



**Draft
Statement
Of
Accounts**

2024/25

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	22
Cash Flow Statement	23
Notes to the Core Financial Statements	24
SUPPLEMENTARY STATEMENTS	
Collection Fund	83
Housing Revenue Account	92
Charities Administered by Dover District Council	98
Independent Auditor's Report	100

NARRATIVE REPORT

1. INTRODUCTION

This Narrative Report provides an overview of the Council, its year-end position at 31 March 2025, a review of the financial year 2024/25 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 part of the district is designated as part of the Kent Downs Area of Outstanding Natural Beauty (AoNB). Three percent of the district is defined as Heritage Coast, centred on the famous white cliffs on either side of Dover.

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

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

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

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

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

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

4. THE COUNCIL

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

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

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

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

5. HOW WE WORK

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

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

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

The Chief Executive is the senior officer who leads and takes responsibility for the work of the paid staff of the Council. The role of Chief Executive is appointed by the whole Council. The Management Team comprises of the Chief Executive, the Director of Environment and Place (Deputy Chief Executive) and the Director of Housing, Finance and Assets, 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.

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 2024/25. The Code is based on a hierarchy of approved accounting standards. There have been no material changes to the presentation of the Accounts for 2024/25.

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 23)**

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

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

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

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

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of

the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund balance and Housing Revenue Account (HRA) balance movements in the year following those adjustments.

- **Balance Sheet (page 21)**

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

- **Cash Flow Statement (page 23)**

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 24 to 83)**

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 84 to 99)**

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

- **Collection Fund (pages 84 to 91)**

All council tax and business rates Dover District collects are paid into this separate

account before being passed to the precepting authorities and Central Government.

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

- **The Housing Revenue Account (pages 92 to 97)**

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

- **Charities Administered by Dover District Council (pages 98 to 99)**

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

- **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.

SUMMARY OF THE 2024/25 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 2024 the Council approved the 2024/25 budget, forecasting a surplus of £2k. During the year the forecast budget deficit of £1,116k. Overall the year-end position resulted in a £776k deficit for the year, which is £340k less than the forecast position. The deficit will be funded from the Smoothing Reserve to maintain the General Fund balance above the preferred level of £1.5m.

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

<u>2023/24</u> <u>Actual</u> £000		<u>2024/25</u> <u>Original</u> <u>Budget</u> £000	<u>2024/25</u> <u>Revised</u> <u>Budget</u> £000	<u>2024/25</u> <u>Actual</u> £000
	<u>Directorate</u>			
2,559	Chief Executive	2,942	2,791	2,799
6,038	Environment and Place	10,676	6,854	7,132
14,139	Finance, Housing & Assets	14,705	15,309	16,256
757	Special Revenue Projects	2,218	2,218	963
0	Vacancy Allowance	(150)		0
0	Target Savings/Resource Adjustments/Income Generation	(416)		0
0	Estimated Annual Underspend	(500)	(500)	0
23,495	Net Direct Expenditure	29,475	26,673	27,151
	Other Operating Income & Expenditure:			
0	Contingency	161	111	0
88	River Stour Drainage Board	96	94	94
(4,998)	Recharge Income from HRA, DPHA & Projects	(5,679)	(4,976)	(6,208)
18,585	Net Operating Expenditure	24,051	21,901	21,037
	Financing Adjustments:			
(2,395)	Interest Receivable	(2,391)	(2,740)	(2,717)
824	Interest Payable	879	1,294	1,430
1,811	Loan Principal Repayments/Borrowing Allowance	1,603	1,717	1,889
239	Total Financing Adjustments	91	271	603
	Contribution to/(from) Reserves:			
752	- Special Projects & Events Reserve	(816)	(816)	(167)
(114)	- Periodic Operations Reserve	(3,108)	(62)	(978)
288	- Dover Regeneration Reserve	552	384	451
(141)	- IT Equipment Reserve	(796)	(796)	(168)
(530)	- Business Rates & Council Tax Reserve	0	0	273
	- Operational and Fee Income Reserve			0
256	Net Contribution to/(from) Reserves	(4,169)	(1,290)	(589)
19,079	Total Budget Requirement	19,974	20,883	21,051
	Financed by:			
8,401	Non-Domestic Rates	9,109	8,901	9,382
1,148	Revenue Support Grant	1,667	1,667	1,692
8,321	Council Tax	8,763	8,763	8,763
55	Council Tax - Collection Fund Surplus	91	91	91
0	Council Tax – Other S31 Grants	0	0	0
645	New Homes Bonus	346	346	346
0	New Burdens & Other Grants	0	0	0
18,571	Total Financing	19,975	19,767	20,274
509	General Fund (Surplus)/Deficit for the Year	(2)	1,116	776
(1,506)	General Fund Balance at Start of Year	(1,521)	(1,507)	(1,507)
(510)	Transfer to/(from) Smoothing Reserve	0	(1,120)	(770)
(1,507)	Leaving Year End Balances of	(1,522)	(1,511)	(1,501)

Major Variations

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

	£000
Original Budget Surplus	(2)
Increase in Temporary Accommodation	1,278
Share of NDR levy and shadow pool increase in forecast income in year	(197)
Decrease in Planning Income	134
Kearsney Café deficit	167
Parking income deficit	116
Staff Savings from vacancies/turnover	(1,361)
Benefits and subsidies admin grant income lower than estimated	172
Recharges to HRA reduced in line with staff savings	738
Dover Leisure Centre Management fee income increase	(239)
Increase in IUU income	(286)
Increase in Green waste service income	(166)
Overall interest impact in year	66
Revised minimum revenue provision in year	114
Property and garages - reduced rental income	192
Dover Town Hall – increase in utility costs to support renovation works	88
Building control – reduction in fee income levels	80
Roman painted house - approved additional spend in year	75
Numerous other variances	147
Forecast Deficit	1,116
Share of NDR income and shadow pool reduction in income in year	(364)
Kearsney Café additional deficit	98
Waste services lower costs due to joint financing staff cost element	(58)
Estimated annual underspend built into codes	500
Planning income deficit	(62)
Digital services underspends	(112)
Income sources improved homelessness position	(94)
Deal pier large refund issued for prior years	58
Benefits and subsidies admin grant income lower than estimated	48
Increase in short term borrowing costs	159
Revised calculations for minimum revenue provision in year	172
Increase in bad debt provision	310
Increased Council Tax penalties and fines income	(120)
Land Charges and planning income reserve utilisation was not required	155
Corporate repairs and maintenance increased spend across various codes	47
Play area maintenance increased spend	50
Recharge income from HRA & Capital projects increased	(1,232)
Numerous other variances	105
Actual Budget Deficit	776

HOUSING REVENUE ACCOUNT (HRA)

The Council maintains a housing stock of 4,479 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 2024/25 the HRA outturn was a surplus of £2,804k compared to the original budget forecast of a deficit of £1,017k, a favourable variance of £3,344k. The main variances in year were:

Original Budget Deficit	1,017
Increase in Rents income received	(275)
Increase in service charge income received	(437)
Reduction in Management Costs (including recharges)	(67)
Reduction in Bad debt provision	(318)
Reduction in Capital Expenditure	(877)
Increase in Revenue work costs	743
HRA share of short term borrowing costs	1,004
Savings as MRP allowance provided instead of borrowing	(475)
Change in HRA loan repayment treatment	(3,071)
Other variances	(48)
HRA surplus for the year	(2,804)
Transfer to Housing Initiatives Reserve	2,804
Transfer to HRA MRP Allowance	0
HRA surplus after use of reserves	0

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. £2,686k was paid off the PWLB loan principle sum during 2024/25, the balance outstanding on the loan is £61m.

Right-to-buy sales also continued, in 2024/25 there were 15 sales completed.

CAPITAL INVESTMENT

The Council invested £41.081m in capital projects in 2024/25 the most significant of which were shown below:

Major Projects	£000
HRA – Affordable Housing Development Projects	14,966
HRA – Housing Stock Capital Works	4,511
Fast Track - BRT	6,852
Dover Beacon – Enabling Project	1,525
Future High Streets	3,194
Disabled facility grants	1,330
Restoration of Maison Dieu	6,202
Sandwich Guildhall Forecourt improvements	161
Tides Leisure Centre replacement	613
Aylesham Regeneration Project	725
Other smaller projects	1,000
Total Capital Investment	41,081

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

Financed by	£000
Grants from external bodies (incl. KCC Better Care Fund, Homes England, and the Environment Agency)	21,027

Major Repairs Reserve	3,134
Earmarked Reserves	2,789
Capital Receipts (incl. Private Sector Housing loan receipts and excess RTB receipts)	4,177
HRA Revenue	1,376
Borrowing requirement	8,577
Total Capital Financing	41,081

Overall, the capital programme is within budget.

OTHER KEY FINANCIAL AREAS

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

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

TREASURY MANAGEMENT

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

At 31 March 2025 the Council had investment balances and day-to-day cash balances managed in-house of approximately £54.1m

The total interest and dividends income from pooled investment for the year is £2,717k with an average income return of 4.65%, which is £326k higher than the original budget estimate of £2,391k. The Council has invested a total of £50m into pooled investment funds which generate a higher rate of interest than call accounts and fixed term deposits. These investments are classed as long term as it is anticipated they will be held for a minimum of five years.

Additional short term borrowing was undertaken in the year due to fluctuations in the cash flow requirements. A reduction in available funds for inter-authority lending and increased interest rates caused a £551k increase in the cost of borrowing in 2024/25 from the original budget estimate of £879k. This pressure was offset by the increase in investment income detailed above.

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

At the end of the year the Council has total borrowing of £102.5m, just over £65m of borrowing from the Public Works Loans Board (PWLB), £37m short-term, and interest free loans from Salix £90k and £22k from Lawn Tennis Association.

During 2024/25 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	2024 £000	2025 £000
Value of land, property and other assets	475,646	478,994
Investments held and cash at bank	45,545	54,348
Money owed to DDC for goods and services	34,435	23,580
Loans owed to DDC (short and long term)	2,687	2,495
Money owed by DDC for goods and services	(25,668)	(36,582)
Loans owed by DDC (short and long term)	(109,114)	(103,150)
Grants for assets received but not yet used	(3,861)	(6,674)
Share of pension scheme liabilities owed by DDC	(20,224)	(16,538)
Total Assets less Total Liabilities	399,445	396,471
Financed by:		
Usable reserves ¹	(88,898)	(88,958)
Unusable reserves ²	(310,546)	(307,513)
Net Worth of Council	(399,445)	(396,471)
¹ Usable reserves are made up of:		
Capital receipts and grants	(22,233)	(22,040)
Revenue balances	(2,521)	(2,514)
Earmarked reserves	(64,144)	(64,403)
	(88,898)	(88,958)

² 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 2025 was £16.5m (£20m at 31 March 2024).

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

three years as a result of the actuarial valuation of the Fund required by the Regulations. The triennial valuation carried out as at March 2022 and set the contributions for the period 1 April 2022 to 31 March 2025. The next actuarial valuation of the Fund was carried out as at 31 March 2025 and will set contributions for the period from 1 April 2025 to 31 March 2028.

Further information relating to the pension scheme is included in note 16.

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 2024/25 (1 April 2024 to 31 March 2025).

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

Corporate Plan

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

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

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

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

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

Highlights

Our highlights for 2024/25 include:

1. Local Government Reorganisation

- During 2024/25, Kent County Council and Medway Council made a bid for Kent to be part of the Devolution Priority Programme. This bid was rejected by the Government

in February 2025. Following this, along with all other councils in Kent, Dover District Council received a formal invite to develop a proposal for Local Government Reorganisation. The Government set out the criteria, guidance on developing proposals and a timeline. An interim plan was submitted in March 2025 containing a number of potential models for Local Government Reorganisation, with the expectation for a full proposal to be submitted by 28 November 2025.

- Dover District Council is working with the other authorities in Kent on proposals for a number of unitary authorities to replace the existing 14 Kent councils.

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 of the HIR in our Medium-Term Financial Plan.
- We delivered 55 additional homes to our housing stock, including temporary and general needs accommodation in 2024/25. Additional homes are in the pipeline, as part of our ambitious multi-million-pound programme.
- We investigated 371 complaints of planning breaches, helping to ensure the right type of developments are built in our district.

3. Growing our economy

- Over the year, we have supported the district's attractions, businesses, industry, groups, and town centres by providing promotion, information, updates, coordinating and running events, supporting community events, and giving advice. We have also continued working with potential investors and developers, promoting our tourism and economic development potential at all levels.
- Substantial investment in the district continued, and we have seen significant progress in several key regeneration projects, including the £22.9 million investment in Dover Fastrack bus service which started operating on 17 November 2024 served by ultra-low emission diesel buses that will be replaced by a dedicated fleet of five electric buses during 2025; £10.5 million Maison Dieu restoration which concluded in early 2025 and opened to the public on 10 May 2025; £18.1 million investment for Dover Beacon Project; and approximately £85,000 of significant and essential environmental and remedial works to enable the safe reopening of the Dover Roman Painted House in September 2024. We have also continued developing proposals for a new leisure centre in Deal.
- The Dover District Local Plan sets out the vision, strategic objectives, and overarching development strategy for the growth of the district to 2040. Our Local Plan was adopted by the full Council on 16 October 2024.

4. Protecting our environment

- We support the Great British Spring Clean each year – our 2024 campaign resulted in collecting over 280 bags of litter by over 300 participants, despite the at times drizzly

weather. As part of the campaign volunteers visited Dover, Sandwich, Deal, Eastry, St Margaret's-at-Cliffe, Walmer and Guston.

- A poster competition was run for the Great British Spring Clean and resulted in 57 entries from school children in the district.
- The Council's REACH Awards (Recognising Environmental and Community Heroes) had five categories of winners: Litter Picker of the Year, Junior Litter Picker of the Year, The Green Business Award, The Community Award and the Green School Award.
- We investigated nearly 4,000 environmental protection and crime incidents in 2024/25, such as noise, dog fouling, and fly-tipping, protecting the environment and public health.
- Port Health – The total number of port health interventions in 2024/25 was 11,199, covering interventions for imported food controls, sampling, verification of imported food data and ship inspection activities. This significant increase can be linked in with the need to do more seizures of fresh meat, dairy products, animal by-products and live susceptible animals from Austria, Hungary, Slovakia, and parts of Germany, as a result of Foot & Mouth disease outbreaks. In addition, more checks have also been made on traffic in the tourist lanes. A third factor is the addition of some nighttime operations.

5. Supporting our communities

- DDC's first Community Safety Youth Festival 'IMPACT Fest' saw over 2,150 young people and families attend Pencester Gardens over six hours. The public were able to engage with 13 Community Safety Partners including from Kent & Medway Violence Reduction Team, Kent Police, KCC Family Hub staff, British Transport Police, Network Rail, KFRS, St John Ambulance, the Army and PREVENT team at KCC on the Gaming Bus, along with a host of exciting or creative activities and music from local students at a local school, professional dance acts as well as an epic dance battle where local young people took the opportunity to show off their dance skills. During the event, a free raffle was held with 20 prizes (worth approximately £375) which were either kindly donated or paid for by local businesses. We issued hundreds of bottles of water and snacks to young people and recorded at least 185 meaningful conversations with young people between all Community Safety Partners.
- 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 over 2,500 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 2024/25.
- 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. Although the preparatory work for this started in 2024/25, the implementation will take with effect from Quarter 1, 2025/26.

MEDIUM TERM FINANCIAL PLAN

The Council's Budget 2025/26 and Medium-Term Financial Plan (MTFP) 2025/26– 2028/29 were approved in March 2025. The MTFP covers both revenue and capital budgets for the General Fund and the Housing Revenue Account over a three-year forecasting period. The main features of the MTFP are:

- General Fund budget surplus of £6k for 2025/26
- General Fund balance forecast to be maintained at £1.5m
- Council Tax increase of £6.39 (2.98%) per annum (12p per week), for a Band D property, maintaining the lowest Council Tax in East Kent;
- The 2025/26 budget assumes that the Dover Port Health Authority (DPHA) function will be cost neutral
- The Housing Revenue Account forecasts a surplus of £520k and transfer to the Housing Initiative Reserve, forecast at £17m at the end of 2025/26
- HRA balance to be maintained at £1m for 2025/26
- The current capital programme totals £111.8m is fully funded, the current resources for funding capital and special revenue projects will be largely exhausted by the current programme
- Future capital receipts are expected to come mainly from on-going housing right to buy sales and one-off asset sales, so will not replenish capital funds and will not be sufficient to maintain the current level of activity in the future
- The major projects in the programme are:
 - Dover Beacon Project
 - Major restoration works on Maison Dieu (Dover Town Hall)
 - Future High Street Funding
 - Regeneration Projects
 - Tides Leisure Centre Replacement
 - Deal Pier Repairs
- Significant risks and budget volatility remain for future years.

More detailed information on the Council's Budget for 2025/26 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 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.

DRAFT

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

- to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the 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 2025.

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

Councillor Stacey Blair
Chairman, Governance Committee

Dated:

Dated:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023/24					2024/25		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note No	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
6,594	(3,749)	2,846	Continuing Operations		3,935	(2,269)	1,666
29,805	(21,240)	8,565	Chief Executive		19,538	(11,551)	7,987
63,881	(53,361)	10,519	Environment and Place		67,091	(51,004)	16,087
1,045	(288)	757	Finance, Housing & Assets		1,794	(852)	941
23,612	(23,363)	250	Special Projects		22,663	(25,790)	(3,127)
0	0	0	Local Authority Housing (HRA)		0	0	0
124,938	(102,001)	22,937	Non-distributed Costs		115,022	(91,467)	23,555
			Net Cost of Services				
			Other Operating Expenditure:				
(670)			(Gain) or loss on disposal of fixed assets				(149)
(1,961)			Other Capital Receipts				(112)
3,120			Town and Parish Council Precepts				3,361
88			River Stour Drainage Board Levy				94
0			Payments to the government housing capital receipts pool	23			0
			Financing and Investment Income & Expenditure:				
3,345			Interest payable and similar charges				4,890
(2,793)			Interest receivable and similar income				(2,644)
(1,927)			Investment Property rental income	8			(1,973)
(1,331)			Financial instruments fair valuation adjustments	34			387
687			Changes in the fair value of Investment Properties	8			1,602
1,024			Net Interest on Defined Benefit Liability	34			728
			Taxation & Non-specific Grant Income:				
(11,458)			Council Tax income				(12,086)
				Error ! Reference source not found.			
(4,402)			National Non-Domestic Rates income and expenditure	19			(3,733)
(6,205)			Non-ringfence government grants	19			(5,974)
(12,951)			Capital Grants and Contributions	19			(19,916)
(12,498)			(Surplus) or Deficit on Provision of Services				(11,972)
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
(5,252)			(Surplus) or deficit arising on revaluation of fixed assets	33			16,915

Gross Expenditure £000	2023/24 Gross Income £000	Net Expenditure £000		Note No	Gross Expenditure £000	2024/25 Gross Income £000	Net Expenditure £000
			Continuing Operations				
		(2,536)	Remeasurement of the net defined benefit liability on pension fund assets and liabilities	34			(1,968)
		(7,788)	Other Comprehensive Income & Expenditure				14,947
		(20,287)	Total Comprehensive Income & Expenditure				2,974

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
2023/24									
Balance at 31 March 2023	(1,506)	(51,001)	(1,010)	(16,642)	(15,728)	(3,694)	(89,582)	(289,576)	(379,159)
Movement in reserves									
Total Comprehensive Income and Expenditure	(14,727)	0	2,228	0	0	0	(12,498)	(7,788)	(20,287)
Adjustments between accounting basis and funding basis under regulations (Note 6)	18,693	0	(2,701)	0	(2,738)	(72)	13,181	(13,181)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	3,966	0	(472)	0	(2,738)	(72)	683	(20,970)	(20,287)
Transfer to/(from) reserves (Note 24)	(3,967)	3,967	469	(469)	0	0	0	0	0
Net (Increase)/Decrease in year	(1)	3,967	(3)	469	(2,738)	(72)	3,317	(20,970)	(20,287)
Balance at 31 March 2024 carried forward	(1,507)	(47,034)	(1,014)	(17,111)	(18,467)	(3,766)	(88,898)	(310,546)	(399,445)
2024/25									
Balance at 31 March 2024	(1,507)	(47,034)	(1,014)	(17,111)	(18,467)	(3,766)	(88,898)	(310,546)	(399,445)
Movement in reserves									
Total Comprehensive Income and Expenditure	(11,186)	0	(786)	0	0	0	(11,972)	14,946	2,974
Adjustments between accounting basis and funding basis under regulations (Note 6)	13,738	0	(2,017)	0	951	(758)	11,973	(11,973)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	2,551	0	(2,804)	0	951	(758)	(59)	3,033	2,974

Transfer to/(from) reserves (Note 24)	(2,546)	2,546	2,804	(2,804)	0	0	0	0	0
Net (Increase)/Decrease in year	(6,184)	2,546	0	(2,804)	951	(758)	(59)	3,033	2,974
Balance at 31 March 2025 carried forward	(1,501)	(44,488)	(1,013)	(19,915)	(17,516)	(4,524)	(88,958)	(307,513)	(396,471)

DRAFT

BALANCE SHEET

31 March 2024 £000		Notes	31 March 2025 £000
284,816	Council dwellings		293,030
107,344	Land and buildings		86,392
7,288	Vehicles, plant and equipment		7,570
7,911	Infrastructure assets		7,547
2,879	Community assets		2,828
34,698	Assets under construction		50,149
510	Surplus Assets not Held for Sale		255
445,448	Property, Plant and Equipment	7	447,771
5,261	Heritage assets	9	5,855
24,407	Investment property	8	24,980
132	Intangible assets	7	44
46,535	Long term investments	0	46,149
2,688	Soft loans	13	2,494
711	Long term debtors	26	464
79,733	Long Term Assets		79,986
4	Short term investments	0	4
399	Stocks in hand		344
33,723	Short term debtors	2625	23,115
1,222	Cash and cash equivalents	26	8,195
35,348	Current Assets		31,659
(2,216)	Bank Overdraft	26	0
(43,600)	Short term borrowing	11	(40,481)
(15,432)	Short term creditors	27	(22,702)
(2,003)	Provisions	28	(3,261)
(8,233)	Receipts in advance	29	(10,618)
(71,485)	Current Liabilities		(77,063)
(65,513)	Long term borrowing	11	(62,669)
0	Long term creditors	27	(2)
(3,861)	Capital grants received in advance	31	(6,674)
(20,224)	Pensions liability	16	(16,538)
(89,599)	Long Term Liabilities		(85,883)
399,445	Net Assets		396,471
(1,507)	General Fund balance	23	(1,501)
(1,014)	Housing Revenue Account balance	23	(1,013)
(47,034)	Earmarked reserves	24	(44,488)
(17,111)	Housing Revenue Account reserves	24	(19,915)
(18,467)	Usable capital receipts reserve	22	(17,516)
(3,765)	Capital grants unapplied	30	(4,523)
(88,898)	Reserves Available to Fund Services		(88,958)
(62,181)	Revaluation reserve	33	(45,266)
(272,165)	Capital adjustments account	32	(285,768)
0	Financial instruments revaluation reserve		0
3,471	Pooled investment fund adjustments reserve	14	3,857
809	Financial adjustments account	12	874
(696)	Collection Fund adjustment account- NNDR	18	2,128
(6)	Collection Fund adjustment account- Council tax	17	123
0	Enterprise Zone relief adjustment account	18	0
(2)	Renewable Energy adjustment account	18	0
20,224	Pensions reserve	16	16,538
(310,546)	Reserves Unavailable to Fund Services		(307,513)
(399,445)	Total Reserves		(396,471)

CASH FLOW STATEMENT

2023/24			2024/25	
£000	£000		£000	£000
1,585		Cash & cash equivalents – at 1 April	(995)	
(995)		Cash & cash equivalents – at 31 March	8,195	
	<u>2,580</u>	Net (increase) or decrease in Cash & Cash Equivalents		<u>(9,190)</u>
£000	£000		£000	£000
	(12,498)	Net surplus on Income & Expenditure		(11,972)
		<u>Non-cash transactions:</u>		
(7,083)		Depreciation and amortisation	(6,688)	
(7,171)		Revaluation gains / losses	(9,806)	
670		Carrying amount of non-current assets held for sale, sold or derecognised	149	
1,031		Pension adjustments	1,718	
1,701		Financial instruments adjustments	(477)	
(383)		Provisions	(1,259)	
	(11,234)			(16,363)
		<u>Items on an accrual's basis:</u>		
16		Increase or (decrease) in stock and work in progress	(55)	
(59)		Increase or (decrease) in debtors	(12,670)	
(187)		Increase or (decrease) in long term debtors	(247)	
127		Movement in impairment for bad debts	(135)	
15,787		(Increase) or decrease in creditors	6,025	
274		(Increase) or decrease in receipts in advance	(2,385)	
601		Collection Fund adjustment accounts	(2,956)	
	16,558			(24,474)
		<u>Adjustments re investing and financing activities:</u>		
	14,912	Capital grant contributions and capital receipts		20,028
	7,737	Net Cash Flows from Operating Activities		(32,781)
		<u>Investing activities:</u>		
26,028		Purchase of property, plant, equipment, etc.	37,841	
(126)		Other payments for investing activities	(102)	
(246)		Proceeds from long and short term investments	0	
(4,399)		Proceeds from the sale of non-current assets	(3,227)	
(15,934)		Movement in capital grants	(22,562)	
	5,323	Net Cash Flows from Investing Activities		11,950
		<u>Financing activities:</u>		
(108,720)		Cash receipts of short & long term borrowing	(63,940)	
85,783		Payments of short & long term borrowing	69,905	
12,456		Net movement in Collection Fund cash position	5,676	
	(10,481)	Net Cash Flows from Financing Activities		11,641
	<u>2,580</u>			<u>(9,190)</u>

NOTES TO FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) General

The Statement of Accounts summarises the Authority's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS).

The 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

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 (ie 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.

Accounting for Council Tax and NDR

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

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to revenue for the amount that might not be collected.

(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 2022. Changes to contribution rates as a result of the 31 March 2022 valuation took effect from 1 April 2022.

(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 of the IFRS 16 transition date, which is 1 April 2024. The leases are typically for fixed periods in excess of one year but may have extension options.

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

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

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

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

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

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

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

leases have been valued using market prices or rentals for equivalent land and properties.

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

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

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the 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-minimus level in respect of the recognition of capital expenditure of of £10k. In the case where the individual value of an item, e.g. computer, is below the de-minimus level, but the aggregate value of similar items purchased in the year exceed the de-minimus level, the expenditure may be treated as capital expenditure.

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

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. 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 2025 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 and land and building with a value in excess of £1m which are also 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 & 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 £3.8m 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 8.</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 13.</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 £8.1m to £9.1m.

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.

4. 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.

2023/24	As Reported In Quarterly Budget Monitoring Report £000	Adjustments to Arrive at the Net Amount Chargeable to the GF and HRA Balances £000	Net Expenditure Chargeable to the GF and HRA Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the CIES £000
Chief Executive	2,559	92	2,651	195	557
Environment and Place	6,038	(407)	8,112	453	4,181
Finance, Housing and Assets	14,140	(5,214)	8,926	1,594	12,365
Special Projects	757	0	757	0	757
Local Authority Housing (HRA)	250	(3,235)	(2,985)	3,235	250
Net Cost of Service	26,294	(8,834)	17,460	5,476	22,937
Other Income & Expenditure	(15,003)	1,035	(13,968)	(21,467)	(35,435)
(Surplus) or deficit			3,493	(15,991)	(12,498)
Opening General Fund and Housing Revenue Account Balance 1 April 2023			(70,160)		
Closing General Fund and Housing Revenue Account Balance 31 March 2024			(66,665)		
<u>Made up of:</u>					
General Fund Balance			(1,507)		
Housing Revenue Account Balance			(1,013)		
General Fund Earmarked Reserves			(47,034)		
Housing Revenue Account Earmarked Reserves			(17,111)		
			(66,665)		

2024/25					
	As Reported In Quarterly Budget Monitoring Report £000	Adjustments to Arrive at the Net Amount Chargeable to the GF and HRA Balances £000	Net Expenditure Chargeable to the GF and HRA Balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the CIES £000
Chief Executive	2,799	(764)	2,035	(369)	1,666
Environment and Place	7,132	563	7,695	292	7,987
Finance, Housing and Assets	16,256	(5,047)	11,208	4,878	16,087
Special Projects	962	(22)	941	0	941
Local Authority Housing (HRA)	(3,127)	(3,118)	(6,245)	3,118	(3,127)
Net Cost of Service	24,023	(8,389)	15,634	7,920	23,555
Other Income & Expenditure	(16,645)	760	(15,886)	(19,641)	(35,527)
(Surplus) or deficit			(251)	(11,721)	(11,972)
Opening General Fund and Housing Revenue Account Balance 1 April 2024			(66,665)		
Closing General Fund and Housing Revenue Account Balance 31 March 2025			(66,918)		
<u>Made up of:</u>					
General Fund Balance			(1,501)		
Housing Revenue Account Balance			(1,013)		
General Fund Earmarked Reserves			(44,488)		
Housing Revenue Account Earmarked Reserves			(19,915)		
			(66,918)		

NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustment between funding and account basis

2023/24	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	195	0	0	0	0	195
Environment and Place	434	18		0	0	453
Finance, Housing and Assets	3,338	0	(1,744)	0	0	1,594
Special Projects	0	0	0	0	0	0
Local Authority Housing (HRA)	0	0	(311)	3,546	0	3,235
Net Cost of Service	3,967	18	(2,055)	3,546	0	5,476
Other Income & Expenditure	(670)	(1,720)	1,024	(19,500)	(601)	(21,467)
Total	3,297	(1,701)	(1,031)	(15,955)	(601)	(15,991)

2024/25	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)
Environment and Place	292	0	0	0	0	292
Finance, Housing and Assets	7,007	0	(2,128)	0	0	4,879
Special Projects	0	0	0	0	0	0
Local Authority Housing (HRA)	0	0	(318)	3,436	0	3,118
Net Cost of Service	6,929	0	(2,446)	3,436	0	7,920
Other Income & Expenditure	(149)	477	728	(23,652)	2,956	(19,641)
Total	6,781	477	(1,718)	(20,215)	2,956	(11,721)

5. INCOME AND EXPENDITURE ANALYSED BY NATURE

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

2023/24 (Restate) £000		2024/25 £000
	Expenditure	
24,655	Employee expenses	25,739
2,590	Premises	3,964
217	Transport	170
14,052	Supplies & Services	16,357
15,706	Third Party Payments	17,092
21,722	Housing Benefits	21,861
(2,930)	Support service recharges	(3,521)
7,085	Depreciation, amortisation, impairment	6,688
3,345	Interest payments	4,890
3,208	Precepts and levies	3,455
6,502	Revaluation Loss	8,204
-	Payments to housing capital receipts pool	0
687	Income and expenditure in relation to investment properties and changes in their fair value	1,602
0	Financial instruments fair valuation adjustments	0
1,024	Net Interest on Defined Benefit Liability	728
97,863	Total Expenditure	107,228
	Income	
(33,596)	Fees, Charges & Other Service Income	(38,179)
(39,271)	Grants & Contributions	(40,795)
(670)	Gain on the disposal of assets	(149)
(4,720)	Interest and investment income	(4,617)
(1,331)	Financial instruments fair valuation adjustments	387
(15,861)	Income from council tax, non-domestic rates, district rate income	(15,819)
(14,912)	Other Capital Grants & Receipts	(20,028)
(110,362)	Total Income	(119,201)
(12,498)	Surplus or deficit on the provision of services	(11,972)

6. 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.

2023/24	General Fund Balance & Reserves £000	Housing Revenue Account Balance & Reserves £000	Usable Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustment to the revenue resources						
<i>Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension Costs	904	127	0	0	0	(1,031)
Pooled investment funds	1,331	0	0	0	0	(1,331)
Council tax and NDR	654	0	0	0	0	(654)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure	(5,117)	(6,546)	0	(3,024)	0	14,688
Total adjustments to revenue resources	(2,228)	(6,419)	0	(3,024)	0	11,672
Adjustments between revenue and capital resources						
Transfer of non-current asset sale proceeds from revenue to capital receipts and capital grants and receipts unapplied	(42)	718	(2,203)	0	0	1,527
Transfer of capital grants and contributions to capital receipts	1,960	0	(2,201)	0	0	240
Administrative costs of non-current asset disposals	(6)	0	6	0	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
Capital expenditure financed from revenue balances	5,944	3,001	0	0	0	(8,944)
Total adjustments between revenue and capital resources	7,857	3,719	(4,399)	0	0	(7,178)
Adjustment to capital resources						
Use of capital receipts reserve to finance capital expenditure	0	0	1,660	0	0	(1,660)
Use of the major repairs reserve to finance capital expenditure	0	0	0	3,024	0	(3,024)
Application of capital grants to finance capital expenditure	12,951	0	0	0	(72)	(12,879)
Cash payment in relation to deferred capital receipts	112	0	0	0	0	(112)
Total adjustments to capital resources	13,063	0	1,660	3,024	(72)	(17,675)
Total adjustments	18,693	(2,701)	(2,738)	0	(72)	(13,181)

2024/25

	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
Adjustment to the revenue resources						
<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	(8,386)	(4,813)	0	(3,149)	0	16,347
Total adjustments to revenue resources	(10,197)	(4,626)	0	(3,149)	0	17,972
Adjustments between revenue and capital resources						
Transfer of non-current asset sale proceeds from revenue to capital receipts and capital grants and receipts unapplied	(1,066)	1,232	(2,964)	0	0	2,799
Transfer of capital grants and contributions to capital receipts	111	0	(279)	0	0	167
Administrative costs of non-current asset disposals	(16)	0	16	0	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
	0	0	0	0	0	0
Capital expenditure financed from revenue balances	4,878	1,376	0	0	0	(6,254)
Total adjustments between revenue and capital resources	3,906	2,608	(3,227)	0	0	(3,288)
Adjustment to capital resources						
Use of capital receipts reserve to finance capital expenditure	0	0	4,177	0	0	(4,177)
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	19,915	0	0	0	(758)	(19,518)
Cash payment in relation to deferred capital receipts	112	0	0	0	0	(112)
Total adjustments to capital resources	20,028	0	4,177	3,149	(758)	(26,597)
Total adjustments	13,738	(2,017)	951	0	(758)	(11,913)

7. PROPERTY, PLANT AND EQUIPMENT

Movement on Balances 2023/24	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction (WIP)	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation (Restated)							
At 1 April 2023	284,998	109,203	12,795	2,879	1,531	18,319	429,725
Additions – Expenditure in year	9,191	0	25	0	0	16,811	26,027
Additions–transfer from WIP	432	0	0	0	0	(432)	0
Revaluations recognised in the Revaluation Reserve	0	5,320	0	0	0	0	5,320
Revaluations recognised in the Provision of Services	(9,570)	(5,529)	0	0	0	0	(15,100)
Disposals	(234)	(272)	0	0	(1,021)	0	(1,527)
At 31 March 2024	284,816	108,722	12,820	2,879	510	34,698	444,445
Accumulated Depreciation and Impairment (Restated)							
At 1 April 2023	0	(3,919)	(5,025)	0	0	0	(8,944)
Depreciation charge	(3,024)	(3,094)	(507)	0	0	0	(6,625)
Depreciation written out in the Provision of Services	3,024	9	0	0	0	0	3,033
Depreciation written out recognised in Revaluation Reserve	0	5,627	0	0	0	0	5,627
Subtotal	0	(1,377)	(5,532)	0	0	0	(6,909)
Net Book Value							
At 31 March 2024	284,816	107,344	7,288	2,879	510	34,698	437,536
At 31 March 2023	284,998	105,285	7,772	2,879	1,531	18,319	429,063

Movement on Balances 2024/25	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus Assets	Assets Under Construction (WIP)	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
At 1 April 2024	284,816	108,722	12,820	2,879	510	34,698	444,445
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	(19,476)	0	0	0	0	(19,476)
Revaluations recognised in the Provision of Services	(7,931)	(4,115)	0	0	0	0	(12,045)
Transfers	(2,814)	698	0	0	0	0	(2,116)
Disposals	(876)	(1,765)	(1,499)	(51)	(255)	0	(4,446)
At 31 March 2025	293,030	87,222	12,388	2,828	255	50,149	447,072
Accumulated Depreciation and Impairment							
At 1 April 2024	0	(1,377)	(5,532)	0	0	0	(6,909)
Depreciation charge	(3,118)	(2,266)	(783)	0	0	0	(6,167)
Depreciation written out in Revaluation Reserve	0	2,143	0	0	0	0	2,143
Depreciation written out in the Provision of Services	3,118	543	0	0	0	0	3,661
Disposals	0	92	1,492	0	0	0	1,584
Subtotal	0	(865)	(4,822)	0	0	0	(5,688)
Net Book Value							
At 31 March 2025	293,030	86,355	7,564	2,828	255	50,149	440,182
At 31 March 2024	284,816	107,344	7,288	2,879	510	34,698	437,536

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. From 1 April 2014 assets valued at over £1m are revalued on an annual basis.

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 were valued 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 and Eve.

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

	Council Dwellings	Other land and buildings	Surplus Assets	Total
	£000	£000	£000	£000
Carried at historical cost				
Carried at current value as at				
31 March 25	293,030	50,305	255	343,590
31 March 24	0	32,450	0	32,450
31 March 23	0	1,376	0	1,376
31 March 22	0	1,035	0	1,035
31 March 21	0	2,053	0	2,053
Prior Years	0	0	0	0
Total	293,030	87,222	255	380,505

Infrastructure Asset

	2023/24 £000	2024/25 £000
Opening Net Book Value	8,283	7,911
Additions	0	0
Transfer from WIP	0	0
Depreciation	(372)	(368)
Closing Net Book Value	7,911	7,546

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
Net Book Value at 1 April 24	74	28	103
Additions	0	0	0
Transfer from WIP	0	0	0
Depreciation	(37)	(23)	(60)
Net Book Value at 31 March 25	37	5	42

Reconciliation to Property, Plant and Equipment balance:

	2023/24 £000	2024/25 £000
Infrastructure Assets	7,911	7,546
Right of Use Assets	0	42
Other PPE Assets	437,536	440,182
Total PPE Assets	445,448	447,771

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:

	2023/24 £000	2024/25 £000
Opening Net Book Value	219	131
Additions – transferred from	0	0
Additions – expenditure in year	0	0
Amortisation	(88)	(88)
Closing Net Book Value	131	44

Committed Capital Contracts

At 31 March 2025 the Authority was contractually committed to capital expenditure amounting to £57,616k (31 March 2024 £37,014k) in respect of the following projects:

Project	2023/24 Commitment £000	2024/25 Commitment £000
Dover Market Square Project	308	0
Maison Dieu Restoration	5,020	918
Beacon Enabling Project	551	13,983
Deal Beach Management	45	318
Tides Leisure Centre Replacement	183	1,302
Bus Rapid Transit Route	8,549	1,696
Future High Street Fund – Capital Works	0	1,389
Sandwich Guildhall Forecourt Improvement Works	44	47
Dover Discovery Centre	0	700
Crematorium Project	0	39
Dover Museum Roof Repairs	0	100
Poulton Close housing development	6,366	6,330
Grove Road, Preston housing development	3,145	3,127
Military Road, Dover housing development	1,505	1,856
Mongeham Road, Deal housing development	1,822	1,801
Local Authority Housing Fund	3,782	4,980
Willowbank, Sandwich housing development	5,557	5,536
Easole Street, Nonnington	0	909
Sandwich Road, Sholden	0	1,769
Walters Field, Deal	0	1,428
Albany Place, Dover	0	94
Sholden Meadows, Sholden	0	8,094
Cavell Square, Deal	0	1,200
Total	37,014	57,616

8. 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:

	2023/24 £000	2024/25 £000
Rental income from investment property	1,927	1,973
Direct operating expenses arising from investment property	(735)	(371)
Net gain or (loss)	1,192	1,603

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.

	2023/24 £000	2024/25 £000
Balance at start of the year	25,094	24,407
Additions - Purchases	0	61
Net gain/(loss) from fair value adjustments	(687)	(1,602)
Transfer (to)/from PPE (Change of Use)	0	2,116
Balance at end of year	24,407	24,980

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 (Level 3)	Fair value as at 31 March	Other significant observable inputs (Level 2)	Fair value as at 31 March
	2023/24 £000	2023/24 £000	2024/25 £000	2024/25 £000
Shops and Showroom	2,006	2,006	5,755	5,755
Agricultural Land	313	313	1,789	1,789
Whitfield Court Business Park	4,288	4,288	4,275	4,275
B&Q Retail Warehouse	17,800	17,800	13,162	13,162
Total	24,407	24,407	24,980	24,980

There is a change to the valuation techniques in 2024/25 with the appointment of external valuer.

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

Significant observable inputs – Level 2 (2024/25)

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.

Significant unobservable inputs – Level 3 (2023/24)

The above properties are measured using the income approach, by means of the discounted cash flow method, where the expected cash flows from the properties are discounted (using a market-derived discount rate) to establish the present value of the net income stream. The approach has been developed using the authority's own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows etc.

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

9. HERITAGE ASSETS

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

	At 1 April 2023	Revaluation increases/(decreases) recognized in the revaluation reserve	Revaluation increases/(decreases) recognized in surplus or deficit on the provision of services	At 31 March 2024
	£000	£000	£000	£000
Historic Buildings	580	(68)	(44)	468
Works of Art	68	0	0	68
Museum Collections	1,971	0	0	1,971
Town Hall Artefacts	2,501	0	0	2,501
Memorials and Statues	252	0	0	252
Total	5,372	(68)	(44)	5,261

	At 1 April 2024	Revaluation increases/(decreases) recognized in the revaluation reserve	Revaluation increases/(decreases) recognized in surplus or deficit on the provision of services	At 31 March 2025
	£000	£000	£000	£000
Historic Buildings	468	595	(0)	1,063
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
Total	5,261	595	0	5,855

10. 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.

	2023/24 £000	2024/25 £000
Opening Capital Financing Requirement	144,428	144,733
Capital Investment:		
Plant, property and equipment	25,993	39,508
Investment Property	0	0
Intangible assets	0	0
Revenue expenditure under statute funded by capital	2,480	1,541
Private sector housing loans	45	32
Total Capital Investment	28,518	41,081
Sources of Finance:		
Capital receipts (including Excess Right to Buy Receipts and PSH Loan Receipts)	(1,660)	(4,177)
Capital grants and other contributions	(12,763)	(18,450)
Major repairs reserve	(3,055)	(3,149)
Direct revenue financing/Reserves	(8,945)	(6,254)
Minimum Revenue Provision (MRP)	(1,673)	(1,752)
Section 106 funding	(116)	(708)
Total Financing	(28,212)	(34,491)
Closing Capital Financing Requirement	144,733	151,323
Explanation of movement in year	2023/24 £000	2024/25 £000
Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	306	6,590
Other adjustments	0	0
Increase/(decrease) in Capital Financing Requirement	306	6,590

11. 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:		31 March 2024		31 March 2025	
	Fair Value Level	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Short term Assets					
Amortised cost:					
Notice accounts with Bank and building societies		4	4	4	4
Total Short Term Investments		4	4	4	4
Amortised cost:					
Debtors		8,430	8,430	5,808	5,808
Cash and liquid assets		0	0	309	309
Fair value through profit and loss:					
Money Market funds	1	1,217	1,217	7,886	7,886
Total short term assets		9,651	9,651	14,007	14,007
Long term Assets					

Balance as at:	Fair Value Level	31 March 2024		31 March 2025	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Amortised cost:					
Long Term Debtors		446	446	426	426
Stocks		6	6	6	6
Soft Loans		2,687	2,687	2,494	2,494
Fair value through profit and loss:					
Long Term Investments	1	46,529	46,529	46,142	46,142
Total long term assets		49,668	49,668	49,069	49,069
Total Financial Assets		59,319	59,319	63,076	63,076

Financial Liabilities

Balance as at:	Fair Value Level	31 March 2024		31 March 2025	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Short Term Liabilities					
Amortised cost:					
Bank Overdraft		(2,212)	(2,212)	0	0
Accrued Interest		(302)	(302)	(635)	(635)
PWLB repayments due		(2,685)	(2,685)	(2,772)	(2,772)
Temporary Loan		(40,500)	(40,500)	(37,000)	(37,000)
Lawn Tennis Association Loan		(9)	(9)	(9)	(9)
Salix Loan		(104)	(104)	(65)	(65)
Total Short Term Borrowing		(45,812)	(45,812)	(40,481)	(40,481)
Creditors		(8,015)	(8,015)	(9,960)	(9,960)
Total Short Term Liabilities		(53,827)	(53,827)	(50,441)	(50,441)
Long Term Liabilities					
Amortised cost:					
PWLB – maturity	2	(4,000)	(5,186)	(4,000)	(4,624)
PWLB – Annuity	2	(61,402)	(53,300)	(58,669)	(47,527)
Salix Loan	2	(90)	(90)	(26)	(26)
Lawn Tennis Association Loan	2	(22)	(22)	(13)	(13)
Total Long Term Liabilities		(65,514)	(58,598)	(62,707)	(52,190)
Total Financial Liabilities		(119,341)	(112,425)	(113,148)	(102,631)

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 2025, 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.
- Discount rates for LOBO loans have been reduced to reflect the value of embedded options. The size of the reduction has been calculated using proprietary software.
- 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 24/25	Financial Liabilities at Amortised cost £000	Financial Assets at Amortised Cost £000	Financial Assets at Fair Value Profit & Loss £000	2024/25 £000	2023/24 £000
Interest expense	4,890	0	0	4,890	3,345
Losses from changes in fair value		0	387	387	0
Total Expense in Surplus or Deficit on the Provision of Services	4,890	0	387	5,277	3,345
Interest/dividend income	0	(478)	(2,166)	(2,644)	(2,798)
Gains from changes in fair value	0		0	0	(1,331)
Total Income in Surplus or Deficit on the Provision of Services	0	(478)	(1,780)	(2,632)	(4,124)
Net (gain)/loss for the year	4,890	(478)	(1,780)	(2,632)	(779)

12. 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.

	2023/24 £000	2024/25 £000
Balance at 1 April	1,204	809
Movement during the year		
LOBO premium amortised cost	(25)	(25)
Soft loans	(370)	90
Balance at 31 March	809	874

13. 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.

	2023/24 £000	2024/25 £000
Opening balance	2,443	2,687
Advances in year	29	0
Repayments in year	(155)	(102)
Financial instruments adjustments	370	(90)
Closing balance	2,687	2,494

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.

14. 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.

Pooled Investment Funds Adjustment Account	2023/24 £000	2024/25 £000
Balance at 1 April	4,802	3,471
Fair value movements transferred to/from the General Fund	(1,331)	387
Balance at 31 March	3,471	3,857

15. 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:

Exposure Category	2023/24 £000	2024/25 £000
Treasury Investment	46,535	46,149
Soft Loans	2,688	2,495
Total Credit Risk Exposure	49,223	48,643

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.

The table below summarises the credit risk exposure of the Council's investment portfolio by credit rating

Credit Rating	31 March 2024	31 March 2025
AAA	1,217	7,886

Stocks	6	6
Unrated pooled funds	46,529	46,142
Total Investments	47,752	54,028

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. Due to pressures on the cash flow, the short-term borrowing (under 12 months) exceeded the upper limit of 25% as a result of the postponement of long-term borrowings for projects following increases in interest rates. 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 instruments is as follows:

	2023/24	2024/25
	£000	£000
Cash and cash equivalents	(995)	8,195
Less than 1 year	4	4
More than 1 year	46,535	46,149
Total	45,545	54,348

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% (annualised), . The total forecast interest and dividends income for the year is £2,717k, which is £326k higher than the original budget estimate of £2,391k.

According to this assessment strategy, at 31 March 2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would have been to increase investment income by £1,068k.

The Council paid interest on its long-term borrowings of £2.3m based on an average rate of 3.39%. 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.

16. 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.

	2023/24 £000	2024/25 £000
Balance at 1 April	23,791	20,224
Remeasurements of the net defined benefit (liability)/asset	(2,536)	(1,968)
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	3,959	3,581
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,990)	(5,299)
Balance at 31 March	20,224	16,538

17. COLLECTION FUND ADJUSTMENT ACCOUNT – COUNCIL TAX

	2023/24 £000	2024/25 £000
Balance at 1 April	(45)	(6)
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	39	129
Balance at 31 March	(6)	123

18. COLLECTION FUND ADJUSTMENT ACCOUNT – NNDR

	2023/24 £000	2024/25 £000
Balance at 1 April	(58)	(698)
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	(694)	2,825
Enterprise Zone Relief	54	0
Renewable Energy	(1)	2
Balance at 31 March	(698)	2,128

19. GRANT INCOME

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

Credited to Taxation and Non-Specific Grant Income	2023/24 £000	2024/25 £000
General government grants:		
Revenue Support Grant	388	281
Funding Guarantee	760	1,412
New Homes Bonus	645	345
S31 Grant	4,413	3,937
Total non-specific grant income	6,205	5,974
Capital Grants & Contributions	£000	£000
KCC Better Care Fund	1,486	1,513
Section 106	116	708
Environment Agency	35	270
Homes England	7,615	11,672
MHCLG Future High Streets Fund	167	2,946
Levelling Up Fund	1,693	2,068
Local Authority Housing Fund	1,839	739
Total capital grant contributions	12,951	19,916
Credited to Services	£000	£000
Rent Allowance Subsidy	13,133	13,130
Benefit Administration Grant	109	98
Council Tax Administration Grant	239	230
Non-HRA Rent Rebate Subsidy	695	862
HRA Rent Rebate Subsidy	7,418	7,391
Discretionary Housing Payment Contribution	177	175
NNDR Cost of Collection Allowance	165	165
New Burdens – CTAX	279	0
Homelessness Grant	736	753
Rough Sleeping	649	540
Heritage Lottery	2,410	2,295
DPHA – Officer Meetings	3,624	2,772
Other	1,341	2,401
KCC Contributions	299	741

	2023/24 £000	2024/25 £000
Agency Reimbursements	75	260
Household Support Fund	485	0
Elections New Burdens	40	26
Covid19 Grants Inc. ARF Grant	6	0
Biodiversity Grant	54	32
Land Registry Grant	25	0
Council Tax Rebate	(32)	0
Donations / Sponsorship	112	413
Other Non Govt Grants	88	126
WCCP Projects	414	414
Rechargeable Works	105	51
Energy Bill Support Scheme	(432)	0
Misc Contributions	282	238
Total Credited to Services	32,495	33,112
Total Grant Income	51,651	59,002

20. 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 2024	74	28	103
Additions	0	0	0
Revaluation	0	0	0
Depreciation	(37)	(23)	(60)
Balance at 31 March 2025	37	5	42

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):

	2023/24 £000	2024/25 £000
Less than one year	60	42
One to five years	44	3
Total undiscounted liabilities	104	44

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

There is no property lease out under a finance lease.

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):

	2023/24 £000	2024/25 £000
Less than one year	1,500	1,443
Two to five years	4,684	3,361
More than five years	407	307
Total undiscounted receivables	6,591	5,111

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

21. 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.

2023/24 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	106	3	11	0	120	25	145
Strategic Director (Corporate and Regulatory)	86	3	10	0	99	19	118
Strategic Director (Finance and Housing)	81	3	7	0	91	16	107
Strategic Director (Place and Environment)	81	3	3	0	87	16	103
Head of Community and Digital Services	81	0	8	60	149	13	162
Total	435	12	39	60	546	89	635

2024/25 Post Title	Salary, Fees & Allow- ances	Expens e Allow- ances	Car Allowance (e.g. Benefits in Kind or Cash)	Comp. for Loss of Office	Total Remune- ration Excl. Pension	Pension contrib- utions	Total Remune- ration including pension
	£000	£000	£000	£000	£000	£000	£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
Total	368	12	28	0	408	77	485

Reasons for Change between years 2023-24 to 2024-25

Head of Community and Digital Services – Mid-year leaver in 23/24 and post removed.

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	
	2023/24	2024/25
£50,000-£54,999	15	16
£55,000-£59,999	5	14
£60,000-£64,999	19	14
£65,000-£69,999	10	16
£70,000-£74,999	5	5
£75,000-£79,999	5	7
£80,000-£84,999	1	1
£85,000-£89,999	3	4
£90,000-£94,999	2	2
£95,000-£99,999	2	2
£100,000-£104,999	0	0
£105,000-£109,999	0	1
£110,000-£114,999	0	0
£115,000-£119,999	0	0
£120,000-£124,999	1	0
£125,000-£129,999	0	2
£135,000-£139,999	0	0
£145,000-£149,999	1	0
	69	84

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	2023/24			2024/25		
	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	1	2	26	-	-	-
£20,001 - £40,000	1	-	35	1	-	28
£40,001 - £60,000	-	1	41	1	1	113
£60,001 - £80,000	-	1	60	-	-	-
Total	2	4	162	2	1	141

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

22. 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.

	2023/24 £000	2024/25 £000
Balance at 1 April	(15,728)	(18,467)
Usable capital receipts received	(4,399)	(3,227)
	<u>(20,127)</u>	<u>(21,694)</u>
Less: usable capital receipts applied:		
Expenditure on non-current assets	1,614	4,145
Empty Home Loans	16	32
Private Sector Housing Loans	29	0
Pooled housing capital receipts	0	
Balance at 31 March	<u>(18,467)</u>	<u>(17,516)</u>

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.

23. 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.

24. EARMARKED RESERVES

General Fund Earmarked Reserves:	Opening Balance	Transfer in	Transfer out	Closing Balance
	£000	£000	£000	£000
2023/24				
Special Projects & Events	26,146	1,018	(3,763)	23,401
Periodic Operations	8,205	3,558	(3,887)	7,877
Smoothing Reserve	4,000	0	(510)	3,490
Regeneration	2,791	479	(191)	3,080
ICT Equipment & Servers	1,709	115	(256)	1,568
Business Rates & Council Tax	3,655	55	(811)	2,898
Operational and Fee Income Reserve	4,494	466	(240)	4,721
Total	51,000	5,691	(9,658)	47,034

General Fund Earmarked Reserves:	Opening Balance	Transfer in	Transfer out	Closing Balance
	£000	£000	£000	£000
2024/25				
Special Projects & Events	23,401	1,686	(2,889)	22,197
Periodic Operations	7,877	2,967	(5,169)	5,674
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
Total	47,034	7,013	(9,559)	44,488

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

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

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

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

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

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

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

Housing Revenue Account Earmarked Reserves:	Opening Balance £000	Receipts in year £000	Applied in year £000	Closing Balance £000
Housing Initiatives	16,296	3,619	0	19,915
HRA MRP Allowance	815	0	(815)	0
Major Repairs Reserve	0	3,149	(3,149)	0
Total	17,111	6,768	(3,964)	19,915

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

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

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

25. DEBTORS

Long Term Debtors	31 March 2024 £000	31 March 2025 £000
Loans to:		
Local organisations	0	7
Local Authorities	447	419
Other:		
Housing benefit debtors ¹	265	37
Total	712	464

¹ **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.

Short Term Debtors	31 March 2024 £000	31 March 2025 £000
General Fund		
Central Government	18,597	8,480
Local Authorities	3,758	1,327
Payments in Advance	1,638	2,352
Other debtors	7,717	5,741
Impairment Allowance	(3,096)	(3,231)
	<u>28,615</u>	<u>14,669</u>
Collection Fund		
Local tax payers (district council's share)	6,005	6,010
Central Government	0	2,332
	<u>6,005</u>	<u>8,341</u>
Impairment Allowance	(1,843)	(1,981)
Other Local Authorities – cash due	945	2,086
Total	<u>33,723</u>	<u>23,115</u>

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

Impairment Allowance	Council Tax £000	NDR £000	General Debtors £000	Housing Benefits £000	HRA £000	Total £000
Balance at 31 March 2023	993	671	1,329	1,287	606	4,886
Write-offs	(45)	(29)	64	(65)	(112)	(75)
Contribution to /(from) provision	205	48	(184)	(6)	175	127
Balance at 31 March 2024	1,153	690	1,209	1,216	670	4,938
Write-offs	(66)	(160)	(93)	(112)	(101)	(532)
Contribution to /(from) provision	216	148	504	(37)	(24)	807
Balance at 31 March 2025	1,303	678	1,620	1,067	545	5,213

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 88.

Disclosure Requirements under IAS 32 (Financial Instruments: Presentation)

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

Age of Debt

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

	At 31 March 2024			At 31 March 2025		
Age of debt	General Debtors £000	HRA £000	Total £000	General Debtors £000	HRA £000	Total £000
< 1 month	1,885	281	2,166	852	318	1,170
1 – 3 months	136	123	259	469	82	551
3 – 6 months	83	77	160	239	168	407
6 – 12 months	(42)	211	169	16	329	345
1 year +	323	552	875	487	455	942
Total	2,385	1,244	3,629	2,063	1,352	3,415

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.

26. CASH AND CASH EQUIVALENTS

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

	2023/24 £000	2024/25 £000
Cash held at bank/(Overdraft)	(2,216)	309
Money Market Fund	1,221	7,886
Total Cash and Cash Equivalents	(995)	8,195

27. CREDITORS

Long Term Creditors As at 31 March	2024/25 £000	
Lease Payable	2	
Total	2	
Short Term Creditors As at 31 March	2023/24 £000	2024/25 £000
General Fund		
Government departments	(2,569)	(4,355)
Other local authorities	(1,198)	(5,023)
Housing tenants	(508)	(535)
Other creditors	(7,889)	(8,159)
	(12,164)	(18,072)
Collection Fund		
Government Departments	(2,228)	(3,015)
Local Authorities	(430)	(599)
Local tax payers (DDC's share)	(610)	(1,017)
	(3,268)	(4,630)
Total	(15,432)	(22,702)

28. 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 2024/25 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 £8.02m (2023/24 £4.96m) can be seen within the separate Collection Fund section. The Council's share of the closing provision for 2024/25 is £3.21m.

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

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

Municipal Mutual Insurance

In 1992 the company failed and went into solvent "run-off". If a solvent "run-off" is not achieved the Council is liable to repay sums paid out on its behalf to settle claims. The maximum amount liable to clawback is the total claim payments of £182,782 less £50,000. In 2012/13 the scheme administrator indicated that a levy of between 9.5% and 28% would be required to achieve a projected solvent run off. A provision of 25% of the claim payment was therefore set aside. In 2013/14 the appointed administrators, Ernst & Young, set the amount liable to clawback at 15% and as a result a payment was made to MMI in the sum of £19,917. In 2016/17 another 10% levy (£13,278) was paid, and there may be a further levy of 15%. In 2024/25 the levy was increased to 35%.

	DDC Share of NNDR Appeals £000	2023/24 Municipal Mutual Insurance £000	Total £000	DDC Share of NNDR Appeals £000	2024/25 Municipal Mutual Insurance £000	Total £000
Balance at 1 April	(1,600)	(20)	(1,620)	(1,983)	(20)	(2,003)
Additional provisions made in the period	(933)	0	(933)	(1,600)	(32)	(1,632)
Amounts used during the period	550	0	550	374	0	374
Unused amounts reversed	0	0	0	0	0	0
Balance at 31 March	(1,983)	(20)	(2,003)	(3,209)	(52)	(3,261)

29. RECEIPTS IN ADVANCE

	2023/24 £000	2024/25 £000
As at 31 March		
Government departments	(162)	(239)
Other local authorities	(1,411)	(2,049)
Other	(6,661)	(8,331)
Total	(8,233)	(10,618)

30. 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.

	2023/24 £000	2024/25 £000
Balance at 1 April	(3,695)	(3,766)
Contributions received	(3,325)	(2,522)
Applied to projects	3,253	1,764
Balance at 31 March	(3,766)	(4,523)

31. 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:

	2023/24 £000	2024/25 £000
Future High Street Fund	(1,372)	0
Beacon Enabling	(951)	(5,312)
Homes England – Bus Rapid Transit	(725)	0
Brownfield Land Release	(455)	(395)
Coast Protection	(238)	(238)
Homes England – HRA	0	(729)
Other Grants and Contributions	(119)	0
Balance at 31 March	(3,860)	(6,674)

32. 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.

Capital Adjustment Account	2023/24 £000 (262,307)	2024/25 £000 (272,165)
Balance at 1 April		
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Charges for depreciation and impairment of non-current assets	6,996	6,600
Amortisation of intangible assets	88	88
Revaluation losses on property, plant and equipment	6,591	10,503
Revaluation gains on property, plant and equipment	(107)	(2,299)
Revenue expenditure funded from capital under statute	2,480	1,541
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	1,492	2,799
Adjusting amounts written out of the Revaluation Reserve	0	0
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,660)	(4,177)
Use of the Major Repairs Reserve to finance new capital expenditure	(3,055)	(3,149)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(9,626)	(17,394)
Application of grants to capital financing from the Capital Grants Unapplied Account	(3,253)	(1,764)
Receipt of capital income from long term debtors	240	167
Capital expenditure charged against the General Fund and HRA balances	(5,459)	(3,954)
Capital expenditure charged against Earmarked Reserves	(3,486)	(2,300)
Movements in the market value of Investment Properties debited or credited to the CIES	687	1,602
Loan Repayments Made	(112)	(112)
Prior year adjusting entry	0	0
Minimum Revenue Provision	(1,673)	(1,752)
Balance at 31 March	(272,165)	(285,768)

33. 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.

	2023/24 £000	2023/24 £000	2024/25 £000	2024/25 £000
Balance at 1 April		(56,964)		(62,181)
Revaluation gains	(5,495)		(10,601)	
Revaluation losses/impairments	243		27,516	
Surplus on revaluation of fixed assets		(5,252)		16,915
Historic cost depreciation written out to the capital adjustments account		0		0
(Gain)/Loss on asset sold or scrapped		35		0
Balance at 31 March		(62,181)		(45,266)

34. 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:

	2023/24 £000	2024/25 £000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current service costs	2,818	2,701
Curtailments and past service costs	0	27
Administrative expense	117	125
Net Operating Expenditure		
Net Interest on the Defined Liability	1,024	728
Charge to the Surplus or Deficit on the Provision of Services	3,959	3,581
Other charge to the Comprehensive income and expenditure statement		
Return on plan assets (excluding the amount included in net interest expense)	(1,337)	(2,366)
Actuarial gains and losses arising on changes in demographic assumptions	2,184	403
Actuarial gains and losses arising on changes in financial assumptions	2,153	17,849
Experience loss/(gain) on defined benefit obligation	(464)	348
Changes in impact of asset ceiling	0	(14,266)
Re-measurement of the net defined benefit liability	2,536	1,968
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS 19	(3,959)	(3,581)
Actual amount charged to the General Fund for pensions in the year:		
Employer's contributions payable to scheme	4,990	5,299
Contribution (From) or To Pensions Reserve	1,031	1,718

Pension Assets and liabilities recognised in the Balance Sheet

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

Liabilities	2023/24	2024/25
Opening balance at 1 April	153,229	152,014
Current service costs	2,818	2,701
Interest cost	7,181	7,430
Change in financial assumptions	(2,153)	(17,849)
Change in demographic assumptions	(2,184)	(403)
Experience loss/(gain) on defined benefit obligation	464	(348)
Liabilities assumed / (extinguished on settlement)	0	0
Benefits paid net of transfers in	(7,817)	(8,269)
Past service costs, including curtailments	0	27
Contributions by scheme participants	1,071	1,126
Unfunded pension payments	(595)	(617)
Closing balance at 31 March	152,014	135,812

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:

Assets	2023/24	2024/25
Opening balance at 1 April	129,438	131,790
Interest on assets	6,157	6,702
Return on assets less interest	(1,337)	(2,366)
Other actuarial gains / (losses)	0	0
Administration expenses	(117)	(125)
Contributions by employer including unfunded	4,990	5,299
Contributions by scheme participants	1,071	1,126
Estimated benefits paid plus unfunded net of transfers in	(8,412)	(8,886)
Settlement prices received / (paid)	0	0
Closing balance at 31 March	131,790	133,540

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:

	2023/24 £000	2024/25 £000
Present value of funded obligation	146,278	130,803
Fair value of scheme assets (bid value)	(131,790)	(133,540)
Sub-total	14,488	(2,737)
Impact of asset ceiling	0	14,266
Present value of unfunded obligation	5,736	5,009
Net Liability arising from defined benefit obligation	20,224	16,538

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:

Surplus or Deficit	2023/24 £000	2024/25 £000
Opening balance at 1 April	(23,791)	(20,224)
Current service costs	(2,818)	(2,728)
Past service costs and curtailments	0	0
Employer's contributions	4,990	5,299
Administrative expenses	(117)	(125)
Capitalised loss on settlement	0	0
Remeasurement of net defined benefit liability	2,536	1,968
Interest on net defined benefit liability	(1,024)	(728)
Closing balance at 31 March	(20,224)	(16,538)

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-24		31-Mar-25	
	Fund Value £000	Percentage of Fund %	Fund Value £000	Percentage of Fund %
Equities	76,667	58	76,044	57
Gilts	9,656	7	7,916	6
Bonds	18,976	14	19,851	15
Property	11,824	9	10,935	8
Cash	2,099	2	5,281	4
Absolute return	6,659	5	6,821	5
Infrastructure	5,909	4	6,692	5
Total	131,790	100	133,540	100

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	2023/24		2024/25	
	% Quoted	% Unquoted	% Quoted	% Unquoted
Fixed Interest Government Securities				
UK	-	-	-	-
Overseas	0	-	0	-
Index Linked Government Securities				
UK	7	-	6	-
Overseas	-	-	-	-
Corporate Bonds				
UK	4	-	4	-
Overseas	11	-	10	-
Equities				
UK	16	-	11	-
Overseas	38	-	41	-
Property				
All	-	9	-	8
Others				
Absolute return portfolio	5	-	5	-
Private Equity	-	5	-	5
Infrastructure	-	4	-	5
Derivatives	-	(2)	-	0
Cash/Temporary Investments	-	3	-	4
Net Current Assets				
Debtors	-	1	-	-
Creditors	-	(0)	-	-
Total	80	20	78	22

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:

	2023/24	2024/25
Life expectancy from age 65 (years)		
Retiring Today		
Men	20.8	20.7

Women	23.3	23.3
Retiring in 20 years		
Men	22.0	22.0
Women	24.7	24.7
Rate of inflation – CPI	3.25%	3.20%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	4.90%	5.80%

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

	£000	£000	£000	£000	£000
Adjustment to discount rate:	+0.5%	+1.0%	0.0%	-1.0%	-0.5%
Present value of total obligation	127,628	134,103	135,812	137,559	144,955
Projected service cost	1,709	1,983	2,057	2,134	2,465
Adjustment to long term salary increase:	+0.5%	+1.0%	0.0%	-1.0%	-0.5%
Present value of total obligation	136,547	135,957	135,812	135,668	135,103
Projected service cost	2,057	2,057	2,057	2,057	2,057
Adjustment to pension increases and deferred revaluation:	+0.5%	+1.0%	0.0%	-1.0%	-0.5%
Present value of total obligation	144,445	137,462	135,812	134,197	128,081
Projected service cost	2,481	2,137	2,057	1,980	1,695
Adjustment to life expectancy assumption:		+1 year	None	-1 year	
Present value of total obligation		141,431	135,812	130,447	
Projected service cost		2,137	2,057	1,979	

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 (58% of scheme assets) and bonds (14%). The scheme also invests in properties as part of the diversification of the scheme's investments and comprises 9% 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 2025, with the most recent valuation completing on 31st March 2022.

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.

Projection for the year to 31 March	Year to 31 Mar 25 £000	Year to 31 Mar 26 £000
Service cost	2,679	2,057
Net interest on the defined liability (asset)	869	807
Administration expenses	115	122
Total loss/(profit)	3,663	2,986
Employer's contributions	4,435	4,686

The weighted average duration of the defined benefit obligation for scheme members is 14 years 2024/25 (15 years 2023/24).

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.

35. 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). Grant receipts outstanding at 31 March are shown in Note 19.

Members

Members of the council have direct control over the council's financial and operating policies.199 The total of members' allowances paid in 2024/25 is shown in Note 36. 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 2024/25, 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
Alyesham and District Community Workshop Trust	£41,680	£40,000 Rural Fund Grant and £1,680 Cost-of-Living Impact Fund Grant to the Trust. One Member is the Chairman of this Trust.
R.K. Graphics Ltd	£1,120	This company is owned by a Member and supplied sign works to DDC.
Dover Rugby Football Club	£12,600	Annual Maintenance Grounds Grant to the Club. A son of a Member plays at this Club.
Martha Trust	£441	Cost-of-Living Community Impact Fund Grant to the Trust. One Member is Trustee of this Trust.
Samphire Charity	£1,000	Payment to the Charity for training session and Cost-of-Living Community Impact Fund Grant. One Member is Director of the Charity.
Dover & Deal Citizen Advice Bureau	£174,100	Household Support Fund Grant and Annual DDC Grant. One Member is committee member of CAB
SW Kenton and Son	£20,000	Rural England Prosperity Fund Grant to the company. A Member is the owner of this company.

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

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 2024/25, other than those disclosed in note 21.

36. MEMBERS' ALLOWANCES

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

	2023/24 £000	2024/25 £000
Basic Allowance	162	160
Special Responsibility Allowance	97	87
Expenses	7	3
Total	266	250

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)

37. 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:

	2023/24 £000	2024/25 £000
Fees payable to Grant Thornton with regard to external audit services carried out by the appointed auditor for the year	163	187
Fees payable to Grant Thornton in respect of other services provided for the year	55	109
Total	218	296

38. CONTINGENT LIABILITIES

Private Finance Initiative

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

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

Municipal Mutual Insurance (MMI)

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

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

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

Civica UK Ltd Pension Deficit

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

Rent Deposit Scheme

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

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.'

39. EVENTS AFTER THE BALANCE SHEET DATE

The statement of accounts was authorised for issue by the Head of Finance and Investment on 31 July 2025. 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 2025, 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.

40. 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 2024/25 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.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2023/24

2024/25

Business Rates £000	Council Tax £000	Total £000		Business Rates £000	Council Tax £000	Total £000
			Income			
			Council tax:			
0	(87,642)	(87,642)	Billed to Council Tax payers	0	(93,445)	(93,445)
0	0	0	Grants Receivable	0	0	0
			National Non-domestic rates:			
(47,724)	0	(47,724)	Billed to NNDR payers	(52,061)	0	(52,061)
(4,916)	0	(4,916)	Transitional Protection Payments	(1,021)	0	(1,021)
(565)	0	(565)	Contribution towards previous year's deficit	0	0	0
(53,205)	(87,642)	(140,847)	Total Income	(53,082)	(93,445)	(146,527)
			Expenditure			
			Precepts, Demands & Shares:			
24,831	0	24,831	Central Government	26,567	0	26,567
4,470	61,625	66,095	Kent County Council	4,782	66,329	71,111
0	9,768	9,768	Police & Crime Commissioner for Kent	0	10,547	10,547
497	3,506	4,003	Kent & Medway Fire & Rescue Authority	531	3,703	4,234
19,865	8,377	28,242	Dover District Council	21,254	8,854	30,108
0	3,120	3,120	Town and Parish Councils	0	3,361	3,361
49,663	86,396	136,059		53,135	92,794	145,929
			Renewable Energy Retained			
580	0	580	Dover District Council	623	0	623
580	0	580		623	0	623
			Charges to the Collection Fund:			
0	199	199	Write-offs of Uncollectable Amounts	0	402	402
119	1,338	1,457	Increase/(decrease) in Bad Debt provis'n	370	1,238	1,608
957	0	957	Increase/(decrease) in Appeals provision	3,066	0	3,066
165	0	165	Cost of Collection Allowance	165	0	165
0	0	0	Contribution towards previous year's surplus	2,786	0	2,786
1,241	1,537	2,778		6,387	1,640	8,027
			Transitional Protection Payments			
0	0	0		0	0	0
51,484	87,933	139,417	Total Expenditure	60,145	94,434	154,579
			(Surplus) or Deficit for the Year	7,062	989	8,051
(1,721)	291	(1,430)	Balance brought forward at 1 April	(1,729)	(45)	(1,774)
(8)	(336)	(344)	Balance Carried Forward at 31 March	5,333	944	6,277
(1,729)	(45)	(1,774)				

NOTES TO THE COLLECTION FUND ACCOUNTS

1. COUNCIL TAX

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

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

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

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

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

Precepts

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

Preceptor	2023/24 Precept £000	2023/24 Surplus £000	2023/24 Total £000	2024/25 Precept £000	2024/25 Surplus £000	2024/25 Total £000
Kent County Council	61,330	295	61,625	65,841	488	66,329
Police and Crime Commissioner for Kent	9,720	48	9,768	10,470	77	10,547
Kent and Medway Fire & Rescue Authority	3,490	16	3,506	3,675	28	3,703
Dover District Council	8,321	55	8,376	8,763	91	8,854
	82,861	414	83,275	88,749	684	89,433
Parish councils	3,120	0	3,120	3,361	0	3,361
Total Demand on the Collection Fund	85,981	414	86,395	92,110	684	92,794

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	2023/24			2024/25		
	Estimated no. of Properties	Multiplier	Band D Equivalent Dwellings	Estimated no. of Properties	Multiplier	Band D Equivalent Dwellings
Disabled A	5.82	5/9ths	3.23	6.02	5/9ths	3.34
A	4,089.08	6/9ths	2,726.05	4,238.86	6/9ths	2,825.91
B	12,728.65	7/9ths	9,900.06	12,909.07	7/9ths	10,040.39
C	11,989.70	8/9ths	10,657.51	10,135.81	8/9ths	9,009.61
D	6,683.20	9/9ths	6,683.20	6,894.71	9/9ths	6,894.71
E	4,149.67	11/9ths	5,071.82	4,227.83	11/9ths	5,167.35
F	2,351.53	13/9ths	3,396.65	3,623.34	13/9ths	5,233.71
G	1,430.91	15/9ths	2,384.85	1,455.69	15/9ths	2,426.15
H	56.50	18/9ths	113.00	53.75	18/9ths	107.50
	43,485.06		40,936.37	43,545.08		41,708.67
Estimated Collection Rate			97.65%			98.00%
Council Tax Base			39,974.37			40,874.50

Band D Council Tax

	2023/24 £	2024/25 £
Kent County Council	1,534.23	1,610.82
Police and Crime Commissioner for Kent	243.15	256.15
Kent and Medway Fire & Rescue Authority	87.30	89.91
Dover District Council	208.17	214.38
	2,072.85	2,171.26
Parish councils (average)	78.06	82.23
Total	2,150.91	2,253.49

This basic amount of council tax for a Band D property of £2,253.49 for 2024/25 (£2,150.91 for 2023/24) is multiplied by the proportion specified within the Local Government Finance Act 1992 for the particular band to give an individual amount due.

In addition to this, special expenses are charged specifically in relation to the precepts of parish councils.

2. NATIONAL NON-DOMESTIC RATES (NNDR)

Non-domestic rates are set on a national basis, but the Council is responsible for collecting rates due from the ratepayers in its area. The Government specifies an amount of 'rate poundage' of 54.6p for standard and large businesses (known as standard multiplier) or 49.9p for small businesses (known as small business multiplier), the rate of the standard multiplier had an increase from 51.2p the year before to 54.6p in line with CPI inflation. The small business multiplier has remained frozen since 2020/21. The local businesses pay rates calculated by multiplying their rateable value by the relevant multiplier amounts.

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

However, from April 2013 the Ministry of Housing, Communities and Local Government has calculated a tariff payable by the billing authority (Dover District Council) that reduces its retained funding significantly from the 40% share. There is also a separate calculation of a pre-determined baseline need for the billing authority. Further arrangements to limit the loss of income to the billing authority (or restrict the retention of income above the baseline need) result in safety net payments from Government (or levy payments to it). Dover was in a levy position for 2024/25 and will pay £1,108k on growth above its 'baseline need' level determined by Government, being 50% of the growth achieved. Similar arrangements exist for the other major preceptors. Tariff, levy and safety net calculations form part of the Core Statements but are not shown in the collection fund itself.

Dover is a 'shadow' member of the Kent-wide business rates pool in 2024/25 and receives a portion of its levy back as a saving, as if it was a full pool member, on the basis that Kent authorities were entitled to leave and join the pool freely in any year. Dover has continued to be given 'shadow' status for pooling calculations to avoid the need for formal dissolution and reconstitution of the pool by permission of MHCLG. In practice, a small element of 'contingency' within the pool is used to refund 60% of DDC's deemed levy saving, calculated as if it was a pool member paying a much lower levy rate, circa 3%. Half of the saving is for DDC's use at its own discretion, half requires KCC approval of proposed projects. This means that DDC will receive £612k back from the pool for 24-25.

The NNDR income, after reliefs, of £52.061m for 2024/25 (£47.724m for 2023/24), was based on the total rateable value for the Council's area, which at the year-end was £129.446m (£129.443m in 2023/24). 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:

Preceptor	2023/24 Precept £000	2023/24 Deficit £000	2023/24 Total £000	2024/25 Precept £000	2024/25 Surplus £000	2024/25 Total £000
Kent County Council	4,470	(51)	4,419	4,782	251	5,033
Kent and Medway Fire & Rescue Authority	496	(6)	490	531	28	559
Dover District Council	19,865	(226)	19,639	21,254	1,114	22,368
	24,831	(283)	24,548	26,567	1,393	27,960
Central Government	24,831	(283)	24,548	26,567	1,393	27,960
Total Demand on the Collection Fund	49,662	(566)	49,096	53,134	2,786	55,920

3. IMPAIRMENT ALLOWANCE

	Council Tax £000	2023/24 NNDR £000	Total £000	Council Tax £000	2024/25 NNDR £000	Total £000
Balance at 1 April	7,323	1,678	9,001	8,661	1,726	10,387
Write-Offs	(200)	(71)	(271)	(402)	(400)	(802)
Contribution to/(from) Provision	1,538	119	1,657	1,640	370	2,010
Balance at 31 March	8,661	1,726	10,387	9,899	1,696	11,595

4. COLLECTION FUND SURPLUSES AND DEFICITS

Council Tax

The District Council was required to estimate by 15 January 2023 the amount of the surplus or deficit on the Collection Fund for the financial year in respect of council tax. Where a surplus is estimated, it is to be shared in the following year between the District Council, Kent County Council, The Police and Crime Commissioner for Kent, and Kent and Medway Fire & Rescue Authority in proportion to their respective precepts. The Council Tax Collection Fund balance for 2024/25 was showing a deficit of £944k (23/24 £45k Surplus). This deficit will be recovered over future years. However, the closing balance, estimated in January 2025, as required under legislation, suggested that a surplus of £241k might be realised (DDC's share £32k or 13.20%). This £241k is due to be paid to the Preceptors during 2025/26 and this therefore means that the £703k deficit (£944k less the £241k) will form part of the surplus / deficit estimate that will be calculated in January 2026.

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 2023 £000	Movement in Year £000	Surplus at 31 March 2024 £000	Movement in Year £000	Surplus at 31 March 2025 £000
Kent County Council	(239)	207	(32)	707	675
Police and Crime Commissioner for Kent	(38)	33	(5)	113	108
Kent & Medway Fire & Rescue Authority	(14)	12	(2)	40	38
Dover District Council	(45)	39	(6)	129	123
Total	(336)	291	(45)	989	944

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 2024/25 is a deficit of £5,333k– this will be the opening Collection Fund balance for 2025/26.

The proportionate shares (prescribed by legislation) of the actual collection fund deficit for non-domestic rates are shown below. The closing deficit balance of £5,333k at 31 March 2025 is split as follows:

	Proportionate Shares 23/24	Proportionate Shares 24/25	Surplus at 31 March 2024 £000	Movement in Year £000	Surplus at 31 March 2025 £000
Central Government	50%	50%	(865)	3,532	2,667
Kent County Council	9%	9%	(155)	635	480
Kent & Medway Fire & Rescue Authority	1%	1%	(17)	70	53
Dover District Council	40%	40%	(692)	2,825	2,133
Total	100%	100%	(1,729)	7,062	5,333

5. ALLOCATION OF ARREARS, PREPAYMENTS AND OTHER BALANCES

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

	KCC £000	PCKK £000	KMFR £000	DDC £000	Gov't £000	Total £000
Council Tax:						
Council tax arrears	8,634	1,368	491	1,611	0	12,104
Council tax provision for bad debts	(6,178)	(979)	(351)	(1,153)	0	(8,661)
Council tax overpayments & prepayments	(1,645)	(261)	(94)	(307)	0	(2,307)
Council tax cash	(779)	(123)	(44)	(145)	0	(1,091)
Collection Fund surplus	(32)	(5)	(2)	(6)	0	(45)
	0	0	0	0	0	0
Business Rates (NNDR):						
NNDR arrears	434	0	48	1,930	2,412	4,824
NNDR provision for bad debts	(155)	0	(17)	(690)	(863)	(1,725)
NNDR provision for appeals	(446)	0	(50)	(1,983)	(2,478)	(4,957)
NNDR overpayments & prepayments	(68)	0	(8)	(303)	(379)	(758)
NNDR cash	80	0	10	354	443	887
Collection Fund surplus	155	0	17	692	865	1,729
Total	0	0	0	0	0	0

	KCC £000	PCKK £000	KMFR £000	DDC £000	Gov't £000	Total £000
Council Tax:						
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 surplus	675	108	38	123	0	944
	0	0	0	0	0	0
Business Rates (NNDR):						
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	1,075	0	118	4,774	5,970	11,937
Collection Fund deficit	(480)	0	(53)	(2,133)	(2,667)	(5,333)
Total	0	0	0	0	0	0

6. APPEALS PROVISIONS

The Collection Fund includes a prudent provision for appeals, as required under legislation. The 2017 list of outstanding appeals had a provision of £2.6m at the start of the 2024/25 year, during the year there were refunds and reductions of £0.75m in the 2017 list. It was recognised that several larger value refunds were approved in early 2025/26 by the Valuation Office and so an increase in the provision of £1m was included leading to the provision for the 2017 list to increase slightly to £2.9m as at 31 March 2025.

In accordance with other Kent Authorities, the appeals provision against the 2023 valuation list is based on an estimate of 2.1p per £1 of Rateable Value. This is a national rate that Central Government used when re-calculating tariffs payable by local authorities under the 2023 valuation. It represents the average annual decrease in RV expected across the period of the 2023 valuation. During the year there were refunds and reductions of £0.18m in the 2023 list. An increase in the appeal provision for the 2023 list of £3m led to a closing total provision for both lists of £8.02m as at 31 March 2025.

	2023/24 £000	2024/25 £000
Provided against 2017 valuation appeals	2,625	2,873
Provision for 2023 valuation appeals	2,332	5,150
Total	4,957	8,023

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

2023/24 £000		Note	2024/25 £000
	Income		
(21,820)	Dwelling rents	9	(23,906)
(41)	Non-dwelling rents		0
(964)	Tenant charges for services and facilities		(1,079)
(425)	Leaseholder charges for services and facilities		(802)
23,250	Total Income		(25,787)
	Expenditure		
6,926	Repairs and maintenance		6,761
5,468	Supervision and management		2,354
177	Rent, rates, taxes and other charges		74
3,055	Depreciation and impairment of fixed assets	5	3,149
6,546	Exceptional Item – revaluation loss	8	4,813
35	Debt management expenses		27
64	Increase/(Decrease) in impairment of debtors	11	(125)
22,271	Total Expenditure		17,052
	Net Cost of Services Included in the Whole Authority		
(980)	Comprehensive Income and Expenditure Statement		(8,735)
1,208	HRA share of corporate and democratic core		5,608
	HRA share of other amounts included in the whole authority		
	net expenditure of continuing operations but not allocated to		
21	specific services		0
249	Net Cost of HRA Services		(3,127))
(718)	(Gain) or loss on sales of HRA non-current assets		(1,232)
2,522	Interest payable and similar charges		3,459
(9)	Interest and investment income		(17)
184	Net Interest on Defined Benefit Liability	12	131
2,228	(Surplus) or Deficit for the year on HRA Services		(786)

MOVEMENT IN THE HOUSING REVENUE ACCOUNT STATEMENT

2023/24		2024/25	
£000		£000	£000
<u>(1,010)</u>	Balance on the HRA at the end of the previous year		<u>(1,014)</u>
2,228	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement		(786)
	Adjustments between Accounting Basis and Funding under Statute:		
(6,546)	Diff between other income and expenditure in accordance with the Guidance	(4,813)	
		1,232	
718	Gain on disposal of non-current assets		
127	Net charges made for retirement benefits	187	
3,001	Capital expenditure funded by the HRA	1,376	
<u>(473)</u>	Net (increase) / decrease before transfers to reserves	<u>(2,804)</u>	
468	Transfers to/(from) earmarked reserves (note 4)		2,804
(3)	(Increase) or decrease in year on the HRA Balance		0
<u>(1,014)</u>	Balance on the HRA at the End of the Current Year		<u>1,013</u>

NOTES TO THE HOUSING REVENUE ACCOUNT

1. NUMBER AND TYPES OF DWELLING

Movement in Housing Stock 2024/25

	Stock at 1 April 2024	Sales	Acquisitions	Stock at 31 March 2025
Houses/bungalows	2,675	13	43	2,705
Flats	1,729	1	3	1,731
Shared Ownership	34	1	10	43
Total	4,438	15	56	4,479

Breakdown of % owned by Dover District Council for Shared Ownership stock 2024/25

Number of Properties	% Owned by Dover District Council
2	25%
2	30%
1	35%
3	40%
6	50%
18	60%
1	75%
10	100%
43	Total

Total Value of Assets

	2023/24 £000	2024/25 £000
Dwellings	284,816	293,030
Other land and buildings	54	361
Equipment	375	337
Investment properties	0	0
Assets under construction	1,039	802
	286,284	294,530

2. HOUSING STOCK

The vacant possession value of dwellings within the Authority's HRA as at 31 March 2025 was £887m (£848m as at 31 March 2024). 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.

	2023/24 £000	2024/25 £000
Balance as at 1 April	0	0
Major Repairs Allowance:		
Depreciation	(3,024)	(3,149)
Voluntary Excess Depreciation charge to HRA	3,024	
Transfer from reserve for capital expenditure		3,149
Balance at 31 March	0	0

4. EARMARKED RESERVES

The Housing Initiatives Reserve has been established to provide a source of funding in respect of affordable housing. The MRP Allowance had been established to set aside a provision to be applied to reduce future borrowing requirements however this is no longer needed following the change in treatment of the PWLB loan .

	Housing Initiatives Reserve	HRA MRP Allowance	Total
	£000	£000	£000
Balance as at 31st March 2024	(16,296)	(815)	(17,111)
Transfer between reserves	(815)	815	0
Contribution to HIR	(2,804)	0	(2,804)
Balance as at 31st March 2025	(19,915)	0	(19,915)

5. DEPRECIATION AND AMORTISATION

The Housing Revenue Account includes a charge for depreciation of non-current assets and amortisation of intangible assets of £3,342K (£3,055k at 31 March 2024) as detailed below.

	2023/24 £000	2024/25 £000
Council dwellings	3,024	3,118
Equipment	31	31
Total	3,055	3,149

6. SUMMARY OF CAPITAL EXPENDITURE

	2023/24 £000	2024/25 £000
Capital expenditure:		
Dwellings	4,174	14,966
Other Land & Buildings	6,056	4,510
Equipment	0	0
Total	10,230	19,477
Financed by:		
Funded by HRA	(3,093)	(1,376)
Borrowing	(1,003)	(7,982)

Transfer from Major Repairs Reserve	(3,024)	(3,134)
Excess RTB Receipts	(576)	(827)
Grant & S106 Contribution	(2,534)	(6,158)
Capital Receipts	0	
	(10,230)	(19,477)

7. **SUMMARY OF CAPITAL RECEIPTS**

	2023/24 £000	2024/25 £000
Receipts from sales during the year:		
Dwelling sales	(2,203)	(2,964)
Amount pooled to Government	0	0
	(2,203)	(2,964)

8. **REVALUATION LOSS ON HRA STOCK**

The total value of the HRA stock has decreased from 2023/24 to 2024/25 (see note 2), even though we acquired 56 properties in 2024/25. The revaluation loss of £4.8m is attributable to a revaluation of all HRA stock by own in-house valuer.

9. **RENT OF DWELLINGS**

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

The average weekly rent at 31 March 2025 was £104.12 compared with £96.77 at 31 March 2024.

10. **RENT ARREARS**

The position for rent arrears is shown below:

31 March 2024			31 March 2025		
Former Tenant Arrears	Current Tenant Arrears	Total Rent Arrears	Former Tenant Arrears	Current Tenant Arrears	Total Rent Arrears
£000	£000	£000	£000	£000	£000
133	263	396	118	307	425

Total rent arrears increased by £29k since March 2024. 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 large debt. This should be a cashflow issue rather than a significant increase in debt.

The implementation of a new payment system in November 2024 also created issues which took some time to resolve. The rents team continue to work hard to deal with issues on behalf of tenants and recover arrears.

11. **IMPAIRMENT ALLOWANCE**

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

	2023/24 £000	2024/25 £000
Balance brought forward as at 1 April	607	670
Contribution to/(from) provision	175	125
Less amounts written off	(112)	(101)
Balance carried forward at 31 March	670	694

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:

	2023/24 £000	2024/25 £000
HRA Income and Expenditure Statement		
Cost of Services		
Curtailments and past service costs	0	5
Administrative expense	21	23
Net Operating Expenditure	184	131
Net Interest on the Defined Liability (Asset)		
Charge to the Surplus or Deficit on the Provision of Services	205	158
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS 19	(205)	(158)
Actual amount charged to the HRA for pensions in the year:	225	345
Employers' contributions payable to scheme		
Contribution (From) or To Pensions Reserve	(20)	187

CHARITIES ADMINISTERED BY DOVER DISTRICT COUNCIL

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

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

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

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

SIR ERNEST BRUCE CHARLES

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

	2023/24 £	2024/25 £
Income	1,464	1,281
Expenditure	0	0
Surplus or (deficit) for year	1,464	1,281
Fund balance at 1 April	66,535	67,999
Fund balance at 31 March	67,999	69,280
Represented by:		
Investments	67,999	69,280
	67,999	69,280

THE SALTER COLLECTION CHARITY

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

	2023/24	2024/25
	£	£
Income	1,264	2,326
Expenditure	0	0
Surplus or (deficit) for year	1,264	2,326
Fund balance at 1 April	272,135	273,399
Fund balance at 31 March	273,399	275,725
Represented by:		
Collection	180,000	180,000
Investment	93,399	96,725
	273,399	275,725

CHARITY OF FREDERICK FRANKLIN FOR A PUBLIC PARK

	2023/24	2024/25
	£	£
Income	2,404	4,423
Expenditure	0	0
Surplus or (deficit) for year	2,404	4,423
Fund balance at 1 April	498,999	501,403
Revaluation Gain / (Loss)	0	0
Fund balance at 31 March	501,403	505,826
Represented by:		
Land and other buildings	323,822	323,822
Investment	179,732	182,004
Creditor	(2,151)	0
	501,403	505,826

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).

DRAFT