



**Draft  
Statement  
Of  
Accounts**

**2025/26**

## CONTENTS

	Page
Narrative Report	2
Statement of Responsibilities for the Statement of Accounts	18
CORE FINANCIAL STATEMENTS	
Comprehensive Income and Expenditure Statement	19
Movement in Reserves Statement	20
Balance Sheet	21
Cash Flow Statement	22
Notes to the Core Financial Statements	23
SUPPLEMENTARY STATEMENTS	
Collection Fund	87
Housing Revenue Account	94
Independent Auditor's Report	100
Charities Administered by Dover District Council	101

## **NARRATIVE REPORT**

### **1. INTRODUCTION**

This Narrative Report provides an overview of the Council, its year-end position at 31 March 2026, a review of the financial year 2025/26 and possible issues for the future.

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

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

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

### **2. CORPORATE PLAN**

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

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

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

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

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

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

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

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

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

Heights. Sandwich is the most complete medieval town in Britain and Deal is noted for its Georgian seafront.

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

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

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

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

Dover District is represented by seven Kent County Council (KCC) councillors across its country divisions. KCC is elected every four years, and the most recent elections took place in May 2025.

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

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

The Government's Local Government Reorganisation (LGR) agenda is expected to result in the replacement of two-tier arrangements, such as that currently in place in Dover District, with new unitary authorities. At the time of preparing these accounts, proposals for reorganisation across Kent are still under development and subject to consultation and ministerial decision. The Council is actively engaged in this process alongside partners across the county to consider the potential implications for governance, service delivery and financial sustainability. Whilst no changes have been reflected in these accounts, the outcome of LGR may have a significant impact on the future structure and responsibilities of the Council, and this will be reflected in future financial statements as further clarity emerges.

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

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

The Executive (the Leader and the rest of Cabinet) takes all of the significant decisions within the Council (excluding planning and licensing issues) through their Cabinet meetings or individual decision-making processes. Key Decisions to be taken by the

Cabinet are set out in our Forward Plan. Where Cabinet decisions fall outside the agreed policy and budget strategy, these must be referred to the Council for consideration. All meetings of our Cabinet are open to the public except when considering confidential matters.

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

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

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

## 6. OVERVIEW OF STATEMENT OF ACCOUNTS

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26. The Code is based on a hierarchy of approved accounting standards. There have been no material changes to the presentation of the Accounts for 2025/26.

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

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

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

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

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

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

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

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

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

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

- **Balance Sheet (page 21)**

The Balance Sheet shows the value, as at the Balance Sheet date, of the assets and liabilities held by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the capital reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments Between Accounting Basis and Funding Basis Under Regulations'.

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

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

- **Notes to the Core Financial Statements (pages 23 to 86)**

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

- **Supplementary Financial Statements (pages 87 to 100)**

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

- **Collection Fund (pages 87 to 93)**

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

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

- **The Housing Revenue Account (pages 94 to 99)**

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

- **Independent Auditors' Report (page 100)**

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

- **Charities Administered by Dover District Council (pages 101 to 102)**

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

## **SUMMARY OF THE 2025/26 FINANCIAL YEAR**

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

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

### **GENERAL FUND REVENUE ACCOUNT**

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

In March 2025 the Council approved the 2025/26 budget, forecasting a surplus of £6k. During the year the forecast budget revised to a surplus of £554k. The year-end position resulted in a £400k surplus for the year, a favourable variance of £394k compared to the original budget. The surplus was moved to the Smoothing Reserve for future usage which maintains the General Fund balance at the preferred level of £1.5m.

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

<u>2024/25</u> <u>Actual</u>  £000		<u>2025/26</u> <u>Original</u> <u>Budget</u>  £000	<u>2025/26</u> <u>Revised</u> <u>Budget</u>  £000	<u>2025/26</u> <u>Actual</u>  £000
	<b><u>Directorate</u></b>			
523	Chief Executive	500	503	475
9,284	Director of Corporate Resources	10,811	10,199	8,422
16,779	Director of Housing and Place	16,936	14,423	14,634
963	Special Revenue Projects	2,838	2,838	761
0	Vacancy Allowance	(150)	0	0
0	Target Savings/Resource Adjustments/Income Generation	(723)	0	0
0	Estimated Annual Underspend	(500)	(500)	0
<b>27,548</b>	<b>Net Direct Expenditure</b>	<b>29,713</b>	<b>27,463</b>	<b>24,292</b>
	<b>Other Operating Income &amp; Expenditure:</b>			
0	Contingency	285	186	0
94	River Stour Drainage Board	96	96	98
(6,208)	Recharge Income from HRA, DPHA & Projects	(6,416)	(6,247)	(5,979)
<b>21,434</b>	<b>Net Operating Expenditure</b>	<b>23,678</b>	<b>21,497</b>	<b>18,410</b>
	<b>Financing Adjustments:</b>			
(2,717)	Interest Receivable	(2,559)	(2,459)	(2,572)
1,430	Interest Payable	1,091	910	691
1,889	Loan Principal Repayments/Borrowing Allowance	1,737	1,796	1,876
<b>603</b>	<b>Total Financing Adjustments</b>	<b>270</b>	<b>247</b>	<b>(4)</b>
	<b>Contribution to/(from) Reserves:</b>			
(167)	- Special Projects & Events Reserve	(2,020)	(2,020)	169
(1,499)	- Periodic Operations Reserve	(153)	(108)	1,131
451	- Dover Regeneration Reserve	637	637	898
(168)	- IT Equipment Reserve	(295)	(295)	(170)
273	- Business Rates & Council Tax Reserve	200	200	(482)
123	- Operational and Fee Income Reserve	(325)	268	397
<b>(987)</b>	<b>Net Contribution to/(from) Reserves</b>	<b>(1,956)</b>	<b>(1,318)</b>	<b>1,943</b>
<b>21,051</b>	<b>Total Budget Requirement</b>	<b>21,992</b>	<b>20,425</b>	<b>20,350</b>
	<b>Financed by:</b>			
(9,382)	Non-Domestic Rates	(9,816)	(9,816)	(9,618)
(254)	Revenue Support Grant	(294)	(294)	(267)
(1,438)	Service & Funding Guarantee Grants	(1,790)	(771)	(771)
(8,763)	Council Tax	(9,299)	(9,299)	(9,299)
(91)	Council Tax - Collection Fund Surplus	(36)	(36)	(32)
(346)	New Homes Bonus	(534)	(534)	(534)
0	National Insurance Funding	(229)	(229)	(229)
<b>(20,274)</b>	<b>Total Financing</b>	<b>(21,998)</b>	<b>(20,979)</b>	<b>(20,750)</b>
<b>776</b>	<b>General Fund (Surplus)/Deficit for the Year</b>	<b>(6)</b>	<b>(554)</b>	<b>(400)</b>
<b>(1,507)</b>	<b>General Fund Balance at Start of Year</b>	<b>(1,521)</b>	<b>(1,501)</b>	<b>(1,501)</b>
(770)	Transfer to/(from) Smoothing Reserve	0	550	400
<b>(1,501)</b>	<b>Leaving Year End Balances of</b>	<b>(1,527)</b>	<b>(1,505)</b>	<b>(1,500)</b>

## Major Variations

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

	<b>£000</b>
<b>Original Budget Surplus</b>	<b>(6)</b>
Shortfall in delivery of savings targets	520
Salary savings, application of vacancy savings and delivery of target savings across all services	(1,612)
Reduced recharge to HRA due to salary savings	572
Increase in property insurance premium costs across all services	110
Net impact of reduced borrowing costs & investment returns	(92)
DDC share of migrating PartnershipOne Revenues & Benefits system to Cloud	102
Increased temporary accommodation and support services, offset by additional homelessness prevention grant	134
Increase in planning application fee income	(639)
Increased contract costs due to higher inflation rate	106
Increased Extended Producer Responsibility funding	(393)
Revised forecast based on on-going sales and expenses	129
Reduction in parking income	139
Additional income for high risk and illegal, unreported, unregulated fishing checks	(73)
Cessation of historic EU funding reserve use for CCTV	70
Increased utility costs across sites	72
Building control fees less than expected due to reduced demand for service	50
Increased software & cloud service costs across departments	48
PartnershipOne management fee & sundry costs higher than estimated	48
Numerous other variances across all services	161
<b>Forecast Deficit</b>	<b>(554)</b>
Improved interest receivable and payable position	(332)
Reduced recharge income from HRA and projects	268
Revised calculation for provision for bad debts (sundry debtors)	(238)
Additional Homeless grant received	(86)
Council Tax penalty, fine & costs awarded income higher than budget	(316)
Revised calculation for provision for bad debts (council tax)	172
Pressures from Supported Housing benefit system	70
Operational costs for Maison Dieu (building & events)	123
Cost of Maison Dieu activity plan in line with funding requirements	96
PartnershipOne management fees for additional services	115
Additional waste contract payments	140
External audit charges for prior year Housing Benefit & accounts catch up	196
Numerous other variances across all services	(54)
<b>Actual Budget Deficit</b>	<b>(400)</b>

## HOUSING REVENUE ACCOUNT (HRA)

The Council maintains a housing stock of 4,537 houses and flats and shared ownership properties. The income and expenditure from this account is included in the Comprehensive Income and Expenditure Statement but is also reported separately from the General Fund and is maintained in an account called the Housing Revenue Account (HRA).

In 2025/26 the HRA outturn was a surplus of £2,819k compared to the original budget forecast of a surplus of £520k, a favourable variance of £2,299k. The main variances in year were:

<b>Original Budget Surplus</b>	<b>(520)</b>
Efficiency Gains in Service Delivery	(860)
Reduction in dwelling capital expenditure	(2,083)
Increase in Responsive Repairs	810
Grants Received	(91)
Miscellaneous Variances	(74)
<b>HRA surplus for the year</b>	<b>(2,819)</b>
Transfer to Housing Initiatives Reserve	2,830
<b>HRA deficit after use of reserves</b>	<b>10</b>

With effect from 1 April 2012 Housing Finance Reform brought the housing subsidy system to an end and replaced it with a self-financing system. This change required a one off payment to Central Government of £90,473k on 28 March 2012. To fund this payment the Council borrowed the same sum from the Public Works Loan Board on a 30 year repayment basis at a fixed interest rate. £2,772k was paid off the PWLB loan principal sum during 2025/26, the balance outstanding on the loan is £59m (£61m in 2024/25).

Right-to-buy sales also continued, in 2025/26 there were 36 sales completed.

## CAPITAL INVESTMENT

The Council invested £42.3m in capital projects in 2025/26 the most significant of which are shown below:

<b>Major Projects</b>	<b>£000</b>
HRA – Affordable Housing Development Projects	20,097
HRA – Housing Stock Capital Works	3,797
Dover Beacon – Enabling Project	12,592
Future High Streets	301
Disabled facility grants	1,084
Restoration of Maison Dieu	374
Tides Leisure Centre replacement	2,216
Deal Pier structural repairs	63
Warm Home Grants	712
Numerous other smaller projects	1,066
<b>Total Capital Investment</b>	<b>42,302</b>

The main sources of financing applied to the projects in the year were:

<b>Financed by</b>	<b>£000</b>
Grants from external bodies (incl. KCC Better Care Fund, Homes England, and the Environment Agency)	(18,876)
Major Repairs Reserve	(3,275)

<b>Financed by</b>	<b>£000</b>
Earmarked Reserves	(1,614)
Capital Receipts (incl. Private Sector Housing loan receipts and excess Right-to-buy receipts)	(4,247)
HRA Revenue	(612)
Borrowing requirement	(13,678)
<b>Total Capital Financing</b>	<b>(42,302)</b>

Overall, the capital programme is funded and within budget.

## **OTHER KEY FINANCIAL AREAS**

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

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

## **TREASURY MANAGEMENT**

At 31 March 2026 the Council had investment balances and day-to-day cash balances managed in-house of approximately £55m. A short-term Local Authority to Local Authority investment of £4m was made in March.

The total interest and dividends income from investments for the year is £2,593k with an average income return of 4.5%, which is £8k higher than the original budget estimate of £2,585k. The Council has invested a total of £50m into pooled investment funds which generate a higher rate of interest than call accounts and fixed term deposits. These investments are classed as long term as it is anticipated they will be held for a minimum of five years.

Additional short-term borrowing was undertaken in the year due to fluctuations in the cash flow requirements. A reduction in available funds for inter-authority lending and further investment in the development of housing properties but offset by lower interest rates resulted in borrowing costs of £4,040k a decrease of £394k from the original budget estimate of £4,434k.

The Council has operated within the Prudential Indicators in compliance with the Council's Treasury Management Practices on all areas except for the indicator for the Council's exposure to interest rate risk. This shows that were the interest rates increase or decrease by 1% the difference between the interest receivable and payable would be £693k whereas the target for 2025/26 is £500k. The interest rate exposure has been amended in 2026/27 to £750k for both the rise and fall.

At the end of the year the Council has total borrowing of £118m, just over £63m of borrowing from the Public Works Loans Board (PWLB), £55m short-term, and interest free loans from Salix £26k and £13k from Lawn Tennis Association.

During 2025/26 the Council employed the services of Arlingclose Limited as treasury management advisers.

## BALANCE SHEET – The Council’s Assets and Liabilities

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

As at 31 March	(Restated)	
	2025 £000	2026 £000
Value of land, property and other assets	479,281	469,421
Investments held and cash at bank	54,348	54,735
Money owed to DDC for goods and services	23,727	31,446
Loans owed to DDC (short and long term)	2,495	2,452
Money owed by DDC for goods and services	(37,647)	(37,987)
Loans owed by DDC (short and long term)	(103,150)	(118,740)
Grants for assets received but not yet used	(8,571)	(1,612)
Share of pension scheme liabilities owed by DDC	(16,538)	(16,707)
<b>Total Assets less Total Liabilities</b>	<b>393,946</b>	<b>383,008</b>
<b>Financed by:</b>		
Usable reserves <sup>1</sup>	(86,663)	(92,836)
Unusable reserves <sup>2</sup>	(307,283)	(290,172)
<b>Net Worth of Council</b>	<b>(393,946)</b>	<b>(383,008)</b>

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

Capital receipts and grants	(20,127)	(23,094)
Revenue balances	(2,514)	(2,503)
Earmarked reserves	(64,022)	(67,239)
	<b>(86,663)</b>	<b>(92,836)</b>

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

## PENSION FUND

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

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

The net liability at 31 March 2026 was £16.7m (£16.5m at 31 March 2025).

It is important to note that IAS 19 does not have any impact on the actual level of employer contributions. Employers' levels of contribution are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields). The scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, on behalf of Kent County Council. Contributions are set every

three years as a result of the actuarial valuation of the Fund required by the Regulations. The triennial valuation carried out as at March 2025 and set the contributions for the period 1 April 2025 to 31 March 2028.

Further information relating to the pension scheme is included in note 37.

## **REVIEW OF THE YEAR**

### **Introduction**

Despite the challenges we face locally, nationally, and internationally, we have continued to be ambitious for our residents and strived to deliver the best for our district. This report reflects on what we have achieved in the past 12 months and how we have worked to support our residents and businesses during 2025/26 (1 April 2025 to 31 March 2026).

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

### **Corporate Plan**

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

Following the local elections in May 2023, which saw the Labour Party take majority control over the Council for the first time since 1995, we developed a new Corporate Plan based on the new administration's aspirations. Although the Council itself is now under No Overall Control, the Labour Cabinet remain in place and the Corporate Plan remains unchanged.

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

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

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

### **Key Developments and Highlights**

Our key developments and highlights for 2025/26 include:

#### **1. Local Government Reorganisation**

- All Kent Councils were required by the Ministry of Housing, Communities and Local Government to submit proposals for Local Government Reorganisation by 28 November 2025. Dover District Council at its Cabinet meeting held on 19 November 2025, following consideration by the full Council of the issue, agreed to

submit a proposal for Local Government Reorganisation. The Council's preferred model was Option 4B which involves the creation of 4 unitary councils in Kent, with the East Kent Unitary comprising of the district/city councils for Canterbury, Dover and Thanet.

- The Government is expected to announce the chosen unitary model in Summer 2026.
- The Leaders and Chief Executives of all 14 principal councils in Kent have been working together in preparation for the creation of new unitary councils in 2028.

## **2. Improving our housing**

- The Council is committed to delivering an ambitious affordable housing development programme, to provide much-needed homes for local people. This new house building/acquisition programme is funded through a combination of our Housing Initiatives Reserve (HIR), retained Right-to-Buy receipts, external grants and borrowing. You can find further details in our Medium-Term Financial Plan.
- The Council aims to provide an average of 200 additional council homes (a combination of new builds and acquisitions) each year during the period 2023 – 2027, equating to an additional 800 new homes over the life of our Corporate Plan.
- We delivered 92 additional homes to our housing stock in 2025/26. An additional 298 properties have been approved by the Cabinet but not yet completed in 2025/26 as part of our ambitious multi-million-pound programme.

## **3. Growing our economy**

- The Dover District Local Plan sets out the vision, strategic objectives, and overarching development strategy for the growth of the district to 2040. Our Local Plan was adopted by the full Council on 16 October 2024.
- Over the year, we have supported the district's attractions, businesses, industry, groups, and town centres by providing promotion, information, updates, coordinating and running events, supporting community events, and giving advice. We have also continued working with potential investors and developers, promoting our tourism and economic development potential at all levels.
- Substantial investment in the district continued, and we have seen significant progress in several key regeneration projects. The 'topping out' of the Dover Beacon Project site was completed on 8 September 2025. The Dover Beacon (The Bench) will welcome tenants Screen South, a cultural development organisation with digital creativity at their core, and East Kent College's first cohort of art and design students will start studying at The Bench building from September 2026.

## **4. Protecting our environment**

- Dover District Council has taken a strategic and long-term approach to environmental protection, underpinned by its declaration of a Climate Change Emergency and the adoption of a comprehensive Climate Change Strategy and Action Plan. This framework commits the council to reducing emissions across its operations and influencing wider community sustainability, with the ambition of becoming a net-zero carbon emitter by 2030.
- We support the Great British Spring Clean each year – our 2026 campaign pledged to collect 250 bags of litter but with the help of 817 volunteers we collected 331 bags of litter. As part of the campaign volunteers visited 10 locations including

Ash, Dover, Sandwich, Deal, Eastry, St Margaret's-at-Cliffe, Elvington and Wingham.

- A poster competition was run for the Great British Spring Clean and resulted in 23 amazing entries from school children in the district.
- The Council's popular REACH Awards (Recognising Environmental and Community Heroes) in its fifth year had four categories of winners: Litter Picker of the Year, Junior Litter Picker of the Year, Community Project of the Year, and Green Organisation of the Year. The awards, supported by the Council's waste contractor, Veolia, were presented by the Chairman of the Council, Councillor Sue Beer.
- The Council investigated environmental protection and crime incidents in 2025/26, such as noise, dog fouling, and fly-tipping, protecting the environment and public health. The Council had 746 contacts with food businesses in 2025/26 (inspections, visits, advice given, etc.)
- Port Health – The total number of port health interventions (biosecurity checks) in 2025/26 was 15,581 up from 11,199 in 2024/25. This covered interventions for imported food controls, sampling, verification of imported food data and ship inspection activities. The Council made 2,443 seizures of illegal meat and Produce of Animal Origin (PAOA) at the border.

## **5. Supporting our communities**

- The Council's Community Safety Youth Festival 'IMPACT Fest' was held on 28 March 2026 for young people aged 11 – 18 at Pencester Gardens. The popular youth festival delivered an exciting line-up of live music, creative workshops, sports activities, a gaming bus and the chance to win prizes. Running for its second year, IMPACT Fest is organised by the Council with support from Kent County Council (KCC), and supported by the Kent Police & Crime Commissioner, DDC, KCC's Family Hub, Jenner and other local partners. The public were able to engage with Kent Police, KCC's Family Hub and Youth Engagement Team, British Transport Police, St Johns Ambulance, South Eastern Rail, Kent Fire & Rescue, and the Young Lives Foundation.
- Our Community Roots Van ('office on wheels') has continued to bring council services to communities across the district, helping to tackle social isolation and supporting communities in becoming more digitally inclusive.
- Our Inspire Project which had operated since 2016 continued to provide funding support to help young people facing challenges, such as lack of opportunities, family issues and low self-esteem. Since 2016 young people from across the district have benefited from the Inspire Project enjoying opportunities such as horse riding, swimming, boxing, arts and crafts, air/army cadets, cheerleading, music, martial arts, drama and many more. The funding from Kent County Council for this project came to end at the end of March 2025. However, new funding was secured from other sources to relaunch the Inspire Project for 2025/26.

## **6. Modernising our Council**

- A new Corporate Risk Management Strategy was adopted by full Council in January 2024, with quarterly Risk Register updates delivered to the Governance Committee in 2025/26.

- There has also been work undertaken to imbed the Corporate Plan objectives more transparently into other areas of the Council's governance framework. In early 2025, a report was taken to the Council that would change the format of the Council's Quarterly Performance Report from a structure based around service area to one based on the strategic themes of the Corporate Plan.

## **MEDIUM TERM FINANCIAL PLAN**

The Council's Budget 2026/27 and Medium-Term Financial Plan (MTFP) 2026/27– 2029/30 were approved in March 2026. The MTFP covers both revenue and capital budgets for the General Fund and the Housing Revenue Account over a three-year forecasting period. The main features of the MTFP are:

- The General Fund budget for 2026/27 forecasts a budget surplus of £32k
- General Fund balance forecast to be maintained at £1.5m
- Council Tax increase of £6.57 (2.98%) per annum (13p per week), for a Band D property, maintaining the lowest Council Tax in East Kent;
- The 2026/27 budget assumes that the Dover Port Health Authority (DPHA) function will continue to be cost neutral
- The Housing Revenue Account forecasts a deficit of £283k
- HRA balance to be maintained at £1m for 2026/27
- Housing Initiatives Reserve is forecast at £20m at the end of 2026/27
- The current capital programme totals £112.6m is fully funded, the current resources for funding capital and special revenue projects will be largely exhausted by the current programme
- Future capital receipts are expected to come mainly from on-going housing right to buy sales (which are facing a reduction following the changes in regulations) and one-off asset sales, so will not replenish capital funds and will not be sufficient to maintain the current level of activity in the future
- The major projects in the programme are:
  - Dover Beacon Project
  - Tides Leisure Centre Replacement
  - Regeneration Projects
  - Deal Pier Structural Repairs
- Significant risks and budget volatility remain for future years.

More detailed information on the Council's Budget for 2026/27 and the Medium-Term Financial Plan can be found on the Council's website at: [Accounts and Budgets \(dover.gov.uk\)](https://www.dover.gov.uk/accounts-and-budgets)

## **THE FUTURE**

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

- The outcome of the expected changes to Local Government Finance and Business Rates Retention,
- The impact of any announcement of Local Government Reorganisation within Kent,
- Development and regeneration of the local economy,
- The impact of the Governments proposed changes to Council Tax collection,
- The ongoing impact of the localisation of council tax support,
- Climate change agenda and associated costs,
- Changes to planning regulations

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

## STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

### The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Head of Finance and Investment.
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the Statement of Accounts.

### The Head of Finance and Investment's Responsibilities

The Head of Finance and Investment is responsible for the preparation of the Authority's Statement of Accounts in accordance with the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code of Practice)*.

In preparing this Statement of Accounts, the Head of Finance and Investment has:

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

The Head of Finance and Investment has also:

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

By signing the Statement of Accounts, the Head of Finance and Investment is stating that the accounts present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2026.

This Statement of Accounts is authorised for issue following its approval by the Head of Finance and Investment and the Chairman of the Governance Committee at the date given below.

Signed:

Signed:

Helen Lamb  
Head of Finance and Investment  
(S151 Officer)

Councillor Stacey Blair  
Chairman, Governance Committee

Dated:

Dated:

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2024/25 (Restated)			2025/26			
Gross Expenditure £000	Gross Income £000	Net Expenditure £000	Note No	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
<b>Continuing Operations (see Note)</b>						
165	(128)	37		1,798	(512)	1,286
44,738	(37,550)	7,188		45,107	(41,929)	3,177
45,378	(24,397)	20,981		62,971	(35,707)	27,265
1,794	(853)	941		1,419	(621)	798
19,611	(25,790)	(6,179)		43,181	(26,476)	16,705
<b>111,686</b>	<b>(88,718)</b>	<b>22,968</b>		<b>154,477</b>	<b>(105,245)</b>	<b>49,232</b>
<b>Net Cost of Services</b>						
<b>Other Operating Expenditure:</b>						
	(149)					6,122
	(112)					(98)
	3,361					3,684
	94					98
	0		25			0
<b>Financing and Investment Income &amp; Expenditure:</b>						
	4,938					4,102
	(2,644)					(2,648)
	(1,973)		9			(2,195)
	387		14			(387)
	1,602		9			(3,055)
	728		37			487
<b>Taxation &amp; Non-specific Grant Income:</b>						
	(12,086)					(13,219)
	(3,733)					(7,225)
	(5,974)		22			(5,961)
	(20,712)		22			(20,637)
	<b>(13,307)</b>					<b>8,301</b>
<b>(Surplus) or Deficit on Provision of Services</b>						
<u>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</u>						
	17,722		36			(297)
			37			
	(1,968)					2,934
	<b>15,754</b>					<b>2,637</b>
<b>Other Comprehensive Income &amp; Expenditure</b>						
	<b>2,447</b>					<b>10,939</b>
<b>Total Comprehensive Income &amp; Expenditure</b>						

Note: Following the departure of Director of Housing, Assets & Finance in February 2026, the continuing operations service areas have been redistributed across the remaining directors and Chief Executive for 2025/26. The 2024/25 figures have been restated to reflect this.

## MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Usable Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>2025/26</b>									
<b>Balance at 31 March 2026</b>	<b>(1,501)</b>	<b>(44,091)</b>	<b>(1,013)</b>	<b>(19,930)</b>	<b>(17,103)</b>	<b>(3,024)</b>	<b>(86,663)</b>	<b>(307,284)</b>	<b>(393,946)</b>
<b>Movement in reserves</b>									
Total Comprehensive Income and Expenditure	(9,777)	0	18,079	0	0	0	8,301	2,637	10,939
Adjustments between accounting basis and funding basis under regulations (Note 7)	9,390	0	(20,899)	0	(1,722)	(1,244)	(14,475)	14,475	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>(387)</b>	<b>0</b>	<b>(2,820)</b>	<b>0</b>	<b>(1,722)</b>	<b>(1,244)</b>	<b>(6,173)</b>	<b>17,112</b>	<b>10,939</b>
<b>Transfer to/(from) reserves (Note 27)</b>	<b>387</b>	<b>(387)</b>	<b>2,830</b>	<b>(2,830)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net (Increase)/Decrease in year</b>	<b>0</b>	<b>(387)</b>	<b>10</b>	<b>(2,830)</b>	<b>(1,722)</b>	<b>(1,244)</b>	<b>(6,173)</b>	<b>17,112</b>	<b>10,939</b>
<b>Balance at 31 March 2026 carried forward</b>	<b>(1,500)</b>	<b>(44,478)</b>	<b>(1,003)</b>	<b>(22,761)</b>	<b>(18,826)</b>	<b>(4,268)</b>	<b>(92,836)</b>	<b>(290,172)</b>	<b>(383,008)</b>
<b>2024/25 (Restated)</b>									
<b>Balance at 31 March 2024</b>	<b>(1,507)</b>	<b>(47,034)</b>	<b>(1,014)</b>	<b>(17,111)</b>	<b>(18,467)</b>	<b>(3,766)</b>	<b>(88,898)</b>	<b>(307,495)</b>	<b>(396,394)</b>
<b>Movement in reserves</b>									
Total Comprehensive Income and Expenditure	(9,469)	0	(3,838)	0	0	0	(13,306)	15,753	2,447
Adjustments between accounting basis and funding basis under regulations (Note 7)	12,418	0	1,018	0	1,364	741	15,542	(15,542)	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>2,949</b>	<b>0</b>	<b>(2,819)</b>	<b>0</b>	<b>1,364</b>	<b>741</b>	<b>2,236</b>	<b>211</b>	<b>2,447</b>
<b>Transfer to/(from) reserves (Note 27)</b>	<b>(2,943)</b>	<b>2,943</b>	<b>2,819</b>	<b>(2,819)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net (Increase)/Decrease in year</b>	<b>(6)</b>	<b>2,943</b>	<b>0</b>	<b>(2,819)</b>	<b>1,364</b>	<b>741</b>	<b>2,236</b>	<b>211</b>	<b>2,447</b>
<b>Balance at 31 March 2025 carried forward</b>	<b>(1,501)</b>	<b>(44,091)</b>	<b>(1,013)</b>	<b>(19,930)</b>	<b>(17,103)</b>	<b>(3,024)</b>	<b>(86,663)</b>	<b>(307,284)</b>	<b>(393,946)</b>

## BALANCE SHEET

(Restated) 31 March 2025 £000		Notes	31 March 2026 £000
293,030	Council dwellings		283,854
85,585	Land and buildings		78,540
8,664	Vehicles, plant and equipment		8,731
7,547	Infrastructure assets		8,351
2,828	Community assets		4,209
50,149	Assets under construction		51,984
255	Surplus Assets not Held for Sale		0
<b>448,058</b>	<b>Property, Plant and Equipment</b>	<b>8</b>	<b>435,669</b>
5,855	Heritage assets	10	5,854
24,981	Investment property	9	27,481
44	Intangible assets	8	0
46,149	Long term investments	12	46,537
2,494	Soft loans	16	2,452
611	Long term debtors	28	677
<b>80,134</b>	<b>Long Term Assets</b>		<b>83,001</b>
4	Short term investments	12	4,004
344	Inventory		416
23,115	Short term debtors	28	30,769
8,195	Cash and cash equivalents	29	5,174
<b>31,659</b>	<b>Current Assets</b>		<b>40,363</b>
0	Bank Overdraft	29	(980)
(40,481)	Short term borrowing	13	(59,967)
(23,241)	Short term creditors	30	(26,056)
(3,261)	Provisions	31	(1,086)
(10,618)	Receipts in advance	32	(10,311)
<b>(77,601)</b>	<b>Current Liabilities</b>		<b>(98,400)</b>
(62,669)	Long term borrowing	13	(58,773)
(527)	Long term creditors	30	(534)
(8,570)	Capital grants received in advance	34	(1,612)
(16,538)	Pensions liability	19	(16,707)
<b>(88,304)</b>	<b>Long Term Liabilities</b>		<b>(77,626)</b>
<b>393,946</b>	<b>Net Assets</b>		<b>383,008</b>
(1,501)	General Fund balance	26	(1,500)
(1,013)	Housing Revenue Account balance	26	(1,003)
(44,091)	Earmarked reserves	27	(44,478)
(19,931)	Housing Revenue Account reserves	27	(22,761)
(17,103)	Usable capital receipts reserve	25	(18,826)
(3,024)	Capital grants unapplied	33	(4,268)
<b>(86,663)</b>	<b>Reserves Available to Fund Services</b>		<b>(92,836)</b>
(44,459)	Revaluation reserve	36	(38,317)
(286,345)	Capital adjustments account	35	(272,116)
3,857	Pooled investment fund adjustments reserve	17	3,470
874	Financial adjustments account	15	794
2,128	Collection Fund adjustment account- NNDR	21	(628)
123	Collection Fund adjustment account- Council tax	20	(81)
0	Renewable Energy adjustment account	21	0
16,538	Pensions reserve	19	16,707
<b>(307,284)</b>	<b>Reserves Unavailable to Fund Services</b>		<b>(290,172)</b>
<b>(393,946)</b>	<b>Total Reserves</b>		<b>(383,008)</b>

## CASH FLOW STATEMENT

2024/25 (Restated)			2025/26	
£000	£000		£000	£000
(995)		Cash & cash equivalents – at 1 April	8,195	
8,195		Cash & cash equivalents – at 31 March		4,194
	(9,190)	<b>Net (increase) or decrease in Cash &amp; Cash Equivalents</b>		4,001
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>
	<b>(13,307)</b>	<b>Net surplus on Income &amp; Expenditure</b>		<b>8,301</b>
		<u>Non-cash transactions:</u>		
(7,102)		Depreciation and amortisation	(7,761)	
(6,755)		Revaluation gains / (losses)	(30,858)	
149		Carrying amount of non-current assets held for sale, sold or derecognised	(6,122)	
1,718		Pension adjustments	2,765	
(477)		Financial instruments adjustments	442	
(1,259)		Provisions	2,176	
	(13,725)			(39,359)
		<u>Items on an accrual basis:</u>		
(55)		Increase or (decrease) in inventory and work in progress	72	
(12,670)		Increase or (decrease) in debtors	5,093	
(100)		Increase or (decrease) in long term debtors	65	
(135)		Movement in impairment for bad debts	164	
(4,017)		(Increase) or decrease in creditors	(5,548)	
(2,385)		(Increase) or decrease in receipts in advance	307	
(2,956)		Collection Fund adjustment accounts	2,961	
	(21,318)			3,114
		<u>Adjustments re investing and financing activities:</u>		
	20,824	Capital grant contributions and capital receipts		20,735
	<b>(28,526)</b>	<b>Net Cash Flows from Operating Activities</b>		<b>(7,209)</b>
		<u>Investing activities:</u>		
41,119		Purchase of property, plant, equipment, etc.	41,202	
(102)		Other payments for investing activities	(97)	
0		Proceeds from long and short term investments	4,001	
(3,227)		Proceeds from the sale of non-current assets	(6,984)	
(25,254)		Movement in capital grants	(13,482)	
	<b>12,535</b>	<b>Net Cash Flows from Investing Activities</b>		<b>24,641</b>
		<u>Financing activities:</u>		
(63,940)		Cash receipts of short & long term borrowing	(82,589)	
69,905		Payments of short & long term borrowing	66,997	
836		Net movement in Collection Fund cash position	2,161	
	<b>6,801</b>	<b>Net Cash Flows from Financing Activities</b>		<b>(13,430)</b>
	<b>(9,190)</b>			<b>4,001</b>

## NOTES TO FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### (a) General

The Statement of Accounts summarises the Authority's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared on a 'going concern' basis. 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.

#### (b) Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed, where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received, including services provided by employees, are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on 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 accruals of £1,000 (this can be made up of multiple invoices). Transactions below this limit are not generally accrued for as they are deemed immaterial to the understanding of the accounts. There will be exceptions where accruals are raised below these limits, depending on the nature of the transaction.
- Exceptions to these principles are periodic payments, such as utility bills, which are charged at the date of invoice rather than being apportioned between financial years; and penalty charge notices and licensing fees which are accounted for on the day of receipt. This policy is consistently applied each year and its effect on the Accounts is not considered to be material.

(c) **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 3 months or less from the date of acquisition and that 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.

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

The Council is a billing authority and, as such, is required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic (Business) Rates (NDR).

Statute determines the amount required to be transferred from the Collection Fund to the General Fund (an authority's precept for the year (plus)/minus its share of the (surplus)/deficit on the Collection Fund for the previous year estimated on 15 January for Council Tax and 31 January for NDR).

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between this amount and the amount required by regulation is taken to the Collection Fund Adjustment Account and is included as a reconciling item in the Movement in Reserves Statement to negate the effect on the taxpayer.

Council Tax and NDR are collected on an agency basis, so the Balance Sheet reflects the debtor/creditor position between the Council, Central Government and major preceptors, since the cash paid to preceptors in the year is not the share of actual cash collected from council tax and business rate payers.

**Business Rate Pool**

Income or expenditure generated as a result of membership of the Kent Business Rate Pool (from 1 April 2015) is accounted for in the proportions set out in the pool agreement.

The Council's share of any income or expenditure is credited or debited respectively to Taxation and Non-Specific Grant Income and Expenditure in the Comprehensive Income and Expenditure Statement in the relevant financial year. Levy or safety net payments due to or from the lead authority at the end of the accounting year are reflected as creditors or debtors in the Balance Sheet and any increase or decrease in the Growth Fund share (to be utilised to promote growth within the district pool based area) is set aside in the Equalisation Reserve within the Council's Balance Sheet for future use.

**Value Added Tax**

In accounting for VAT, the Council complies with FRS102 (The Financial Reporting Standard applicable in the UK). VAT payable is excluded from the main accounting statements unless it is not recoverable under normal tax rules. VAT receivable is excluded as it is due to HM Revenue and Customs.

(e) **Provisions**

Provisions are made where an event has taken place on or before the Balance Sheet date:

- that gives the Authority a present obligation
- that probably requires settlement by a transfer of economic benefits or service potential, and
- where 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 when the Authority has an obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

(f) **Contingent Assets and Liabilities**

**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.

**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.

(g) **Employee Benefits**

**Benefits Payable during Employment**

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

**Termination Benefits**

This covers costs that are payable as a result of a decision by the Authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the relevant service line in the CIES.

## **Post-Employment Benefits**

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

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

Employer's contributions to the pension scheme are determined by the fund's actuary on a triennial basis. A formal valuation of the Kent County Council Pension Fund for funding purposes was undertaken as at 31 March 2025. Changes to contribution rates as a result of the 31 March 2025 valuation took effect from 1 April 2025.

### **(h) Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

### **(i) 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, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or 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.

## (j) **Financial Instruments**

### **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 cash flow characteristics. The Authority holds financial assets measured at:

- amortised cost, and
- fair value through profit and loss (FVPL)

#### **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 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.

However, the Authority has made Private Sector Housing loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains or losses that arise from the derecognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure line in the CIES.

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

#### **Financial Assets Measured at Fair Value Through Profit and Loss**

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 arise in the surplus or deficit on the provision of services.

## **Fair Value Measurements of Financial Assets**

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Authority's 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/liabilities that the Authority can access at the measurement date
- Level 2 inputs – inputs other than quoted prices 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 Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost.

For most of the borrowings that the Authority has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the financial and investment income and expenditure line in the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

### **(k) Government Grants and Other 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 in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue

grants and contributions) or taxation and non-specific grant income and expenditure (non-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. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

## (l) **Leases**

### **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, 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.

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 group's 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 leases of low-value items or shorter than 12 months are expensed. Depreciation and impairments are 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**

The Council currently has no material finance lease arrangements as lessor.

### **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 or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

#### **(m) 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 (ie repairs and maintenance) is charged as an expense when it is incurred

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

### **Measurement**

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

- infrastructure assets – depreciated historical cost
- community assets and assets under construction - at historical cost and not subject to revaluation or depreciation
- dwellings – current value, determined using the basis of Existing Use Value for Social Housing (EUV-SH)
- surplus assets – current value measurement basis 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 minus expected useful lives)

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), depreciated historical cost basis is used as a proxy for current value.

The Authority has a policy of revaluing its property assets on a five year rolling programme, supported by annual indexation in the intervening years. Between professional valuations, the carrying amount of relevant PPE classes is updated annually using appropriate external indices to ensure that asset values remain materially accurate and represent a reasonable approximation of current value.

Revaluation gains are written to the Revaluation Reserve, after reversing any revaluation losses on that asset previously posted to the Comprehensive Income and Expenditure Statement. Revaluation losses will be written off against any balance on the Revaluation Reserve for that asset or to the Comprehensive Income and Expenditure Statement where no revaluation gain exists in the reserve for that asset. These amounts are then written out through the Movement in Reserves Statement so that there is no impact on Council Tax.

### **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where impairment losses are identified, they are accounted for by:

- writing down the balance on the Revaluation Reserve for that asset up to the accumulated gains
- writing down the relevant service line in the Comprehensive Income and Expenditure Statement where there is no balance or insufficient balance on the Revaluation Reserve.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up

to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised

## **Depreciation**

Depreciation is provided for on all PPE 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 and Community Assets), assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following basis:

- Dwellings and other buildings – straight line over their estimated useful lives up to 80 years depending on the building
- Vehicles, Plant, Furniture and Equipment - straight line depreciation over a period of up to 12 years
- Infrastructure Assets - straight line depreciation over a period of up to 40 years
- Community Assets – nil
- Surplus Assets – nil
- Assets under Construction - nil

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Council has carried out a review of its non-current assets and has set a minimum asset value of £1m to be considered for componentisation.

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.

## **Non-Current Assets held for sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

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

## **Disposal**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet and receipt from the sale are both charged to the other operating expenditure in the CIES which could result in a net gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

All sale proceeds in excess of £10,000 are categorised as capital receipts. A proportion of 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 or set aside to reduce the Council's underlying need to borrow. Receipts below £10,000 are considered de minimis and treated as revenue.

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

**(n) Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and (for any sale proceeds greater than £10,000) the capital receipts reserve.

**(o) Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Authority. Intangible assets held by the Authority currently consist of IT software and associated costs.

**(p) Heritage Assets**

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

Depreciation or amortisation is not required on heritage assets which have indefinite lives.

(q) **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.

(r) **Reserves**

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. It maintains both general and earmarked reserves. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Authority – these reserves are explained in the relevant policies.

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

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.

(t) **Value Added Tax (VAT)**

VAT payable is included as an expense only to the extent that it is irrecoverable from HMRC VAT receivable is excluded from income.

## 2. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment – Useful lives	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall.</p> <p>The useful lives applied to our assets for depreciation calculations are reviewed by our internal valuer for housing dwellings and RICS qualified external valuers for other assets and we therefore we consider this to be the most accurate estimate we can obtain. However, if assumptions do not materialise then there could be a material difference to depreciation and carrying amounts of assets.</p>
Property, Plant and Equipment – Valuation Assumptions	Asset valuations are calculated on a maximum 5-year cycle with the exception of Housing Revenue Account dwellings which are valued on annual basis. Asset valuations are based on key assumptions. If the market indicators change the asset values could be affected.	<p>The assumptions on which valuations are based are provided by RICS qualified external valuers and internal valuer and therefore considered reliable. However, if assumptions within the methodology do not materialise then there could be a material impact on the valuation of land &amp; buildings. It should be noted though that any differences in asset valuations would not have an impact on the General Fund balance.</p> <p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recognised in CIES.</p> <p>The effects on asset valuations of a 1% reduction or increase would result in a change of £3m on the revaluation reserve and/or CIES</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Investment Properties	<p>Investment Properties cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), so their fair value is measured using income or market approach valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible unobservable inputs, which require judgement, are used to establish fair values. The significant unobservable inputs used in the fair value measurement include assumptions regarding passing rents and yields, estimated sale values, revenue streams and discount rates.</p> <p>Information about valuation techniques and inputs used in determining the fair value of Investment Properties is disclosed in note 9.</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recognised in CIES.</p> <p>The effects on asset valuations of a 1% reduction or increase would result in a change of £0.2m on the revaluation reserve and/or CIES.</p>
Financial Instruments	<p>When the fair values of financial assets and liabilities cannot be measured based on quoted prices in active markets their fair value is measured using valuation techniques. Where possible, the inputs to these techniques are based on observable data but where this is not possible judgement is required. These judgements typically include considerations such as uncertainty and risk.</p> <p>Where quoted prices are not available the Council employs relevant experts to identify the most appropriate valuation technique to determine fair value. Information about the valuation techniques and inputs used in determining fair value is disclosed in Note 14.</p>	<p>Significant changes in any of the unobservable inputs would result in a significantly higher or lower fair value measurement for financial instruments.</p>

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Assets and Liabilities	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 effects on the present value of total obligations of changes in individual assumptions can be measured. For instance, a 0.5% adjustment in the discount rate assumption would result in a change in the present value of total obligations of approximately £8.2m to £9.2m.

### 3. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

It has been concluded that the contract for waste collection and recycling entered into by the East Kent Waste Partnership, consisting of Folkestone & Hythe, Dover and Kent County councils, does not include an embedded lease in respect of the assets used to provide the service. Therefore, no assets have been recognised on the balance sheet and all contract payments have been accounted for as supplies and services within the appropriate service lines in the Comprehensive Income and Expenditure Statement.

The Authority's share of the transactions of PartnershipOne Limited (LATco) classified as a joint venture are not material, and in accordance with its accounting policy consider that group accounts are not required (Note 39).

### 4. Prior Period Adjustments

The Authority identified an error for the financial year 2024/25 which is material and resulted in prior period adjustment.

- The inclusion of car salary sacrifice scheme, of which the recognition of right-of-use assets with a corresponding liability at the date of the IFRS 16 transition date (1 April 2024), was omitted in 2024/25. The initial recognition of £1,508,390 right-of-use assets and corresponding lease liability as of 1 April 2024 has to be reinstated.

The following are the relevant extracted lines from the Comprehensive Income and Expenditure Statement, Movement in Reserves Statement and Balance Sheet related to the prior period adjustments in 2024/25.

Effect on impacted line items in Comprehensive income and Expenditure Statement 2024/25

	Originally stated 2024/25 Net Expenditure £000	Restated 2024/25 Net Expenditure £000	Amount of restatement £000
Corporate Resources	44,965	44,738	(227)
<b>Net Cost of Services</b>	<b>111,913</b>	<b>111,686</b>	<b>(227)</b>
Interest payable and similar charges	4,890	4,938	48
<b>(Surplus) or Deficit on Provision of Services</b>	<b>(13,127)</b>	<b>(13,307)</b>	<b>(179)</b>
<b>Total CIES</b>	<b>2,627</b>	<b>2,447</b>	<b>(179)</b>

Movement of Reserves Statement – total usable reserves 2024/25

	Originally stated 2024/25 £000	Restated 2024/25 £000	Amount of restatement £000
<b>Balance at 31 March 2024</b>	<b>(88,899)</b>	<b>(88,899)</b>	-
Total Comprehensive Income and Expenditure	(13,127)	(13,306)	(179)
Adjustments between accounting basis and funding basis under regulations	15,363	15,542	179
<b>Balance at 31 March 2024</b>	<b>(86,663)</b>	<b>(86,663)</b>	-

Effect on Balance Sheet 2024/25

	Originally stated 2024/25 £000	Restated 2024/25 £000	Amount of restatement £000
Vehicle, Plant and Equipment	7,570	8,664	1,094
Short term creditors	(22,702)	(23,241)	(539)
Long term creditors	(150)	(527)	(377)
<b>Net Assets</b>	<b>393,767</b>	<b>393,946</b>	<b>179</b>
Capital Adjustments Account	(286,166)	(286,345)	(179)
<b>Reserves Unavailable to Fund Services</b>	<b>(393,767)</b>	<b>(393,946)</b>	<b>(179)</b>

The Comprehensive Income Expenditure Statement, Movement in Reserves Statement and Balance Sheet with appropriate restatement for 2024/25 can be found on page 19 to 21.

## 5. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis is designed to demonstrate how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services. This is in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

<b>2025/26</b>	As Reported In Quarterly Budget Monitoring Report £000	Adjustments to Arrive at the Net Amount Chargeable to the GF and HRA Balances £000	<b>Net Expenditure Chargeable to the GF and HRA Balances £000</b>	Adjustments between Funding and Accounting Basis £000	<b>Net Expenditure in the CIES £000</b>
Chief Executive	475	575	<b>1,050</b>	236	<b>1,286</b>
Corporate Resources	8,422	(2,138)	<b>6,284</b>	(3,106)	<b>3,178</b>
Housing and Place	14,633	(376)	<b>14,257</b>	13,007	<b>27,264</b>
Special Projects	761	37	<b>798</b>	0	<b>798</b>
Local Authority Housing (HRA)	16,751	(22,900)	<b>(6,148)</b>	22,854	<b>16,705</b>
<b>Net Cost of Service (see note)</b>	41,043	(24,802)	<b>16,241</b>	32,991	<b>49,230</b>
Other Income & Expenditure	(18,402)	(1,045)	<b>(19,448)</b>	(21,482)	(40,929)
<b>(Surplus) or deficit</b>			<b>(3,207)</b>	<b>11,508</b>	<b>8,301</b>
Opening General Fund and Housing Revenue Account Balance 1 April 2025			(66,536)		
<b>Closing General Fund and Housing Revenue Account Balance 31 March 2026</b>			<b>(69,742)</b>		
<u>Made up of:</u>					
General Fund Balance			(1,500)		
Housing Revenue Account Balance			(1,003)		
General Fund Earmarked Reserves			(44,478)		
Housing Revenue Account Earmarked Reserves			(22,761)		
			<b>(69,742)</b>		

<b>2024/25 (Restated)</b>	As Reported In Quarterly Budget Monitoring Report £000	Adjustments to Arrive at the Net Amount Chargeable to the GF and HRA Balances £000	<b>Net Expenditure Chargeable to the GF and HRA Balances £000</b>	Adjustments between Funding and Accounting Basis £000	<b>Net Expenditure in the CIES £000</b>
Chief Executive	523	(116)	406	(369)	37
Corporate Resources	9,284	131	9,415	(2,227)	7,188
Housing and Place	16,779	(2,968)	13,810	7,171	20,981
Special Projects	963	(22)	941	0	941
Local Authority Housing (HRA)	(6,178)	(82)	(6,261)	82	(6,178)
<b>Net Cost of Service (see note)</b>	<b>21,370</b>	<b>(3,057)</b>	<b>18,312</b>	<b>4,656</b>	<b>22,968</b>
Other Income & Expenditure	(18,941)	760	(18,182)	(18,093)	(36,275)
<b>(Surplus) or deficit</b>			<b>130</b>	<b>(13,437)</b>	<b>(13,306)</b>
Opening General Fund and Housing Revenue Account Balance 1 April 2024			(66,665)		
<b>Closing General Fund and Housing Revenue Account Balance 31 March 2025</b>			<b>(66,536)</b>		
<u>Made up of:</u>					
General Fund Balance			(1,501)		
Housing Revenue Account Balance			(1,013)		
General Fund Earmarked Reserves			(44,091)		
Housing Revenue Account Earmarked Reserves			(19,930)		
			<b>(66,536)</b>		

Note: Following the departure of the Strategic Direct (Finance & Housing) in February 2026, the continuing operations service areas have been redistributed across the remaining directors and Chief Executive for 2025/26. The 2024/25 figures have been restated to reflect this.

## NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

### Adjustment between funding and account basis

<b>2025/26</b>	Depreciation / Impairment	Soft Loan Adjustments	Charge for Pension Adjustment	Other Capital Adjustments	Other Adjustments	Total Adjustments
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts						
Chief Executive	236	0	0	0	0	236
Corporate Resources	(174)	0	(2,932)	0	0	(3,106)
Housing and Place	13,007	0	0	0	0	13,007
Special Projects	0	0	0	0	0	0
Local Authority Housing (HRA)	0	0	(320)	23,174	0	22,854
<b>Net Cost of Service</b>	<b>13,069</b>	<b>0</b>	<b>(3,252)</b>	<b>23,174</b>	<b>0</b>	<b>32,991</b>
Other Income & Expenditure	6,123	(447)	487	(24,684)	(2,961)	(21,483)
<b>Total</b>	<b>19,191</b>	<b>(447)</b>	<b>(2,765)</b>	<b>(1,510)</b>	<b>(2,961)</b>	<b>11,508</b>

<b>2024/25 (Restated)</b>	Depreciation / Impairment	Soft Loan Adjustments	Charge for Pension Adjustment	Other Capital Adjustments	Other Adjustments	Total Adjustments
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts						
	£000	£000	£000	£000	£000	£000
Chief Executive	(369)	0	0	0	0	(369)
Corporate Resources	(99)	0	(2,128)	0	0	(2,227)
Housing and Place	7,171	0	0	0	0	7,171
Special Projects	0	0	0	0	0	0
Local Authority Housing (HRA)	0	0	(318)	400	0	82
<b>Net Cost of Service</b>	<b>6,702</b>	<b>0</b>	<b>(2,446)</b>	<b>400</b>	<b>0</b>	<b>4,656</b>
Other Income & Expenditure	(149)	525	728	(22,152)	2,956	(18,093)
<b>Total</b>	<b>6,553</b>	<b>525</b>	<b>(1,718)</b>	<b>(21,752)</b>	<b>2,956</b>	<b>(13,437)</b>

## 6. INCOME AND EXPENDITURE ANALYSED BY NATURE

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

<b>2024/25</b> <b>(Restated)</b> <b>£000</b>		<b>2025/26</b> <b>£000</b>
	<b>Expenditure</b>	
23,293	Employee expenses	23,978
3,964	Premises	4,093
170	Transport	147
16,045	Supplies & Services	13,972
17,092	Third Party Payments	17,900
21,861	Housing Benefits	19,183
(820)	Support service recharges	(891)
6,460	Depreciation, amortisation, impairment	6,932
4,938	Interest payments	4,103
3,455	Precepts and levies	3,783
5,153	Revaluation Loss	33,913
-	Loss on disposal of assets	6,123
1,602	Income and expenditure in relation to investment properties and changes in their fair value	(3,055)
387	Financial instruments fair valuation adjustments	(387)
728	Net Interest on Defined Benefit Liability	487
<b>104,327</b>	<b>Total Expenditure</b>	<b>130,280</b>
	<b>Income</b>	
(38,179)	Fees, Charges & Other Service Income	(39,704)
(38,045)	Grants & Contributions	(36,252)
(149)	Gain on the disposal of assets	-
(4,618)	Interest and investment income	(4,843)
-	Financial instruments fair valuation adjustments	-
(15,819)	Income from council tax, non-domestic rates, district rate income	(20,445)
(20,824)	Other Capital Grants & Receipts	(20,735)
<b>(117,633)</b>	<b>Total Income</b>	<b>(121,979)</b>
<b>(13,307)</b>	<b>Surplus or deficit on the provision of services</b>	<b>8,301</b>

## 7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2025/26	General Fund Balance & Reserves	Housing Revenue Account Balance & Reserves	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustment to the revenue resources</b>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension Costs	2,532	233	0	0	0	(2,765)
Pooled investment funds	387	0	0	0	0	(387)
Council tax and NDR	2,961	0	0	0	0	(2,961)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure	(10,230)	(24,501)	0	0	0	34,730
<b>Total adjustments to revenue resources</b>	<b>(4,349)</b>	<b>(24,268)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>28,617</b>
<b>Adjustments between revenue and capital resources</b>						
Transfer of non-current asset sale proceeds from revenue to capital receipts and capital grants and receipts unapplied	(8,068)	2,089	(7,029)	0	0	13,009
Transfer of capital grants and contributions to capital receipts	0	0	0	0	0	0
Administrative costs of non-current asset disposals	0	(46)	46	0	0	0
Posting of HRA resources from revenue to the major repair reserve	0	0	0	(3,275)	0	3,275
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	73	0	0	0	0	(73)
Capital expenditure financed from revenue balances	1,097	1,326	0	0	0	(2,423)
<b>Total adjustments between revenue and capital resources</b>	<b>(6,897)</b>	<b>3,370</b>	<b>(6,984)</b>	<b>(3,275)</b>	<b>0</b>	<b>13,787</b>
<b>Adjustment to capital resources</b>						
Use of capital receipts reserve to finance capital expenditure	0	0	5,260	0	0	(5,260)
Use of the major repairs reserve to finance capital expenditure	0	0	0	3,275	0	(3,275)
Application of capital grants to finance capital expenditure	20,637	0	0	0	(1,244)	(19,393)
<b>Total adjustments to capital resources</b>	<b>20,637</b>	<b>0</b>	<b>5,260</b>	<b>3,275</b>	<b>(1,244)</b>	<b>(27,928)</b>
<b>Total adjustments</b>	<b>9,390</b>	<b>(20,899)</b>	<b>(1,722)</b>	<b>0</b>	<b>(1,244)</b>	<b>14,475</b>

2024/25 (Restated)	General Fund Balance & Reserves	Housing Revenue Account Balance & Reserves	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Usable Reserves
	£000	£000	£000	£000	£000	£000
<b>Adjustment to the revenue resources</b>						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension Costs	1,531	187	0	0	0	(1,718)
Pooled investment funds	(387)	0	0	0	0	387
Council tax and NDR	(2,956)	0	0	0	0	2,956
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure	(8,206)	(1,761)	0	0	0	9,967
<b>Total adjustments to revenue resources</b>	<b>(10,017)</b>	<b>(1,575)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,591</b>
<b>Adjustments between revenue and capital resources</b>						
Transfer of non-current asset sale proceeds from revenue to capital receipts and capital grants and receipts unapplied	(955)	1,232	(3,243)	0	0	2,966
Transfer of capital grants and contributions to capital receipts	0	0	0	0	0	0
Administrative costs of non-current asset disposals	(16)	0	16	0	0	0
Posting of HRA resources from revenue to the major repair reserve	0	0	0	(3,149)	0	3,149
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	112	0	0	0	0	(112)
	0	0	0	0	0	0
Capital expenditure financed from revenue balances	2,582	1,361	0	0	0	(3,944)
<b>Total adjustments between revenue and capital resources</b>	<b>1,724</b>	<b>2,593</b>	<b>(3,227)</b>	<b>(3,149)</b>	<b>0</b>	<b>2,059</b>
<b>Adjustment to capital resources</b>						
Use of capital receipts reserve to finance capital expenditure	0	0	4,591	0	0	(4,591)
Use of the major repairs reserve to finance capital expenditure	0	0	0	3,149	0	(3,149)
Application of capital grants to finance capital expenditure	20,712	0	0	0	741	(21,453)
<b>Total adjustments to capital resources</b>	<b>20,712</b>	<b>0</b>	<b>4,591</b>	<b>3,149</b>	<b>741</b>	<b>(29,194)</b>
<b>Total adjustments</b>	<b>12,418</b>	<b>1,018</b>	<b>1,364</b>	<b>0</b>	<b>741</b>	<b>(15,542)</b>

## 8. PROPERTY, PLANT AND EQUIPMENT

Movement on Balances 2025/26	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction (AUC)	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>	<b>293,030</b>	<b>86,415</b>	<b>12,388</b>	<b>2,828</b>	<b>255</b>	<b>50,149</b>	<b>445,065</b>
<b>At 1 April 2025</b>							
Additions – Expenditure in year	21,925	1,845	214	1,434	0	17,609	43,027
Additions–transfer from WIP	173	15,589	13	0	0	(15,775)	0
Revaluations recognised in the Revaluation Reserve	0	(4,357)	0	0	0	0	(4,357)
Revaluations recognised in the Provision of Services	(27,737)	(10,818)	0	0	0	0	(38,555)
Transfers	0	(1,655)	167	76	0	0	(1,413)
Disposals	(3,536)	(7,255)	(390)	(130)	(255)	0	(11,565)
<b>At 31 March 2026</b>	<b>283,854</b>	<b>79,764</b>	<b>12,390</b>	<b>4,209</b>	<b>0</b>	<b>51,984</b>	<b>432,202</b>
<b>Accumulated Depreciation and Impairment (Restated)</b>							
<b>At 1 April 2025</b>	<b>0</b>	<b>(865)</b>	<b>(4,822)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,688)</b>
Depreciation charge	(3,236)	(2,642)	(834)	0	0	0	(6,712)
Depreciation written out in the Provision of Services	3,236	0	0	0	0	0	3,236
Depreciation written out recognised in Revaluation Reserve	0	2,199	0	0	0	0	2,199
Disposals	0	83	390	0	0	0	473
<b>Subtotal</b>	<b>0</b>	<b>(1,225)</b>	<b>(5,266)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,492)</b>
<b>Net Book Value</b>							
At 31 March 2026	283,854	78,539	7,123	4,209	0	51,984	425,708
At 31 March 2025	293,030	85,550	7,564	2,828	255	50,149	439,376

<b>Movement on Balances 2024/25</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture and Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction (AUC)</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>							
<b>At 1 April 2024</b>	<b>281,765</b>	<b>108,722</b>	<b>12,820</b>	<b>2,879</b>	<b>510</b>	<b>34,698</b>	<b>441,394</b>
Additions – Expenditure in year	18,928	0	0	0	0	20,581	39,509
Additions–transfer from WIP	906	3,158	1,066	0	0	(5,130)	0
Revaluations recognised in the Revaluation Reserve	0	(19,771)	0	0	0	0	(19,771)
Revaluations recognised in the Provision of Services	(4,879)	(4,627)	0	0	0	0	(9,506)
Transfers	(2,814)	698	0	0	0	0	(2,116)
Disposals	(876)	(1,765)	(1,499)	(51)	(255)	0	(4,446)
<b>At 31 March 2025</b>	<b>293,030</b>	<b>86,415</b>	<b>12,388</b>	<b>2,828</b>	<b>255</b>	<b>50,149</b>	<b>445,065</b>
<b>Accumulated Depreciation and Impairment</b>							
<b>At 1 April 2024</b>	<b>0</b>	<b>(1,377)</b>	<b>(5,532)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(6,909)</b>
Depreciation charge	(3,118)	(2,266)	(783)	0	0	0	(6,167)
Depreciation written out in Revaluation Reserve	0	1,455	0	0	0	0	1,455
Depreciation written out in the Provision of Services	3,118	1,231	0	0	0	0	4,349
Disposals	0	92	1,492	0	0	0	1,584
<b>Subtotal</b>	<b>0</b>	<b>(865)</b>	<b>(4,822)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(5,688)</b>
<b>Net Book Value</b>							
At 31 March 2025	293,030	85,550	7,564	2,828	255	50,149	439,376
At 31 March 2024	281,765	107,344	7,288	2,879	510	34,698	434,485

## Valuations of Property, Plant and Equipment carried at current value

The authority ensures that all property, plant and equipment required to be measured at current value is revalued sufficiently regularly so that their carrying amount is not materially different from their current value at the year-end, and as a minimum every five years.

	<b>Council Dwellings</b>	<b>Other land and buildings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Valued date of revalued assets			
31 March 26	283,854	17,312	301,166
31 March 25	0	49,498	49,498
31 March 24	0	10,541	10,541
31 March 23	0	1,377	1,377
31 March 22	0	1,036	1,036
<b>Total</b>	<b>283,854</b>	<b>79,764</b>	<b>363,618</b>

### Basis of Valuation

The valuations have been made in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual and Guidance notes. They have also been carried out in accordance with the relevant international accounting standards.

The Council Dwellings valuations were carried out by Wilks Head & Eve and reviewed by Nicola Fairhurst, the Authority's Estate Manager (a Professional Member of the Royal Institution of Chartered Surveyors).

Other land and buildings and surplus assets valuation were carried out by Wilks Head & Eve for valuation since financial year 2024/25.

The following methods/assumptions have been applied in estimating the current values:

- Existing Use Value - Social Housing for Council Dwellings
- Existing Use Value where the property is not specialised and is owner occupied
- Depreciated Replacement Cost where no market exists for a property, which may be rarely sold or it is a specialised asset
- Fair value for surplus asset

### Infrastructure Asset

	<b>2024/25 £000</b>	<b>2025/26 £000</b>
<b>Opening Net Book Value</b>	<b>7,911</b>	<b>7,546</b>
Additions/Transfer	3	1,203
Transfer from WIP	0	0
Depreciation	(368)	(398)
<b>Closing Net Book Value</b>	<b>7,546</b>	<b>8,351</b>

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting

practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

This does not impact the balance sheet as this reports net book value. The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets, when there is replacement expenditure, is nil.

### Right of Use Assets

	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Total  £000
<b>Net Book Value at 1 April 24 (Restated)</b>	<b>74</b>	<b>1,537</b>	<b>1,611</b>
Depreciation	(37)	(437)	(475)
<b>Net Book Value at 31 March 25</b>	<b>37</b>	<b>1,100</b>	<b>1,136</b>
<b>Net Book Value at 1 April 25</b>	<b>37</b>	<b>1,100</b>	<b>1,136</b>
Additions	0	1,080	1,080
Depreciation	(34)	(572)	(607)
<b>Net Book Value at 31 March 26</b>	<b>2</b>	<b>1,607</b>	<b>1,610</b>

### Reconciliation to Property, Plant and Equipment balance:

	2024/25 £000	2025/26 £000
Infrastructure Assets	7,546	8,351
Right of Use Assets	1,136	1,610
Other PPE Assets	439,376	425,708
<b>Total PPE Assets</b>	<b>448,058</b>	<b>435,669</b>

### Intangible Assets

The Authority accounts for its software and associated cost as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment.

The carrying amount of intangible assets is amortised on a straight-line basis of economic useful life assessed to be 5 years.

The movement on intangible asset balances during the year is as follows:

	2024/25 £000	2025/26 £000
Opening Net Book Value	131	44
Additions – transferred from	0	0
Additions – expenditure in year	0	0
Amortisation	(88)	(44)
<b>Closing Net Book Value</b>	<b>44</b>	<b>0</b>

## Committed Capital Contracts

At 31 March 2026 the Authority was contractually committed to capital expenditure amounting to £109,895 (31 March 2025 £57,616k) in respect of the following projects:

<b>Project</b>	<b>2024/25 Commitment £000</b>	<b>2025/26 Commitment £000</b>
Tides Leisure Centre Replacement	1,302	17,832
Maison Dieu Restoration	918	0
Dover Discovery Centre	700	408
Deal Beach Management	318	102
Dover Museum Roof Repairs	100	100
Beacon Enabling Project	13,983	1,642
Future High Street Fund – Capital Works	1,389	1,151
Bus Rapid Transit Route	1,696	1,690
Sandwich Guildhall Forecourt Improvement Works	47	47
Deal Pier Structural Repairs	0	937
CCTV Software and Hardware	0	91
Poulton Close housing development	6,330	6,313
Grove Road, Preston housing development	3,127	3,110
Military Road, Dover housing development	1,856	647
Mongeham Road, Deal housing development	1,801	1,796
Local Authority Housing Fund	4,980	19,049
Willowbank, Sandwich housing development	5,536	5,503
Easole Street, Nonnington housing development	909	118
Sandwich Road, Sholden housing development	1,769	193
Wallers Field, Deal housing development	1,428	1,427
Albany Place, Dover housing development	94	57
Sholden Meadows, Sholden housing development	8,094	1,319
Cavell Square, Deal housing development	1,200	0
Crematorium Project	39	0
Cross Road, Walmer	0	1,093
Stanhope Road, Dover	0	8,729
Richmond Park, Archers Court Road, Whitfield	0	1,021
Greenways, Colliers Way, Betteshanger	0	5,728
Sholden Meadows (Phase 2) Sandwich Road, Sholden	0	9,337
Buckland Hospital - Affordable Housing	0	20,455
<b>Total</b>	<b>57,616</b>	<b>109,895</b>

## 9. INVESTMENT PROPERTIES

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

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
Rental income from investment property	1,973	2,195
Direct operating expenses arising from investment property	(371)	(385)
<b>Net gain or (loss)</b>	<b>1,603</b>	<b>1,810</b>

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

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

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at start of the year</b>	24,407	24,980
Additions – Others	61	955
Disposals	0	(1,720)
Net gain/(loss) from fair value adjustments	(1,602)	3,055
Transfer (to)/from PPE (Change of Use)	2,116	210
<b>Balance at end of year</b>	<b>24,980</b>	<b>27,481</b>

### Fair Value Hierarchy for Investment properties

Details of the Authority's investment properties, and information about the fair value hierarchy as at 31 March are shown below:

Recurring fair value measurements using	Other significant observable inputs	Fair value as at 31 March	Other significant observable inputs	Fair value as at 31 March
	<b>2024/25</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Shops and Showroom	5,623	5,623	8,030	8,030
Agricultural Land	1,789	1,789	1,789	1,789
Whitfield Court Business Park	4,275	4,275	3,045	3,045
B&Q Retail Warehouse	13,162	13,162	13,104	13,104
Other Properties	130	130	1,512	1,512
<b>Total</b>	<b>24,980</b>	<b>24,980</b>	<b>27,480</b>	<b>27,481</b>

### Valuation process for investment properties

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out by Wilks Head & Eve, an independent property consultancy, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

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

Land, Office, Day Centre, Leisure and Retail assets have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the locality. Market conditions for these asset types are such that the levels of observable inputs are significant leading to the properties being categorised at Level 2 in the Fair Value hierarchy.

### 10. HERITAGE ASSETS

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

	<b>At 1 April 2025</b>	Revaluation increases/(decreases) recognized in the revaluation reserve	Revaluation increases/(decreases) recognized in surplus or deficit on the provision of services	<b>At 31 March 2026</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Historic Buildings	466	0	0	466
Operational buildings	597	0	0	597
Works of Art	68	0	0	68
Museum Collections	1,971	0	0	1,971
Town Hall Artefacts	2,501	0	0	2,501
Memorials and Statues	252	0	0	252
<b>Total</b>	<b>5,855</b>	<b>0</b>	<b>0</b>	<b>5,855</b>

	<b>At 1 April 2024</b>	Revaluation increases/(decreases) recognized in the revaluation reserve	Revaluation increases/(decreases) recognized in surplus or deficit on the provision of services	<b>At 31 March 2025</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Historic Buildings	466	0	(0)	466
Operational buildings	2	595	0	597
Works of Art	68	0	0	68
Museum Collections	1,971	0	0	1,971
Town Hall Artefacts	2,501	0	0	2,501
Memorials and Statues	252	0	0	252
<b>Total</b>	<b>5,261</b>	<b>595</b>	<b>0</b>	<b>5,855</b>

The Authority's heritage assets are held and maintained principally for their contribution to knowledge and culture. The assets held by the Authority are described below:

#### Historic buildings

The Authority holds title to the Timeball Tower in Deal, a Victorian maritime Greenwich Mean Time signal located in four-storey tower, established in 1855. Also held is the Grand Shaft, a unique triple helix staircase through the cliff constructed between 1803 and 1807 to facilitate the movement of troops from the barracks on the cliffs down to the harbour below. Both of these assets are held at cost as they are not expected to be sold.

### Operational buildings

The Authority holds title to the Roman Painted House in Dover, built in 200AD and part of the Roman Military site in Dover. Following its excavation in the 1980's, a building was constructed around the archaeological site, which protects it from the elements and provides a viewing platform. This has been classified as an operational heritage asset, following the asset being revalued at 31 March 2025 by Wilks, Head & Eve, having not been revalued since 2011.

### Museum Collections

The Dover Museum holds collections of archaeology, fine art, costume, furniture, clocks and watches, photographs, maps and plans, ceramics, coins and medals, models, ethnographic items and ephemera. The approximate numbers of objects in the collection stands at 130,300. There are significant loan objects from the Dover Bronze Age Boat Trust, Dover Town Council and the British Museum. It has two large boats – a Deal Galley (the Undaunted), a Deal Hoveller (the Lady Haig - a Dunkirk Little Ship) - and a rowing boat (Mannering's boat that crossed the Channel).

### Town hall artefacts

The building holds diverse collections relating to the civic history of the town. There are twenty-two paintings displayed represent monarchs, mayors and Lords Warden. The collection of furniture comprised objects designed for the Burges decorated Mayor's Parlour, the Judge' Room and the Council Chamber. In addition, the building holds five surviving colours of the Cinque Ports Militia and a loan collection of arms and armour from the Royal Armouries.

## 11. 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. The CFR is analysed in the second part of this note.

	<b>(Restated)</b>	
	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
<b>Opening Capital Financing Requirement</b>	<b>144,309</b>	<b>151,467</b>
<b>Capital Investment:</b>		
Plant, property and equipment	39,508	40,121
Right of Use Assets	1,611	1,080
Investment Property	61	0
Revenue expenditure under statute funded by capital	1,541	2,013

	(Restated)	
	2024/25	2025/26
	£000	£000
Private sector housing loans	32	169
<b>Total Capital Investment</b>	<b>42,753</b>	<b>43,383</b>

**Sources of Finance:**

Capital receipts (including Excess Right to Buy Receipts and PSH Loan Receipts)	(4,591)	(5,260)
Capital grants and other contributions	(20,746)	(18,746)
Major repairs reserve	(3,149)	(3,275)
Direct revenue financing/Reserves	(3,944)	(2,423)
Minimum Revenue Provision (MRP)	(2,346)	(2,546)
Loan Repayment	(112)	(73)
Section 106 funding	(708)	(647)
<b>Total Financing</b>	<b>(35,595)</b>	<b>(32,971)</b>

<b>Closing Capital Financing Requirement</b>	<b>151,467</b>	<b>161,879</b>
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Explanation of movement in year	2024/25	2025/26
	£000	£000
Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	7,158	10,412
Other adjustments	0	0
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>7,158</b>	<b>10,412</b>

**12. INVESTMENTS**

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

**Short Term Investments**

	2024/25	2025/26
	£000	£000
Cash flow short term investment	4	4
Local Authority	0	4,000
<b>Total</b>	<b>4</b>	<b>4,004</b>

**Long Term Investments**

	2024/25	2025/26
	£000	£000
Stocks	6	6
Pooled Investment Funds	46,142	46,530
<b>Total</b>	<b>46,149</b>	<b>46,536</b>

**13. BORROWING**

	2024/25	2025/26
	£000	£000
<u>Short term borrowing</u>		
Accrued Interest	(635)	(572)
PWLB	(2,772)	(3,861)
Temporary loan	(37,000)	(55,500)
Salix loan	(65)	(26)
LTA loan	(9)	(9)
<b>Total Short Term Borrowing</b>	<b>(40,481)</b>	<b>(59,967)</b>

<u>Long term borrowing</u>		
PWLB	(62,630)	(58,769)
Salix Loan	(26)	0
LTA Loan	(13)	(4)
<b>Total Long Term Borrowing</b>	<b>(62,707)</b>	<b>(58,773)</b>

## 14. FINANCIAL INSTRUMENTS

### Financial Instruments - Classifications

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

### Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

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

### Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets. The financial assets held by the Council during the year are accounted for under the following classifications.

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

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

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

- money market funds managed by external fund managers
- pooled funds managed by fund managers

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

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

## Financial Assets

Balance as at:	Fair Value Level	31 March 2025 (Restated)		31 March 2026	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Short term Assets</b>					
<b>Amortised cost:</b>					
Notice accounts with Bank and building societies		4	4	4	4
Local Authority		0	0	4,000	4,000
Total Short Term Investments		4	4	4,004	4,004
<b>Amortised cost:</b>					
Debtors		5,808	5,808	6,156	6,156
Cash and liquid assets		309	309	0	0
<b>Fair value through profit and loss:</b>					
Money Market funds	1	7,886	7,886	5,174	5,174
<b>Total short term assets</b>		<b>14,007</b>	<b>14,007</b>	<b>15,333</b>	<b>15,333</b>
<b>Long term Assets</b>					
<b>Amortised cost:</b>					
Long Term Debtors		426	426	361	361
Stocks		6	6	6	6
Soft Loans		2,494	2,494	2,452	2,452
<b>Fair value through profit and loss:</b>					
Long Term Investments	1	46,142	46,142	46,530	46,530
<b>Total long term assets</b>		<b>49,069</b>	<b>49,069</b>	<b>49,349</b>	<b>49,349</b>
<b>Total Financial Assets</b>		<b>63,076</b>	<b>63,076</b>	<b>64,682</b>	<b>64,682</b>

## Financial Liabilities

Balance as at:	Fair Value Level	31 March 2025 (Restated)		31 March 2026	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Short Term Liabilities</b>					
<b>Amortised cost:</b>					
Bank Overdraft		0	0	(980)	(980)
Accrued Interest		(635)	(635)	(572)	(572)
PWLB repayments due		(2,772)	(2,772)	(3,861)	(3,861)
Temporary Loan		(37,000)	(37,000)	(9)	(9)
Lawn Tennis Association Loan		(9)	(9)	(26)	(26)
Salix Loan		(65)	(65)	(55,500)	(55,500)
Total Short Term Borrowing		(40,481)	(40,481)	(60,947)	(60,947)
Creditors		(9,960)	(9,960)	(9,518)	(9,518)

Balance as at:	31 March 2025 (Restated)		31 March 2026		
	Fair Value Level	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
<b>Total Short Term Liabilities</b>		<b>(50,441)</b>	<b>(50,441)</b>	<b>(70,464)</b>	<b>(70,464)</b>
<b><u>Long Term Liabilities</u></b>					
<b>Amortised cost:</b>					
PWLB – maturity	2	(4,000)	(4,624)	(3,000)	(3,554)
PWLB – Annuity	2	(58,630)	(47,527)	(55,769)	(49,887)
Salix Loan	2	(26)	(26)	0	0
Lawn Tennis Association Loan	2	(13)	(13)	(4)	(4)
Long Term Creditors		(379)	(379)	(534)	(534)
<b>Total Long Term Liabilities</b>		<b>(63,048)</b>	<b>(52,569)</b>	<b>(59,307)</b>	<b>(53,980)</b>
<b>Total Financial Liabilities</b>		<b>(113,489)</b>	<b>(103,010)</b>	<b>(129,771)</b>	<b>(124,444)</b>

### Financial Instruments - Fair Values

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

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2026, using the following methods and assumptions:

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

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

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

### Financial Instruments – Gains and Losses

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

Financial Instruments Income, Expense, Gains and Losses 25/26	Financial Liabilities at Amortised cost £000	Financial Assets at Amortised Cost £000	Financial Assets at Fair Value Profit & Loss £000	2025/26 £000	2024/25 £000
Interest expense	4,039	0	0	4,039	4,890
Losses from changes in fair value	0	0	0	0	387
<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	<b>4,039</b>	<b>0</b>	<b>0</b>	<b>4,039</b>	<b>5,277</b>
Interest/dividend income	0	(532)	(2,116)	(2,648)	(2,644)
Gains from changes in fair value	0	0	(387)	(387)	0
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>(532)</b>	<b>(2,503)</b>	<b>(3,035)</b>	<b>(2,644)</b>
<b>Net (gain)/loss for the year</b>	<b>4,039</b>	<b>(532)</b>	<b>(2,503)</b>	<b>1,004</b>	<b>2,632</b>

#### 15. FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

The financial instruments adjustment account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2024/25 £000	2025/26 £000
<b>Balance at 1 April</b>	809	874
Movement during the year		
LOBO premium amortised cost	(25)	(25)
Soft loans	90	(55)
<b>Balance at 31 March</b>	<b>874</b>	<b>794</b>

#### 16. SOFT LOANS

Soft loans are loans with a lower than market rate of interest. These are given as part of the organisation's Private Sector Housing schemes.

	2024/25 £000	2025/26 £000
Opening balance	2,687	2,494
Advances in year	0	23
Repayments in year	(102)	(120)
Financial instruments adjustments	(90)	55
<b>Closing balance</b>	<b>2,494</b>	<b>2,452</b>

Soft loans have been valued by discounting the contractual payments at the estimated market rate of interest for a similar loan. The market rate has been arrived at by taking the Council's marginal cost of borrowing and adding a credit risk premium to cover the risk that the borrower is unable to repay the Council.

## 17. POOLED INVESTMENT FUNDS ADJUSTMENT ACCOUNT

The Pooled Investment Funds Adjustment Account contains the gains made by the Authority arising from increases in the value of its investments that are measured at fair value through profit and loss. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

<b>Pooled Investment Funds Adjustment Account</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>3,471</b>	<b>3,857</b>
Fair value movements transferred to/from the General Fund	387	(387)
<b>Balance at 31 March</b>	<b>3,857</b>	<b>3,470</b>

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

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

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

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

The main risks covered are:

- **Credit Risk:** The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- **Liquidity Risk:** The possibility that the Council might not have the cash available to make contracted payments on time.
- **Market Risk:** The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

### **Credit Risk: Overview**

The Council is exposed to credit risk on the following categories of financial assets and commitments:

<b>Exposure Category</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Treasury Investment	46,149	50,536
Soft Loans	2,495	2,452
<b>Total Credit Risk Exposure</b>	<b>48,643</b>	<b>52,988</b>

### **Credit Risk: Treasury Investments**

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

A limit of £10m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks and building societies, a smaller limit of £10m and £8m applies respectively. The Council also sets limits on investments in certain sectors.

### **Liquidity Risk**

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans. The position continues to be monitored together with our treasury management advisors and arrangement for longer term borrowing will be put in place when appropriate.

The maturity analysis of financial liabilities is as follows:

	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Less than 1 year	62,548	85,451
Between one and two years	4,333	3,362
Between two and five years	9,238	9,566
More than 5 years	49,625	46,379
<b>Total</b>	<b>125,743</b>	<b>144,759</b>

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

### **Market Risk**

The Council is not exposed to significant risk in terms of its exposure to interest rate movements because the majority of investments are in fixed rate instruments. However, investments held in fixed rate deposits carry a market risk in that interest

rates could rise above the current level and therefore achieve lower rates than those available in the market in the future.

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

### Foreign Exchange Risk

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

### Interest Rate Risk

The Council's long-term investment return for the period to 31 March was 4.5% (annualised). The total forecast interest and dividends income for the year is £2,593k, which is £8k higher than the original budget estimate of £2,585k.

According to this assessment strategy, at 31 March 2026, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been to increase investment income by £693k whereas the target for 2025/26 is £500k. The interest rate exposure has been amended in 2026/27 to £750k for both the rise and fall.

The Council paid interest on its long-term borrowings of £2.2m based on an average rate of 4.5%. The loans associated with this borrowing are held at fixed interest rates and therefore there is no associated interest rate risk with the existing commitments.

## 19. 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 therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>20,224</b>	<b>16,538</b>
Remeasurements of the net defined benefit (liability)/asset	(1,968)	2,934
Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement	3,581	2,680

Employer's pensions contributions and direct payments to pensioners payable in the year	(5,299)	(5,445)
<b>Balance at 31 March</b>	<b>16,538</b>	<b>16,707</b>

## 20. COLLECTION FUND ADJUSTMENT ACCOUNT – COUNCIL TAX

	2024/25 £000	2025/26 £000
<b>Balance at 1 April</b>	(6)	123
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	129	(204)
<b>Balance at 31 March</b>	<b>123</b>	<b>(81)</b>

## 21. COLLECTION FUND ADJUSTMENT ACCOUNT – NNDR

	2024/25 £000	2025/26 £000
<b>Balance at 1 April</b>	(698)	2,128
Amount by which income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements:		
NNDR	2,825	(2,756)
Enterprise Zone Relief	0	0
Renewable Energy	2	0
<b>Balance at 31 March</b>	<b>2,128</b>	<b>(628)</b>

## 22. GRANT INCOME

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

<b>Credited to Taxation and Non-Specific Grant Income</b>	2024/25 £000	2025/26 £000
General government grants:		
Revenue Support Grant	281	267
New Burdens Grant	0	229
Funding Guarantee	1,412	0
New Homes Bonus	345	534
S31 Grant	3,937	4,159
Funding Floor Grant	0	320
Recovery Grant	0	451
<b>Total non-specific grant income</b>	<b>5,974</b>	<b>5,961</b>
<b>Capital Grants &amp; Contributions</b>	<b>£000</b>	<b>£000</b>
KCC Better Care Fund	1,513	1,759
Section 106	708	647
Environment Agency	270	322
Homes England	11,672	1,411

MHCLG Future High Streets Fund	2,946	0
Levelling Up Fund	2,068	13,107
Local Authority Housing Fund	258	2,213
Heritage Lottery	1,277	0
Department for Energy, Security & Net Zero	0	1,178
<b>Total capital grant contributions</b>	<b>20,712</b>	<b>20,637</b>
	<b>£000</b>	<b>£000</b>
<b>Credited to Services</b>		
Rent Allowance Subsidy	13,130	11,708
Benefit Administration Grant	98	87
Council Tax Administration Grant	230	228
Non-HRA Rent Rebate Subsidy	862	995
HRA Rent Rebate Subsidy	7,391	5,923
Discretionary Housing Payment Contribution	175	176
NNDR Cost of Collection Allowance	165	165
Homelessness Grant	753	0
Rough Sleeping	540	494
DPHA – Officer Meetings	2,772	3,353
Other	2,004	4,181
KCC Contributions	741	475
Agency Reimbursements	260	290
Elections New Burdens	26	0
Biodiversity Grant	32	27
Donations / Sponsorship	413	340
Other Non Govt Grants	126	126
WCCP Projects	414	267
Rechargeable Works	51	42
Land Services Grant	0	75
Misc Contributions	238	197
<b>Total Credited to Services</b>	<b>30,419</b>	<b>29,149</b>
<b>Total Grant Income</b>	<b>57,105</b>	<b>55,747</b>

## 23. LEASES

### Authority as lessee

The authority's lease contacts comprise leases of other land and buildings, vehicles and equipment. There is no finance lease contract in the authority as lessee.

### Right-of-use assets

This table shows the change in the value of right-of-use assets held under leases by the authority:

	Other Land and Buildings £000	Vehicles, Plant, Furniture and Equipment £000	Total £000
Balance at 1 April 2025 (Restated)	37	1,100	1,136
Additions	0	1,080	1,080
Depreciation	(34)	(572)	(607)
<b>Balance at 31 March 2026</b>	<b>2</b>	<b>1,607</b>	<b>1,610</b>

### Maturity analysis of lease liabilities

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

	(Restated)	
	2024/25 £000	2025/26 £000
Less than one year	461	670
One to five years	374	534
<b>Total undiscounted liabilities</b>	<b>835</b>	<b>1,204</b>

### Authority as lessor

The authority leases out property under operating leases for the following purposes:

- For the provision of community services, such as sports facilities
- For economic development purposes to provide investment property returns

No properties are leased out under finance leases.

### Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash payments):

	(Restated)	
	2024/25 £000	2025/26 £000
Less than one year	1,498	1,571
Two to five years	3,442	2,648
More than five years	407	773
<b>Total undiscounted receivables</b>	<b>5,347</b>	<b>4,992</b>

## 24. OFFICERS' REMUNERATION

Under Schedule 1 of the Accounts and Audit Regulations 2015, the Authority is required to include a note of remuneration in the Statement of Accounts about the senior employees, as set out below.

2025/26 Post Title	Salary, Fees & Allow- ances £000	Expense Allow- ances £000	Car Allowance (e.g. Benefits in Kind or Cash) £000	Comp. for Loss of Office £000	Total Remune- ration Excl. Pension £000	Pension contrib- utions £000	Total Remune- ration including pension £000
Chief Executive – Nadeem Aziz	116	3	13	0	132	25	157

Deputy Chief Executive, Director of Corporate Resources	100	4	11	0	115	22	137
Director of Housing, Assets & Finance (Section 151 Officer)	82	3	7	0	92	15	107
Director of Housing and Place	8	0	1	0	9	2	11
Head of Finance and Investment (Section 151 Officer)	96	0	10	0	106	19	125
Solicitor to the Council	19	0	2	68	89	4	93
Head of Licensing and Legal Services (Monitoring Officer)	88	0	10	0	98	18	116
<b>Total</b>	<b>509</b>	<b>10</b>	<b>54</b>	<b>68</b>	<b>641</b>	<b>105</b>	<b>746</b>

2024/25 Post Title	Salary, Fees & Allowances £000	Expense Allowances £000	Car Allowance (e.g. Benefits in Kind or Cash) £000	Comp. for Loss of Office £000	Total Remuneration Excl. Pension £000	Pension contributions £000	Total Remuneration including pension £000
Chief Executive	113	3	11	0	127	25	152
Strategic Director (Corporate and Regulatory Services)	96	4	9	0	109	21	130
Strategic Director (Finance and Housing)	85	3	7	0	95	17	112
Strategic Director (Place and Environmental)	74	2	1	0	77	14	91
<b>Total</b>	<b>368</b>	<b>12</b>	<b>28</b>	<b>0</b>	<b>408</b>	<b>77</b>	<b>485</b>

#### Reasons for Change between years 2024-25 to 2025-26

- Strategic Director (Place and Environmental) - Post changed to Deputy Chief Executive, Director of Corporate Resources.
- Director of Housing and Place - New post.
- Director of Housing, Assets & Finance (Section 151 Officer) - Retired, post removed.
- Head of Finance and Investment (Section 151 Officer) - Post added to list of Senior Officers.
- Solicitor to the Council - Mid year leaver and post removed, redundancy costs.

- Head of Licensing and Legal Services (Monitoring Officer) - Post added to list of Senior Officers.

## Emoluments

The Authority's employees receiving more than £50k remuneration for the year, including those mentioned above, were paid the following amount:

Remuneration Band	Number of Employees	
	2024/25	2025/26
£50,000-£54,999	16	25
£55,000-£59,999	14	17
£60,000-£64,999	14	11
£65,000-£69,999	16	16
£70,000-£74,999	5	2
£75,000-£79,999	7	6
£80,000-£84,999	1	3
£85,000-£89,999	4	2
£90,000-£94,999	2	4
£95,000-£99,999	2	4
£100,000-£104,999	0	0
£105,000-£109,999	1	1
£110,000-£114,999	0	0
£115,000-£119,999	0	1
£120,000-£124,999	0	0
£125,000-£129,999	2	0
£130,000-£134,999	0	1
	<b>84</b>	<b>93</b>

Remuneration is defined as 'the amount paid to or receivable by an employee and includes gross pay (i.e. before deduction of employees' pension contributions), redundancy payments, sums due by way of expenses, allowances and the estimated monetary value of benefits such as a leased car and other non-cash items.' Pension contributions made by the Authority are not included.

## Exit Packages

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

Exit Package Cost Band	2024/25			2025/26		
	Number of compulsory redundancies	Number of other departures agreed	Total Cost of Exit Packages £'000	Number of compulsory redundancies	Number of other departures agreed	Total Cost of Exit Packages £'000
£0 - £20,000	-	-	-	2	4	62
£20,001-£40,000	1	-	28	-	-	-
£40,001 - £60,000	1	1	113	-	-	-
£60,001 - £80,000	-	-	-	1	-	79
<b>Total</b>	<b>2</b>	<b>1</b>	<b>141</b>	<b>3</b>	<b>4</b>	<b>141</b>

The total cost of £141k in the table above includes £141k for exit packages that have been charged to the Authority's Comprehensive Income and Expenditure Statement in the current year.

## 25. CAPITAL RECEIPTS

### Usable Capital Receipts

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

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	(18,467)	(17,103)
Usable capital receipts received	(3,227)	(6,984)
	<u>(21,694)</u>	<u>(24,087)</u>
Less: usable capital receipts applied:		
Expenditure on non-current assets	4,559	5,084
Empty Home Loans	32	177
Private Sector Housing Loans	0	0
Pooled housing capital receipts	0	0
<b>Balance at 31 March</b>	<b><u>(17,103)</u></b>	<b><u>(18,826)</u></b>

### Pooling of Housing Capital Receipts

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

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

## 26. GENERAL FUND AND HRA BALANCES

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

## 27. EARMARKED RESERVES

<b>General Fund Earmarked Reserves:</b>	<b>Opening Balance</b>	<b>Transfer in</b>	<b>Transfer out</b>	<b>Closing Balance</b>
<b>2025/26</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Special Projects & Events	(22,197)	(620)	1,419	(21,399)
Periodic Operations	(5,277)	(1,779)	1,299	(5,757)
Smoothing Reserve	(2,720)	(1,282)	0	(4,002)
Regeneration	(3,367)	(1,043)	374	(4,037)
ICT Equipment & Servers	(1,400)	(43)	213	(1,230)
Business Rates & Council Tax	(4,286)	(373)	1,845	(2,814)
Operational and Fee Income Reserve	(4,843)	(722)	325	(5,240)
<b>Total</b>	<b>(44,091)</b>	<b>(5,862)</b>	<b>5,475</b>	<b>(44,478)</b>

<b>General Fund Earmarked Reserves:</b>	<b>Opening Balance</b>	<b>Transfer in</b>	<b>Transfer out</b>	<b>Closing Balance</b>
<b>2024/25</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Special Projects & Events	(23,401)	(1,686)	2,889	(22,197)
Periodic Operations	(7,877)	(3,055)	5,654	(5,277)
Smoothing Reserve	(3,490)	(0)	770	(2,720)
Regeneration	(3,080)	(476)	189	(3,367)
ICT Equipment & Servers	(1,568)	(59)	227	(1,400)
Business Rates & Council Tax	(2,898)	(1,388)	0	(4,286)
Operational and Fee Income Reserve	(4,721)	(437)	315	(4,843)
<b>Total</b>	<b>(47,034)</b>	<b>(7,101)</b>	<b>10,044</b>	<b>(44,091)</b>

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

**Periodic Operations** – This reserve is to cover costs of cyclical / periodic events, such as elections, and to hold grants or other income streams for specific purposes, such as Section 106 funding, New Burdens grants and On-Street parking surpluses.

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

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

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

**Business Rates & Council Tax** – This reserve was set up to allow for the risk of unforeseen pressures from the Redistribution of Business Rates, the Council Tax Support scheme and changes for Universal Credit. The reserve is mainly used to smooth the impact of timing fluctuations associated with the complex accounting of NDR to prevent erratic impacts on the GF budget.

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

<b>Housing Revenue Account Earmarked Reserves:</b>	<b>Opening Balance £000</b>	<b>Receipts in year £000</b>	<b>Applied in year £000</b>	<b>Closing Balance £000</b>
Housing Initiatives	(19,930)	(2,830)	0	(22,761)
Major Repairs Reserve	0	(3,275)	3,275	0
<b>Total</b>	<b>(19,930)</b>	<b>(6,105)</b>	<b>3,275</b>	<b>(22,761)</b>

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

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

## 28. DEBTORS

<b>Long Term Debtors</b>	<b>31 March 2025 £000</b>	<b>31 March 2026 £000</b>
Loans to:		
Local organisations	7	7
Local Authorities	419	512
Other:		
Housing benefit debtors <sup>1</sup>	185	158
<b>Total</b>	<b>611</b>	<b>677</b>

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

<b>Short Term Debtors</b>	<b>31 March 2025 £000</b>	<b>31 March 2026 £000</b>
General Fund		
Central Government	8,480	10,700
Local Authorities	1,327	4,985
Payments in Advance	2,352	1,578
Other debtors	5,741	4,244
Impairment Allowance	(3,231)	(3,067)
	14,669	18,440
Collection Fund		
Local tax payers (district council's share)	6,010	7,187
Central Government	2,332	2,994
	8,341	10,181
Impairment Allowance	(1,981)	(1,790)
Other Local Authorities – cash due	2,086	3,938
<b>Total</b>	<b>23,115</b>	<b>30,769</b>

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

<b>Impairment Allowance</b>	<b>Council Tax £000</b>	<b>NDR £000</b>	<b>General Debtors £000</b>	<b>Housing Benefits £000</b>	<b>HRA £000</b>	<b>Total £000</b>
Balance at 31 March 2024	<b>1,153</b>	<b>690</b>	<b>1,209</b>	<b>1,216</b>	<b>670</b>	<b>4,938</b>
Write-offs	(66)	(160)	(93)	(112)	(101)	(532)
Contribution to /(from) provision	216	148	(504)	(37)	(24)	807
<b>Balance at 31 March 2025</b>	<b>1,303</b>	<b>678</b>	<b>1,620</b>	<b>1,067</b>	<b>545</b>	<b>5,213</b>
Write-offs	(52)	(327)	(92)	(64)	(121)	(656)
Contribution to /(from) provision	(71)	259	9	(9)	112	300
<b>Balance at 31 March 2026</b>	<b>1,180</b>	<b>610</b>	<b>1,537</b>	<b>994</b>	<b>536</b>	<b>4,857</b>

The impairment allowance in respect of council tax and NNDR represent the Council's share only. The total impairment allowance in respect of council tax, together with the bad debt provision for NNDR, can be found on page 90.

### Age of Debt

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

Age of debt	At 31 March 2025			At 31 March 2026		
	General Debtors £000	HRA £000	Total £000	General Debtors £000	HRA £000	Total £000
< 1 month	852	318	1,170	780	377	1,157
1 – 3 months	469	82	551	76	101	177
3 – 6 months	239	168	407	141	49	190
6 – 12 months	16	329	345	208	46	254
1 year +	487	455	942	602	660	1,262
<b>Total</b>	<b>2,063</b>	<b>1,352</b>	<b>3,415</b>	<b>1,807</b>	<b>1,233</b>	<b>3,040</b>

### Collectability of Debt

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

## 29. CASH AND CASH EQUIVALENTS

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

	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Cash held at bank/(Overdraft)	309	(980)
Money Market Fund	7,886	5,174
<b>Total Cash and Cash Equivalents</b>	<b>8,195</b>	<b>4,194</b>

### 30. CREDITORS

<b>Long Term Creditors As at 31 March</b>	<b>(Restated)</b>	
	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Lease Payable	(379)	(534)
Other Creditors	(148)	0
<b>Total</b>	<b>(527)</b>	<b>(534)</b>
<b>Short Term Creditors As at 31 March</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
<b>General Fund</b>		
Government departments	(4,355)	(8,775)
Other local authorities	(5,023)	(1,023)
Housing tenants	(535)	(641)
Other creditors	(8,697)	(10,012)
	<b>(18,610)</b>	<b>(20,451)</b>
<b>Collection Fund</b>		
Government Departments	(3,015)	(3,765)
Local Authorities	(599)	(743)
Local tax payers (DDC's share)	(1,017)	(1,096)
	<b>(4,630)</b>	<b>(5,605)</b>
<b>Total</b>	<b>(23,241)</b>	<b>(26,056)</b>

### 31. PROVISIONS

#### Localisation of Business Rates

Under the localisation of business rates, the Council is required to calculate a provision for successful appeals made against NNDR debts based on disputes over rateable value, which includes an estimate based on appeals currently lodged against 2025/26 and prior years. The Council includes only its share (40%) of the total appeals provision calculated within the Council's own balance sheet. The full provision of circa £2.58m (2024/25 £8.02m) can be seen within the separate Collection Fund section. The decrease in provision in comparison to last year is due to a significant decrease in the number of appeals being awarded by the Valuation Office Agency (VOA) in both the 2017 list and 2023 list. The Council's share of the closing provision for 2025/26 is £1.03m.

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

#### Municipal Mutual Insurance

In 1992 the company failed and went into solvent "run-off". If a solvent "run-off" is not achieved the Council is liable to repay sums paid out on its behalf to settle claims. The maximum amount liable to clawback is the total claim payments of £182,782 less £50,000. In 2012/13 the scheme administrator indicated that a levy of between 9.5% and 28% would be required to achieve a projected solvent run off. A provision of 25% of the claim payment was therefore set aside. In 2013/14 the appointed administrators,

Ernst & Young, set the amount liable to clawback at 15% and as a result a payment was made to MMI in the sum of £19,917. In 2016/17 another 10% levy (£13,278) was paid, and there may be a further levy of 15%. In 2025/26 the levy remained at 35% (after being increased to 35% in 2024/25.)

	2024/25			2025/26		
	DDC Share of NDR Appeals £000	Municipal Mutual Insurance £000	Total £000	DDC Share of NDR Appeals £000	Municipal Mutual Insurance £000	Total £000
Balance at 1 April	(1,983)	(20)	(2,003)	(3,209)	(52)	(3,261)
Additional provisions made in the period	(1,600)	(32)	(1,632)	1,562	0	1,562
Amounts used during the period	374	0	374	614	0	614
Unused amounts reversed	0	0	0	0	0	0
<b>Balance at 31 March</b>	<b>(3,209)</b>	<b>(52)</b>	<b>(3,261)</b>	<b>(1,033)</b>	<b>(52)</b>	<b>(1,086)</b>

### 32. RECEIPTS IN ADVANCE

	2024/25 £000	2025/26 £000
As at 31 March		
Government departments	(239)	(552)
Other local authorities	(2,049)	(821)
Other	(8,331)	(8,939)
<b>Total</b>	<b>(10,618)</b>	<b>(10,311)</b>

### 33. CAPITAL GRANTS UNAPPLIED

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

	2024/25 £000	2025/26 £000
<b>Balance at 1 April</b>	<b>(3,766)</b>	<b>(3,024)</b>
Contributions received	(2,919)	(3,041)
Applied to projects	3,661	1,797
<b>Balance at 31 March</b>	<b>(3,024)</b>	<b>(4,268)</b>

### 34. CAPITAL GRANTS RECEIVED IN ADVANCE

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

	2024/25	2025/26
	£000	£000
Beacon Enabling	(5,312)	(1,328)
Brownfield Land Release	(395)	0
Coast Protection	(238)	(19)
Homes England – HRA	(729)	0
LAHF - HRA	(1,897)	(264)
<b>Balance at 31 March</b>	<b>(8,571)</b>	<b>(1,612)</b>

### 35. 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 additions to those assets under statutory provisions. The account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (CIES).

The account is credited with the amounts set aside by the authority as finance for the costs of acquisition, construction and subsequent expenditure. The account contains accumulated gains and losses on investment properties. The account also contains accumulated gains or losses on investment properties and operational land and buildings pre-dating 1 April 2007.

<b>Capital Adjustment Account</b>	<b>(Restated)</b> <b>2024/25</b> <b>£000</b>	<b>2025/26</b> <b>£000</b>
<b>Balance at 1 April</b>	<b>(269,114)</b>	<b>(286,345)</b>
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Charges for depreciation and impairment of non-current assets	7,014	7,717
Amortisation of intangible assets	88	44
Revaluation losses on property, plant and equipment	7,452	33,913
Revaluation gains on property, plant and equipment	(2,299)	0
Revenue expenditure funded from capital under statute	1,541	2,013
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	2,799	9,121
Adjusting amounts written out of the revaluation reserve	0	(2,747)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,591)	(5,260)
Use of the Major Repairs Reserve to finance new capital expenditure	(3,149)	(3,275)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(19,689)	(17,596)
Application of grants to capital financing from the Capital Grants Unapplied Account	(1,764)	(1,797)
Receipt of capital income from long term debtors	167	196
Capital expenditure charged against the General Fund and HRA balances	(1,643)	(1,457)

<b>Capital Adjustment Account</b>	<b>(Restated) 2024/25 £000</b>	<b>2025/26 £000</b>
Capital expenditure charged against Earmarked Reserves	(2,300)	(967)
Movements in the market value of Investment Properties debited or credited to the CIES	1,602	(3,055)
Loan Repayments Made	(112)	(73)
Minimum Revenue Provision	(2,346)	(2,546)
<b>Balance at 31 March</b>	<b>(286,345)</b>	<b>(272,116)</b>

### 36. REVALUATION RESERVE

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

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

	<b>2024/25 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2025/26 £000</b>
Balance at 1 April		(62,181)		(44,459)
Revaluation gains	(9,781)		(6,330)	
Revaluation losses/impairments	27,503		6,033	
Surplus on revaluation of fixed assets		17,722		(297)
(Gain)/loss on assets sold or scrapped		0		3,691
Amount written off to Capital Adjustment Account		0		2,747
<b>Balance at 31 March</b>		<b>(44,459)</b>		<b>(38,317)</b>

### 37. DEFINED BENEFIT PENSION SCHEMES

#### Participation in Pension Schemes

As part of the terms and conditions of employment, the Council offers retirement benefits. Although these benefits will not be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in the Local Government Pension Scheme, administered locally by Kent County Council (KCC). This is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The KCC Superannuation Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Superannuation Committee of KCC. Policy is determined in accordance with the Public Service Pensions Act 2013. Day to day fund administration

is undertaken by a team within KCC and where appropriate some functions are delegated to the Fund's professional advisers.

KCC, in consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Fund Strategy Statement and the Statement of Investment Principles.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. In addition, there is an "orphan liability risk" where employers leave the Fund but with insufficient assets to cover their pension obligations. These are mitigated to an extent by the statutory requirements to charge to the General Fund and HRA the amounts required as described in the accounting policies note.

Pension Transition Arrangements Age Discrimination – In 2015, the Government introduced reforms to public sector pensions, with most public sector workers moving into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judicial and fire fighter's schemes as part of the reforms breached age discrimination rules and in June 2019 the Supreme Court denied the Government's request for an appeal. In July 2019, the Government released a statement to confirm that it expects to have to amend all public service schemes, including the LGPS (Local Government Pension Scheme). An allowance for this was included in the accounting results for 31st March 2020. These results, including the allowance, have been rolled forward and re-measured to provide accounting results as at 31st March 2025.

### Transactions Relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the amount payable in the year, so the real cost of retirement benefits is reversed out of the General Fund in the MIRS. The following transactions have been made in the CIES and the MIRS during the year:

	2024/25	2025/26
	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services</b>		
Current service costs	2,701	2,011
Curtailments and past service costs	27	43
Administrative expense	125	139
<b>Net Operating Expenditure</b>		
Net Interest on the Defined Liability	728	487
<b>Charge to the Surplus or Deficit on the Provision of Services</b>	<b>3,581</b>	<b>2,680</b>
<b>Other charge to the Comprehensive income and expenditure statement</b>		
Return on plan assets (excluding the amount included in net interest expense)	(2,366)	7,306
Actuarial gains and (losses) arising on changes in demographic assumptions	403	(2,074)

Actuarial gains and (losses) arising on changes in financial assumptions	17,849	4,808
Experience (loss)/gain on defined benefit obligation	348	(5,163)
Changes in impact of asset ceiling	(14,266)	(7,808)
Other actuarial gains/(losses) on assets	0	(3)
<b>Re-measurement of the net defined benefit liability</b>	<b>1,968</b>	<b>(2,934)</b>

#### **Movement in Reserves Statement**

Reversal of net charges made for retirement benefits in accordance with IAS 19	(3,581)	(2,680)
Actual amount charged to the General Fund for pensions in the year:		
Employer's contributions payable to scheme	5,299	5,445
<b>Contribution (From) or To Pensions Reserve</b>	<b>1,718</b>	<b>2,765</b>

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

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

<b>Liabilities</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Opening balance at 1 April</b>	<b>152,014</b>	<b>135,812</b>
Current service costs	2,701	2,011
Interest cost	7,430	7,324
Change in financial assumptions	(17,849)	(4,808)
Change in demographic assumptions	(403)	2,074
Experience loss/(gain) on defined benefit obligation	(348)	5,163
Liabilities assumed / (extinguished on settlement)	0	0
Benefits paid net of transfers in	(8,269)	(8,458)
Past service costs, including curtailments	27	43
Contributions by scheme participants	1,126	1,171
Unfunded pension payments	(617)	(612)
<b>Closing balance at 31 March</b>	<b>135,812</b>	<b>139,720</b>

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

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

<b>Assets</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Opening balance at 1 April</b>	<b>131,790</b>	<b>133,540</b>
Interest on assets	6,702	7,663
Return on assets less interest	(2,366)	7,306
Other actuarial gains / (losses)	0	(3)
Administration expenses	(125)	(139)
Contributions by employer including unfunded	5,299	5,445
Contributions by scheme participants	1,126	1,171

Estimated benefits paid plus unfunded net of transfers in	(8,886)	(9,070)
Settlement prices received / (paid)	0	0
<b>Closing balance at 31 March</b>	<b>133,540</b>	<b>145,913</b>

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

### Pensions assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
Present value of funded obligation	130,803	134,673
Fair value of scheme assets (bid value)	(133,540)	(145,913)
<b>Sub-total</b>	<b>(2,737)</b>	<b>(11,240)</b>
Impact of asset ceiling	14,266	22,900
Present value of unfunded obligation	5,009	5,047
<b>Net Liability arising from defined benefit obligation</b>	<b>16,538</b>	<b>16,707</b>

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

### Reconciliation of Opening & Closing Surplus or Deficit

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

<b>Surplus or Deficit</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
<b>Opening balance at 1 April</b>	<b>(20,224)</b>	<b>(16,538)</b>
Current service costs	(2,728)	(2,054)
Past service costs and curtailments	0	0
Employer's contributions	5,299	5,445
Administrative expenses	(125)	(139)
Capitalised loss on settlement	0	0
Remeasurement of net defined benefit liability	1,968	(2,934)
Interest on net defined benefit liability	(728)	(487)
<b>Closing balance at 31 March</b>	<b>(16,538)</b>	<b>(16,707)</b>

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

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

Assets	31-Mar-25		31-Mar-26	
	Fund Value	Percentage of Fund	Fund Value	Percentage of Fund
	£000	%	£000	%
Equities	76,044	57	85,532	59
Gilts	7,916	6	8,050	6
Bonds	19,851	15	20,377	14
Property	10,935	8	14,255	10
Cash	5,281	4	4,023	3
Absolute return	6,821	5	7,283	5
Infrastructure	6,692	5	6,393	4
<b>Total</b>	<b>133,540</b>	<b>100</b>	<b>145,913</b>	<b>100</b>

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

Asset Breakdown	2024/25		2025/26	
	% Quoted	% Unquoted	% Quoted	% Unquoted
<b>Fixed Interest Government Securities</b>				
UK	-	-	-	-
Overseas	0	-	0	-
<b>Index Linked Government Securities</b>				
UK	6	-	5	-
Overseas	-	-	-	-
<b>Corporate Bonds</b>				
UK	4	-	4	-
Overseas	10	-	10	-
<b>Equities</b>				
UK	11	-	12	-
Overseas	41	-	42	-
<b>Property</b>				
All	-	8	-	10
<b>Others</b>				
Absolute return portfolio	5	-	5	-
Private Equity	-	5	-	5
Infrastructure	-	5	-	4
Derivatives	-	0	-	0
Cash/Temporary Investments	-	4	-	3
<b>Net Current Assets</b>				
Debtors	-	-	-	-
Creditors	-	-	-	-
<b>Total</b>	<b>78</b>	<b>22</b>	<b>78</b>	<b>22</b>

## Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, on behalf of Kent County Council based upon the latest full valuation of the scheme which took effect from April 2022.

The significant assumptions used by the actuary have been:

	<b>2024/25</b>	<b>2025/26</b>
<b>Life expectancy from age 65 (years)</b>		
<b>Retiring Today</b>		
Men	20.7	21.6
Women	23.3	23.9
<b>Retiring in 20 years</b>		
Men	22.0	23.2
Women	24.7	25.6
Rate of inflation – CPI	3.20%	3.30%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	5.80%	6.10%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have 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 inter-related. The assumptions in the sensitivity analysis have followed the accounting policies for the scheme i.e., on an actuarial basis using the projected unit credit method.

## Sensitivity Analysis

	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adjustment to discount rate:	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	131,496	138,003	139,720	141,476	148,904
Projected service cost	1,737	2,012	2,087	2,164	2,496
Adjustment to long term salary increase:	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	140,143	139,804	139,720	139,637	139,309
Projected service cost	2,087	2,087	2,087	2,087	2,087

Adjustment to pension increases and deferred revaluation:	+0.5%	+0.1%	0.0%	-0.1%	-0.5%
Present value of total obligation	148,116	141,498	139,720	138,409	132,630
Projected service cost	2,527	2,169	2,087	2,007	1,711
Adjustment to life expectancy assumption:		+1 year	None	-1 year	
Present value of total obligation		145,588	139,720	134,121	
Projected service cost		2,160	2,012	2,015	

### Asset and Liability Matching Strategy

Kent Pension fund has agreed to a Fund Strategy Statement that matches the type of assets invested to the liabilities in the defined benefit obligation. The Fund has matched assets to the obligations by investing in equities, corporate bonds, and fixed interest Government securities/gilts. This is balanced with a need to maintain the liquidity of the Fund to ensure that it is able to make current payments. As it is required by the pensions and where relevant investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (59% of scheme assets) and bonds (14%). The scheme also invests in properties as part of the diversification of the scheme's investments and comprises 10% of the total portfolio. The Pension Fund Strategy's main objectives are to maintain a funding level of 100%, as assessed by the Actuary and to stabilise the Employer rate as far as is practicable.

### Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at a constant rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 11 years. Funding levels are monitored on an annual basis. The next triennial valuation is due on 31st March 2028, with the most recent valuation completing on 31st March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales may not provide benefits in relation to service after 31st March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

<b>Projection for the year to 31 March</b>	<b>Year to 31 Mar 26 £000</b>	<b>Year to 31 Mar 27 £000</b>
Service cost	2,057	2,087
Net interest on the defined liability (asset)	807	861
Administration expenses	122	136
<b>Total loss/(profit)</b>	<b>2,986</b>	<b>3,084</b>
Employer's contributions	4,686	4,675

The weighted average duration of the defined benefit obligation for scheme members is 13 years 2025/26 (14 years 2024/25).

## Further Information

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

## 38. RELATED PARTY TRANSACTIONS

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 the council. 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 influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in note 22.

### Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 40. Members are required to observe the Code of Conduct for councillors, register financial interests in the Council's Register maintained under section 81(1) of the Local Government Act 2000 and register the receipt of any gifts/hospitality.

In the financial year 2025/26, there were no transactions of material significance to Dover District Council to warrant separate disclosure in the accounts, however the following expenditure may be significant to the recipient parties:

Organisation	Value	Details
R.K. Graphics Ltd	£2,778	This company is owned by a Member with occasional contracts with DDC.
Dover Rugby Football Club	£15,600	Annual Maintenance Grounds Grant to the Club. A son of a Member plays at this Club.
Samphire Charity	£9,390	Community Cohesion & Resilience Fund and deposit refund. One Member is Director of the Charity.
Dover & Deal Citizen Advice Bureau	£136,350	Household Support Fund Grant and Annual DDC Grant. One Member is committee member of CAB
Golf Road Community Company	£754	Community Grant Scheme. One Member support the fundraising of the Company
Great Mongeham Parish Hall	£350	Hire of Hall for Election
Dover Pantry	£4,800	Cost-of-Living Community Impact Fund Grant to the Charity. One Member is Trustee of this Trust.

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

The Authority is joint owner of PartnershipOne Limited, a Local Authority Trading Company (LATco), owning 33.33% of the company. 2025/26 was the first year of operation.

In 2025/26 payment of £2,447k was made to PartnershipOne in respect of management charges for their services. This fee was reduced by £158k being DDC's share of PartnershipOne surplus in excess of its ongoing working capital requirements. The net fee was £2,289k.

Charges from the Authority to PartnershipOne in respect of services supplied totalled £56k. PartnershipOne paid a further £74k for Payroll MHR system usage and payroll services provided by the Authority.

Balances due to/from P1 at 31 March 2026 were £793k and £224k respectively.

### **Officers**

Officers are required to observe the Code of Conduct for Officers and register the receipt of any gifts/hospitality. The Council had no material related party transactions with officers during 2025/26, other than those disclosed in note 24.

### **39. INTERESTS IN COMPANIES AND OTHER ENTITIES**

The Authority, together with Canterbury City Council and Thanet District Council, jointly own PartnershipOne Limited, an Local Authority Trading Company (LATco), whose principal activity is provide revenue and benefits services and frontline customer services for the three Authorities.

For financial accounting purposes, PartnershipOne is regarded as being a joint venture under joint control and each authority holds an equal share of 33.33% in the company.

Under the Code, authorities with interests in joint ventures shall product Group Accounts in addition to their single entity accounts, unless their interest is considered not material. The Authority considers that its' interest in PartnershipOne is not material and that Group Accounts do not need to be prepared.

The financial (unaudited) results of PartnershipOne for 2025/26 and the Authority's share are as follows:

	PartnershipOne £000	DDC Share (33.33%) £000
<b>Profit and Loss</b>		
Turnover	(9,283)	(3,094)
Expenditure	8,719	2,906
Operating (profit)/loss	(564)	(188)
<b>(Profit)/loss after taxation</b>	<b>(565)</b>	<b>(188)</b>
<b>Balance Sheet</b>		
Non-current Assets	147	49
Current assets	3,856	1,285
Current liabilities	(3,430)	(1,143)
<b>Net Assets</b>	<b>573</b>	<b>191</b>
<b>Capital and Reserves</b>	<b>(573)</b>	<b>(191)</b>

Note 38, Related Party Transactions, sets out the transactions that took place between the Authority and PartnershipOne in 2025/26.

#### 40. MEMBERS' ALLOWANCES

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

	2024/25 £000	2025/26 £000
Basic Allowance	160	160
Special Responsibility Allowance	87	91
Expenses	3	3
<b>Total</b>	<b>250</b>	<b>254</b>

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

#### 41. 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 and to non-audit services provided by the authority's external auditors:

	2024/25 £000	2025/26 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	187	206
Fees payable to Grant Thornton in respect of other services provided for the year	109	311
<b>Total</b>	<b>296</b>	<b>517</b>

The audit fee payable to Grant Thornton includes PSAA final approved amount for years prior to 2025/26. Non-audit services fee includes final invoices related to prior years.

## **42. CONTINGENT LIABILITIES**

### **Private Finance Initiative**

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

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

### **Municipal Mutual Insurance (MMI)**

Municipal Mutual Insurance Company (MMI) was the main local authority insurer for many years up until 1992 when the company failed and went into "run-off". At the present time MMI is still solvent and the known and anticipated liabilities arising from prior years' insurance cover will be met from the company's assets. If a solvent run-off is not achieved, councils (and other scheme creditors) would be liable to repay sums paid out on their behalf to settle claims.

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

A provision of 25% of the claim was made in the balance sheet in 2012/13 (being £33k) from which a payment of £20k was made in 2013/14. In 2015/16, the provision was increased by £20k, returning it to £33k. In 2016/17 a further payment of £13k was made, and there may be a further levy of 15%. In 2024/25 the levy was increased to 35% of the claims at £52k remains as a contingent liability.

### **Pension Liability**

Dover District Council is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on Dover District Council. The case affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024 and the original ruling was upheld.

As a result, there may be a further liability to Dover District Council's share of the Kent Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). The

Government Actuary's Department is currently undertaking a review to confirm whether such changes occurred in Local Government Pension Schemes. At this point it is not possible to estimate the potential impact, if any, on Dover District Council and thus the obligation and liability shown in Dover District Council's accounts.'

In September 2025 the government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted-out benefits complied with statutory requirements. The bill is expected to receive Royal Assent in 2026.

### **Contingent Event**

The Council is the accountable body for a recent project which is facing disputes relating to the final value of the contract. This may result in amounts due to the Council (contingent asset) or amounts due by the Council (contingent liability). The results of these disputes cannot be predicted with any level of certainty at the reporting date. Due to commercial sensitivity, no further details are disclosed.

#### **43. CHANGE IN PROVISION OF SERVICES**

PartnershipOne Limited (P1) is the trading name for the East Kent Local Authority Trading Company (LATco) that has been set up jointly with Dover, Canterbury and Thanet Councils to provide revenue and benefits services and frontline customer services for the three Authorities. PartnershipOne was incorporated with Companies House on 3 September 2024 as a private limited company. Each of the authorities holds equal shares in the company and has equal control over the entity. PartnershipOne did not become a live entity and begin trading until 1 February 2025, when staff from all authorities transferred into the new LATco under Transfer of Undertakings (Protection of Employment) Regulations (TUPE) arrangements.

#### **44. EVENTS AFTER THE BALANCE SHEET DATE**

The statement of accounts was authorised for issue by the Head of Finance and Investment on 31 March 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

There have been no post balance sheet events identified which require amendments.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

#### **45. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED**

International Accounting Standard 8 requires the Council to disclose the expected impact of new standards that have been issued, but not yet adopted.

The accounting standards which have been issued but not yet adopted in the 2025/26 financial statements are listed below:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023

- IFRS 17 Insurance Contracts issued in May 2017
- Changes to the measurement of non-investment assets, include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

## COLLECTION FUND

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

<b>2024/25</b>			<b>2025/26</b>		
Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
<b><u>Income</u></b>					
<b>Council tax:</b>					
0	(93,445)	(93,445)	0	(100,865)	(100,865)
<b>National Non-domestic rates:</b>					
(52,061)	0	(52,061)	(55,385)	0	(55,385)
(1,021)	0	(1,021)	(173)	0	(173)
0	0	0	(2,475)	0	(2,475)
<b>Total Income</b>					
<b>(53,082)</b>	<b>(93,445)</b>	<b>(146,527)</b>	<b>(58,033)</b>	<b>(100,865)</b>	<b>(158,898)</b>
<b><u>Expenditure</u></b>					
<b>Precepts, Demands &amp; Shares:</b>					
26,567	0	26,567	28,807	0	27,569
4,782	65,841	71,111	5,185	71,232	76,194
0	10,470	10,547	0	11,379	11,379
531	3,675	4,234	576	3,995	4,546
21,254	8,763	30,108	23,046	9,299	31,354
0	3,361	3,361	0	3,685	3,685
<b>Surplus / (Deficit) Share</b>					
1,393	0	1,393	(1,238)	0	0
251	488	739	(223)	173	173
0	77	77	0	27	27
28	28	56	(25)	10	10
1,114	91	1,205	(990)	32	32
<b>55,920</b>	<b>92,794</b>	<b>148,714</b>	<b>55,137</b>	<b>99,832</b>	<b>154,969</b>
<b>Renewable Energy Retained</b>					
623	0	623	630	0	630
623	0	623	630	0	630
<b>Charges to the Collection Fund:</b>					
0	402	402	0	(310)	(310)
370	1,238	1,608	647	(231)	416
3,066	0	3,066	(5,438)	0	(5,438)
165	0	165	165	0	165
<b>3,601</b>	<b>1,640</b>	<b>5,241</b>	<b>(4,626)</b>	<b>(541)</b>	<b>(5,167)</b>
<b>Total Expenditure</b>					
<b>60,145</b>	<b>94,434</b>	<b>154,579</b>	<b>51,141</b>	<b>99,291</b>	<b>150,432</b>
<b>(Surplus) or Deficit for the Year</b>					
<b>7,062</b>	<b>989</b>	<b>8,051</b>	<b>(6,892)</b>	<b>(1,574)</b>	<b>(8,466)</b>
(1,729)	(45)	(1,774)	5,333	944	6,277
<b>5,333</b>	<b>944</b>	<b>6,277</b>	<b>(1,558)</b>	<b>(630)</b>	<b>(2,188)</b>
<b>Balance Carried Forward at 31 March</b>					

## NOTES TO THE COLLECTION FUND ACCOUNTS

### 1. General

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 (for NDR) share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

The transactions presented in the Collection Fund Statement are those permitted by the above statute and reflect the full (surplus)/deficit on the fund at the end of the year. The Comprehensive Income and Expenditure Statement recognise income on a full accruals basis even though the distribution or recovery of the Collection Fund balance occurs in the following financial year. The authority's share of this balance created by the timing differences is held in the Collection Fund Adjustment Account on the Balance Sheet.

### 2. COUNCIL TAX

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

#### Precepts

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

Preceptor	2024/25 Precept £000	2024/25 Surplus £000	2024/25 Total £000	2025/26 Precept £000	2025/26 Surplus £000	2025/26 Total £000
Kent County Council	65,841	488	<b>66,329</b>	71,232	173	<b>71,405</b>
Police and Crime Commissioner for Kent	10,470	77	<b>10,547</b>	11,379	27	<b>11,406</b>
Kent and Medway Fire & Rescue Authority	3,675	28	<b>3,703</b>	3,995	10	<b>4,005</b>
Dover District Council	8,763	91	<b>8,854</b>	9,299	32	<b>9,331</b>
	88,749	684	<b>89,433</b>	95,905	242	<b>96,147</b>
Parish councils	3,361	0	<b>3,361</b>	3,685	0	<b>3,685</b>
<b>Total Demand on the Collection Fund</b>	<b>92,110</b>	<b>684</b>	<b>92,794</b>	<b>99,590</b>	<b>242</b>	<b>99,832</b>

## Council Tax Base

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

Band	2024/25			2025/26		
	Estimated no. of Properties	Multiplier	Band D Equivalent Dwellings	Estimated no. of Properties	Multiplier	Band D Equivalent Dwellings
Disabled A	6.02	5/9ths	3.34	9.59	5/9ths	5.33
A	4,238.86	6/9ths	2,825.91	4,591.21	6/9ths	3,060.81
B	12,909.07	7/9ths	10,040.39	13,278.68	7/9ths	10,327.87
C	10,135.81	8/9ths	9,009.61	12,474.86	8/9ths	11,088.76
D	6,894.71	9/9ths	6,894.71	7,205.93	9/9ths	7,205.93
E	4,227.83	11/9ths	5,167.35	4,421.61	11/9ths	5,404.19
F	3,623.34	13/9ths	5,233.71	2,506.78	13/9ths	3,620.90
G	1,455.69	15/9ths	2,426.15	1,543.56	15/9ths	2,572.60
H	53.75	18/9ths	107.50	68.00	18/9ths	136.00
	<u>43,545.08</u>		<u>41,708.67</u>	<u>46,100.22</u>		<u>43,422.39</u>
Estimated Collection Rate			<b>98.00%</b>			<b>97.00%</b>
<b>Council Tax Base</b>			<b><u>40,874.50</u></b>			<b><u>42,119.72</u></b>

## Band D Council Tax

	2024/25	2025/26
	£	£
Kent County Council	1,610.82	1,691.19
Police and Crime Commissioner for Kent	256.15	270.15
Kent and Medway Fire & Rescue Authority	89.91	94.86
Dover District Council	214.38	220.77
	<u>2,171.26</u>	<u>2,276.97</u>
Parish councils (average)	82.23	87.48
<b>Total</b>	<b><u>2,253.49</u></b>	<b><u>2,364.45</u></b>

This basic amount of council tax for a Band D property of £2,364.45 for 2025/26 (£2,253.49 for 2024/25) is multiplied by the proportion specified within the Local Government Finance Act 1992 for the particular band to give an individual amount due. In addition to this, special expenses are charged specifically in relation to the precepts of parish councils.

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

Non-domestic rates are set on a national basis, but the Council is responsible for collecting rates due from the ratepayers in its area. The Government specifies an amount of 'rate poundage' of 55.5p (54.6p for 2024/25) for standard and large businesses (known as standard multiplier) or 49.9p (49.9p for 2024/25) for small businesses (known as small business multiplier), subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

The NNDR income, after reliefs, of £55.385m for 2025/26 (£52.061m for 2024/25), was based on the total rateable value for the Council's area, which at the year-end was

£129.378m (£129.446m in 2024/25). This total rateable value is as per the schedule sent from the Valuation Office Agency (VOA).

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

<b>Preceptor</b>	2024/25 Precept £000	2024/25 Surplus £000	<b>2024/25 Total £000</b>	2025/26 Precept £000	2025/26 Deficit £000	<b>2025/26 Total £000</b>
Kent County Council	4,782	251	<b>5,033</b>	5,185	(223)	4,962
Kent and Medway Fire & Rescue Authority	531	28	<b>559</b>	576	(25)	551
Dover District Council	21,254	1,114	<b>22,368</b>	23,046	(990)	22,056
	26,567	1,393	<b>27,960</b>	28,807	(1,238)	27,569
Central Government	26,567	1,393	<b>27,960</b>	28,807	(1,238)	27,569
<b>Total Demand on the Collection Fund</b>	<b>53,134</b>	<b>2,786</b>	<b>55,920</b>	<b>57,614</b>	<b>(2,476)</b>	<b>55,137</b>

#### 4. IMPAIRMENT ALLOWANCE

	<u>2024/25</u>			<u>2025/26</u>		
	Council Tax £000	NDR £000	Total £000	Council Tax £000	NDR £000	Total £000
Balance at 1 April	8,661	1,726	10,387	9,899	1,696	11,595
Write-Offs	(402)	(400)	(802)	(310)	(818)	(1,128)
Contribution to/(from) Provision	1,640	370	2,010	(541)	647	106
<b>Balance at 31 March</b>	<b>9,899</b>	<b>1,696</b>	<b>11,595</b>	<b>9,048</b>	<b>1,525</b>	<b>10,573</b>

#### 5. COLLECTION FUND SURPLUSES AND DEFICITS

##### Council Tax

The District Council was required to estimate by 15 January 2024 the amount of the surplus or deficit on the Collection Fund for the financial year in respect of council tax. Where a surplus is estimated, it is to be shared in the following year between the District Council, Kent County Council, The Police and Crime Commissioner for Kent, and Kent and Medway Fire & Rescue Authority in proportion to their respective precepts. The Council Tax Collection Fund balance for 2025/26 was showing a Surplus of £630k (24/25 £944k Deficit). This Surplus will be shared over future years. However, the closing balance, estimated in January 2026, as required under legislation, suggested that a surplus of £1,403k might be realised (DDC's share £183k or 13.04%). This £1,403k is due to be paid to the Preceptors during 2026/27 and this therefore means that the £773k Surplus (£1,403k less the £630k) will form part of the surplus / deficit estimate that will be calculated in January 2027.

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

	Surplus at 31 March 2024 £000	Movement in Year £000	Deficit at 31 March 2025 £000	Movement in Year £000	Surplus at 31 March 2026 £000
Kent County Council Police and Crime Commissioner for Kent	(32)	707	675	(1,125)	(450)
Kent & Medway Fire & Rescue Authority	(5)	113	108	(181)	(73)
Dover District Council	(2)	40	38	(64)	(26)
	(6)	129	123	(204)	(81)
<b>Total</b>	<b>(45)</b>	<b>989</b>	<b>944</b>	<b>(1,574)</b>	<b>(630)</b>

### National Non-Domestic Rates (NNDR)

The District Council was required to estimate by 31 January 2024 the amount of the surplus or deficit on the Collection Fund for the financial year in respect of non-domestic rates. Where a surplus (or deficit) is estimated, it is to be shared (or recovered) in the following year by (or from) the District Council, Kent County Council, Kent and Medway Fire & Rescue Authority and Central Government in proportion to their shares of non-domestic rates income. The District Council estimated that the fund would have an accumulated surplus of £1,729k for 2023/24 and this was distributed to major preceptors during 2023/24. The overall total result for 2025/26 is a surplus of £1,558k– this will be the opening Collection Fund balance for 2026/27.

The proportionate shares (prescribed by legislation) of the actual collection fund surplus for non-domestic rates are shown below. The closing surplus balance of £1,558k at 31 March 2026 is split as follows:

	Proportionate Shares 24/25	Proportionate Shares 25/26	Deficit at 31 March 2025 £000	Movement in Year £000	Surplus at 31 March 2026 £000
Central Government	50%	50%	2,667	(3,446)	(779)
Kent County Council	9%	9%	480	(620)	(140)
Kent & Medway Fire & Rescue Authority	1%	1%	53	(69)	(16)
Dover District Council	40%	40%	2,133	(2,757)	(623)
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>5,333</b>	<b>(6,892)</b>	<b>(1,558)</b>

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

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

	<b>KCC £000</b>	<b>PCKK £000</b>	<b>KMFR £000</b>	<b>DDC £000</b>	<b>Gov't £000</b>	<b>Total £000</b>	
<b>At 31 March 2026</b>	<b>Council Tax:</b>						
	Council tax arrears	11,581	1,850	650	2,111	0	16,192
	Council tax provision for bad debts	(6,472)	(1,034)	(363)	(1,180)	0	(9,049)
	Council tax overpayments & prepayments	(1,919)	(307)	(108)	(350)	0	(2,684)
	Council tax cash	(2,740)	(436)	(153)	(500)	0	(3,829)
	Collection Fund surplus	(450)	(73)	(26)	(81)	0	(630)
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Business Rates (NNDR):</b>						
	NNDR arrears	548	0	61	2,433	3,042	6,084
	NNDR provision for bad debts	(137)	0	(15)	(610)	(763)	(1,525)
	NNDR provision for appeals	(233)	0	(26)	(1,033)	(1,292)	(2,583)
	NNDR overpayments & prepayments	(168)	0	(19)	(746)	(932)	(1,865)
	NNDR cash	130	0	15	579	724	1,447
Collection Fund surplus	(140)	0	(16)	(623)	(779)	(1,558)	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>At 31 March 2025</b>	<b>Council Tax:</b>						
	Council tax arrears	9,672	1,537	540	1,781	0	13,530
	Council tax provision for bad debts	(7,076)	(1,125)	(395)	(1,303)	0	(9,899)
	Council tax overpayments & prepayments	(1,946)	(309)	(109)	(358)	0	(2,722)
	Council tax cash	(1,325)	(211)	(74)	(243)	0	(1,853)
	Collection Fund deficit	675	108	38	123	0	944
		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Business Rates (NNDR):</b>						
	NNDR arrears	428	0	48	1,904	2,379	4,759
	NNDR provision for bad debts	(153)	0	(17)	(678)	(848)	(1,696)
	NNDR provision for appeals	(722)	0	(80)	(3,209)	(4,011)	(8,023)
	NNDR overpayments & prepayments	(148)	0	(16)	(658)	(823)	(1,646)
	NNDR cash	115	0	12	508	636	1,271
Collection Fund deficit	480	0	53	2,133	2,667	5,333	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## 7. APPEALS PROVISIONS

The Collection Fund includes a prudent provision for appeals, as required under legislation. The 2017 list of outstanding appeals had a provision of £2.9m at the start of the 2025/26 year, during the year there were refunds and reductions of £0.8m in the 2017 list. It was recognised that there has been a significant reduction in successful appeals by the Valuation Office and so a decrease in the provision of £1.8m was included leading to the provision for the 2017 list to decrease to £0.3m as of 31 March 2026.

The 2023 list of outstanding appeals had a provision of £5.1m at the start of the 2025/26 year, during the year there were refunds and reductions of £0.8m in the 2023 list. A decrease in the appeal provision for the 2023 list of £2.1m led to a closing total provision for both lists of £2.58m as at 31 March 2026

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
Provision for 2017 valuation appeals	2,873	284
Provision for 2023 valuation appeals	5,150	2,299
<b>Total</b>	<b>8,023</b>	<b>2,583</b>

## HOUSING REVENUE ACCOUNT

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

### HOUSING REVENUE ACCOUNT INCOME AND EXPENDITURE STATEMENT

2024/25 £000		Note	2025/26 £000
<b>Income</b>			
(23,906)	Dwelling rents	9	(24,851)
0	Contributions towards Expenditure		(91)
(1,079)	Tenant charges for services and facilities		(1,136)
(802)	Leaseholder charges for services and facilities		(398)
<u>(25,787)</u>	<b>Total Income</b>		<u>(26,476)</u>
<b>Expenditure</b>			
6,761	Repairs and maintenance		6,981
2,354	Supervision and management		7,982
74	Rent, rates, taxes and other charges		77
3,149	Depreciation and impairment of fixed assets	5	3,275
1,761	Revaluation loss	8	24,501
27	Debt management expenses		44
(125)	Increase/(Decrease) in impairment of debtors	11	(8)
<u>14,001</u>	<b>Total Expenditure</b>		<u>42,852</u>
<b>Net Cost of Services Included in the Whole Authority</b>			
<b>(11,786)</b>	<b>Comprehensive Income and Expenditure Statement</b>		<b>16,376</b>
5,608	HRA share of corporate and democratic core		329
0	HRA share of other amounts included in the whole authority net expenditure of continuing operations but not allocated to specific services		0
<u>(6,178)</u>	<b>Net Cost of HRA Services</b>		<u>16,705</u>
(1,232)	(Gain) or loss on sales of HRA non-current assets		(2,089)
3,459	Interest payable and similar charges		3,350
(17)	Interest and investment income		(21)
131	Net Interest on Defined Benefit Liability	12	87
<u>(3,837)</u>	<b>(Surplus) or Deficit for the year on HRA Services</b>		<u>18,032</u>

### 3 MOVEMENT IN THE HOUSING REVENUE ACCOUNT STATEMENT

2024/25		2025/26	
£000		£000	£000
<u>(1,014)</u>	Balance on the HRA at the end of the previous year		<u>(1,014)</u>
(3,837)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		18,032
	Adjustments between Accounting Basis and Funding under Statute:		
	Difference between other income and expenditure in accordance with the Guidance	(24,501)	
(1,761)			
1,232	Gain on disposal of non-current assets	2,089	
187	Net charges made for retirement benefits	233	
<u>1,361</u>	Capital expenditure funded by the HRA	<u>1,327</u>	
<b>(2,819)</b>	<b>Net (increase) / decrease before transfers to reserves</b>	<b>(2,819)</b>	
<u>2,819</u>	Transfers to/(from) earmarked reserves (note 4)		<u>2,830</u>
<u>0</u>	(Increase) or decrease in year on the HRA Balance		<u>10</u>
<b><u>1,014</u></b>	<b>Balance on the HRA at the End of the Current Year</b>		<b><u>1,003</u></b>

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. NUMBER AND TYPES OF DWELLING

#### Movement in Housing Stock 2025/26

	Stock at 1 April 2025	Sales	Acquisitions	Stock at 31 March 2026
Houses/bungalows	2,705	(28)	47	2,724
Flats	1,731	(8)	22	1,745
Shared Ownership	43	0	25	68
<b>Total</b>	<b>4,479</b>	<b>(36)</b>	<b>94</b>	<b>4,537</b>

Breakdown of % owned by Dover District Council for Shared Ownership stock 2025/26

Number of Properties	% Owned by Dover District Council
3	25%
2	30%
1	35%
2	40%
5	50%
18	60%
1	65%
5	75%
1	85%
2	90%
28	100%
<b>68</b>	<b>Total</b>

#### Total Value of Assets

	2024/25 £000	2025/26 £000
Dwellings	293,030	283,854
Other land and buildings	361	31
Equipment	337	375
Investment properties	0	0
Assets under construction	802	2,601
	<b>294,530</b>	<b>286,861</b>

### 2. HOUSING STOCK

The vacant possession value of dwellings within the Authority's HRA as at 31 March 2026 was £865m (£887m as at 31 March 2025). The difference between the vacant possession and Balance Sheet value of dwellings reflects the economic cost to Government of providing council housing at less than open market rents.

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

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

	2024/25 £000	2025/26 £000
<b>Balance as at 1 April</b>	<b>0</b>	<b>0</b>
Major Repairs Allowance:		
Depreciation	(3,149)	(3,275)
Voluntary Excess Depreciation charge to HRA		
Transfer from reserve for capital expenditure	3,149	3,275
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

### 4. EARMARKED RESERVES

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

	2024/25 £000	2025/26 £000
<b>Balance as at 1 April</b>	<b>(17,111)</b>	<b>(19,930)</b>
Transfer between reserves	0	0
Contribution to HIR	(2,819)	(2,830)
<b>Balance at 31 March</b>	<b>(19,930)</b>	<b>(22,761)</b>

### 5. DEPRECIATION AND AMORTISATION

The Housing Revenue Account includes a charge for depreciation of non-current assets as detailed below.

	2024/25 £000	2025/26 £000
Council dwellings	3,118	3,236
Equipment	31	39
<b>Total</b>	<b>3,149</b>	<b>3,275</b>

### 6. SUMMARY OF CAPITAL EXPENDITURE

	2024/25 £000	2025/26 £000
Capital expenditure:		
Dwellings	14,966	20,097
Other Land & Buildings	4,510	3,797
Equipment	0	0
<b>Total</b>	<b>19,477</b>	<b>23,894</b>
Financed by:		
Funded by HRA	(1,361)	(612)
Borrowing	(7,982)	(12,500)
Transfer from Major Repairs Reserve	(3,149)	(3,275)

Excess Right-to-Buy Receipts	(827)	(1,512)
Grant & Section 106 Contribution	(6,158)	(4,643)
Capital Receipts	0	(1,353)
	<b>(19,477)</b>	<b>(23,894)</b>

## 7. SUMMARY OF CAPITAL RECEIPTS

	2024/25 £000	2025/26 £000
Receipts from sales during the year:		
Dwelling sales	(2,964)	(6,735)
Amount pooled to Government	0	0
	<b>(2,964)</b>	<b>(6,735)</b>

## 8. REVALUATION ON HRA STOCK

The Council Dwellings valuations were completed by Wilks, Head & Eve and reviewed by Nicola Fairhurst, the Authority's Estate Manager (a Professional Member of the Royal Institution of Chartered Surveyors), determined using the basis of Existing Use Value for Social housing. The valuations have been made in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual and Guidance notes.

## 9. RENT OF DWELLINGS

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

The average weekly rent increased from £104.12 in 2024/25 to £107.23 in 2025/26.

## 10. RENT ARREARS

The position for rent arrears is shown below:

31 March 2025			31 March 2026		
Former Tenant Arrears	Current Tenant Arrears	Total Rent Arrears	Former Tenant Arrears	Current Tenant Arrears	Total Rent Arrears
£000	£000	£000	£000	£000	£000
118	307	425	123	399	522

Total rent arrears increased by £97K in 2025/26. The large majority of the total rent arrears is due to tenants moving onto Universal Credit (UC). The Department for Work and Pensions pay UC up to 6 weeks in arrears meaning the Council has to carry a larger debt. This should be a cashflow issue rather than a significant increase in debt. The increase in arrears is also due to the ongoing cost of living crisis continuing to place financial pressure on households across the UK, affecting tenants' ability to keep up with payments. Challenges were found when recruiting key vacant roles in the Income Recovery and Collection team due to the high level of expertise required in benefits and financial support. These officers play a vital role in helping tenants maximise their income through benefit uptake, which directly supports rent payment.

## 11. IMPAIRMENT ALLOWANCE

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

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
Balance brought forward as at 1 April	670	545
Contribution to/(from) provision	(24)	112
Less amounts written off	(101)	(121)
<b>Balance carried forward at 31 March</b>	<b>545</b>	<b>536</b>

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

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

The costs of retirement benefits are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge to be made against the HRA Balance is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the HRA Balance.

The following IAS19 adjustments have been made:

	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>
<b>HRA Income and Expenditure Statement</b>		
<b>Cost of Services</b>		
Curtailments and past service costs	5	8
Administrative expense	23	25
<b>Net Operating Expenditure</b>	<b>131</b>	<b>87</b>
Net Interest on the Defined Liability (Asset)		
<b>Charge to the Surplus or Deficit on the Provision of Services</b>	<b>158</b>	<b>120</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits in accordance with IAS 19	(158)	(120)
Actual amount charged to the HRA for pensions in the year:		
Employers' contributions payable to scheme	345	353
<b>Contribution (From) or To Pensions Reserve</b>	<b>187</b>	<b>233</b>

Independent auditor's report to the members of Dover District Council  
(To Follow)

**CHARITIES ADMINISTERED BY DOVER DISTRICT COUNCIL**  
(This section does not form part of the statement of accounts)

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

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

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

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

**SIR ERNEST BRUCE CHARLES**

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

	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>
Income	2,102	1,817
Expenditure	0	0
Surplus or (deficit) for year	2,102	1,817
Fund balance at 1 April	67,999	70,101
<b>Fund balance at 31 March</b>	<b>70,101</b>	<b>71,918</b>
Represented by:		
Investments	70,101	71,918
	<b>70,101</b>	<b>71,918</b>

**THE SALTER COLLECTION CHARITY**

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

	<b>2024/25</b>	<b>2025/26</b>
	<b>£</b>	<b>£</b>
Income	2,326	2,019
Expenditure	0	0
Surplus or (deficit) for year	2,326	2,019
Fund balance at 1 April	273,399	275,725
<b>Fund balance at 31 March</b>	<b>275,725</b>	<b>277,744</b>
Represented by:		
Collection	180,000	180,000
Investment	96,725	97,744
	<b>275,725</b>	<b>277,744</b>

## CHARITY OF FREDERICK FRANKLIN FOR A PUBLIC PARK

	2024/25	2025/26
	£	£
Income	4,423	3,839
Expenditure	0	0
Surplus or (deficit) for year	4,423	3,839
Fund balance at 1 April	501,403	505,826
Revaluation Gain / (Loss)	0	309,178
<b>Fund balance at 31 March</b>	<b>505,826</b>	<b>818,843</b>
Represented by:		
Land and other buildings	323,822	633,000
Investment	182,004	185,843
Creditor	0	
	<b>505,826</b>	<b>818,843</b>

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

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