include:**

### **Housing**

Proportion of Council homes that meet the Decent Homes Standard:  
A total of 97.62% of homes met the standard for 2024/25 against a target of 98%. For 2023/2024, the percentage was 98.93% of homes.

### **Economic Growth**

Occupancy Level at the Nucleus:  
Occupancy levels for 2024 showed that 61.92% of the units were occupied against a target of 65%. This represents a decrease on the year 2023 which reported an occupancy level of 79.08%.

### **Public Health**

Number of Businesses Under the Food Standards Agency Code of Practice with a Food Hygiene Rating as Broadly Compliant:  
There were 1097 food businesses in operation in the borough during Q4 and of those 967 were assessed to be broadly compliant with food standards (88.15% of businesses were broadly compliant against a target of 90%) for 2024.

### **Council Performing Strongly**

Percentage of in-year Council Tax collected:  
Collection was 0.4% down from target, collecting 95.8% council tax for 2024 against a target of 96.2% and 96.2% for 2023.

Average number of DBC working days lost due to **short term** illness per employee: Overall short-term absence for 2024 was 4.96 days per FTE, slightly above target of 4.00 days per FTE per quarter due to seasonal bugs.

Average number of DBC working days lost due to **long term** illness per employee: Long Term sickness absence per FTE has almost doubled against 2023 and stands at 6.72 days per FTE for 2024. The working days lost for 2023 was 3.52 days per FTE.

Percentage of supplier payments made within 30 days of receipt of invoice: Data for 2024 was close to target showing 98.65% of payments made within 30 days against a target of 99%. In 2023 the percentage was 98.92%.

Average time taken to process a new claim for Housing Benefit: Vacancies and long term sickness have had an impact on the 2024 data which resulted in 32 days to process a new claim against the target of 22 days, in 2023, the number of days to process a claim was reported as 26.26 days to process.

### **Tracker Performance Indicators include:**

#### **Economic Growth**

Overall Business Birth Rate:

The latest data for 2023 showed that there were 11.9% business births (630 businesses) in Dartford. In 2022 data evidenced that there were 12.4% (655 businesses).

Overall Business Death Rate:

The latest data for 2023 showed that there were 11% business deaths (580 businesses). In 2022 data evidenced that there were 14.1% (745 businesses).

Total Town Centre footfall:

The level of footfall reported for the town centre in 2024 was 1,382,366. This latest data shows an increase from 2023 when the reported footfall was 1,243,911.

#### **Safety**

Number of reported anti-social behaviour incidents in the Borough reported to the police:

The dataset for the full year is currently unavailable due to a delay in Kent Police submitting data.

Data received so far reports, 463 incidents in Q1, 520 in Q2 and 380 in Q3.

Total number of crimes reported in the Borough:

The complete dataset for the year is currently unavailable due to a delay in receiving data from Kent Police. So far, 2,977 crimes reported in Q1, 3,005 for Q2 and 3,228 for Q3.

Number of Domestic Abuse incidents:

The complete dataset for the year is currently unavailable due to a delay in receiving data from Kent Police. So far, 674 incidents reported in Q1, 734 for Q2 and 289 for Q3.

Number of Community Protection **Notices** issued:

There were a total of 31 notices issued for 2024 and 47 issued for 2023.

Number of Community Protection **Warnings** issued:

For 2024 a total of 226 warnings were issued and 238 for 2023.

### **Public Health**

Numbers accessing the Pest Control service:

For 2024, there were 585 people accessing the Pest Control service.

### **Environment**

Number of fly tipping investigations by Enforcement Officers:

There were 293 investigations for 2024 and 261 for 2023.

Percentage of household waste going to landfill:

The Key Performance Indicator is typically subject to a target; however, a RAG rating has not been applied for the year due to the unavailability of the full dataset. So far, the data for Q1 was 1.1%, Q2 1.1% and Q3 0.9% against a target of 1% and below.

Number of ultra-low emission vehicles registered in the Local Authority area:

The full dataset for this Key Performance Indicator is currently unavailable due to a delay in receiving data from the Department for Transport. To date, the figures stand at 414 for Q1 and 430 for Q2.

### **People and Communities**

Number of community events held by Dartford Borough Council (Internal events):

There were 45 events held in 2024 which were organised by DBC Officers and 46 events in 2023.

Number of community events held by Dartford Borough Council (External events):

In 2024, a total of 129 external events were held, marking a significant increase from the 90 events in 2023. The growth reflects the successful efforts of the Events Team in promoting and effectively coordinating the event application process.

Number of local groups supported through Community Grants and other grant schemes:

There were 39 community and other grant schemes supported for 2024. In 2023, there were 52.

Number of visitors attending the Dartford Museum:

There were 4,094 visitors attending the museum and in addition, a total of 9 school parties.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DARTFORD  
BOROUGH COUNCIL**  
Report on the Audit of the Financial Statements













## **RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS AND CERTIFICATE OF THE SECTION 151 OFFICER RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

### **The Council's responsibilities**

The Council is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority that officer is the Head of Finance who is the named Section 151 Officer under section 151 of the Local Government Act 1972.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- to approve the Statement of Accounts.

### **The Section 151 Officer's responsibilities**

The Section 151 officer is responsible for the preparation of the authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In preparing that statement of accounts, the Section 151 officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting.

The Section 151 officer has also:

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

## **SECTION 151 OFFICER'S CERTIFICATION TO THE STATEMENT OF ACCOUNTS**

I hereby certify that the Statement of Accounts for the year ended 31 March 2025 required by the Accounts and Audit Regulations 2015 gives a true and fair view of the financial position and transactions of the Council, and its income and expenditure for the same year then ended.

**T SAMS**

TIM SAMS CPFA  
SECTION 151 OFFICER

## **APPROVAL OF THE STATEMENT OF ACCOUNTS IN ACCORDANCE WITH THE ACCOUNTS AND AUDIT REGULATIONS 2015**

### **COMPLETION OF THE APPROVAL OF THE ACCOUNTS**

The Statement of Accounts was formally approved for publication by delegation of the Audit Board on

COUNCILLOR D A HAMMOCK  
CHAIRMAN OF THE AUDIT BOARD

## **ANNUAL GOVERNANCE STATEMENT**

**FOR THE PERIOD 1 APRIL 2024 TO 31 MARCH 2025**

### **SCOPE OF RESPONSIBILITY**

Dartford Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 (as amended) to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for implementing proper arrangements for the governance of its affairs, the stewardship of the resources at its disposal and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance (the Local Code), which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. The Local Code is published on the Council's website at [www.dartford.gov.uk](http://www.dartford.gov.uk).

This statement explains how the Council has complied with the Local Code and with meeting the requirements of regulation 6 of the Accounts and Audit Regulations 2015 to review and report on the effectiveness of its system of internal control and to prepare an Annual Governance Statement.

The Council has in place appropriate management and reporting arrangements to enable it to satisfy that its approach to corporate governance is adequate and effective in practice.

In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions, and which includes arrangements for the management of risk.

### **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and by which it, through its activities, can account to, engage with and lead the community. The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

This Annual Governance Statement is produced for the year 1 April 2024 to 31 March 2025 and includes the period up to the date of approval of the statement of accounts.

## **THE GOVERNANCE FRAMEWORK**

The key elements of the systems and processes that comprise the Council's governance arrangements are summarised below:

### **Identifying and communicating our vision and outcomes for citizens and service users**

The Corporate Plan 2024-2027 has been approved by the General Assembly of the Council [29 July 2024 Min 33].

The Corporate Plan is published on the Council's website.

### **Reviewing our vision and its implications for our governance arrangements**

Progress towards the achievement of the objectives is monitored through the Performance Management Framework, with reporting to the Performance Board. Reports also go to Cabinet and Overview and Scrutiny Committee, and through other internal review mechanisms.

### **Measuring the quality of services for users, to ensure that they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources**

The Council measures the quality of service to users through a number of mechanisms including:

- Customer surveys
- Comments, compliments and complaints
- Monitoring against targets and indicators
- Scrutiny by the Overview and Scrutiny Committee
- Comparison with similar authorities

The Council had determined to undertake a Peer review in 2025/26 in order to gain an increased understanding of the Council's arrangements in comparison to others. Given central government's clear intention to move all two-tier areas of local government to a unitary basis, it has been determined resources would best be spent in preparation for this priority at this stage. Existing gap comparisons with best practice and guidance as part of the Annual Governance Statement process continue.

### **Establishing clear channels of communication with all sections of our community and other stakeholders, ensuring accountability and encouraging open consultation**

The Council has developed a Consultation and Engagement Strategy to meet its duty to inform, consult and involve people in the delivery of Council services. An Equalities and Diversity Document Framework has been developed to meet the Council's obligations under the Equality Act 2010. The Statement of Community Involvement sets out how the community will be involved in decisions about the Council's Local Plan.

## **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

The Council has an adopted Constitution which has recently been reviewed (Annual meeting of the Council 7<sup>th</sup> May 2025 item 10). The constitution details how the Council operates, how decisions are made, and the procedures, which are to be followed to ensure that these are efficient, transparent and accountable to local people. The Constitution defines the terms of reference for all Council committees. The Cabinet (exercising the executive functions of the Council) is responsible for most decisions. In 2024/25 The Cabinet was made up of the Leader and six Councillors. The Council elects the Leader and the Leader appoints the Cabinet. Key decisions are published in advance, in the Regulation 9 Notice, and will generally be discussed in a meeting open to the public. All decisions must be in line with the Council's overall policies and budget. Any decisions the Cabinet wishes to take outside the budget or policy framework must be referred to the General Assembly of the Council to decide. There is an Overview and Scrutiny Committee, that scrutinises the work of the Cabinet, presenting challenge and the opportunity for a decision to be reconsidered. Most scrutiny is undertaken post-decision but a "call-in" procedure allows Overview and Scrutiny Committee, to review Cabinet decisions before they are implemented.

The Overview and Scrutiny Committee, reviews general policies and makes recommendations on future policy options to Cabinet.

A Scheme of Delegations to Officers is approved by the Cabinet/General Assembly of the Council. This defines the framework and limits within which officers can take decisions.

## **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

The standards of conduct and personal behaviour expected of Council Members and Officers, its partners and the community are defined and communicated through codes of conduct and protocols. These include:

- A Member Code of Conduct
- An Employee Code of Conduct
- An Anti-Fraud and Corruption Strategy
- A Member/Officer Protocol
- A Whistleblowing Policy
- An Annual Monitoring Officer report
- An Audit Board to oversee and monitor the Member Code of Conduct
- A Code of Practice for Effective Joint Working Arrangements
- Organisational Behaviours
- Regular Staff Briefings

## **Whistleblowing and receiving and investigating complaints from the public**

The Council's Whistleblowing Policy is regularly reviewed and provides for confidential reporting on matters of concern. Informants are requested to be open in their disclosure, but it is recognised that on occasions, informants will wish to remain anonymous.



The Council has an effective Corporate Complaints Procedure. A report is submitted annually to the Audit Board on corporate complaints. The Cabinet receives an annual report from the Local Government and Social Care Ombudsman containing feedback statistics from the complaints made to the Ombudsman and comment on the Council's performance in responding to Ombudsman investigations.

The Housing Ombudsman publishes data annually, showing how the Council as landlord, is performing on complaints.

**Reviewing and updating standing orders, financial instructions, scheme of delegations and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

Standing Orders, Contract Standing Orders, Financial Regulations and the Scheme of Delegations to Officers are regularly reviewed as are supporting procedures and manuals, to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Council has a duty to ensure that it acts in accordance with the law and various regulations in the performance of its functions. It has developed policies and procedures for its Officers and Members to ensure that, as far as possible, they understand their responsibilities both to the Council and to the public. Key documents and procedures include:

- Standing Orders
- Contract Standing Orders
- Procurement Guide
- Finance Guide and Financial Regulations
- Money Laundering procedures
- Committee reporting procedure including requirements for the monitoring of legal and financial implications
- Regular training on new legal requirements
- Regular updates from the Head of Legal Services for Members and Officers on key changes to the local authority legal framework

Other key corporate policies on a range of topics such as Equalities, Customer Care, Data Protection, Freedom of Information and Fraud have been adopted. All policies are subject to internal review, to ensure they are adequately maintained and fit for purpose.

**Measuring the quality of services for users, for ensuring they are delivered in accordance with our objectives and for ensuring that they represent the best use of resources**

The Council, through its budgetary monitoring and control processes, ensures that financial resources are being used in accordance with the budget and corporate policy via regular management reporting to Directors, the Finance Portfolio Member and Cabinet.

Financial planning is underpinned by annual budget reviews to ensure that service changes are in line with corporate objectives.

Corporate and key service objectives were monitored during the year to ensure that the Council objectives are being achieved and were shared with Cabinet and at Performance Board.

Economic, effective and efficient use of resources is subject to review through the work of the Overview and Scrutiny Committee, Internal and External Audit and annual budget reviews.

## **Financial Management**

Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with the S151 Officer. The systems of internal financial control provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

The CIPFA Statement on the Role of the Chief Financial Officer is referenced and a link provided in the annual budget report. The Council meets all the governance requirements contained in the statement.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties where practical, management supervision and a system of delegation and accountability.

In particular, the process in 2024/25 included:

- The setting of a one year detailed budget and four year Medium Term Financial Plan;
- Monitoring of actual income and expenditure against the annual budget;
- A budget review by officers and Members;
- Setting of financial and performance targets;
- Regular reporting of the Council's financial position to Members;
- Clearly defined capital expenditure guidelines;
- The continuation of a Project Board to approve, monitor and ensure governance of projects.
- Managing risk in key financial service areas.
- Reporting to Audit Board on detected fraud and additional prevention measures to be implemented.

## **Effectiveness of Internal Audit**

The Council's Internal Audit service is provided in partnership with Sevenoaks District Council.

During 2024/5, the internal audit team have worked to deliver the annual audit plan, approved by the Audit Board in March 2024. The service has provided regular updates to Members on the outcomes of audit work, progress on implemented audit actions, and also updates regarding progress against our Quality Action Plan.

In the 2024/25 financial year, Internal audit have issued 2 Substantial, 6 Reasonable and 2 Limited assurance opinions together with 3 advisory pieces of work. The majority of audit actions have been agreed; all 'High' priority actions have accompanying actions. The Audit Board requests details of outstanding or deferred high priority actions, and while the Board has

not expressed any concerns, it has the power to invite Officers to attend meetings to provide updates directly.

Individual audit reports continue to be issued and distributed to relevant Senior Managers.

The effectiveness of the Internal Audit service was via an independent external quality assessment that was completed in 2020/21. That review provided 35 actions for improvement, so far 33 have been implemented, 1 partially implemented and 1 remains outstanding.

The outcomes, along with actions, were reported to the Audit Board. These outcomes from the External Quality Assessment were used to create an audit strategy and action plan.

Throughout the year, the Audit Manager has raised resources as an area for concern with delivering the Audit Plan. This was later picked up by Grant Thornton as part of their Annual Audit Report and they raised a key recommendation around this. Although 2 posts have been successfully recruited to, previous failed attempts at recruiting to difficult to fill posts meant that a restructure was necessary.

This has now been approved and recruitment is underway. However, this meant that the service was significantly under-resourced for the 12 month period covered by this report. There are similar difficulties reported elsewhere within local government around trying to attract experienced candidates and so we are not isolated in this issue.

In order to address the resource gap in the team, we also procured additional support from a commercial internal audit service. They were contracted to complete 6 engagements, though individual issues have meant that only 1 of these has been able to be completed in time for inclusion in this report.

The Audit Board, as those charged with governance, will provide continued oversight and direction as required. As such, the operation of the service will also be monitored by the Leadership Team and the Section 151 Officer.

## **Performance and Risk Management**

A suite of Corporate Performance Indicators has been adopted to reflect performance against the aims of the Corporate Plan. Performance data has continued to be managed through Pentana, which enables the Council to input, collate, and report on real time performance as necessary. A quarterly Corporate Performance report has been taken to both Overview & Scrutiny Committee and Cabinet to ensure visibility and scrutiny of corporate performance.

The Risk Management Strategy, which was approved by Audit Board in Jan 2024 [Minute 31] remains in place and the Strategic Risk register has since been shared with the Audit Board at regular intervals a [October 24 Min 64]. Operational risk registers are in place and service managers are asked to review these quarterly.

By fully embedding this process, the Council will have greater oversight and more effective management of key risks as they arise.

The development needs of Members and senior officers in relation to their strategic roles, are supported by appropriate training

Members receive training on key topics or where significant changes have occurred or new legislation introduced. Training for officers is considered during the year as staff meet with their managers and is monitored via the appraisal system.

## **REVIEW OF EFFECTIVENESS**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. This review is informed by:

- The work of Internal Audit and the Chief Audit Executive's Annual Opinion
- The work of senior managers within the Council who have responsibility for the development and maintenance of the governance environment
- The work of the Data Protection Officer
- The work of the Senior Information Risk Owner
- The opinion of the external auditors as expressed in their annual report to the Audit Board.
- The detailed review undertaken on behalf of the Leadership Team
- The overview provided by the Leadership Team.
- The Monitoring Officer's Annual Report to the Audit Board.

The following processes have been applied in maintaining and reviewing the effectiveness of the governance framework:

### **Council**

The Corporate Plan and the budget are approved and reviewed by the General Assembly of the Council. Other strategies and policies are approved and reviewed by the General Assembly of the Council (where the functions are reserved to it, by legislation).

### **Cabinet**

The Cabinet receives reports on financial performance, strategies and policies are approved and reviewed by Cabinet (where the functions are reserved to Cabinet, by legislation).

### **Overview and Scrutiny Committee**

This committee has a role in (a) reviewing/scrutinising action and decisions taken, (b) advising on and reviewing policies and (c) external scrutiny i.e. looking at issues, which lie outside the Council's responsibilities.

### **Audit Board**

The Audit Board receives quarterly updates on the assurance, which can be placed on various systems and processes during the year, along with an annual assessment at the year-end.

The Audit Board reviews reports presented to it by the Audit Manager (Chief Audit Executive). The Board receives a summary of all internal audit reports and keeps a check on those areas where adverse audit findings or assurance is given. Additionally, the Board has regard to the effectiveness of the Council's risk management arrangements.

The Audit Board receives an annual report from the Monitoring Officer on ethical governance arrangements and on the effectiveness of the Corporate Complaints Procedure.

Ethics is a key element of governance and the purpose of the Monitoring Officer's annual review of the Council's ethical governance is to ensure that robust arrangements are in place and that the Council continues to develop and improve management and reporting arrangements so as to satisfy itself that its approach to ethical governance is both adequate and effective in practice.

The Audit Board also carries out a self-assessment of its functions and activities which is accordingly noted at its meetings.

### **Data Protection Officer**

The Head of Legal Services has been appointed the Data Protection Officer (DPO) in accordance with the Data Protection Act 2018 and the UK GDPR (derived from the General Data Protection Regulation (EU) 2016/679) (Data Protection Legislation).

The DPO's minimum tasks are:

- to inform and advise the Council and its employees about their obligations to comply with the Data Protection Legislation;
- to monitor compliance with the Data Protection Legislation, including managing internal data protection activities, advising on data protection impact assessments, training staff and conducting internal compliance audits;
- to be the first point of contact for supervisory authorities and for individuals whose data is processed (employees, customers etc.).

The DPO operates independently and is required to report to the highest management level in the Council.

### **Senior Information Risk Owner (SIRO)**

The Chief Officer and Director of Corporate Services is the Council's appointed SIRO who has responsibility for ensuring that the Council's IT systems' risk within the organisation is managed appropriately.

The SIRO's other responsibilities can be summarised as:

- owning the Council's overall IT Security Policy and IT risk assessment processes and ensuring they are implemented consistently by Information Asset Owners;
- advising the Leadership Team and the Audit Board on the information risk aspects of the Council's statement on internal controls/annual governance statement;
- reporting to the Audit Board on the effectiveness of the Council's' cyber security management processes;
- owning the Council's IT incident management framework.

## **Annual Audit Opinion**

Based on the work completed to date in 2024-25, the Chief Audit Executive's overall annual assurance opinion is that the Council's arrangements for internal control, risk management and governance during the period is "Reasonable". This means that although systems are generally sound, some areas of risk were found which may, until addressed, prevent the achievement of some objectives.

## **SIGNIFICANT GOVERNANCE ISSUES**

On the basis of the review undertaken and considered by the Directors, the Council is satisfied that there are no significant governance matters that need to be brought to the immediate attention of Members and that the Council's corporate governance arrangements are adequate and operating effectively.

However, the Council continues to seek to improve and strengthen the governance and control environment. As such, the assessment against the Governance Code and Principles have highlighted some areas for improvement. A supporting action plan is appended to this statement.

Over the coming year, the Council will monitor and track progress against the action plan, to ensure steps are taken to improve and enhance its governance arrangements. The Council is satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of the next annual review.

The Leader of the Council

*J Kite*

Chief Officer and Director of Corporate Service

*S Martin*

Ref	Action	Link to Code & Framework	Co-ordinating Officer/s	How will success be measured?
1	Service Planning refresh and monitoring arrangements in place.	C	Leadership Team	<ul style="list-style-type: none"> <li>• New service plans in place by October 25</li> </ul>
2	Strategic Asset Management Strategy Review	C	Property Services Manager	<ul style="list-style-type: none"> <li>• New Strategic Asset Management Strategy by December 25</li> </ul>
3	Follow up of high priority actions in Asset Management audit	C	Property Services Manager	<ul style="list-style-type: none"> <li>• Recommendations in place as per agreed schedule. As soon as possible after new postholder in place.</li> </ul>
4	Medium Term Financial Plan – Savings Plan	D	Head of Finance	<ul style="list-style-type: none"> <li>• Ensure savings plan is identified in accordance with the needs of the Medium-Term Financial Plan – Feb 26</li> </ul>
5	Business Continuity Plans review	E	Service Mangers	<ul style="list-style-type: none"> <li>• All service business continuity plans to be updated and a business continuity exercise to be undertaken with the Finance Team by March 26.</li> </ul>
6	Preparation of staff for Local Government Reorgansiation	E	Human Resources Manager	<ul style="list-style-type: none"> <li>• Training Programme rolled out alongside new coaching programme. Programme in place by March 2026.</li> </ul>
7	Follow up of high priority actions in CCTV audit	F	Head of Environmental Health and Regulatory Services	<ul style="list-style-type: none"> <li>• Recommendations in place as per agreed schedule</li> </ul>
8	Improve reporting and management of operational risk	F	Head of Finance/ Audit Manager	<ul style="list-style-type: none"> <li>• Management updating risk registers quarterly with active reviews carried out and risks identified that move to corporate risk register.</li> </ul>
9	Continue to manage Internal Audit capacity Issues via staff structure review and contractor procurement	G	Internal Audit Manager	<ul style="list-style-type: none"> <li>• Proactively ensuring that the audit plan is delivered either through direct recruitment of external provision.</li> </ul>
10	Assurance mapping completed	G	Audit Manager/ Directors	<ul style="list-style-type: none"> <li>• Completed Assurance map by December 2025</li> </ul>

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and in the Expenditure and Funding Analysis.

		2024/25 Gross Expenditure £,000	2024/25 Gross Income £,000	2024/25 Net Expenditure £,000	2023/24 Gross Expenditure £,000	2023/24 Gross Income £,000	2023/24 Net Expenditure £,000
Corporate Services		22,766	(17,497)	5,269	24,065	(18,680)	5,385
Growth and Community		15,266	(4,712)	10,554	12,457	(3,772)	8,685
Housing and Public Protection		26,239	(8,532)	17,707	23,152	(10,254)	12,898
Local Authority Housing (HRA)	Page 109	16,047	(24,763)	(8,716)	16,002	(22,751)	(6,350)
<b>Cost of Services</b>		80,318	(55,504)	24,814	75,676	(55,457)	20,618
Other Operating Expenditure	Note 11			412			1,028
Financing and Investment Income and Expenditure	Note 12			(11,733)			(10,180)
Taxation and Non Specific Grant Income and Expenditure	Note 13			(33,666)			(34,192)
<b>Surplus or Deficit on the Provision of Services</b>				(20,173)			(22,726)
(Surplus) / Deficit on the revaluation of non current assets	Note 9			(13,422)			(3,771)
Remeasurements of the net defined benefit liability (asset)	Note 9			(1,636)			(1,824)
<b>Total Other Comprehensive Income and Expenditure</b>				(15,058)			(5,595)
<b>Total Comprehensive Income and Expenditure</b>				(35,231)			(28,321)



## MOVEMENT IN RESERVES STATEMENT

The statement below shows the movement in the financial year for 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 Unusable Reserves.

The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Authority's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund and Housing Revenue Account balances before any discretionary transfers to or from Earmarked Reserves undertaken by the Council.

Movement in Reserves during 2024/25	General Fund Balance	Earmarked GF Reserves	Total General Fund Reserves	Housing Revenue Account	Capital Grants Unapplied Account	Capital Receipts Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
Balance at 31 March 2024	(3,000)	(68,259)	(71,260)	(8,797)	(36,148)	(12,586)	(128,791)	(441,887)	(570,678)
Total Comprehensive Income and Expenditure	(9,674)		(9,674)	(10,499)			(20,173)	(15,058)	(35,231)
Adjustments between accounting basis and funding basis under regulations <span style="float: right;">Note 8</span>	(406)		(406)	7,321	(2,455)	208	4,668	(4,668)	0
(Net increase) / decrease before transfers to Earmarked Reserves	(10,080)	0	(10,080)	(3,178)	(2,455)	208	(15,505)	(19,726)	(35,231)
Transfers (to) / from Earmarked Reserves <span style="float: right;">Note 10</span>	9,581	(9,581)							
(Increase) / Decrease in Year	(499)	(9,581)	(10,080)	(3,178)	(2,455)	208	(15,505)	(19,726)	(35,231)
Roundings	(1)		(1)			(1)	(2)	2	(2)
Balance at 31 March 2025	(3,500)	(77,840)	(81,340)	(11,975)	(38,603)	(12,379)	(144,298)	(461,611)	(605,909)

Further analysis of the specific adjustments and transfers which have been made to reserves is contained in note 8 and 9.

The following table shows the comparative information for movements in reserves which took place during previous financial year:

Movement in Reserves during 2023/24	General Fund Balance £,000	Earmarked GF Reserves £,000	Total General Fund Reserves £,000	Housing Revenue Account £,000	Capital Grants Unapplied Account £,000	Capital Receipts Reserve £,000	Total Usable Reserves £,000	Unusable Reserves £,000	Total Authority Reserves £,000
Balance at 31 March 2023	(3,000)	(61,692)	(64,692)	(8,097)	(29,499)	(15,439)	(117,727)	(424,629)	(542,356)
Total Comprehensive Income and Expenditure	(14,033)	0	(14,033)	(8,693)	0	0	(22,726)	(5,595)	(28,321)
Adjustments between accounting basis and funding basis under regulations Note 8	7,465	0	7,465	7,994	(6,650)	2,853	11,662	(11,662)	0
(Net increase) / decrease before transfers to Earmarked Reserves	(6,568)	0	(6,568)	(699)	(6,650)	2,853	(11,064)	(17,257)	(28,321)
Transfers (to) / from Earmarked Reserves Note 10	6,567	(6,567)	0	0	0	0	0	0	0
(Increase) / Decrease in Year	(1)	(6,567)	(6,568)	(699)	(6,650)	2,853	(11,064)	(17,257)	(28,321)
Roundings	1	0	1	(1)	1	0	0	(1)	(1)
Balance at 31 March 2024	(3,000)	(68,259)	(71,260)	(8,797)	(36,148)	(12,586)	(128,791)	(441,887)	(570,678)

## BALANCE SHEET

		31 March 2025	31 March 2024
		£,000	£,000
<b>Long Term Assets</b>			
Property, Plant and Equipment	Note 14	468,191	441,369
Investment Property	Note 15	7,232	7,184
Intangible Assets		236	308
Heritage Assets		147	147
Long Term Investments	Note 17	85,071	73,886
Long Term Debtors	Note 18	9,023	10,001
<b>Total Long Term Assets</b>		<b>569,900</b>	<b>532,895</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	Note 19	54,247	59,492
Inventories		0	0
Short Term Debtors	Note 18	15,357	22,712
Short Term Investments	Note 17	42,839	41,924
Assets Held for Sale	Note 16	0	5,150
<b>Total Current Assets</b>		<b>112,443</b>	<b>129,278</b>
<b>Current Liabilities</b>			
Short Term Borrowing	Note 17	(3,659)	(3,674)
Short Term Creditors	Note 20	(30,205)	(41,603)
Cash and Cash Equivalents	Note 19	(862)	0
Grants Receipts in Advance - Revenue	Note 28	(251)	(240)
Grants Receipts in Advance - Capital	Note 28	(3,476)	(1,339)
Provisions	Note 21	(3,313)	(2,788)
<b>Total Current Liabilities</b>		<b>(41,766)</b>	<b>(49,644)</b>
<b>Net Current Assets</b>		<b>70,677</b>	<b>79,634</b>
<b>Long Term Liabilities</b>			
Long Term Creditors	Note 20	(7,468)	(6,034)
Provisions	Note 21	(169)	(1,832)
Long Term Borrowing	Note 17	(23,344)	(26,888)
Net Pensions Liability	Note 32	(3,687)	(7,097)
<b>Total Long Term Liabilities</b>		<b>(34,668)</b>	<b>(41,851)</b>
<b>Total Net Assets</b>		<b>605,909</b>	<b>570,678</b>
<b>Financed by:</b>			
<b>Usable Reserves</b>			
Usable Capital Receipts Reserve	Note 8	(12,379)	(12,586)
Earmarked Reserves	Note 10	(77,841)	(68,260)
Capital Grants Unapplied Reserve	Note 8	(38,603)	(36,148)
General Fund		(3,500)	(3,000)
Housing Revenue Account	HRA	(11,975)	(8,797)
<b>Unusable Reserves</b>			
Capital Adjustment Account	Note 9	(281,609)	(262,854)
Revaluation Reserve	Note 9	(164,161)	(160,512)
Collection Fund	Note 9	(1,727)	(7,287)
Pensions Reserve	Note 9	3,687	7,097
Deferred Capital Receipts Reserve	Note 9	(14,113)	(17,712)
Pooled Fund Adjustment Account	Note 9	(3,688)	(619)
<b>Total Net Worth</b>		<b>(605,909)</b>	<b>(570,678)</b>

I certify that these accounts provide a true and fair view of the financial position of the Council and its income and expenditure for the year ended 31 March 2025. **T.SAMS** **Tim Sams CPFA, Head of Finance**

## CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The statement shows how the Authority 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 Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority.

		2024/25	2023/24
		£,000	£,000
Net surplus or (deficit) on the provision of services		20,173	22,726
Adjustments to net surplus or deficit on the provision of services for non cash movements	Note 22	13,551	12,230
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	Note 22	(15,640)	(24,154)
Net cash flows from operating activities		18,084	10,802
Investing activities	Note 23	(10,751)	(4,006)
Financing activities	Note 24	(13,440)	(3,079)
Net increase (decrease) in cash and cash equivalents		(6,107)	3,717
Cash and cash equivalents at the beginning of the reporting period		59,492	55,775
Cash and cash equivalents at the end of the reporting period		53,385	59,492

## NOTES TO THE ACCOUNTS

### 1a Expenditure and Funding Analysis

This analysis brings together both the fiscal/funding framework and the accounting framework by service. It takes the net expenditure that is chargeable to taxation and rents, and reconciles it to the Surplus or Deficit on the Provision of Services line in the Consolidated Income and Expenditure Statement.

2024/25	Net Expenditure Chargeable to the General Fund and HRA Balances (MIRS)  £,000	Adjustments between Funding and Accounting Basis (Note 1b)  £,000	Net Expenditure in the Comprehensive Income and Expenditure Statement  £,000
Corporate Services	(2,120)	7,389	5,269
Growth and Community	5,460	5,094	10,554
Housing and Public Protection	14,212	3,495	17,707
Local Authority Housing (HRA)	(3,178)	(5,538)	(8,716)
Net cost of services	14,374	10,440	24,814
Other income and expenditure	(27,632)	(17,355)	(44,987)
(Surplus) or deficit	(13,258)	(6,915)	(20,173)
Opening General Fund and HRA Balance at 31 March 2024	80,057		
Plus Surplus on General Fund and HRA Balance in year	13,258		
Closing General Fund and HRA Balance at 31 March 2025	93,315		

2023/24	Net Expenditure Chargeable to the General Fund and HRA Balances (MIRS) £,000	Adjustments between Funding and Accounting Basis (Note 1b) £,000	Net Expenditure in the Comprehensive Income and Expenditure Statement £,000
Corporate Services	(1,306)	6,691	5,385
Growth and Community	5,819	2,866	8,685
Housing and Public Protection	11,467	1,431	12,898
Local Authority Housing (HRA)	(700)	(5,650)	(6,350)
Net cost of services	15,280	5,338	20,618
Other income and expenditure	(22,548)	(20,796)	(43,344)
(Surplus) or deficit	(7,268)	(15,458)	(22,726)
Opening General Fund and HRA Balance at 31 March 2023	72,789		
Plus Surplus on General Fund and HRA Balance in year	7,268		
Closing General Fund and HRA Balance at 31 March 2024	80,057		

## 1b Note to the Expenditure and Funding Analysis

The tables below show a further breakdown of the adjustments made to the General Fund position in order to arrive at Comprehensive Income and Expenditure Statement amounts.

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2024/25	Adjustment for Capital Purposes	Net Change for Pensions Adjustment	Other Differences	Total Adjustments
	Note 1 £,000	Note 2 £,000	Note 3 £,000	£,000
Corporate Services	339	(1,294)	8,344	7,389
Growth and Community	5,134	(75)	35	5,094
Housing and Public Protection	3,586	(91)	0	3,495
Local Authority Housing (HRA)	(6,933)	(388)	1,783	(5,538)
Net cost of services	2,126	(1,848)	10,162	10,440
Other income and expenditure	(10,076)	75	(7,354)	(17,355)
Surplus or deficit	(7,950)	(1,773)	2,808	(6,915)

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2023/24	Adjustment for Capital Purposes	Net Change for Pensions Adjustment	Other Differences	Total Adjustments
	Note 1 £,000	Note 2 £,000	Note 3 £,000	£,000
Corporate Services	291	(1,212)	7,612	6,691
Growth and Community	2,879	(22)	9	2,866
Housing and Public Protection	1,451	(20)	0	1,431
Local Authority Housing (HRA)	(8,325)	331	2,344	(5,650)
Net cost of services	(3,704)	(923)	9,965	5,338
Other income and expenditure	(7,468)	308	(13,636)	(20,796)
Surplus or deficit	(11,172)	(615)	(3,671)	(15,458)

## **1 Adjustments for Capital Purposes**

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

## **2 Net Change for the Pensions Adjustments**

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure — the net interest on the defined benefit liability is charged to the CIES.

## **3 Other Differences**

This column includes variations in the amount chargeable for Business Rates and Council Tax under statute and the code. Other differences include interest costs budgeted and reported under the service headings during the year but accounted in other income and expenditure under the code and timing differences for debits or credits relating to premiums or discounts on debt settlement.



## 2 Expenditure and Income Analysed by Nature

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

Expenditure/Income	2024/25	2023/24
	£000	£000
<b>Expenditure</b>		
Employee benefits expenses	15,053	13,638
Other services expenses	54,041	53,603
Depreciation, amortisation, impairment	11,224	8,834
Interest payments and similar charges	1,165	1,701
Precepts and levies	1,348	1,287
Discounted sale scheme	498	0
Non Domestic Rates Tariff/Levy	30,727	29,618
Total expenditure	114,056	108,681
<b>Income</b>		
Fees, charges and other service income	(34,977)	(31,739)
Gain on the disposal of assets	(1,434)	(232)
Discounted sale scheme	0	(27)
Interest and investment income	(12,862)	(11,872)
Income from council tax and non domestic rates	(48,042)	(45,759)
Government grants and contributions	(36,914)	(41,778)
Total income	(134,229)	(131,407)
Surplus or Deficit on the Provision of Services	(20,173)	(22,726)

## **3 Accounting Policies**

### **General Principles**

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which require it to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### **Accruals and Revenue Recognition**

Expenditure and Income are accounted for in the year that it takes place, not simply when cash payments are made or received and relate to activity on all of the Council's functions including non-exchange transactions e.g. Council Tax, Housing Rents and Business Rates. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet;
- Expenses in relation to services received, including those from employees, are recorded as expenditure when the services are received rather than when payments are made;
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- There is a de-minimis limit for manual accruals (not automatic accruals) of £5,000 to aid faster closing, transactions below this limit are not generally accrued for as they are deemed not material to the understanding of these accounts.

One exception to this policy exists in respect of Housing Benefits payments which are accounted for when the payment is made.

## **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months of the Balance Sheet date and are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

## **Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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 prospectively, 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.

## **Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- amortisation of intangible fixed assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the authority in accordance with statutory guidance).

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance [Minimum Revenue Provision (MRP) or loans fund principal], by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **Council Tax and Non-Domestic Rates**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

### **Accounting for Council Tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

### **Discounted Sales Scheme**

Discounts were historically provided by two third parties on sales of new dwellings on a development scheme in the borough between 2011 and 2018.

Income due is based on a percentage of the market value of the properties and becomes due to the Council upon either the first sale or redemption of the property or after 25 years if no sale or redemption takes place.

The income due is secured as a result of a charge on the properties. For properties sold before January 2017 the charge is in the Council's favour. For properties after this date the charge is in the favour of a third party and a floating charge over the portfolio held by the Council.

To determine the fair value of the asset at the balance sheet date each year the following method is used:

- Adjust the historic sale figure by appropriate price indices to reflect the gross income due at the balance sheet date.
- Estimate the likely income stream based on disposals of properties over the 25 year period.
- In order to reflect that the income will come in the future these values are discounted, using an appropriate rate of discount to be determined by the Council and its advisers.

Indices and discount rates are reviewed annually, and the value is updated for any sales that have occurred, to reflect the estimated position at 31 March.

## **Employee Benefits**

### **Benefits Payable During Employment**

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees. Such benefits are recognised as an expense for services in the year in which employees render service to the Authority. The calculated cost of unpaid benefits owing to employees at year end is not considered material, so no accrual has been made in the accounts for this.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are made to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

### **Post-Employment Benefits**

Employees of the Council are generally eligible to be members of the Local Government Pension Scheme, administered by Kent County Council.

The scheme provides defined benefits (retirement lump sums and pensions) to its members, linked to their length of service as employees of the Council, including transferred-in service from past employers.

The local government scheme is accounted for as a defined benefits scheme. The liabilities of the Kent County Council pension scheme attributable to the Council are included in the Balance Sheet on an actuarial basis, using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality (AA) corporate bonds. At March 2025 the discount rate was 5.75%.

The assets of the Kent County Council pension scheme, attributable to the Council, are included in the Balance sheet at their fair value, as follows:

Quoted securities:	current bid price
Unquoted securities:	professional estimate
Unitised securities:	current bid price
Property:	market value

The change in net pensions liability is analysed into the following components:

### **Service Cost**

- current service cost: the increase in liabilities as a result of years of service earned this year (allocated to the revenue accounts of services for which the employees worked, in the Comprehensive Income and Expenditure Statement).
- past service cost: the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years (debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs).
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time (charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments).

### **Remeasurement**

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuary has updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- contributions paid to the Kent County Council pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund, or directly to pensioners, in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required, to and from the Pensions Reserve, to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, or any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees. There was an additional impact due to application of an asset ceiling as a result of IFRIC 14 regulations – see note 32 to the accounts.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award, and are accounted for using the policies as are applied to the Local Government Pension Scheme.

## **Events After the Reporting Period**

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. 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.

## **Financial Instruments**

### **Financial Liabilities**

Financial Liabilities are recognised in 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. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. This means that the amount presented in the Balance Sheet is the outstanding principal repayable and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

### **Financial Assets**

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost 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. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### **Expected Credit Loss Model**

The authority recognises expected credit losses on its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Lifetime losses are recognised for material trade receivables (debtors) held by the authority.

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

### **Financial Assets Measured at Fair Value through Profit or Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.



Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Financial Assets Measured at Fair Value through other Comprehensive Income (FVOCI)**

It is the policy of the authority that certain equity assets will be designated as Financial Assets Measured at Fair Value through other Comprehensive Income. Designation is considered when the investment would normally fall into the Fair Value through Profit or Loss classification, the investment meets the definition of an equity instrument and is not held for trading. Any designation is determined so that a reliable accounting policy is maintained for the investment reflecting the long term strategic nature of each investment. Designation is irrevocable so that gain/losses in movements in fair value are not recognised in usable reserves until the investment matures or is sold.

### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the 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.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account.

### **Community Infrastructure Levy**

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on 'new build' (chargeable developments for the Authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement, in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

## **Heritage Assets**

A Heritage Asset is a tangible or intangible asset that is intended to be preserved in trust for future generations because of its historical, artistic, scientific, technological, geophysical or environmental qualities and is held principally for its contribution to knowledge and culture. The value of Heritage Assets held by the Council is not material and therefore is not recognised on the balance sheet.

## **Interest in Companies or Other Entities**

The Council does not have material interests in companies, nor in other entities that have the nature of subsidiaries; accordingly, group accounts have not been prepared. The Council is a shareholder in the Bridge Estate Management Company Limited. To date the company's activities have been very limited and are not considered material; and it is not considered that the preparation of group accounts would aid in the understanding of the financial standing of the Council.

## **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 council services 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 inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

### **Joint Operations**

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises its:

- assets, including its share of any assets held jointly;
- liabilities, including its share of any liabilities incurred jointly;
- revenue from the sale of its share of the output arising from the joint operation;
- share of the revenue from the sale of the output by the joint operation;
- expenses, including its share of any expenses incurred jointly.

### **Leases**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy, where fulfilment of the arrangement is dependent on the use of specific assets.

### **The Authority as Lessee**

The Authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

### **Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date 1 April 2024, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Authority is reasonably certain to exercise
- lease payments in an optional renewal period if the Authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

### **Subsequent measurement**

The right-of-use asset is subsequently measured using the fair value model. The Authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate

- there is a change in the estimate of the amount expected to be payable under a residual value guarantee
- the Authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

### **Low value and short lease exemption**

As permitted by the Code, the Authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Authority is reasonably certain to exercise and any termination options that the Authority is reasonably certain not to exercise).

### **Lease expenditure**

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **The Authority as Lessor**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

### **Finance Leases**

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance, and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve in the Movement in Reserves Statement. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

### **Operating Leases**

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

### **Overheads and Support Services**

The costs of overheads and support services are charged to service segments in accordance with the Authority's arrangements for accountability and financial performance. The majority of Support Services are reported as part of Corporate Services.

### **Property, Plant and Equipment**

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

#### **Recognition**

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Expenditure above £10,000 is capitalised; amounts below this sum are charged directly to revenue.

## Measurement

Assets have been valued on the basis recommended by CIPFA and in accordance with the Statements of Asset Valuation principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS). They have been classified in accordance with the IFRS Code.

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value.

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

- community assets, heritage assets and assets under construction – historical cost
- infrastructure assets – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV),
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), the depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount was not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service).

The schedule of valuations for operational property is shown in Note 14. The date of revaluation for non-dwelling Property, Plant and Equipment assets valued during the year is 31 March 2025. Investment Properties have been revalued as at 31 March 2025.

Council dwellings are revalued annually using the Beacon principle. The asset valuations in these accounts have been prepared by the Council's in-house valuer Neil King in accordance with the Royal Institute of Chartered Surveyors' current guidance notes for Asset Valuation.

The basis for Council dwellings' valuations is Existing Use Value for Social Housing (EUV-SH). Under this method the vacant possession value of the dwellings is reduced to 33% of the market value, to reflect their occupation by secure tenants. A full valuation of the Beacon properties is undertaken every five years, but an annual adjustment to reflect market changes is made in the intervening years. The date of valuation for Housing Revenue Account dwellings was 31 March 2025.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains can also be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for in the following ways:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where such indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for in the following ways:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- where there is no balance in the Revaluation Reserve, or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

### Depreciation



Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land, community assets and heritage assets) and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on the following bases:

- dwellings – straight-line allocation over 60 years, the useful life of the property as estimated by the valuer.
- other buildings (and their components as relevant ( – reducing balance charge over the useful life of the property as estimated by the valuer, (ranges from 1-88 years).
- vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet on a reducing balance basis, as advised by a suitably qualified officer, (ranges from 1-10 years).
- Infrastructure – reducing balance charge over the useful lives of the assets, (ranges from 1-25 years).

Expenditure on the acquisition or enhancement of an asset is not depreciated in the year it is incurred unless the value is significant. Right-of-use assets are depreciated in the year of recognition for the portion of the year they have been used.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## **Components**

The IFRS code requires local authorities to identify elements of major assets that either have a capital cost that is significant in relation to the total cost of the asset and/or have a different useful life or depreciation method. The Council accounts for components for individual assets with a gross book value in excess of £1m, and where any individual component has a value in excess of £100,000.

The treatment of components for the Housing Revenue Account dwellings differs from that shown above. The component policy for the HRA dwelling stock has been compiled based on advice received from valuers and officers. The criterion for this asset class is if an individual component has a value in excess of 20% of the average dwelling valuation. The Council has not implemented component accounting for the HRA stock as no individual components meet the Council's criterion.

## **Disposals and Non-current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value, less costs to sell. Where there is a subsequent decrease to its fair value, less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up

to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale, adjusted for the depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell. Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are also credited to the same line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts in excess of £10,000 received for a disposal are categorised as capital receipts. A proportion of certain receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

## **Provisions**

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Authority becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

## **Contingent Liabilities**

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 liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts if material liabilities exist.

## **Contingent Assets**

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.

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

## **Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

## **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Authority has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

## **Value Added Tax**

VAT has been included in the income and expenditure accounts, whether of a capital or revenue nature, only to the extent that it is irrecoverable.

## **4 Accounting Standards that Have Been Issued but Have Not Yet Been Adopted**

The Code of Practice on Local Authority Accounting in the United Kingdom (the code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2025/26 code.

The code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified, this would result in an impact on disclosures spanning two financial years.

Relevant accounting changes that are introduced by the 2025/26 code are:

- IAS 21 The effects of changes in foreign exchange rate (lack of exchangeability) issued in August 2023. The amendments to IAS21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of the financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code includes adaptations and interpretations of IAS 16 Property, Plant & Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment of standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from requirements of IAS 8 following a change in accounting policy.

These code changes are not expected to have a material impact on the Council's statements.

## **5 Critical Judgements in Applying Accounting Policies**

The Council's aggregate interest in the discounted sales scheme is continuing, (103 properties as at 31 March 2025). The historic costs of the sales since the commencement of the scheme have been uplifted to March 2025 prices using the Land Registry indices for Dartford, relevant to the respective balance sheet dates.

It has been determined that the discounted sales scheme receivable is not a financial instrument as the Council's rights under the scheme do not meet the definition of a financial asset. This is because the Council's legal charge over the properties concerned does not arise from a contractual relationship between the Council and the purchasers of the property. Additionally, the Council has offered no consideration to the owners of the property in return for the economic benefits received.

The Authority carries out a rolling programme of valuations, in accordance with the IAS16 and code requirements, to ensure that all Property, Plant and Equipment (PPE) required to be measured at current value is revalued at least every five years. Properties with a higher valuation are valued annually to ensure a materially correct carrying value.

**IFRS16** - In 2024/25 the Council has adopted IFRS 16 Leases, as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased item as an asset and future payments as a liability), a right of use asset and a lease liability have been brought into the balance sheet at 1 April 2024. These have been calculated based on the current schedule of rental payments and discounted using the relevant Public Works Loans Board (PWLB) certainty rate. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements and have been excluded.

**Asset Ceiling** - The accounting standards state that if an employer has an accounting surplus on the pension scheme, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the “asset ceiling”. Assumptions have been made that there is no unconditional right to a refund of a surplus from the pension authority and the requirement to make contributions towards a funding deficit is considered an additional minimum liability. As such an asset ceiling has been calculated and applied by the actuary in-line with IAS19 & IFRIC14 accounting standards.

## **6 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 related factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

### **Property Valuations**

Revaluations of property, plant and equipment, investment property and surplus assets are estimations of asset values using comparable recent market transactions, depreciated replacement costs, indices, and data from third parties such as Land Registry and Valuation Office Agency.

If significant revaluation increases or impairments were experienced there is a risk that the charge for depreciation to reflect the economic consumption of the asset may be over or under stated. The effect of any over or under estimation on the revaluation of property, plant and equipment cannot be quantified until an asset is disposed of. A reduction of 1% in the value of PPE at 31.03.2025 would reduce the balance sheet value by £4.68m

## **Pensions Liability**

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied. The sensitivity of the net Pension Fund liability to a change in assumptions can be measured and is shown in the sensitivity table as part of Note 32 in the accounts.

The accounts now include an asset ceiling, which is the present value of any economic benefit available to the employer in the form of refunds or reduced future employer contributions. This was based on the following assumptions:

- There is no prospect of the Employer having an unconditional right to a refund of surplus on the basis that such a payment would be at the discretion of the Fund
  - The Employer is a scheduled body and assumed to participate indefinitely.
  - Primary contributions are considered to be a minimum funding requirement (MFR – it aims to ensure that a scheme's assets cover its liabilities)
  - The MFR exceeds the current cost of accrual then the potential economic benefit from future contribution reductions is nil. Since this is less than the unadjusted net asset of £6,736,000, the initial impact of the asset ceiling is £6,736,000.
  - The Employer is currently paying deficit contributions towards a funding deficit. This has been assessed to constitute an onerous funding commitment with an additional liability of £2,918,000 to be recognised.
- The initial impact from an asset ceiling of £6,736,000 plus an additional liability of £2,918,000 results in an asset ceiling of £9,654,000.

## **7 Events After The Reporting Period**

The Statement of Accounts was approved and authorised for issue on the \_\_\_\_\_ by the Audit Board, and this is the date to which events after the Balance Sheet date have been considered for inclusion in the financial statements.

## 8 Adjustments Between Accounting Basis and Funding Basis Under Regulations, including Usable Reserves Disclosure

Details of movements in the Authority's usable reserves are set out in the Movement in Reserves Statement and the tables later in this note. The movements are summarised in the table below. Earmarked Reserves are also part of useable reserves and are analysed separately in Note 10.

	Movements in Year				
	2023/24	CI&ES	MIRS/Roundings	Reserves	2024/25
	£'000	£'000	£'000	£'000	£'000
General Fund Balance	3,000	9,674	406	(9,580)	3,500
Housing Revenue Account	8,797	10,499	(7,321)	0	11,975
Capital Grants Unapplied	36,148	0	2,455	0	38,603
Capital Receipts Reserve	5,810	0	738	0	6,548
"One for One" Receipts	6,776	0	(945)	0	5,831
Total	60,531	20,173	(4,667)	(9,580)	66,457

The Usable Reserves are composed of:

### General Fund Balance

The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all its liabilities are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

### Housing Revenue Account Balance

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure, as defined by the 1989 Act, that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### Major Repairs Reserve

The Authority is required to maintain the Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA.

### **Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the nature of capital expenditure against which it can be applied and/or the financial year in which this can take place.

### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

### **‘One for One’ Receipts**

This is a part of the capital receipts reserve and is broken down here for additional disclosure; these receipts arise from the sale of Council properties via the Right to Buy. The receipts must be held separately and used to fund the provision of new social housing, within three years of receipt.

### **Adjustments Between Accounting Basis and Funding Basis Under Regulations**

The table below details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure.



	Usable Reserves				
	General Fund Balance £,000	Housing Revenue Account £,000	Major Repairs Reserve £,000	Capital Grants Unapplied £,000	Capital Receipts Reserve £,000
<b>2024/25</b>					
<b>Adjustments to the Revenue Resources</b>					
Pensions Costs	1,386	388	0	0	0
Council Tax and NDR	(5,560)	0	0	0	0
Reversal of entries in relation to Investments	3,085	34	0	0	0
Reversal of entries in relation to Capital Expenditure	(16,046)	(5,249)	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>(17,135)</b>	<b>(4,827)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustments Between Revenue and Capital Resources</b>					
Transfer of Cash Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	5,451	2,851	0	0	(10,989)
Transfer from Deferred Capital Receipts on receipt of cash	0	0	0	0	0
Recognition of Deferred Capital Receipt on change of lease conditions	0	0	0	0	0
Recognition/amend Long Term Debtor re Discounted Sales Scheme	(498)	0	0	0	0
Capital expenditure financed from the General Fund and Housing Revenue Account Balances	4,246	967	0	0	0
Statutory provision for the repayment of debt	1,560	3,543	0	0	0
Transfer from HRA to Major Repairs Reserve	0	4,558	(4,558)	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>10,759</b>	<b>11,919</b>	<b>(4,558)</b>	<b>0</b>	<b>(10,989)</b>
<b>Adjustments to Capital Resources</b>					
Capital Grants Applied to Finance Capital expenditure	0	229	0	3,515	0
Capital Grants and Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	5,970	0	0	(5,970)	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	4,558	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	11,197
<b>Total Adjustments to Capital Reserves</b>	<b>5,970</b>	<b>229</b>	<b>4,558</b>	<b>(2,455)</b>	<b>11,197</b>
<b>Total Adjustments</b>	<b>(406)</b>	<b>7,321</b>	<b>0</b>	<b>(2,455)</b>	<b>208</b>

	Usable Reserves				
	General Fund Balance £,000	Housing Revenue Account £,000	Major Repairs Reserve £,000	Capital Grants Unapplied £,000	Capital Receipts Reserve £,000
<b>2023/24</b>					
<b>Adjustments to the Revenue Resources</b>					
Pensions Costs	947	241	0	0	0
Council Tax and NDR	1,271	0	0	0	0
Reversal of entries in relation to Investments	2,361	684	0	0	0
Reversal of entries in relation to Capital Expenditure	(13,293)	(6,157)	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>(8,714)</b>	<b>(5,232)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustments Between Revenue and Capital Resources</b>					
Transfer of Cash Sale Proceeds credited as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	9,305	2,112	0	0	(4,221)
Transfer from Deferred Capital Receipts on receipt of cash	0	0	0	0	0
Recognition of Deferred Capital Receipt on change of lease conditions	0	0	0	0	0
Recognition/amend Long Term Debtor re Discounted Sales Scheme	26	0	0	0	0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0	0	0	0	0
Capital expenditure financed from the General Fund and Housing Revenue Account Balances	26	2,274	0	0	0
Statutory provision for the repayment of debt	172	3,543	0	0	0
Transfer from HRA to Major Repairs Reserve	0	4,456	(4,456)	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>9,529</b>	<b>12,385</b>	<b>(4,456)</b>	<b>0</b>	<b>(4,221)</b>
<b>Adjustments to Capital Resources</b>					
Capital Grants Applied to Finance Capital expenditure	0	841	0	0	0
Capital Grants and Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	6,650	0	0	(6,650)	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	4,456	0	0
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	0	7,074
<b>Total Adjustments to Capital Reserves</b>	<b>6,650</b>	<b>841</b>	<b>4,456</b>	<b>(6,650)</b>	<b>7,074</b>
<b>Total Adjustments</b>	<b>7,465</b>	<b>7,994</b>	<b>0</b>	<b>(6,650)</b>	<b>2,853</b>

## 9 Unusable Reserves

	2024/25	2023/24
	£,000	£,000
Capital Adjustment Account	(281,609)	(262,854)
Revaluation Reserve	(164,161)	(160,512)
Collection Fund Adjustment Account	(1,727)	(7,287)
Pensions Reserve	3,687	7,097
Deferred Capital Receipts Reserve	(14,113)	(17,712)
Pooled Investment Fund Adjustment Account	(3,688)	(619)
<b>Total Unusable Reserves</b>	<b>(461,611)</b>	<b>(441,887)</b>

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority. The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

CAPITAL ADJUSTMENT ACCOUNT	2024/25 £,000	2023/24 £,000
Balance as at 1 April	(262,854)	(247,054)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	11,151	8,917
Amortisation of intangible assets	72	65
Revenue expenditure funded from capital under statute	5,254	5,484
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	6,454	10,853
Other Adjustments	0	(605)
Adjusting amounts written out of the Revaluation Reserve		
Adjustment re Historic Cost Depreciation	(2,630)	(2,429)
Other Adjustments	(7,143)	(13,364)
Net written out amount of the cost of non-current assets consumed in the year:	13,158	8,921
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(11,197)	(7,074)
Use of the Major Repairs Reserve to finance new capital expenditure	(4,558)	(4,456)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(2,280)	(7,039)
Application of grants to capital financing from the Capital Grants Unapplied Account	(3,514)	(2)
Statutory Provision for the financing of capital investment charged against the General Fund and HRA balances	(5,103)	(3,716)
Capital expenditure charged against the General Fund and HRA balances	(5,213)	(2,300)
	(31,865)	(24,587)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(48)	(134)
Balance as at 31 March	(281,609)	(262,854)

## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Authority 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 as the gains are consumed through depreciation, or
- disposed of and the gains realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

REVALUATION RESERVE	2024/25		2023/24	
	£,000		£,000	
Balance as at 1 April		(160,512)		(172,534)
Upward revaluation of assets	(16,120)		(9,774)	
Downward revaluation of assets and impairment losses not charged to the surplus or deficit on the provision of services	2,698		6,003	
Surplus or deficit on revaluation of non-current assets not posted to the surplus or deficit on the provision of services		(13,422)		(3,771)
Difference between fair value depreciation and historical cost depreciation	2,630		2,429	
Accumulated gains on assets sold or scrapped	7,143		13,364	
Amount written off to the Capital Adjustment Account		9,773		15,793
Balance at 31 March		(164,161)		(160,512)

## Collection Fund Adjustment Account

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

	2024/25	2023/24
<b>COLLECTION FUND ADJUSTMENT ACCOUNT</b>	<b>£,000</b>	<b>£,000</b>
Balance at 1 April	(7,287)	(6,016)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	16	(91)
Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year in accordance with statutory requirements	5,544	(1,180)
Balance at 31 March	(1,727)	(7,287)

## Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve shows a shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2024/25	2023/24
<b>PENSIONS RESERVE</b>	<b>£,000</b>	<b>£,000</b>
Balance at 1 April	7,097	10,109
Remeasurements of the net defined benefit liability (asset)	(1,636)	(1,824)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the provision of Services	2,235	2,478
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,009)	(3,666)
Balance at 31 March	3,687	7,097

## Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets for which cash settlement has yet to take place. Under statutory arrangements the authority does not treat these gains as usable for financing new capital expenditure until they are backed by capital receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. The Council has identified monies due to it in respect of discounts provided by two third parties on sales of new dwellings on a development in the borough. These receipts will arise over the next 25 years, as relevant properties are sold or redeemed, and they are shown on the balance sheet and within Long Term Debtors in Note 18 to the accounts.

	2024/25	2023/24
<b>DEFERRED CAPITAL RECEIPTS RESERVE</b>		
	£,000	£,000
Balance at 1 April	(17,712)	(11,468)
Transfer to the Capital Receipts Reserve upon receipt of cash	7,195	0
Write off of lease	0	646
New Deferred Receipt (Stone Lodge)	(4,507)	(7,195)
Discounted Sale Scheme - New Receipts and Valuation Changes	498	(26)
Discounted Sales Scheme - Written Out on Receipt of Cash	413	331
Balance at 31 March	(14,113)	(17,712)

## Pooled Investment Fund Adjustment Account

The pooled investment fund adjustment account holds unrecognised gains and losses of financial instruments accounted for at fair value through profit and loss. A statutory override allows for these unrecognised gains and losses to be transferred from the general fund to the pooled investment fund adjustment account via the MIRS so that the fluctuations in the movement of these funds does not impact the council tax payer. When the asset is eventually sold the accumulated gain or loss is then transferred back to the General fund via the MIRS.

<b>POOLED INVESTMENT FUND ADJUSTMENT ACCOUNT</b>	<b>2024/25</b>	<b>2023/24</b>
	<b>£,000</b>	<b>£,000</b>
Balance at 1 April *	(619)	2,334
Upward revaluation of investments	(3,207)	(3,396)
Downward revaluation of investments	138	443
Balance at 31 March	(3,688)	(619)



## 10 Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in Earmarked Reserves to provide financing for future expenditure plans, and the amounts posted back from Earmarked Reserves to meet General Fund expenditure.

Earmarked Reserve	Balance at 31 March 2023 £,000	Transfers Out 2023/24 £,000	Transfers In 2023/24 £,000	Balance at 31 March 2024 £,000	Transfers Out 2024/25 £,000	Transfers In 2024/25 £,000	Balance at 31 March 2025 £,000
Museum Donation Box	(14)	0	0	(14)	0	0	(14)
Pensions Contributions	(2,000)	0	0	(2,000)	0	0	(2,000)
Financial Stability and Capital Projects Reserve	(37,968)	2,696	(3,249)	(38,521)	553	(1,396)	(39,364)
Homelessness Reserve	(500)	0	(194)	(694)	0	0	(694)
Identified Initiatives	(3,065)	735	(12)	(2,342)	621	(1,565)	(3,286)
Grants and Contributions	(1,903)	148	(329)	(2,084)	404	(576)	(2,256)
Feasibility	(500)	278	(278)	(500)	39	(39)	(500)
Service Provision	(500)	144	(374)	(730)	306	(305)	(729)
Minor Insurance Liability	(100)	0	0	(100)	0	0	(100)
Replacement and Renewals	(665)	56	(66)	(675)	30	(152)	(797)
Structural Changes	(500)	100	(100)	(500)	0	0	(500)
Acacia Reserve	(423)	0	(50)	(473)	0	(85)	(558)
Corporate Property Maintenance	(650)	41	(141)	(750)	144	(144)	(750)
Investment Volatility	(7,811)	0	(2,000)	(9,811)	0	0	(9,811)
Community Infrastructure Reserve	(279)	2	0	(277)	0	0	(277)
Environmental & Waste Management	(401)	0	0	(401)	0	0	(401)
NNDR Deficit Reserve	(252)	253	0	1	0	0	1
NNDR Growth Fund Reserve	(4,152)	26	(1,020)	(5,146)	43	(1,525)	(6,628)
Business Rates - Economic Development	(10)	0	0	(10)	2	0	(8)
Temporary Accommodation Capital Reserve	0	0	(3,233)	(3,233)	4,221	(4,450)	(3,462)
Capital Project Reserve	0	0	0	0	1,165	(6,872)	(5,707)
<b>Total</b>	<b>(61,693)</b>	<b>4,479</b>	<b>(11,046)</b>	<b>(68,260)</b>	<b>7,528</b>	<b>(17,109)</b>	<b>(77,841)</b>

## 11 Other Operating Expenditure

	2024/25	2023/24
	£,000	£,000
Parish Council precepts	1,348	1,286
(Gains)/Losses on the disposal of non-current assets	(1,434)	(232)
Notional Income - Discounted Sale Scheme	498	(26)
<b>Total Other Operating Expenditure</b>	<b>412</b>	<b>1,028</b>

## 12 Financing and Investment Income & Expenditure

	2024/25	2023/24
	£,000	£,000
Interest payable and similar charges	1,068	1,303
Net interest on the net defined benefit (liability) & curtailment	97	398
Interest receivable and similar income	(12,627)	(11,554)
Income and expenditure in relation to investment properties	(223)	(193)
Changes in the fair value of investment property	(48)	(134)
<b>Total Financing and Investment Income and Expenditure</b>	<b>(11,733)</b>	<b>(10,180)</b>

## 13 Taxation and Non-Specific Grant Income and Expenditure

	2024/25	2023/24
	£,000	£,000
Council Tax Income	(9,140)	(8,758)
NNDR Tariff	28,955	27,400
NNDR Income Share	(38,902)	(36,999)
Business Rates Levy / Pool Contribution	1,772	2,217
Section 31 Business Rates Grants	(5,307)	(4,553)
Non-Ringfenced Government Grants	(4,710)	(4,439)
Capital Grants and Contributions	(6,334)	(9,060)
<b>Total Taxation and Non Specific Grant Income</b>	<b>(33,666)</b>	<b>(34,192)</b>

## 14 Property, Plant and Equipment

Movements on Balances							
Movements in 2024/25	Council Dwellings £,000	Other Land and Buildings* £,000	Other Land and Buildings - Right of use assets £,000	Vehicles, Plant, Furniture & Equipment £,000	Community Assets £,000	Assets Under Construction £,000	Total Other Property, Plant and Equipment £,000
<b>Cost or Valuation</b>							
at 1 April 2024	355,080	60,756	0	8,413	13,908	5,676	443,833
Opening balance adjustment (IFRS16)			3,262				3,262
Additions	5,525	5,898	1,087	581	26	9,474	22,591
Revaluation increases / (decreases) recognised in the Revaluation Reserve	13,452	(30)	0	0	0	0	13,422
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(22)	(2,076)	0	0	0	0	(2,098)
Derecognition - Disposals	(1,320)	0	0	(126)	0	0	(1,446)
Assets reclassified		(4,564)	0	0	0	4,564	0
Other Movements*	(3,990)	(1,976)	0	0	0	0	(5,966)
At 31 March 2025	368,725	58,008	4,349	8,868	13,934	19,714	473,598
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2024	0	(226)	0	(3,437)	(363)	0	(4,026)
Depreciation charge	(4,139)	(2,706)	(1,180)	(990)	0	(620)	(9,635)
Depreciation written out to Revaluation Reserve	3,990	1,976	0	0	0	0	5,966
Depreciation written out to Surplus/Deficit on provision of Services	134	557	0	0	0	0	691
Impairment losses (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0	0
Derecognition - Disposals	15	0	0	126	0	0	141
At 31 March 2025	0	(399)	(1,180)	(4,301)	(363)	(620)	(6,863)
<b>Net Book Value</b>							
at 31 March 2025	368,725	57,609	3,169	4,567	13,571	19,094	466,735

\* Other movements in both years are related to the write back of depreciation on revaluation.

During 2024/25 the Council spent £26.76m on capital works to its asset portfolio. Of this sum, £5.53m was spent on HRA dwelling stock assets, including a programme of new build/acquisitions. The Council sold 14 dwellings with a total balance sheet valuation of £1.32m under the Right to Buy scheme during 2024/25. The Council continued with the build of 16 properties at Gilbert Close which will be completed during 2025/26.

<b>Movements on Balances</b>						
<b>Movements in 2023/24</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings*</b>	<b>Vehicles, Plant, Furniture &amp; Equipment</b>	<b>Community Assets</b>	<b>Assets Under Construction</b>	<b>Total Other Property, Plant and Equipment</b>
	£,000	£,000	£,000	£,000	£,000	£,000
<b>Cost or Valuation</b>						
at 1 April 2023	354,050	57,702	9,276	13,887	3,430	438,345
Additions	5,396	5,689	1,598	21	2,246	14,950
Revaluation increases / (decreases) recognised in the Revaluation Reserve	1,309	2,462	0	0	0	3,771
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(717)	(1,592)	0	0	0	(2,309)
Derecognition - Disposals	(961)	(816)	(2,461)	0	0	(4,238)
Assets reclassified	0	0	0	0	0	0
Other Movements*	(3,997)	(2,689)	0	0	0	(6,686)
At 31 March 2024	355,080	60,756	8,413	13,908	5,676	443,833
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2023	0	(872)	(4,955)	(363)	0	(6,190)
Depreciation charge	(4,131)	(3,075)	(856)	0	0	(8,062)
Depreciation written out to Revaluation Reserve	3,997	2,689	0	0	0	6,686
Depreciation written out to Surplus/Deficit on provision of Services	123	1,033	0	0	0	1,156
Impairment losses (reversals) recognised in the Revaluation Reserve	0	0	0	0	0	0
Derecognition - Disposals	11	(1)	2,374	0	0	2,384
At 31 March 2024	0	(226)	(3,437)	(363)	0	(4,026)

**Net Book Value**

**at 31 March 2023**      355,080      60,530      4,976      13,545      5,676      439,807

\* Other movements in both years are related to the write back of depreciation on revaluation.

## **Depreciation**

The following useful lives and depreciation rates have been used in the calculation of depreciation:

Council Dwellings	60 years
Other Land and Buildings	1-88 years
Vehicles, Plant and Equipment	1-10 years
Infrastructure	1-25 years

## **Capital Commitments**

At 31 March 2025 the Authority is contractually committed to spending a total of £12.67m on capital projects. This is provided for in the capital budget and is fully funded from the Council's own resources.

## **Revaluations**

The Authority carries out a rolling programme of valuations, in accordance with the IAS16 requirements, to ensure that all Property, Plant and Equipment (PPE) required to be measured at current value is revalued at least every five years. Properties with a higher valuation are valued annually to ensure a materially correct carrying value.

Valuations were carried out by the Council's valuer. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

With regard to PPE properties valued during the year, these were split between properties / land that were valued on an 'Existing Use value' basis (such as, Civic Offices and the Car Parks) and those valued on Depreciated Replacement Cost (DRC) such as Public Conveniences, Theatre, Football Stadium etc.

An existing use value involves analysing other market transactions, in terms of purchase price, rents, yields etc. and making adjustments to relate this evidence to the subject property and, where appropriate, making allowances for cost of acquisition etc. The relevant factors in terms of adjustments relate to tenure (in particular the terms of any leases), age, location, use, condition and suitability of the property for its intended use.

Housing is valued at Existing Use Value for Social Housing (EUV-SH) as detailed in the accounting policies.

With regard to DRC properties the Valuer relied on the rebuilding costs supplied by the RICS Building Cost Information Service and made assumptions based on the life expectancy of building components based on his knowledge of the property type and any other information supplied.

	Council dwellings £'000	Other land and buildings £'000	Total £'000
Valued at current value as at:			
31 March 2025	368,725	48,353	417,078
31 March 2024	0	7,055	7,055
31 March 2023	0	1,197	1,197
31 March 2022	0	891	891
31 March 2021*	0	113	113
Total Cost or Valuation	368,725	57,609	426,334

### Infrastructure Assets

In accordance with the temporary relief offered by the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historic reporting practices and resultant information deficits mean that this may not faithfully represent the assets position to users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation may not be measured accurately and may not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets

	2024/25 £,000	2023/24 £,000
Net book value 1 April	1,562	1,500
Additions:	3	164
Depreciation	(108)	(102)
Net Book Value at end of the year	1,457	1,562

Net Book Value of Property, Plant and Equipment 31 March 2025	2024/25 £,000	2023/24 £,000
Infrastructure Assets	1,457	1,562
Other Plant, Property and Equipment	466,735	438,907
Total Net Book Value at end of the year	468,192	440,469

## 15 Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

	2024/25 £,000	2023/24 £,000
Balance at 1 April	7,184	6,366
Additions:	0	684
Reclassifications	0	0
Disposals	0	0
Net gains/(losses) from fair value adjustments	48	134
Balance at 31 March	7,232	7,184

### Fair Value Hierarchy

Details of the authority's investment properties and information about the fair value hierarchy as at 31 March 2025 and 2024 are as follows:

Recurring fair value measurements using:	Other significant observable inputs (Level 2) £,000	Significant unobservable inputs (Level 3) £,000	Fair value as at 31 March 2025 £,000
Commercial units	7,232	0	7,232
Total	7,232	0	7,232

Recurring fair value measurements using:	Other significant observable inputs (Level 2) £,000	Significant unobservable inputs (Level 3) £,000	Fair value as at 31 March 2024 £,000
Commercial units	7,184	0	7,184
Total	7,184	0	7,184

## Transfers between Levels of the Fair Value Hierarchy

There were no transfers between Levels during the year

## Valuation Techniques used to Determine Level 2 Fair Values for Investment Properties

### Significant Observable Inputs – Level 2

The fair value for the commercial investment portfolio has been based on the market approach using current market conditions and recent sales or lettings evidence and other relevant information for similar assets in Dartford Borough, or other suitably comparable locations. Where appropriate, adjustments have been made to the comparable evidence to relate these directly to the subject properties. Market conditions are such that similar properties are actively sold or let and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

## Highest and Best Use of Investment Properties

In estimating the fair value of the authority's investment properties, the highest and best use of the properties is their current use.

## 16 Assets Held for Sale

Non-current	31 March 2025 £,000	31 March 2024 £,000
Balance at 1 April	5,150	13,600
Assets newly classified as held for sale:		
Property, Plant and Equipment	0	0
Revaluation gains (losses)	0	550
Asset Disposal	(5,150)	(9,000)
Total	0	5,150



## 17 Financial Instruments

### Categories of Financial Instruments

	Long term		Short term	
Financial Assets	31 March 2024 £,000	31 March 2024 £,000	31 March 2024 £,000	31 March 2024 £,000
At amortised cost	8973	0	4,827	5,000
Accrued Interest	92	0	177	38
At fair value through profit & loss	76,006	73,886	37,835	36,886
<b>Total Investments</b>	<b>85,071</b>	<b>73,886</b>	<b>42,839</b>	<b>41,924</b>
At amortised cost	0	0	2	487
At fair value through profit & loss	0	0	54,245	59,005
<b>Total cash &amp; cash equivalents</b>	<b>0</b>	<b>0</b>	<b>54,247</b>	<b>59,492</b>
Trade debtors	110	118	9,413	17,074
Lease receivables	1,947	1,947	0	0
<b>Included in debtors</b>	<b>2,057</b>	<b>2,065</b>	<b>9,413</b>	<b>17,074</b>
<b>Total Financial assets</b>	<b>87,128</b>	<b>75,951</b>	<b>106,499</b>	<b>118,490</b>

### Reconciliation to debtors note 18

	Long term		Short term	
	31 March 2025 £,000	31 March 2024 £,000	31 March 2025 £,000	31 March 2024 £,000
Trade debtors	110	118	9,413	17,074
Lease receivables	1,947	1,947	0	0
<b>Debtors included in financial assets</b>	<b>2,057</b>	<b>2,065</b>	<b>9,413</b>	<b>17,074</b>
Discounted sales scheme	6,966	7,936	693	634
Statutory amounts	0	0	5,251	5,004
<b>Non-financial assets total</b>	<b>6,966</b>	<b>7,936</b>	<b>5,944</b>	<b>5,638</b>
<b>Total debtors</b>	<b>9,023</b>	<b>10,001</b>	<b>15,357</b>	<b>22,712</b>

## Income, Expense, Gains and Losses

	Long term		Short term	
Financial liabilities	31 March 2025 £,000	31 March 2024 £,000	31 March 2025 £,000	31 March 2024 £,000
Loans at amortised cost:				
Principal sum borrowed	23,344	26,888	3,544	3,543
Accrued interest		0	115	131
<b>Total Borrowing</b>	<b>23,344</b>	<b>26,888</b>	<b>3,659</b>	<b>3,674</b>
At amortised cost			862	
<b>Cash &amp; cash equivalents</b>	<b>0</b>	<b>0</b>	<b>862</b>	<b>0</b>
Trade creditors	5,633	5,854	15,047	18,722
Finance leases	1,835	180	1,311	176
<b>Included in creditors</b>	<b>7,468</b>	<b>6,034</b>	<b>16,358</b>	<b>18,898</b>
<b>Total financial liabilities</b>	<b>30,812</b>	<b>32,922</b>	<b>20,878</b>	<b>22,572</b>

## Reconciliation to creditors note 20

	Long term		Short term	
	31 March 2025 £,000	31 March 2024 £,000	31 March 2025 £,000	31 March 2024 £,000
Trade creditors	5,633	5,854	15,047	18,722
Finance leases	1,835	180	1,311	176
<b>Creditors included in financial liabilities</b>	<b>7,468</b>	<b>6,034</b>	<b>16,358</b>	<b>18,898</b>
Statutory amounts	0	0	13,847	22,448
<b>Non-financial liability creditors</b>	<b>0</b>	<b>0</b>	<b>13,847</b>	<b>22,448</b>
<b>Total creditors</b>	<b>7,468</b>	<b>6,034</b>	<b>30,205</b>	<b>41,346</b>

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

	2024/2025			2024/25 Total	2023/24 Total
	Financial Liabilities	Financial Assets			
	Amortised Cost  £,000	Amortised Cost  £,000	Fair Value through Profit & Loss  £,000		
Interest Expense	930	0	0	930	859
Losses on derecognition	0	0	0	0	0
Losses from changes in fair value	0	0	138	138	444
Impairment losses	0	0	0	0	0
Interest Payable and Similar Charges	930	0	138	1,068	1,303
Interest income	0	(1,207)	(8,211)	(9,418)	(8,159)
Gains on derecognition	0	0	0	0	0
Gains from changes in fair value	0	0	(3,209)	(3,209)	(3,395)
Impairment gains	0	0	0	0	0
Interest and investment income	0	(1,207)	(11,420)	(12,627)	(11,554)
Net (gain)/loss for the year	930	(1,207)	(11,282)	(11,559)	(10,251)

## Fair Value of Assets and Liabilities

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

	Fair Value Level	Balance Sheet 31 March 2025 £,000	Fair Value 31 March 2025 £,000	Balance Sheet 31 March 2024 £,000	Fair Value 31 March 2024 £,000
<i>Financial assets held at fair value:</i>					
Money market funds	1	54,245		59,005	
Bond, equity and diversified funds	1	112,027		108,991	
Property funds	2	1,814		1,779	
<i>Financial assets held at amortised cost:</i>					
Covered and supranational bonds	1	14,069	14,067	0	0
Lease receivables	2	1,946	1,872	1,947	1,902
Total		184,101	184,025	171,722	171,677
Assets for which fair value is not disclosed*		21,542		22,719	
Total Financial Assets		193,627		194,441	
Recorded on balance sheet as:					
Long-term debtors		2,057		2,065	
Long-term investments		85,071		73,886	
Short-term debtors		9,413		17,074	
Short-term investments		42,839		41,924	
Cash & cash equivalents		54,247		59,492	
Total Financial Assets		193,627		194,441	

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

There has been no change in the valuation technique used during the year for the financial instruments, and no movement between fair value levels.

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

	Fair Value Level	Balance Sheet 31 March 2025 £,000	Fair Value 31 March 2025 £,000	Balance Sheet 31 March 2024 £,000	Fair Value 31 March 2024 £,000
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB	2	27,003	24,383	30,561	27,841
Lease payables	2	3,146	0	357	344
Total		30,149	24,383	30,918	28,185
Liabilities for which fair value is not disclosed		18,577		24,576	
Total Financial Liabilities		48,726		55,494	
Recorded on balance sheet as:					
Short-term creditors		15,228		18,898	
Short-term borrowing		3,659		3,674	
Long-term creditors		7,468		6,034	
Long-term borrowing		23,344		26,888	
Cash & cash equivalents		862		0	
Total Financial Liabilities		50,561		55,494	

\*Lease payables fair value disclosure no longer required due to IFRS16.

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the Council's borrowing with the PWLB includes a number of loans where the interest rate is lower than the current rates available for similar loans as at the Balance sheet date.

## Reconciliation of liabilities arising from financing activities

	2024/25 1 April	Financing Cash Flows Repayment £,000	Non-Cash Changes		2024/25 31 March £,000
			Reclassification £,000	Other £,000	
Long-term borrowing	26,888	0	(3,544)	0	23,344
Short-term borrowing	3,674	(3,674)	3,544	115	3,659
Total liabilities from financing activities	30,562	(3,674)	0	115	27,003

## 18 Debtors

### Long Term Debtors

	31 March 2025 £,000	31 March 2024 £,000
Finance Leases	1,947	1,946
Discounted Sales Scheme	6,966	7,936
Works in Default	72	76
Car Loans to Employees	38	43
Total	9,023	10,001

### Short Term Debtors

	31 March 2025 £,000	31 March 2024 £,000
Gross amounts owing at year end		
Central Government Bodies	2,559	3,562
Other Local and Public Authorities	657	4,593
Discounted Sales Scheme	693	634
Over Paid Housing Benefits	2,156	2,413
Other Entities and Individuals	16,092	18,936
	22,157	30,138
Less Impairment for Bad Debts analysed below	(6,800)	(7,426)
Total	15,357	22,712

Bad Debts - Impairment	Balance as at 31 March 2024 £,000	Amounts Written Off £,000	Adjustments £,000	Balance as at 31 March 2025 £,000
General Fund	3,402	(112)	81	3,371
Housing Revenue Account	1,591	(607)	40	1,024
Collection Fund - Council Tax	619	(41)	137	715
Collection Fund - NNDR	1,814	(236)	112	1,690
	7,426	(996)	370	6,800

## 19 Cash and Cash Equivalents

The balance of cash and cash equivalents is made up of the following elements:

	31 March 2025 £,000	31 March 2024 £,000
Cash held by the Authority	0	3
Bank current accounts	(862)	482
Short term deposits in Money Market Funds and Instant Access Deposit Accounts	54,247	59,007
Total	53,385	59,492

## 20 Creditors

	31 March 2025 £,000	31 March 2024 £,000
Long Term Creditors		
Section 106 Agreements	(4,653)	(4,925)
Other Long Term Creditors	(980)	(1,109)
Lease Liability Right of Use Assets - Long Term	(1,835)	0
Total	(7,468)	(6,034)

	31 March 2025 £,000	31 March 2024 £,000
Short Term Creditors		
Central Government Bodies	(7,897)	(15,076)
Other Local and Public Authorities	(5,649)	(11,071)
Business Rates Overpayments	(1,667)	(1,122)
The Bridge	(4,189)	(4,189)
Other Entities and Individuals	(9,673)	(10,145)
Lease Liability Right of Use Assets - Short Term	(1,130)	0
Total	(30,205)	(41,603)

## 21 Provisions

Provisions are made where an event has taken place that gives the Authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

	2023/24 £'000	New Provision	Amounts Used	2024/25 £'000
Business Rate Valuation Appeals	(4,451)	(916)	2,054	(3,313)
Other Provisions	(169)	0	0	(169)
Balance Carried Forward	(4,620)	(916)	2,054	(3,482)

### Provision for Business Rate Valuation Appeals

A provision is made against the potential effect of outstanding or future appeals made in respect of rating list entries relating to the Collection Fund:

A provision has also been made for the 2017 appeals list. This list is closed to new cases and as such an estimate of the necessary provision has been made with the support of a third party advisor.

Provisions relating to the 2023 list are based upon the percentage reduction (3.9% of gross yield) as estimated by government as part of the settlement. Checks, challenges and appeals often take time to come through so it is not possible to rely on outstanding cases at this time.

The total provision is included in current liabilities in the Balance Sheet.



## 22 Operating Activities (Cash Flow Statement)

The cash flows for operating activities include the following items:

	2024/25 £,000	2023/24 £,000
Interest received	12,408	11,434
Interest paid	(1,084)	(1,315)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

	2024/25 £,000	2023/24 £,000
Depreciation	11,152	8,164
Impairment and downward valuations	0	650
Amortisation	72	20
Increase/(decrease) in Interest Creditors	0	(12)
Increase/(decrease) in Creditors	(16)	931
(Increase)/decrease in Interest Debtors	(900)	(120)
(Increase)/decrease in Debtors	2,823	(3,961)
(Increase)/decrease in Inventories	0	1
Movement in pension liability	(1,774)	(1,188)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	6,454	10,853
Other non-cash items charged to the net surplus or deficit on the provision of services	(3,170)	(2,996)
Movement in investment property values	48	(134)
Contributions to (from) provisions	(1,138)	22
	13,551	12,230

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

	2024/25 £,000	2023/24 £,000
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	0	0
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(7,391)	(10,465)
Capital Grants credited to surplus or deficit on the provision of services	(8,249)	(13,689)
	(15,640)	(24,154)

## 23 Investing Activities (Cash Flow Statement)

	2024/25 £,000	2023/24 £,000
Purchase of property, plant and equipment, investment property and intangible assets	(25,007)	(15,297)
Purchase of short-term and long-term investments	(14,068)	(5,000)
Other payments for investing activities	(12)	(49)
Proceeds from the sale of short term and long term investments	5,038	0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	10,990	4,221
Capital grants	12,292	12,119
Other receipts from investing activities	16	0
Net Cash flow from Investing Activities	(10,751)	(4,006)

## 24 Financing Activities (Cash Flow Statement)

	2024/25 £,000	2023/24 £,000
Council Tax and NNDR adjustments	(9,720)	465
Repayment of short-term and long-term borrowing	(3,543)	(3,544)
Cash payments for the reduction of outstanding liabilities relating to leases	(177)	0
Net Cash flow from Financing Activities	(13,440)	(3,079)

## 25 Members' Allowances

The Authority paid the following amounts to Members of the Council during the year.

	2024/25 £,000	2023/24 £,000
Allowances	424	407
Expenses	0	0
Total	424	407

## 26 Officers' Remuneration and Termination Benefits

The remuneration paid to the Authority's senior employees was as follows:

Post title	Salary, Fees and Allowances £	Benefits in Kind £	Pension Contributions £	Total Remuneration 2024/25 £	Total Remuneration 2023/24 £
Chief Officer and Director of Corporate Services	130,074	0	24,512	154,586	147,224
Director of Growth and Community	119,434	0	22,507	141,941	135,182
Director of Housing and Public Protection	117,446	0	22,507	139,953	133,394
Head of Legal Services	89,956	0	16,690	106,646	24,306
Head of Housing	82,362	0	16,690	99,052	90,583
Head of IT and Transformation	80,409	0	15,904	96,313	88,923
Head of Planning Services	83,856	0	16,690	100,546	95,729
Head of Finance	89,956	0	16,690	106,646	101,567
	793,493	0	152,190	945,683	816,908

The Authority's employees (including those detailed above) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration Band			2024/25	2023/24
			Total	Total
£		£	No.	No.
50,000	-	54,999	19	11
55,000	-	59,999	10	2
60,000	-	64,999	5	6
65,000	-	69,999	3	3
70,000	-	74,999	2	10
75,000	-	79,999	8	1
80,000	-	84,999	2	0
85,000	-	89,999	2	1
90,000	-	94,999	0	0
95,000	-	99,999	0	0
100,000	-	104,999	0	0
105,000	-	109,999	0	0
110,000	-	114,999	0	2
115,000	-	119,999	2	0
120,000	-	124,999	0	1
125,000	-	129,999	0	0
130,000	-	134,999	1	0
Total			54	37

## Termination Benefits and Exit Packages

Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs.

	2024/25		2023/24	
	Compulsory Redundancy	Other Departures	Compulsory Redundancy	Other Departures
up to £10,000	0	1	0	2
£10,000-£20,000	0	1	0	0

## 27 External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Authority's external auditors:

	2024/25 £,000	2023/24 £,000
Fees payable for external audit services:		
Financial Statements/Scale Fee	163	149
Composite Certification Fee (includes Whole of Government Accounts)	49	44
Total	212	193

## 28 Grant Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement

	2024/25 £,000	2023/24 £,000
<b>Credited to Taxation and Non Specific Grant Income</b> <small>Note 13</small>		
Capital Grants and Contributions	(6,334)	(9,060)
Section 31 Business Rates Grants	(5,307)	(4,553)
Revenue Support Grant	(145)	(136)
New Homes Bonus Grant	(1,229)	(631)
Funding Guarantee	(3,294)	(3,539)
Miscellaneous Grants	(42)	(133)
Total	(16,351)	(18,052)

	2024/25 £,000	2023/24 £,000
<b>Credited to Services</b>		
Housing Benefits (DWP)	(14,818)	(15,711)
Housing Benefits Administration (DWP)	(209)	(218)
Housing and Homelessness Support (MHCLG)	(1,382)	(1,164)
Disabled Facilities Grant (MHCLG)	(772)	(651)
Local Council Tax Support Scheme (KCC)	(315)	(115)
Local Council Tax Support Scheme (MHCLG)	0	(159)
Household Support (KCC)	(333)	(574)
Local Authority Delivery Scheme (MHCLG)	0	(278)
Town Centre (KCC and Section 106)	(332)	(3,215)
Community Infrastructure Levy Funding	0	(55)
HUG 2 (MHCLG)	(860)	(451)
Other Miscellaneous Grants and Contributions	(1,542)	(1,136)
<b>Total</b>	<b>(20,563)</b>	<b>(23,726)</b>

The Council is also holding the following grants and contributions.

	2024/25 £,000	2023/24 £,000
Grants and Contributions Receipts in Advance - Capital		
<b>Total</b>	<b>(3,476)</b>	<b>(1,339)</b>

	2024/25 £,000	2023/24 £,000
Grants Receipts in Advance - Revenue		
<b>Total</b>	<b>(251)</b>	<b>(240)</b>

	2024/25 £,000	2023/24 £,000
<b>Unapplied Capital Grants and Contributions</b>		
Community Infrastructure Levy	(37,170)	(35,786)
Other Third Party	(1,433)	(362)
<b>Total</b>	<b>(38,603)</b>	<b>(36,148)</b>

## **29 Related Parties**

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by it. Disclosure of these transactions allows 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 Authority.

### **Central Government**

Central government has significant control 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 and business rates). Grants received from government departments are set out in the Comprehensive Income and Expenditure Statement and in Notes 13 and 28 and Debtors and Creditors relating to Central Government transactions are shown in Notes 18 and 20.

### **Members**

Members of the Council have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2024/25 is shown in Note 25.

Members have been asked to declare whether they, or any member of their close family, have had any significant interest in any company or voluntary organisation that had any financial dealing with the Council during the 2024/25 financial year. A significant interest would include transactions exceeding £10,000 in total or a major shareholding in a company where the shareholding exceeds 25% of the total shares.

Material declarations are as follows:

Councillor Kite is the Leader of the Council and is a voluntary, unpaid and non-shareholding Director of Dartford Football Club (1992) Limited. The Council had net expenditure of £115,947 in 2024/25 (£122,231 in 2023/24) due to Dartford Football Club (1992) Limited to manage and maintain council facilities at Princes Park including a council owned golf course and operate other sports activities on the council's behalf in accordance with service agreements.

Councillor Kite is also a unremunerated Board member of the Ebbsfleet Development Corporation (EDC). The council has received payments from the EDC of £1,471,044 (£606,641 2023/24) for affordable Housing Section 106 contributions.

Councillor Kite is also voluntary President of Dartford Symphony Orchestra which received a grant of £7,500 in the financial year.

The above named Councillor declared interests at the relevant meetings and took no part in relevant discussions.

### **Officers**

Senior officers have been asked to declare whether they, or any member of their close family, have had any significant interest in any company or voluntary organisation that had any financial



dealing with the Council during the 2024/25 financial year. A significant interest would include transactions exceeding £10,000 in total or a major shareholding in a company where the shareholding exceeds 25% of the total shares. No relevant declarations have been made.

### **Other Public Bodies**

The Authority has a shared services arrangement with Sevenoaks District Council to provide various services, namely: Revenues, Benefit, Audit and Anti-Fraud. The relevant costs to the Council are accounted for within the Comprehensive Income and Expenditure Statement.

### 30 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed.

	2024/25	2023/24
	£,000	£,000
<b>Opening Capital Financing Requirement</b>	30,791	34,507
Adjustment for right of use assets (IFRS16)	3,262	0
Revised capital financing requirement	34,053	34,507
<b>Capital Investment</b>		
Property, Plant and Equipment	22,595	15,114
Investment Properties	0	79
Heritage Assets	0	147
Intangible Assets	0	47
Revenue Expenditure Funded from Capital Under Statute	5,254	5,484
<b>Sources of Finance</b>		
Capital Receipts	(11,197)	(7,074)
Government Grants and Other Contributions	(5,794)	(7,041)
Major Repair Reserve	(4,558)	(4,456)
Direct Revenue Contributions	(5,213)	(2,300)
Statutory MRP	(1,559)	(173)
Voluntary MRP	(3,543)	(3,543)
<b>Closing Capital Financing Requirement</b>	30,038	30,791
Explanations of movement in year		
Increase/(decrease) in underlying need to borrow (unsupported by government financial assistance)	(753)	(3,716)
<b>Increase /(Decrease) in Capital Financing Requirement</b>	(753)	(3,716)

## 31 Leases

In 2024/25 the Council has adopted IFRS16 Leases, as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirement is that for arrangements previously accounted for as operating leases a right of use asset and a lease liability have been brought into the balance sheet at 1 April 2024.

Leases for items of low value and leases that expire within a year of the reporting date are exempt from the new arrangements. The lease payments for these are expensed to the Comprehensive Income and Expenditure Statement as incurred and not recognised on the balance sheet.

Discount rates used for calculating lease liabilities – where an interest rate is not implicit within the lease/contract, the appropriate PWLB borrowing rate has been used.

### ***Authority as Lessee***

#### **Finance Lease**

The Authority's refuse and waste collection contract conveys the right to use and control specific assets, namely refuse collection vehicles. This has been recognised as an arrangement containing a lease, which is also referred to as an 'embedded lease'. The Long-term Creditor in the Balance Sheet relates to these assets.

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31 March 2025 £,000	31 March 2024 £,000
Property Plant & Equipment - embedded leases	345	517

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

	31 March 2025 £,000	31 March 2024 £,000
Finance lease liabilities (net present value of minimum lease payments):		
Current	180	176
Non-current	0	180
Finance costs payable in future years	4	13
Total	184	369

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

	Minimum lease payments		Finance lease liability	
	31 March 2025 £,000	31 March 2024 £,000	31 March 2025 £,000	31 March 2024 £,000
Not later than one year	185	185	180	176
Later than one year and not later than five years	0	185	0	180
<b>Total</b>	<b>185</b>	<b>370</b>	<b>180</b>	<b>356</b>

### Right of use assets

The Council's right of use assets comprise of operational land and buildings only. All vehicles, plant and equipment are owned outright.

The table below shows the change in the values of the right of use assets held under leases by the Council:

	Land & Buildings
	31 March 2025 £,000
Balance at 1 April 2024	3,261
Additions	1,062
Remeasurements	26
Depreciation	(1,180)
<b>Balance at 31 March 2025</b>	<b>3,169</b>

### Lease Liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments less interest).

	Minimum lease payments	
	31 March 2025 £,000	31 March 2024 £,000
Not later than one year	1,345	1,422
Later than one year and not later than five years	1,620	2,441
<b>Total</b>	<b>2,965</b>	<b>3,863</b>

## Transactions under Leases

The Council incurred the following expenses and cash flows in relation to leases:

	Comprehensive Income & Expenditure Statement	
	31 March 2025 £,000	31 March 2024 £,000
Interest Expense on lease liabilities	165	0
Expense related to right of use assets (charged as MRP)	1,383	0
Expense related to exempt leases (less than one year)	288	0
<b>Total</b>	<b>1,836</b>	<b>0</b>

## Authority as Lessor

### Finance Leases

The Authority owns two properties which are leased out on finance leases. The first is Crown Buildings, comprising the Court House and Offices. The Court House is leased to Central Government and the offices are leased to BizNiz Point Dartford Lease Limited. Both are on 125 year leases which end in February 2113. The second is on the old site of the Maybledon Hospital. The site is let on a 100 year lease for the development of a crematorium and cemetery. Rent is paid annually.

The Authority has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2025 £,000	31 March 2024 £,000
Finance Lease debtor (net present value of minimum lease payments):		
- current	159	159
- non-current	1,788	1,788
<b>Total</b>	<b>1,947</b>	<b>1,947</b>
Unguaranteed residual value of property	0	0
Unearned finance income	13,327	13,327
<b>Gross investment in the lease</b>	<b>15,274</b>	<b>15,274</b>

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2025 £,000	31 March 2024 £,000	31 March 2025 £,000	31 March 2024 £,000
Not later than one year	173	173	173	173
Later than one year and not later than five years	692	519	692	519
Later than five years	14,409	14,582	14,409	14,582
<b>Total</b>	<b>15,274</b>	<b>15,274</b>	<b>15,274</b>	<b>15,274</b>

### Operating Leases

The Authority leases out property under operating leases both on commercial and non-commercial terms.

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

	31 March 2025 £,000	31 March 2024 £,000
Not later than one year	413	433
Later than one year and not later than five years	1,647	1,666
Later than five years	35,249	35,484
<b>Total</b>	<b>37,309</b>	<b>37,583</b>

## 32 Defined Benefit Pension Schemes

### Characteristics of Defined Benefit Plans and Associated Risks

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The fund is valued once every three years and the latest valuation was at 31 March 2022. The valuation disclosed a net deficit of £6.41m and a change in contribution rates as a result of that valuation took place with effect from 1 April 2023. The employer's contribution has been agreed with the actuary and is based on the aim of eliminating the deficit over 4.04 years. The weighted average duration of the defined benefit obligation for scheme members is 13 years for 2024/25, a reduction of 1 year from 2023/24.

The Local Government Pension Scheme (LGPS) is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

The administering authority for the fund is Kent County Council. The Pension Fund Committee oversees the management of the fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate, some functions are delegated to the fund's professional advisers.

As administering authority to the fund, Kent County Council, after consultation with the fund actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These should be amended when appropriate based on the fund's performance and funding.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

In general, participating in a defined benefit pension scheme means that the employer is exposed to a number of risks:

- Investment risk. The fund holds investment in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation;
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Kent County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the employer e.g. higher than expected investment returns or employers leaving the fund with excess assets which eventually get inherited by the remaining employers.

### **Participation in pension schemes**

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

The authority participates in the Local Government Pension Scheme administered locally by Kent County Council. The current scheme is a Career Average Revalued Earnings Scheme, meaning that the authority and employees pay contributions into a fund, calculated at a level intended to balance pension liabilities with investment assets.

### Transactions relating to retirement benefits

The Authority recognises the cost of retirement benefits in the Net Cost of Services as they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed. This adjustment is shown in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

### Local Government Pension Scheme

<b>The amounts recognised in the comprehensive income and expenditure account are</b>	<b>2024/25 £,000</b>	<b>2023/24 £,000</b>
Current Service Cost	2,012	1,981
Past Service Cost	20	0
Administration Expense	106	99
<b>Total cost of services</b>	<b>2,138</b>	<b>2,080</b>
Net Interest expense	97	398
<b>Finance &amp; investment income &amp; expenditure</b>	<b>97</b>	<b>398</b>
<b>Total post employment benefit charged to the surplus /deficit on the provision of services</b>	<b>2,235</b>	<b>2,478</b>
Return on plan assets, less included in interest expense	2,090	1,138
Actuarial gains & losses:		
Changes in demographic assumptions	(321)	(1,719)
Changes in financial assumptions	(12,786)	(1,605)
Other	(273)	362
Changes as a result of asset ceiling	9,654	0
<b>Remeasurement of the net defined liability</b>	<b>(1,636)</b>	<b>(1,824)</b>
<b>Total post employment benefit charged to the comprehensive income &amp; expenditure statement</b>	<b>599</b>	<b>654</b>



	31 March 2025 £,000	31 March 2024 £,000
<b>Movement in Reserves Statement</b>		
Reversal of items relating to retirement benefit debited or credited to the CIES	2,235	2,478
Employer's pension contributions and direct payments to pensioners payable in the year	(4,009)	(3,666)
	<b>(1,774)</b>	<b>(1,188)</b>

<b>Reconciliation of opening and closing balances of the fair value of fund assets</b>	2024/25 £'000	2023/24 £'000
Opening fair value of fund assets	112,379	109,864
Interest on assets	5,799	5,238
Return on assets less interest	(2,090)	(1,138)
Other actuarial gains/(losses)	0	0
Administration expenses	(106)	(99)
Contributions by employer including unfunded	4,009	3,664
Contributions by scheme participants	784	773
Estimated benefits paid plus unfunded net transfers in	(6,148)	(5,923)
<b>Closing Fair Value of Fund Assets</b>	<b>114,627</b>	<b>112,379</b>

<b>Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>	<b>2024/25</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	(119,476)	(119,973)
Current service cost	(2,012)	(1,981)
Interest cost	(5,896)	(5,636)
Changes in demographic assumptions	321	1,717
Changes in financial assumptions	12,786	1,605
Experience loss/(gain) on defined benefit obligation	273	(360)
Estimated benefits paid net of transfers in	6,021	5,790
Past service cost/curtailment	(20)	0
Contributions by scheme participants	(784)	(773)
Unfunded pension payments	127	135
<b>Closing Defined Benefit Obligation</b>	<b>(108,660)</b>	<b>(119,476)</b>

<b>Pension asset/(liability) at 31 March 2025</b>	<b>5,967</b>	<b>(7,097)</b>
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<b>Reconciliation of pension asset ceiling</b>	<b>2024/25</b>	<b>2023/24</b>
	<b>£'000</b>	<b>£'000</b>
Opening impact of asset ceiling	0	0
Interest on impact of asset ceiling	0	0
Actuarial losses/(gains)	0	0
Initial value of asset ceiling	(9,654)	0
	<b>(9,654)</b>	<b>0</b>

<b>Net defined pension liability at 31 March 2025</b>	<b>(3,687)</b>	<b>(7,097)</b>
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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.

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits.

## Basis for estimating assets and liabilities

The Kent County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries. Estimates for the fund are based on the latest full valuation of the scheme as at 31 March 2022. To assess the current value of liabilities as at 31 March 2025 the actuarial valuation has been rolled forward, using financial assumptions that comply with IAS19. The principal assumptions used by the actuary have been:

	2024/25	2023/24
Mortality Assumptions		
Longevity at 65 for current pensioners		
Men	20.7 years	20.8 years
Women	23.3 years	23.3 years
Longevity at 65 for future pensioners		
Men	22.0 years	22.0 years
Women	24.7 years	24.7 years
Rate of CPI increase	2.90%	2.90%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	5.75%	4.90%

## Sensitivity Analysis

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Sensitivity Analysis	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	102,212	107,315	108,660	110,034	115,844
Projected service cost	1,389	1,578	1,629	1,681	1,907
Adjustment to long term salary increase	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	109,277	108,782	108,660	108,539	108,064
Projected service cost	1,629	1,629	1,629	1,629	1,629
Adjustments to pension increases and deferred revaluation	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	115,399	109,950	108,660	107,398	102,608
Projected service cost	1,918	1,683	1,629	1,576	1,379
Adjustment to life expectancy assumptions	+1 Year		None	-1 Year	
Present value of total obligation	113,158		108,660	104,364	
Projected service cost	1,690		1,629	1,569	

The scheme's assets consist of the following categories, by proportion of the total assets held

	2024/25			2023/24		
	Quoted market price in an active market £000's	Price not quoted in an active market £000's	%	Quoted market price in an active market £000's	Price not quoted in an active market £000's	%
Equity investments	59,547	5,726	57%	61,542	3,832	59%
Gilts	6,795	0	6%	8,234	0	7%
Bonds	17,040	0	15%	16,181	0	14%
Property	0	9,387	8%	0	10,083	9%
Cash	0	4,533	4%	0	1,790	2%
Target Return portfolio	5,855	0	5%	5,678	0	5%
Infrastructure	0	5,744	5%	0	5,039	4%
	89,237	25,390	100%	91,635	20,744	100%

Statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. The projected pension expense for the year to 31 March 2025 is:

Re-measurement of the net assets/(defined liability)	31 March 2025 £000's	31 March 2024 £000's
Return on fund assets in excess of interest	(2,090)	(1,138)
Changes in financial assumptions	12,786	1,605
Change in demographic assumptions	321	1,717
Experience gain/(loss) on defined benefit obligation	273	(360)
Impact of asset ceiling	(9,654)	0
Re-measurement of the net assets/(defined liability)	1,636	1,824

The table below shows the projections of the pension scheme transactions for the 2025/26 financial year based on the assumptions and forecasts currently in use by the actuary.

Projections for the year to 31 March 2026	31 March 2026 £'000
Service Cost	1,629
Net Interest on the defined liability (asset)	98
Administration Expenses	105
Total loss (profit)	1,832
Employer Contributions	3,911

### 33 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 risk.

The Council also approves an Investment Strategy in compliance with the Ministry of 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 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 meet its commitments to make payments;
- market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

### **Credit Risk – Treasury Investments**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers.

The risk is minimised through the annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Treasury Management Strategy also imposes a maximum sum to be invested with a financial institution as well as a maximum period of investment.

Although the Council recognises that credit ratings from rating agencies such as Fitch, Moody's and Standard and Poor remain a key source of information, they also have limitations, and investment decisions are based on a range of market intelligence. All investments as at 31 March 2025 met the Council's credit rating criteria at that date and all investments made during 2024/25 were made in line with the Council's Treasury Management Strategy Statement for 2024/25 first agreed at the budget meeting of GAC on 26 February 2024.

The Council's maximum exposure to credit risk in relation to its investments in Money Market Funds of £54.24m, cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual counterparty. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2025 that this was likely to crystallise.

The table below summarises the credit risk exposure of the Council's treasury investment portfolio by credit rating and remaining time to maturity

Credit rating	31 March 2025	
	Long term £,000	Short term £,000
AAA	0	82,890
AA	9,065	8,572
Total	9,065	91,462
Credit risk not applicable*	76,006	5,624
Total cash & Investments	85,071	97,086

\*Credit risk is not applicable to pooled funds where the Council has no contractual right to receive any sum of money.

No credit limits were exceeded during the reporting period. The Council has neither experienced, nor does it expect, any losses from non-performance of any of its counterparties in relation to its investments. No investments are impaired.

### Credit Risk – Trade and Lease Receivables

The Authority does not generally allow credit for customers.

The Council Credit on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract.

The following analysis summarises the trade receivables, by due date.

	31 March 2025 £,000	31 March 2024 £,000
Less than three months	789	4,031
Three to twelve months	457	519
More than one year	655	754
	1,901	5,304

All receivables are assessed for credit risk in the following groupings:

	Range of allowances set aside	31 March 2025		31 March 2024	
		Gross receivable £,000	Loss allowance £,000	Gross receivable £,000	Loss allowance £,000
Individuals- HRA Tenants	30-100%	1,822	(1,025)	2,140	(1,591)
Individuals - Housing Benefit Overpayments	50-100%	2,156	1,804	2,413	(1,883)
Other	0-100%	8,783	(1,566)	3,898	(1,519)
Private Sector - lessees	0%	1,947	0	1,946	0
Private Sector - Deferred Capital Receipt	0%	0	0	7,195	0
Public Sector	0%	1,157	0	6,540	0
<b>Total</b>		<b>15,865</b>	<b>(787)</b>	<b>24,132</b>	<b>(4,993)</b>

Amounts assessed at zero within the other category include immaterial sums where no loss assessment was made and receivables relating to interest/dividends receivable in relation to assets that are fair value through profit & loss.

Individually assessed items may also relate to larger receivables where payment was received before the loss allowance assessment date.

### Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. As the Council has ready access to borrowings at favourable rates from the Public Works Loans Board and other local authorities, and at higher rates from banks and building societies, there is no significant risk that it will be unable to raise finance to meet its commitments.

The risks to the Council are that it will:

- have to re-invest a significant proportion of its investments at a time of unfavourable interest rates; to offset this risk, maturity dates are staggered and different types of investment used;
- not have adequate liquidity on a day to day basis; to assist in managing this risk, a detailed cash flow model is maintained and updated daily.



The Council's debt outstanding at 31 March 2025 consisted solely of loans from the Public Works Loan Board (PWLB). A maturity analysis of this debt is shown below:

<b>Time to Maturity (years)</b>	<b>31 March 2025 £'000's</b>
Not over 1	3,657
Over 1 but not over 2	2,900
Over 2 but not over 5	8,701
Over 5 but not over 10	8,354
Over 10 but not over 20	3,386
<b>Total</b>	<b>26,998</b>

The Council holds £54.24m (2023/24 £59.01m) of investments in money market funds which are highly liquid assets that can be withdrawn at short notice to meet cash outflows on financial liabilities.

## **Market Risks**

### **Interest Rate Risk**

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- investments at variable rates (e.g. Money Market Funds) – the investment income credited to the Surplus or Deficit on the Provision of Services will rise;
- investments at fixed rates – the fair value of the assets will fall;
- borrowings at fixed rates – the fair value of the liabilities will fall.
- borrowings at variable rates – the Council has no borrowings at variable rates.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However changes in interest receivable on variable rate investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

The Treasury Management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget, and which is used to update the budget during the year. This allows any changes (negative or positive) to be accommodated.

According to this assessment strategy, at 31 March 2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£,000
Increase in interest receivable on variable rate investments	(71)
Decrease in fair value of investments held at FVPL	1,266
Impact on Surplus or Deficit on the Provision of Services	1,195
Decrease in fair value of fixed rate borrowing*	(1,074)

\*No impact on comprehensive income and expenditure.

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

### **Price Risk**

The Council's investments in pooled bond funds are governed by prevailing interest rates and the price risk associated with these instruments is managed alongside interest rate risk.

The Council's investments in pooled equity funds are subject to the risk of falling share prices. This risk is managed by ensuring the portfolio of investments held is diversified across a variety of investment types and by closely monitoring the performance in these funds.

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. The risk is limited by the Council's minimising the investment held in this fund and spreading risk across a variety of investment types.

A fall in either equity or property prices would result in a reduction in the financing and investment income in the comprehensive income and expenditure statement however there would be no impact on the General fund as the change in fair value is reversed out through the MIRS via a statutory override.

### **Foreign Exchange Risk**

The Council does not hold any financial instruments denominated in foreign currencies and thus has no exposure to loss arising from the movement in foreign exchange rates.

## HOUSING REVENUE ACCOUNT

Housing Revenue Account Income and Expenditure Statement			
	HRA Note	2024/25 £,000	2023/24 £,000
<b>Expenditure</b>			
Repairs and Maintenance		4,808	4,515
Supervision and Management		6,926	6,406
Rents, rates, taxes and other charges		124	146
Depreciation and Impairment of Non-current Assets		4,558	4,456
Revaluation of Non-current Assets		(613)	599
Movement in the allowance for bad debts	1	40	140
<b>Total Expenditure</b>		15,843	16,262
<b>Income</b>			
Dwelling rents	1	(22,142)	(20,502)
Non-dwelling rents		(821)	(724)
Charges for services and facilities		(1,456)	(1,214)
Minor capital receipts		(37)	(6)
Other income fees and charges		(290)	(286)
Other grants and contributions		(17)	(19)
<b>Total Income</b>		(24,763)	(22,751)
<b>Net Cost of HRA Services</b>		(8,920)	(6,489)
HRA services share of Corporate and Democratic Core		204	139
<b>Net (Income)/cost for HRA Services including HRA share of costs not allocated to specific services</b>		(8,716)	(6,350)
<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</b>			
(Gain)/Loss on sale of HRA non-current assets		(1,546)	(1,156)
Capital Grants		(229)	(841)
Interest payable and similar charges		757	846
Changes in the fair value of Investment Properties		(34)	(684)
Net interest on the net defined benefit liability (asset)	8	22	90
Interest and investment income		(566)	(414)
Income and expenditure in relation to Investment Property		(187)	(184)
<b>(Surplus) / Deficit for the year on HRA Services</b>		(10,499)	(8,693)

<b>Movement on the HRA Statement</b>		
	2024/25	2023/24
	£,000	£,000
Balance on the HRA at the end of the previous year	(8,797)	(8,097)
(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	(10,499)	(8,693)
Adjustments between accounting basis and funding basis under statute	7,321	7,994
Net (increase) or decrease before transfers to and from reserves	(3,178)	(699)
Transfers to or (from) reserves	0	0
Rounding's	0	(1)
(Increase) or decrease in year on the HRA	(3,178)	(699)
(Surplus)/Deficit Balance on the HRA at the end of the current year	(11,975)	(8,797)

<b>Note to the Movement on the HRA Statement</b>		
	2024/25	2023/24
	£,000	£,000
<b>Adjustments between accounting basis and funding basis under statute</b>		
Voluntary Minimum Revenue Provision	3,543	3,543
Depreciation charged to the Comprehensive Income and Expenditure Statement	(4,558)	(4,456)
Impairment and Revaluation changes charged to the Comprehensive Income and Expenditure Statement	614	(745)
Movement in the Value of Investment Property	34	684
Gain/(Loss) on sale of Non Current Assets	1,546	1,156
Net charges for retirement benefits in accordance with IAS19	410	(562)
Capital expenditure funded by revenue	967	2,274
Employer's contributions payable to the pension fund and retirement benefits payable direct to pensioners	(22)	803
Capital Grant Applied	229	841
Statutory Transfer to Major Repair Reserve	4,558	4,456
<b>Net additional amount required by statute to be debited or (credited) to the HRA balance for the year</b>	<b>7,321</b>	<b>7,994</b>
<b>Transfers to or (from) reserves</b>		
Major Repairs Allowance element of Housing	0	0
<b>Net amount required by statute to be debited or (credited) to the HRA balance for the year</b>	<b>0</b>	<b>0</b>

## HOUSING REVENUE ACCOUNT NOTES

### 1 Rent Income and Arrears

Total rent income from houses due in the year was:

	2024/25	2023/24
	£,000	£,000
Direct from tenants	16,208	14,255
From housing benefit	5,934	6,247
	22,142	20,502

Average rents for the year were £104.09 per 53 week rent year, an increase over the previous year. Gross rent arrears at the end of the year were 5.2% of rent income due (8.4% in 2023/24). The amounts were as follows:

	2024/25	2023/24
	£,000	£,000
Arrears at 31 March	1,155	1,717
Less Provision for Bad Debts	(821)	(1,374)
	334	343

The Provision for Bad Debts (including rent rebate overpayments) was as follows:

	2024/25	2023/24
	£,000	£,000
Provision Brought Forward	1,592	1,617
Write offs during year	(607)	(165)
Change in provision	40	140
Provision Carried Forward	1,025	1,592
Provision Analysed as follows: -		
Former Tenants' Arrears	487	1,031
Current Tenants' Arrears	334	343
Total Provision - Rent Arrears	821	1,374
Rent Rebate Overpayments/Other	204	218
	1,025	1,592

## 2 Major Repairs Reserve

The Council is required to maintain separate records of the Major Repairs Reserve, as shown below.

	2024/25 £,000	2023/24 £,000
<i>Balance as at 1 April</i>	0	0
Contribution to the Reserve		
Major Repairs Allowance	(4,558)	(4,456)
<i>Payments from the Reserve</i>		
Capital Expenditure	4,558	4,456
Balance carried forward as at 31 March	0	0

## 3 Housing Stock

The stock was made up as follows:

	31-Mar-2025	31-Mar-2024
Bedsits	13	13
Houses	2,046	2,054
Flats/Maisonettes	1,516	1,519
Bungalows	187	187
Supported Housing	440	444
	4,202	4,217

The Council sold 14 dwellings with a total balance sheet valuation of £1.32m under the Right to Buy scheme during 2024/25. The Council continued to progress on the build of sixteen new properties in Gilbert Close. These are due for completion early in 2025/26. The numbers above exclude four "Rent-to-mortgage" properties where the Council owns a proportion of the property.

## 4 Capital Receipts

The total capital receipts arising from the sale of Housing Revenue Account assets were:

	2024/25 £,000	2023/24 £,000
Dwellings	1,955	1,703
Land	0	0
Repayment of mortgage capital	0	0
	1,955	1,703

## 5 Property, Plant and Equipment in the Housing Revenue Account

Movements on Balances Movements in 2024/25							
	Council Dwellings £,000	Other Land and Buildings £,000	Vehicles, Plant, Furniture & Equipment £,000	Community Assets Furniture & Equipment £,000	Assets Under Construction Furniture & Equipment £,000	Total Property, Plant and Equipment £,000	Investment Property £,000
<b>Cost or Valuation</b>							
At 1 April 2024	355,080	5,619	1,343	1	5,656	367,699	3,003
Additions	5,525	15	124	0	2,860	8,524	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	13,452	495	0	0	0	13,947	0
Revaluation increases / (decreases) recognised in the Surplus / Deficit on the Provision of Services	(22)	(477)	0	0	0	(499)	34
Derecognition - Disposals	(1,320)	0	0	0	0	(1,320)	0
Reclassification	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Other movements in cost or valuation	(3,989)	(3)	0	0	0	(3,992)	0
At 31 March 2025	368,726	5,649	1,467	1	8,516	384,359	3,037
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2024	0	(8)	(241)	0	0	(249)	0
Depreciation charge	(4,139)	(212)	(155)	0	0	(4,506)	0
Other Movements in depreciation and impairment	4,139	3	0	0	0	4,142	0
At 31 March 2025	0	(217)	(396)	0	0	(613)	0

### Net Book Value

<b>at 31 March 2025</b>	368,726	5,432	1,071	1	8,516	383,746	3,037
<b>at 31 March 2024</b>	355,080	5,611	1,102	1	5,656	367,450	3,003



## 6 Vacant Possession Value of Dwellings in the Housing Revenue Account

The difference between the vacant possession value and the Balance Sheet value of the dwellings represents the economic cost to the Council of providing social housing at rents lower than those in the open market.

	2024/25 £,000	2023/24 £,000
Open Market Value	1,119,476	1,081,042
Balance Sheet Value	(368,725)	(356,744)
Economic Cost	750,751	724,298

## 7 Capital Expenditure

The total capital expenditure on dwellings, land and other properties within the Housing Revenue Account:

	2024/25 £,000	2023/24 £,000
Additions to Property, Plant and Equipment	5,665	6,585
Assets Under Construction	2,860	2,227
	8,525	8,812
Funded by:		
Contribution from Major Repairs Reserve	4,558	4,456
Revenue Contribution	967	2,274
Capital Receipts and Grants and Contributions	3,000	2,082
Increase in Capital Finance Requirement	0	0
Total	8,525	8,812

## 8 Contribution to Pensions Reserve

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against housing rents is based on the cash payable in the year, so an adjustment is made in the Statement of Movement on the HRA Statement.

	2024/25 £,000	2023/24 £,000
<b>HRA Income and Expenditure Statement</b>		
Current Service Cost	466	449
Past Service Cost	0	0
Administration Expenses	25	22
Net Interest Expense Cost	22	90
Total Post-employment Benefit Charged to the HRA Income and Expenditure Account	513	562
<b>Movement in Reserves Statement</b>		
Reversal of net charges made to the surplus and deficit for the provision of services for post-employment benefits in accordance with the code	(513)	(562)
Actual amount charged against the HRA Balance for pensions in the year:		
Employer's contribution payable to the scheme	901	803

## COLLECTION FUND

	2024/25 £,000 NNDR	2024/24 £,000 Council Tax	2024/25 £,000 Total	2023/24 £,000 Total
<b>INCOME</b>				
Council Tax Receivable		(92,674)	(92,674)	(86,633)
Business Rates Receivable	(93,553)		(93,553)	(84,778)
	(93,553)	(92,674)	(186,227)	(171,411)
<b>EXPENDITURE</b>				
<b>Apportionment of Previous Year Surplus / (Deficit)</b>				
Central Government	7,837		7,837	3,427
Dartford Borough Council	6,269	220	6,489	2,815
Kent County Council	1,411	1,585	2,996	1,138
Kent Fire and Rescue Authority	157	90	247	98
Kent Police and Crime Commissioner		251	251	82
	15,673	2,146	17,819	7,560
<b>Precepts, Demand and Shares</b>				
Central Government	47,719		47,719	41,347
Dartford Borough Council	38,176	8,936	47,112	41,671
Kent County Council	8,590	66,091	74,681	69,254
Kent Fire and Rescue Authority	954	3,689	4,643	4,344
Kent Police and Crime Commissioner		10,510	10,510	9,796
	95,439	89,226	184,665	166,412
<b>Charges to Collection fund</b>				
Less : Increase (-) / Decrease in Bad Debt Provision	281	1,390	1,671	1,817
Less : Increase (-) / Decrease in Provision for Appeals	(2,845)		(2,845)	56
Less : Cost of Collection	170		170	160
Less : Transitional protection Payments	(1,427)		(1,427)	(8,515)
Less : Interest	120		120	38
Add : Deferred amount	0		0	0
	(3,701)	1,390	(2,311)	(6,444)
Total Expenditure	107,411	92,762	200,173	167,528
(Surplus) / Deficit arising during the year	13,858	88	13,946	(3,883)
(Surplus) / Deficit as at 1 April	(17,372)	(3,322)	(20,694)	(16,812)
(Surplus) / Deficit as at 31 March	(3,514)	(3,234)	(6,748)	(20,695)
Allocated to:				
Dartford Borough Council	(1,405)	(322)	(1,727)	(7,287)
Central Government	(1,758)		(1,758)	(8,686)
Kent County Council	(316)	(2,396)	(2,712)	(4,019)
Kent Fire and Rescue Authority	(35)	(134)	(169)	(313)
Kent Police and Crime Commissioner		(382)	(382)	(390)
	(3,514)	(3,234)	(6,748)	(20,695)

Not applicable



## COLLECTION FUND NOTES

### 1. General

The Collection Fund 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 Council in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and National Non-Domestic Business Rates (NNDR)

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund is to isolate the income and expenditure relating to Council Tax and National Non-Domestic Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

### 2. Council Tax Base

The Council Tax is primarily a property based tax and derives from charges raised according to the value of residential properties, which have been classified into nine valuation bands (A-H) for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Council for the forthcoming year and dividing this by the Council Tax base (i.e. the equivalent numbers of Band D dwellings).

The Council Tax base for 2024/25 was 41,029.46 (40,288.37 in 2023/24).

The tax base and basic Council Tax payable for 2024/25 was approved at the Council meeting on 11 December 2023. The basic tax for each band is shown below:

Band	Basic Tax £	Chargeable Dwellings	Proportion of Band D Charge	Number of Band D Equivalent Dwellings
A	1,427.89	1,689	6/9	1,126
B	1,665.87	6,710	7/9	5,219
C	1,903.85	15,136	8/9	13,454
D	2,141.83	14,000	1	14,000
E	2,617.79	7,498	11/9	9,164
F	3,093.75	2,927	13/9	4,228
G	3,569.72	1,113	15/9	1,855
H	4,283.66	69	18/9	138
Net effect of premiums and discounts				-8,895.85
<b>Tax Base for the Calculation of Council Tax</b>				<b>40,288.37</b>

Additional amounts are payable for precepts levied by the Parish and Town Councils within the borough.

The level of non-payment provided for in 2024/25 was 2.5%.

Council tax bills for Bands A to H were based on the following proportions of the Band D charge:

Band	Range of 1991 property values	Ratio
A	£40,000 or less	0.67
B	£40,001 to £52,000	0.78
C	£52,001 to £68,000	0.89
D	£68,001 to £88,000	1.00
E	£88,001 to £120,000	1.22
F	£120,001 to £160,000	1.44
G	£160,001 to £320,000	1.67
H	More than £320,000	2.00

### **3. Income from Business Ratepayers**

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA), multiplied by a uniform business rate set nationally by Central Government.

The total income from business rate payers, after reliefs, collectable in 2024/25 was £93.6m (£84.8m in 2023/24). The increase is mainly due to changes in rate relief available for transitional support.

For 2024/25 the total non-domestic rateable value (RV) at the year-end is £215m (£215m in 2023/24). The national multipliers for 2024/25 were 49.9p for qualifying Small Businesses, and the standard multiplier was 54.6p for all other businesses (49.9p and 51.2p respectively in 2023/24).

#### 4. Contributions to Collection Fund Surpluses and Deficits

The share of the surplus/ (deficit) for each of the precepting authorities is:

Share of surplus/ (deficit)	2024/25 £,000	2023/24 £,000
Kent County Council	2,712	4,019
Kent Police and Crime Commissioner	382	390
Kent Fire and Rescue	169	313
Dartford Borough Council *	1,727	7,287
Central Government	1,758	8,686
	6,748	20,695

\* Shown as the Collection Fund Adjustment Account in the Balance Sheet.

#### 5. Provision for Uncollectable Amounts

The provision for Council Tax and Business Rates bad debt is based on an analysis of the age of the debt plus applying an additional percentage for non-payment to the total tax due, less the write-offs in year.

The movement this year in the provision for non-collection of debt relating to Council tax is shown below:

	2024/25 £,000	2023/24 £,000
Balance Brought Forward	6,178	6,267
Write Offs	(307)	(1,367)
Increase/ (decrease) in provision	1,390	1,278
Balance Carried Forward - Council Tax	7,261	6,178

At 31 March 2025, the total Council Tax outstanding debt was made up as follows:

	2024/25	2023/24
	£,000	£,000
Debt up to 1 year old	3,765	3,117
Debt between 2 to 5 years old	5,167	4,510
Debt over 5 years old	2,309	1,922
Total Council Tax Debt	11,241	9,549

The movement this year in the provision for non-collection of debt relating to Business Rates is shown below:

	2024/25	2023/24
	£,000	£,000
Balance Brought Forward	4,536	4,204
Write Offs	(591)	(208)
Increase/ (decrease) in provision	280	540
Balance Carried Forward - Business Rates	4,225	4,536

At 31 March 2025, the total Business Rates outstanding debt was made up as follows:

	2024/25	2023/24
	£,000	£,000
Debt up to 1 year old	3,147	2,954
Debt between 2 to 5 years old	2,518	3,175
Debt over 5 years old	556	294
Total Business Rates Debt	6,221	6,423

## 6 Provision for Appeals (NNDR)

A provision is made against the potential effect of outstanding appeals in respect of rating list entries relating to the Collection Fund:

	2024/25 £,000	2023/24 £,000
Balance Brought Forward	11,128	11,072
RV list amendments charged against the provision for appeals	(5,134)	(1,890)
Contribution (to) from provision during year	2,289	1,946
Balance Carried Forward	8,283	11,128

The provision for Business Rate valuation appeals is based on the latest list of outstanding rating list proposals provided by the Valuation Office and is an estimate based on changes in comparable hereditaments, market trends and other valuation issues, including the potential for some proposals to be withdrawn. The element included in the Council's Accounts is shown in Note 21 to the main accounts.



## **A GLOSSARY OF LOCAL AUTHORITY FINANCIAL TERMS AND ABBREVIATIONS**

For the purposes of compiling the Statement of Accounts the following definitions have been adopted:

### **Accounting Period**

This is the period covered by the Accounts which is the 12-month period commencing 1 April each year.

### **Accounting Policies**

Those principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in the financial statements.

### **Accruals**

The accruals concept means that income and expenditure are recognised as they are earned or incurred and not as money is received or paid. For example, if an invoice relating to works carried out, or services received, in March 2025 is expected to arrive in April 2025, it will be accounted for in the 2024/25 accounts (the financial year it relates to), not the 2025/26 accounts (the financial year it arrives in).

### **Actuarial Gains and Losses**

For a defined benefit pension scheme the changes in actuarial deficits or surpluses that arise because either events have not coincided with the actuarial assumptions made for the last valuation, or the actuarial assumptions have changed.

### **Amortised Cost**

A classification of a financial instrument by measurement basis. See Accounting Policies for further information.

### **Asset Ceiling**

An asset ceiling in pension accounting limits the amount of a net pension asset (surplus) that can be recognised on a company's balance sheet. This limit is based on the present value of any economic benefits the company can realise from the surplus, primarily through future contribution reductions or refunds. Essentially, it prevents companies from recognising an asset for a pension surplus if they can't benefit from it in a meaningful way.

### **Balances**

The non-earmarked capital or revenue reserves of an authority, made up of the accumulated surplus of income over expenditure on the General Fund and the Housing Revenue Account. Revenue balances may be utilised to provide for unforeseen circumstances or to ensure that payments can be made pending the receipt of income, and may be used to reduce the council tax levy.

### **Balance sheet**

This statement is fundamental to the understanding of an authority's financial position at year end. It shows:

- the balances and reserves at an authority's disposal
- long-term indebtedness (over one year)
- the assets employed in its operations

- summarised information on the long-term assets (items that are held for more than one year) by category

### **Budget**

The Council's aims and policies set out in financial terms, against which performance is measured. Both capital and revenue budgets are prepared.

The **revenue** budget is a financial statement of planned expenditure required to deliver the Council's policies over the financial year. It is illegal for councils to budget in excess of available resources.

The budget requirement is calculated in advance of each year. It is, broadly, estimated net revenue expenditure as funded by formula grant, council tax and business rates.

### **Business Rate Retention Scheme**

A scheme introduced in April 2013 under which billing authorities are able to retain a proportion of the business rates they collect.

Key terms associated with the scheme are as follows:

- **Tariff** - each local authority has an agreed baseline funding position set by government. If its individual business rates baseline is greater than the set level, it must pay a tariff to government.
- **Pool** – Local authorities can pool together to share risks around business rates. A pool can have the effect of reducing the total levy rate, enabling authorities to agree how to share the possible gains of this arrangement.
- **Levy** – this limits the amount business rates can grow in any one year. In a pool this is calculated by reference to the pools' total baseline funding level and its total individual business rates baseline.
- **Safety Net** – this guarantees that the Council's income from business rates will not fall below a certain level. The safety net is set at a percentage of the baseline funding level.

### **Capital expenditure**

Expenditure for the purchase or improvement of significant assets including land, buildings, and equipment, which will be of use or benefit in providing services for more than one financial year.

### **Capital receipts**

The proceeds from the sale of land, buildings and other capital assets. Strict rules govern their use: they cannot be used for revenue purposes.

### **The Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the accountancy body which represents at national level the interests of local government and public service finance. As well as awarding public sector specific accountancy qualifications the Institute also produces advice, codes of practice, and guidance to local authorities on best practice.

### **CIPFA Code of practice on Local Authority Accounting in the United Kingdom 2024/25**

Known familiarly as “the Code”, this specifies the principles and practices of accounting required to prepare a Statement of Accounts which “presents a true and fair view” of the financial position and transactions of an authority.

### **Collection Fund**

A statutory fund used to record the billing and collection of council tax and non-domestic rates. Though it is independent of the General Fund, payments are made from it to support the General Fund services of the billing and precepting authorities.

### **Community Assets**

Assets that the Council intends to hold in perpetuity, that have determinable useful life and that may have restrictions in their disposal e.g. parks.

### **Community Infrastructure Levy**

A levy which is charged on new development with the appropriate planning consent. This is a planning charge used to fund a number of infrastructure projects including transport and schools to support development in the area.

### **Comprehensive Income and Expenditure Statement**

A statement that reports the net cost for the year of all the functions for which the authority is responsible, and demonstrates how that cost has been financed from general government grants and income from taxpayers.

### **Consistency**

The concept of consistency states that the accounting treatment of like items within an accounting period, and from one period to the next, is the same, in order to facilitate comparisons.

### **Creditors**

Parties to whom the Council owes money at year end for goods and services supplied in year.

### **Current liabilities**

Those amounts which will become payable or could be called upon within the next accounting period e.g. creditors and cash overdrawn.

### **Current Service Cost**

The increase in the present value of a defined pension scheme’s liabilities expected to arise from employee service in the current period i.e. the pension benefits “earned” by employees in the year.

### **Debtors/Receivables**

Parties owing money to the Council at year end for goods and services supplied to them, by the Council.

### **Depreciation**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, the passage of time or obsolescence through technological or other changes. It means that, rather than the whole cost of an asset being charged to revenue in the year in which it is acquired, the cost is spread out over the life of the asset. As such, it illustrates an application of the matching concept.

**Employee Benefits**

Amounts due to employees including salaries, paid annual leave and paid sick pay. These also include the cost of employer's national insurance contributions.

**Events After the Reporting Period**

The occurrence of a material event between the balance sheet date and the date the accounts are authorised for issue, which might have a bearing on the financial results of the organisation. In such cases the event should be reflected in the Statement of Accounts as a note or amendment.

**Expected Rate of Return on Pensions Assets**

The average rate of return expected over the remaining life of the related obligation on the actual assets held by the pension scheme.

**Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards its purchase or use.

**Fair Value Through Profit and Loss (FVPL)**

A classification of a financial instrument by measurement basis. See Accounting Policies for further information.

**Fair Value Through Other Comprehensive Income (FVOCI)**

A classification of a financial instrument by measurement basis. See Accounting Policies for further information.

**Financial Reporting Standard (FRS)**

A statement of the practice to follow in UK Generally Accepted Accounting Principles when dealing with a discrete area of financial accounting.

Most of these have now been superseded by International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) but, in some areas, the previous standards remain in effect.

**Fund**

A major division of the Council's accounts, for example the General Fund or the Collection Fund. It is sometimes also used in a different sense to designate an earmarked reserve.

**General Fund**

This is the main revenue account and covers the day-to-day spending requirements of providing services. It is paid for out of council tax, formula grant, specific grants and fees and charges. It also includes the cost of services provided by other bodies which make a levy. It is clearly segregated from the Housing Revenue Account.

**Going Concern**

The concept that the authority will remain in operational existence for the foreseeable future; in particular, that the revenue accounts and balance sheet are not based on the assumption of an intention to curtail significantly the scale of operations.

## **Government grants**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets, in return for past or future compliance with certain conditions relating to the activities of the authority.

## **Gross expenditure**

The total cost of providing services before deducting any income.

## **Held for Sale Assets**

Where there is reasonable certainty that an item of property, plant or equipment is likely to be disposed of via a sale in the next twelve months it is reclassified to the category of 'Held for Sale'.

## **Heritage Assets**

This is a separate class of asset (land, building, artefacts, vehicles etc.) that is held principally for its contribution to knowledge or culture and which meets the definition of a Heritage Asset.

## **Housing Revenue Account (HRA)**

A statutory account which contains all expenditure and income to fund council housing - in effect, a landlord account. It shows the major elements of housing revenue expenditure and how this is met by rents, subsidy and other income. The HRA must be kept entirely separate from the General Fund and the account must not be in deficit.

Local authorities are not allowed to make up any shortfall on the HRA from the General Fund, and any surpluses or deficits must be retained within the HRA. No costs may be charged to council tax or business rate (NNDR) income.

## **Impairment**

Impairment occurs when the book value (carrying value) of an asset exceeds the amount that could be recovered through use or sale of the asset.

## **Intangible Assets**

These are non-financial fixed assets (for example, they are not bonds or stocks) that do not have a physical substance but are identifiable and are controlled by the Council through custody or legal rights. Examples are IT systems and software licences.

## **International Financial Reporting Standards (IFRS)**

Principles-based standards, interpretations and the framework adopted by the International Accounting Standards Board.

## **Income**

Monies received or due from rents, fees and charges for services, specific grants and investment interest.

## **Investments**

In the context of the Statement of Accounts, this term refers only to long-term investments which are intended to be held for use on a continuing basis in the activities of the authority. Where investments do not meet this criterion, they have been classified as current assets.

**Leases**

These can fall into two types:

- Finance lease – a lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee; such leases are recognised on the balance sheet by the lessee.
- Operating lease – a lease other than a finance lease. Operating leases which are over £10,000 and over 12 months are recognised as right-of-use assets on the balance sheet of the lessee with a corresponding liability. Low value and or short term leases are not recognised on the balance sheet.

The distinction between the two is the subject of an array of tests and is highly technical.

**Liabilities**

Those amounts which will become payable by the Council in the short or long term.

**Matching**

The matching concept says that expenditure and income transactions, including accruals, are matched with one another so far as their relationship can be established, or justifiably assumed, and dealt with in the period to which they relate.

**Materiality**

Financial statements often cannot be precisely accurate, but this need not detract from their ability to be fairly stated. Within certain limits, a tolerance is permitted in measurement and disclosure of financial statement items. The concept of materiality determines the acceptability of the degree of this tolerance.

**Movement In Reserves Statement (MIRS)**

This statement reconciles the Comprehensive Income and Expenditure account for the year with the authority's budget requirement, which is governed by statute and differs in certain key respects from accounting conventions.

**Movement on the HRA Statement**

Similar to the General Fund's Movement In Reserves Statement, this reconciles the HRA Income and Expenditure account for the year with the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

**National Non-Domestic Rates (NNDR)**

A national rate, often familiarly called "business rates" and can also be referred to as NDR. Business Rates are levied on businesses by the Government and collected by local authorities. The total proceeds are shared between central government and local authorities as per the Retained Business Rate Scheme.

**Net Book Value (NBV)**

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Net expenditure**

Gross expenditure for a service, less ("net of") directly related income.

**Net Realisable Value (NRV)**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

**Past Service Cost**

Past service costs arise from decisions taken in the current year but whose financial effect is derived from service earned in earlier years.

**Precept**

A levy on the Collection Fund by another public body (a precepting authority), requiring the billing authority to collect the required income from local taxpayers on their behalf.

**Prior year adjustments**

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**Property, Plant and Equipment**

This classification covers all assets with physical substance (tangible assets) that are expected to be used by the Authority for more than one year. The item must have physical substance (e.g. land, buildings, vehicles) and must be held by the Authority for the provision of goods and services, for rental to others (as part of a service), or for administrative purposes. If the item is held purely to earn rentals or capital appreciation, it will be treated as 'Investment Property'; if it is held to be sold (within the next twelve months), it will be accounted for as a 'Held for Sale' asset.

**Provisions**

A provision is required to be made and disclosed in the accounts for any liability or loss which, due to an event which has already occurred, is certain or likely to be incurred, but where there is uncertainty as to the amounts or the dates on which they will arise. As a result, it is often a matter of interpretation and careful judgement whether such an uncertainty should be disclosed (and accounted for) as a provision or simply included by way of a note as a contingent liability.

**Public Works Loans Board (PWLB)**

A statutory body operating within the United Kingdom Debt Management Office, which is an Executive Agency of HM Treasury. Its function is to lend money from the National Loans Fund to local authorities and other prescribed bodies, primarily for capital projects, and to collect the repayments.

**Rateable Value (RV)**

The value of a business, assessed by the Valuation Office Agency, on which business rates are payable.

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

Expenditure which legislation classifies as capital but which does not result in the creation of a fixed asset belonging to the authority. An example is where the Council pays a grant to a private householder for adaptations required by a disabled person; the work done is capital in nature, but the resultant asset does not appear on the Council's balance sheet because it belongs to the private freeholder. These were previously defined as deferred charges.

### **Related Party Transactions**

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

### **Reserves**

Funds set aside to meet future expenditure which fall outside the definition of provisions. Reserves can be for general contingencies and to provide working balances, or earmarked for specific future expenditure.

Note that certain reserves are statutory in nature – for example, the Council is obliged to hold a Revaluation Reserve and its use is closely prescribed under the IFRS as interpreted for use in local government. The Council has no discretion in the existence or use of such reserves.

### **Revenue expenditure and income**

The regular day to day running costs an authority incurs in providing services, as distinct from capital expenditure (under the Local Government & Housing Act 1989, all expenditure is regarded as revenue unless specifically classified as capital). In a general sense, revenue expenditure (and income) arises from recurring items such as running services.

### **Right-of-Use Asset**

A right-of-use (ROU) asset represents a lessee's contractual right to use an underlying asset (like property, equipment, or vehicles) for a specified period, as outlined in a lease agreement. It's recognised on the lessee's balance sheet, alongside a corresponding lease liability, reflecting the obligation to make lease payments

### **Section 151 Officer (CFO)**

Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council's financial affairs. The Head of Finance is the Council's Section 151 Officer.

### **Statutory provision for the financing of capital investment**

Formerly known as the Minimum Revenue Provision (MRP), this is the minimum amount that must be charged to a local authority's revenue account each year and set aside to provide for debt repayment or other credit liabilities.

### **Substance over form**

The concept of substance over form requires that transactions and other events are accounted for and represented in financial statements with regard to their economic substance and financial reality rather than just their legal form.

### **Useful Life**

The period over which the local authority expects to derive benefits from the use of a fixed asset and over which, typically, it will be depreciated.



## **FURTHER INFORMATION**

### **For Further Information**

These accounting statements have been prepared for the benefit of all those interested in the Borough's activities, particularly Council Taxpayers and Business Ratepayers, and other parties who are associated directly or indirectly with the Council.

Further details on the general activities of the Council can be obtained from:

Communications Manager  
Dartford Borough Council,  
Civic Centre,  
Home Gardens,  
Dartford,  
Kent  
DA1 1DR