



**Statement
Of
Accounts**

2022/23

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NARRATIVE REPORT

1. INTRODUCTION

This Narrative Report provides an overview of the Council, its year-end position at 31 March 2023, a review of the financial year 2022/23 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:

"Secure a prosperous future for the Dover district, which will be a place where people want to live, work, invest and visit."

The following strategic priorities have been identified to achieve our vision:

1. Thriving Economy
2. Clean, Green and Safe Environment
3. Healthier People and Communities
4. Smarter Council.

Under each priority area are actions that we will be focussing on over the term of the Corporate Plan. Underpinning all of our activities will be the wish to improve health and wellbeing, and quality of life, for our residents.

3. OVERVIEW OF DOVER DISTRICT

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

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

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

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

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

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

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

4. THE COUNCIL

The Dover District is part of a "two-tier" system of local government with responsibility for services divided between the district and county council. However, this term is misleading, as the district also has a "third-tier" – the Town and Parish Councils. These also have elected representatives and between them cover the entire district – there are 32 parish councils and three town councils in the Dover District.

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

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. Following an agreed electoral boundary change of the number of elected members by the Local Government Boundary Commission for England (LGBCE), there are currently 17 electoral wards in the Dover District. The District council elections are held every four years and will be held next in May 2023. 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 as a whole. All meetings of our Cabinet are open to the public.

The Council also has two Overview and Scrutiny Committees 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 a full time appointment and is appointed by the whole Council. The Management Team is responsible for managing the activities of our staff and for advising councillors on the potential implications of political decisions.

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 2022/23. The Code is based on a hierarchy of approved accounting standards. There have been very few changes to the presentation of the accounts for 2022/23, with only IFRS 9 Financial Instruments affecting this Council.

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 20)**

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

- **Core Financial Statements (page 21 to 24)**

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

- **Comprehensive Income and Expenditure Statement – CIES (page 21)**

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 22)**

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 23)**

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 24)**

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 25 to 78)**

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 79 to 94)**

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

- **Collection Fund (pages 79 to 86)**

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 87 to 92)**

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 93 to 94)**

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

- **Independent Auditors' Report (page 95)**

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 2022/23 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 Tax payers 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 2022 the Council approved the 2022/23 budget, forecasting a deficit of £37k. During the year the forecast budget deficit was increased to £762k. Overall the year-end position resulted in a £27k surplus for the year, which is £789k more than the forecast position.

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>2021/22</u> <u>Actual</u> £000		<u>2022/23</u> <u>Original</u> <u>Budget</u> £000	<u>2022/23</u> <u>Revised</u> <u>Budget</u> £000	<u>2022/23</u> <u>Actual</u> £000
	Directorate			
638	Chief Executive	2,825	2,730	301
(139)	Corporate and Regulatory	6,245	6,245	1,578
915	Finance and Housing	7,001	7,301	13,919
8,405	Place and Environment	8,102	8,397	11,615
770	Special Revenue Projects	113	113	1,031
0	Vacancy Allowance	(150)	(150)	0
0	Target Savings/Resource Adjustments	(405)	(255)	0
0	Income Generation Target			
10,588	Net Direct Expenditure	23,730	24,380	28,444
	Other Operating Income & Expenditure:			
0	Contingency	120	120	0
77	River Stour Drainage Board	79	79	83
(5,210)	Recharge Income from HRA, DPHA & Projects	(4,564)	(4,564)	(4,572)
5,456	Net Operating Expenditure	19,366	20,016	23,955
	Financing Adjustments:			
(1,169)	Revenue Expenditure Funded by Capital Under Statute	(1,276)	(1,276)	(1,740)
(1,444)	Interest Receivable	(1,640)	(1,640)	(1,921)
138	Interest Payable	203	203	200
1,561	Loan Principal Repayments/Borrowing Allowance	1,773	1,773	1,767
(914)	Total Financing Adjustments	(940)	(940)	(1,694)
	Contribution to/(from) Reserves:			
2,598	- Special Projects & Events Reserve	760	760	245
5,983	- Periodic Operations Reserve	(5)	(5)	(7,952)
667	- Dover Regeneration Reserve	115	115	617
59	- IT Equipment Reserve	115	115	(155)
1,969	- Business Rates & Council Tax Reserve	0	0	1,301
3,926	- Port Health Reserve	(1,988)	(1,988)	2,275
15,202	Net Contribution to/(from) Reserves	(1,003)	(1,003)	(3,669)
19,743	Total Budget Requirement	17,423	18,073	18,592
	Financed by:			
8,758	Non-Domestic Rates	7,746	7,671	8,943
418	Revenue Support Grant	482	482	501
7,689	Council Tax	8,038	8,038	8,038
12	Council Tax - Collection Fund Surplus	(109)	(109)	(109)
757	Council Tax – Other S31 Grants	0	0	17
990	New Homes Bonus	1,229	1,229	1,229
969	New Burdens & Other Grants	0	0	0
19,592	Total Financing	17,385	17,310	18,619
151	General Fund (Surplus)/Deficit for the Year	37	762	(27)
(2,930)	General Fund Balance at Start of Year	(1,615)	(1,479)	(1,479)
1,300	Transfer to/(from) Smoothing Reserve	0	(775)	0
(1,479)	Leaving Year End Balances of	(1,578)	(1,492)	(1,506)

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 Deficit	37
Additional Homeless pressure	300
Refuse, recycling & street cleansing inflation	225
Utility increases from October	120
Income Generation shortfall	100
Salary inflation & other staffing pressures	85
Grant income omitted from budget	(180)
Senior Management team savings	(50)
Numerous other variances	125
Forecast Deficit	762
Numerous estimated staff savings	(750)
Electricity Savings from converting street lighting to LEDs	(68)
Refuse, recycling & street cleansing inflation pressures	400
One-off waste services contractual performance deductions	(125)
Underspend on waste services non-contractual spend	(100)
Increased garden waste income	(57)
Savings from Dover Gateway Office	(40)
Target income / savings shortfall	200
Additional external audit fees	100
Impact of Housing Benefit position including supported housing pressures & reduction in overpayment surplus	100
Parking income shortfall	100
Kearsney Café deficit	150
Homes for Ukraine funding for DDC support	(205)
Increased DDC Port Health income	(92)
Increased cemetery fee income	(26)
Parks & Open space other works budget not required	(30)
Bad debt provision increase not required	(75)
Improved investment returns	(282)
Numerous other variances	11
Actual Budget Surplus	(27)

HOUSING REVENUE ACCOUNT (HRA)

The Council maintains a housing stock of 4,401 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 2022/23 the HRA outturn was a deficit balance of £460k compared to the original budget forecast of a deficit of £1,978k, a favourable variance of £1,518k. The main variances in year were:

Original Deficit (planned to be funded from HIR)	1,978
Decrease in rent income (housing projects timing differences)	95
Increased income from service charges	(219)
Increase in revenue repairs expenditure	2,420
Decrease in capital works programme	(1,222)
Decrease in recharges to the HRA	(321)
Increase in council tax costs due to higher void times	115
Decrease in bad debt provision	(20)
Lower borrowing interest costs	(262)
Contribution to borrowing reserve	514
Change in Capital expenditure funding	(898)
Change in HRA loan payment treatment	(1,656)
Miscellaneous variances	(64)
HRA deficit for the year	460
Application of Housing Initiatives Reserve	(458)
HRA deficit after use of reserves	2

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. £2,443k was paid off the PWLB loan principle sum during 2022/23, the balance outstanding on the loan is £71m. Right-to-buy sales also continued, in 2022/23 there were 21 sales completed.

CAPITAL INVESTMENT

The Council invested £27.8m in major projects in 2022/23 the most significant of which were shown below:

Major Projects	£000
HRA – Affordable Housing Project	5,832
HRA – Housing Stock Projects	5,626
Bus Rapid Transit Route	6,345
Bench Street Land Assembly	2,235
Market Square Public Realm improvements	2,047
Disabled facility grants	1,740
Restoration of Maison Dieu	963
Sandwich Guildhall Forecourt improvements	713
Tides Leisure Centre replacement	548
Aylesham Regeneration implementation	525
Other smaller projects	1,216
Total Capital Investment	27,790

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

Financed by	£000
Grants from external bodies (including KCC Better Care Fund, Homes England, and the Environment Agency)	9,766
Major Repairs Reserve	2,194
Earmarked Reserves	8,307
Capital Receipts (including Private Sector Housing loan receipts and excess right to buy receipts)	3,269
Internal borrowing	4,254
Total Capital Financing	27,790

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 2023 the Council had investment balances and day-to-day cash balances managed in-house of approximately £47m.

The total interest received for the year was approximately £1,921k. This was high than the original budget of £1,640k, which is a favourable variance of £281k. 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 classified as long term as it is anticipated they will be held for a minimum of five years.

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

The Council has just over £71m of borrowing from the Public Works Loans Board (PWLB).

During 2022/23 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	2022	2023
	£000	£000
Value of land, property and other assets	447,430	460,132
Investments held and cash at bank	58,262	47,040
Money owed to DDC for goods and services	21,462	32,296
Loans owed to DDC (short and long term)	2,413	2,443
Money owed by DDC for goods and services	(51,584)	(52,145)
Loans owed by DDC (short and long term)	(73,744)	(86,176)
Grants for assets received but not yet used	(880)	(638)
Share of pension scheme liabilities owed by DDC	(81,965)	(23,791)
Total Assets less Total Liabilities	321,394	379,159
Financed by:		
Usable reserves ¹	(99,599)	(82,581)
Unusable reserves ²	(221,795)	(289,577)
Net Worth of Council	321,394	(379,159)

¹ Usable reserves are made up of:

Capital receipts and grants	(20,809)	(19,422)
Revenue balances	(2,491)	(2,516)
Earmarked reserves	(76,300)	(67,643)
	(99,599)	(89,581)

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 2023 was £24m (£82m at 31 March 2022).

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

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

REVIEW OF THE YEAR

Introduction

Over the past year, our communities, still in the process of recovering from the impacts of COVID-19, have shown remarkable resilience in the face of new challenges, most notably the rising cost-of-living. We have also witnessed the devastating humanitarian impact of the war in Ukraine and mourned the passing of our longest-serving monarch, Her Majesty Queen Elizabeth II.

Despite the challenges faced, we have remained steadfast in our commitment to our residents, striving to deliver the best for our district. This report reflects on our achievements over the past twelve months and how we have worked to support our residents and businesses.

The Council continues to monitor its performance against a range of performance indicators and, where possible, to benchmark its performance with other similar local authorities

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.

The Corporate Plan 2020 to 2024 identifies the following strategic priorities:

- Regeneration - Tourism and Inward Investment.
- Housing and Community.
- Climate Change, Environment and Assets – a cleaner, sustainable environment.
- Working Smartly and Delivering Services.

Regeneration – Tourism and Inward Investment

Over the year, the Council has continued to support the district's businesses, industry, and town centres, providing promotion, information, updates, and advice, as well as grants and associated funding. Work with potential investors and developers has also continued.

Dover District Local Plan

- During 2022/23, the Council continued preparing a new Local Plan, which sets out the vision, strategic objectives, and overarching development strategy for the growth of the district to 2040.
- Following consultation and a series of in-person and virtual public exhibitions, the new Dover District Local Plan was approved by Full Council and submitted for Examination on 31st March 2023. The Inspectorate will conduct an independent examination in public of the plan.

Dover Fastrack

- Dover District Council is partnering with Kent County Council as the Highway Authority to deliver the Dover Fastrack scheme, which started in April 2022. The £22.9m public transport investment, which is backed by government support from the Housing Infrastructure Fund and the Zero Emission Bus Regional Areas (ZEBRA) scheme, will see a fleet of electric buses operating on Dover Fastrack connect Whitfield with Dover town centre and Dover Priory railway station.

- Construction of Dover Fastrack includes a new bus, cycle, pedestrian-only bridge across the A2 at Whitfield and a new link road. The project's strong focus on carbon reduction will also include the planting of more than 10,000 new trees, shrubs, and hedgerows to enhance the area's wildlife habitat.

Dover Market Square

- A revamp of Dover's Market Square officially opened in August 2022, following a £3.6m programme of public realm improvements to create a modern and welcoming focal point for residents and visitors.
- The centrepiece of the new-look Market Square is a unique walk-through water feature. Four striking steel rings incorporate a misting feature, creating a fun space for children to play and for everyone to cool off this summer. Highway improvements make the Market Square more pedestrian-friendly, and new paving, seating, lighting, and planting create a more attractive street scene.

Maison Dieu Restoration (Dover Town Hall)

- Work has progressed on our project to reawaken the Maison Dieu, which is undergoing a £10.5m restoration thanks to a £4.27m grant from The National Lottery Heritage Fund. Dover District Council (DDC) has match-funded this. Other funders include The Wolfson Foundation, Dover Town Council, and the Dover Society.
- The Maison Dieu is a substantial DDC-owned asset within the Dover Town Centre Conservation Area. It is a Grade II* Listed Building and a Scheduled Ancient Monument. This project will see the restoration of internationally significant decorative schemes by the renowned Victorian neo-Gothic architect William Burges, a new street-level visitor entrance to the Connaught Hall, and improved access throughout the building. The project also brings redundant spaces back into commercial use.

Dover Beacon Project (Levelling Up Fund)

- In January 2023, the Government announced the successful Levelling Up Fund (LUF) bids. Dover District Council secured £18.1m for a £20.5m Dover Beacon project to transform a brownfield site on Bench Street in Dover town centre. Separately, Kent County Council was awarded £45m for Dover Access Improvements.
- The Council has previously secured £3.2m from the Future High Street Fund (for a £4.9m project). These complementary projects will deliver a creative centre, underpass renovation, a business centre, a creative campus, expansion of the Click to Cycle scheme, car parking, and a riverside parklet.

Aylesham Garden Village Expansion

- February 2023 saw the start of the final phase of Aylesham Garden Village, which involves building the remaining 290 homes. The work also includes landscaping the green open space at Station Field, with new trees, a wildflower meadow/chalk grassland, a feature paving area, and seating.
- Of the total 1,292 homes that the developers will eventually build, 300 will be affordable.

Guildhall Square in Sandwich

- The redevelopment of Guildhall Square in Sandwich started in earnest in February 2023, following highway improvements and the award of a contract to a local contractor.

- Due for completion in early summer, the works include resurfacing the historic town square, along with improved seating, tree planting and lighting, providing a welcoming space for everyone's use and enjoyment.

Timeball Tower, Deal Renovations

- The historic Deal Timeball Tower reopened to visitors in April 2022, following a major £80,000 programme of renovations by Dover District Council. The work included replacing the mast, refurbishing the timeball mechanism, and conducting a range of external works to the maritime landmark.
- We have also carried out a range of other works to refurbish the area outside the front of the tower, using funding from the Welcome Back Fund. The Trust has also been fundraising to help with the renovation costs.

COVID-19: Promising signs of tourism recovery

- In November 2022, Visit Kent published the 2021 Economic Impact Model showing promising signs of early recovery for White Cliffs Country's tourism and hospitality industry. Pre-pandemic (2019), the value of the tourism industry in the district was estimated at £3.03m, this fell to £1.12m in 2020 (-63%) but rose to £2.01m in 2021 (+79%).
- The 2021 key results show that 4.0 million trips were undertaken in the area (3.7-million-day trips and 0.3 million overnight visits), with £201 million spent in the local area because of tourism (taking into account multiplier effects). The number of tourism jobs across the district also increased by +32% between 2020 and 2021, to 4,522.
- We are determined to see tourism playing a pivotal role in our bounce back from the pandemic with new investment in attractions and experiences. Our work includes maintaining a dedicated website, social media channels and regular newsletters.

Tides Leisure Centre Redevelopment

- Dover District Council is developing proposals for a new leisure centre in Deal, and we have been engaging with residents about the facilities we could include if the project goes ahead.
- There is a significant risk to project financial viability, arising from unpredicted increases in interest rates, inflation, materials, and exceptionally high running costs of leisure centre buildings. The project team continues to investigate options to deliver a viable project.

UK Shared Prosperity Funding

- Launched in April 2022, Council was awarded £1 million over three years from the UK Shared Prosperity Fund (UKSPF).
- During 2022/23, we awarded £119,286 towards a variety of projects that have, for example, helped promote the visitor economy, improve the public realm, and support local cultural, heritage and creative activities.

Housing and Community

Delivering Affordable Housing

- The Council is committed to delivering an ambitious multi-million-pound affordable housing development programme to provide much-needed homes for local people.

- During 2022/23, we added 65 homes to our housing stock (31 temporary accommodation, 32 general needs accommodation and two shared ownership) across the district.
- In May 2022, the Bomford Place affordable housing project in Dover, developed by the Council, was named the residential project regional winner in the Royal Institution of Chartered Surveyors Southeast Awards. The development includes 65 new homes, including 24 apartments for social rent, 29 shared ownership apartments, and 12 townhouses for private sale.
- In November 2022, we successfully applied to the Brownfield Land Release Fund and received over £100,000 to transform Council-owned land into plots for people to build their own homes. We are now working on plans to release land for three self-build plots.

Local Authority Housing Fund (for people fleeing conflict)

- In December 2022, the Government launched a £500m Local Authority Housing Fund to help local authorities to house people fleeing conflict – predominantly from Ukraine and Afghanistan. The intention of the fund is to reduce the impact of new arrivals on existing housing pressures and eventually providing a new and permanent supply of accommodation (interim or general needs) for local communities.
- The Council was allocated capital grant funding of nearly £1.2 million to support the delivery of ten properties, which we formally accepted in March 2023. We are now seeking suitable properties to purchase.

Supporting our communities

The council has been proactively supporting its communities with numerous schemes, projects and events, including:

- Help with the cost of living.
 - Providing much needed support and advice to our residents, including creating an online cost-of-living support page, featuring details of Council support and links to groups and organisations that can offer help and advice.
 - In July 2022, the Council accepted an award of £411,174 with the extension of the Government's Household Support Fund. Working with our partners, the additional grant is for continuing support to families and pensioners who need it the most to buy food, pay essential utility bills, or meet other essential living costs.
- Community Roots Van.
 - Enabling us to offer access to council services' out on the road'.
- Community Grants Scheme.
 - Continuing to support local charities, volunteer groups and similar organisations in the district through our popular Community Grants Scheme, with a total pot of £260,000. Over the year, we supported 138 worthy causes across the district.
- Aspire Project – tackling health and unemployment inequality.
 - Participating as one of five partners in the Aspire Project, an innovative Interreg-funded FCE (France/Channel/England) programme to support unemployed people to reach a healthy weight and gain employment in areas where unemployment and obesity are abnormally high.
- Jobs and Skills.

- In partnership with the Department of Work & Pensions, we are committed to providing Jobs Fairs across the district to showcase the wide range of jobs, training opportunities, and further education available.
- Celebrating HM The Queen's Platinum Jubilee.
 - We marked the Jubilee with initiatives including supporting events and tree planting as part of The Queen's Green Canopy project. Dover's Grade II* Listed Maison Dieu also celebrated Dover's royal past, with free, fun activities for all the family.
- The Queen's Baton Relay.
 - In July, as part of the Commonwealth Games build-up, we officially welcomed the Birmingham 2022 Queen's Baton Relay to the district.
- Welcoming Ukrainian Refugees.
 - The war in Ukraine led to a wave of refugees fleeing across Europe. The UK government pledged to assist and provide refuge in the UK. Collaborating with Kent County Council and other partners, the Council has committed to support Ukrainians refugees in the district.

Climate Change, Environment and Assets – A Cleaner Sustainable Environment

Tackling climate change is a key priority for our residents and the District Council. At the latest, we aim to become a net zero carbon emitter by 2030 and aspire for the district to be carbon neutral by 2050. Activities during 2022/23 include:

- Tree Planting
 - We planted 70 trees in memory of HM Queen Elizabeth II and her remarkable 70-year reign.
- Green Flag
 - In July 2022, we celebrated the Kearsney Parks maintaining The Green Flag Award®. The award is the international quality mark for parks and green spaces, key elements of which are enhancing wildlife habitats and providing facilities for people to learn about the heritage and biodiversity of the parkland.
- Keeping Our District Clean and Tidy
 - In February 2023, Dover District Council won the prestigious Keep Britain Tidy Great British Spring Clean Award for its wide-reaching 2022 campaign to tackle litter.
- Support for small businesses
 - We continue to work hard to help tackle climate change through various initiatives, including our Green Energy Grants, to help businesses become more energy efficient.
 - In December 2022, the Federation of Small Business has awarded Dover District Council 'Best Programme of Business Support in the Southeast' in recognition of this support for small businesses.
- Housing Improvements
 - The council's affordable housing development programme has included innovative solar panel systems installed, lockable bike sheds (to encourage greener forms of travel), high levels of insulation, natural ventilation, double-aspect windows (to make the most of natural light to minimise the energy needed for heating and lighting) and other energy efficient methods.
 - The Council has provided, and signposted to, a variety of insulation and heating grants for fuel poor and vulnerable households. Helping residents achieve

- affordable warmth whilst at the same time reducing the household's carbon footprint and therefore improving the energy efficiency of the district's housing stock.
 - We have worked in partnership with Kent County Council on Solar Together Kent, offering high-quality solar photovoltaic (PV) panels to help reduce carbon emissions/ environmental impacts.
- Transport Initiatives
 - The construction of Dover Fastrack, Kent's second zero-emissions bus route is underway. Fastrack is a rapid bus transit connecting Whitfield with Dover town and Dover Priory railway station. The project's strong focus on carbon reduction will see the planting of more than 10,000 new trees, shrubs, and hedgerows to provide enhanced wildlife habitat in the area.
 - In February 2023, we announced a collaboration with operator Stagecoach and Aylesham Parish Council to introduce two Demand Responsive Transport (DRT) minibuses so residents not currently served by a regular bus service can reach essential services in Whitfield.

Working Smartly and Delivering Services

- During 2022/23, the Council agreed to create an additional Strategic Director post, followed by a full review of the Director-level portfolios/groupings of services to incorporate the Council's ambitions in delivering its Corporate Plan.
- Over the year, we also brought the shared service ICT staff back in-house to form an expanded Digital and Technology Team.
- Effective performance management supports the delivery of the Council's aims and objectives. During 2022/23, we piloted a new Strategic Performance Dashboard to provide clearer strategic information, better insight into key issues and trends, and information for problem-solving discussions.
- The East Kent Audit Partnership (EKAP) performs the Council's internal audit function, along with Canterbury, Folkestone, and Thanet Councils'. Throughout 2022/23, the majority of reviews undertaken by EKAP received substantial or reasonable assurance, and no major areas of concern gave rise to a qualified opinion.
- The Local Government Ombudsman and Social Care (LGSCO) decided on 17 complaints cases during 2022/23, finding no maladministration against the Council. There is one further case that the LGSCO received during 2022/23, which is ongoing.
- To offer better equity of access and increase the transparency of decision-making processes, in July 2022, the Council agreed to permanently introduce broadcasting meetings of the Executive, Council and Committees following a successful 12-month trial of the new system installed in the Council Chamber.

MEDIUM TERM FINANCIAL PLAN

The Council's Budget 2023/24 and Medium-Term Financial Plan (MTFP) 2023/24– 2026/27 were approved in February 2023. The MTFP covers both revenue and capital budgets for the General Fund and the Housing Revenue Account over a three-year forecasting period. The main features of the MTFP are:

- General Fund budget deficit of £1.1m for 2023/24 met from the Council's smoothing reserve

- Prudent General Fund balances maintained in 2023/24 with no major changes to services
- Council Tax increase of £6.03 (2.98%), for a Band D property, maintaining the lowest Council Tax in East Kent;
- Housing Revenue Account (HRA) budget deficit of £2.5m due to the on-going restorative works programme, funded by contribution from the Housing Initiatives Reserve
- HRA balance to be maintained at circa £1m
- The current capital programme is fully funded, future capital receipts are expected to come mainly from on-going housing right to buy sales and one-off asset sales
- The major projects in the programme are:
 - Development of the Dover Fast Track Bus Route
 - Major restoration works on Maison Dieu (Dover Town Hall)
 - Dover market Square Public Realm Improvements
- Significant risks and budget volatility remain for future years.

More detailed information on the Council's Budget for 2023/24 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 impact of Coronavirus on the local economy and the council's finances;
- The impact of the conflict in Ukraine on the Council's finances, e.g. energy prices, inflation and income including council tax and fees and charges more widely as cost of living pressures deepen;
- Development and regeneration of the local economy;
- Welfare Reform and cessation of the administration of housing benefits for working age claimants;
- The sustainability of the NHB scheme;
- The ongoing impact of the localisation of council tax support;
- Climate change agenda and associated costs;
- Proposals to transfer the Land Charges function to HM Land Registry and to devolve the setting of planning fees.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Authority's Responsibilities

The Authority is required:

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

The Strategic Director (Finance and Housing)'s Responsibilities

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

In preparing this Statement of Accounts, the Strategic Director (Finance and Housing) has:

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

The Strategic Director (Finance and Housing) has also:

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

By signing the Statement of Accounts, the Strategic Director (Finance and Housing) is stating that the accounts present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2023.

These financial statements replace the unaudited financial statements confirmed by the Strategic Director (Finance and Housing) and the Chairman of the Governance Committee at the date given below.

Signed:



Mike Davis CPFA
Strategic Director (Finance and Housing)

Dated: 12th December 2024

Signed:



Councillor Susan Beer
Chairman, Governance Committee

Dated: 12th December 2024

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Expenditure £000	2021/22 Gross Income £000	Net Expenditure £000		Note No	Gross Expenditure £000	2022/23 Gross Income £000	Net Expenditure £000
			Continuing Operations				
			Chief Executive		8,362	(7,924)	438
			Corporate and Regulatory		17,380	(14,027)	3,353
			Finance & Housing		43,146	(33,593)	9,553
			Place and Environment		37,320	(24,226)	13,094
			Special Projects		1,351	(269)	1,082
			Local Authority Housing (HRA)		26,434	(22,457)	3,977
			Non-distributed Costs		0	0	0
			Net Cost of Services		133,994	(102,496)	31,498
			Other Operating Expenditure:				
			(603) (Gain) or loss on disposal of fixed assets	6			(1,462)
			(127) Other Capital Receipts				(181)
			<u>Amounts due to precepting authorities</u>				
			2,772 – Town and Parish Councils				3,019
			77 – River Stour Drainage Board Levy				83
			294 Contribution of Housing Capital Receipts to Central Government Pool	23			0
			Financing and Investment Income & Expenditure:				
			2,524 Interest payable and similar charges				2,571
			(2,099) Interest and investment income				2,448
			(632) Changes in the value of Investment Properties	7			(674)
			1,690 Net Interest on Defined Benefit Liability	18			2,061
			Taxation & Non-specific Grant Income:				
			(10,709) Demand on the Collection Fund – Council Tax	19			(11,056)
			(7,430) Income from National Non-Domestic Rates	20			(8,994)
			(2,902) Government grants (not attributable to specific services)	21			(1,730)
			(4,225) Capital Grants and Contributions	21			(8,984)
			(39,861) (Surplus) or Deficit on Provision of Services				8,598
			<u>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</u>				
			(269) (Surplus) or deficit arising on revaluation of fixed assets	34			(4,052)
			(8,784) Remeasurement of the net defined benefit liability on pension fund assets and liabilities	18			(62,312)
			<u>Items that may be reclassified to the (Surplus) or Deficit on the Provision of Services</u>				
			0 Deficit on revaluation of available-for-sale financial assets	16			0
			(9,053) Other Comprehensive Income & Expenditure				(66,364)
			(48,914) Total Comprehensive Income & Expenditure				(57,765)

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2021/22										
Balance at 31 March 2021	(2,930)	(49,311)	(1,021)	(15,178)	(15,933)	0	(6,005)	(90,377)	(182,102)	(272,480)
Movement in reserves										
Total Comprehensive Income and Expenditure	(11,689)	0	(28,171)	0	0	0	0	(39,861)	(9,053)	(48,913)
Adjustments between accounting basis and funding basis under regulations (Note 5)	3,253	0	26,257	0	(130)	0	1,260	30,639	(30,639)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	(8,436)	0	(1,914)	0	(130)	0	1,260	(9,221)	(39,693)	(48,913)
Transfer to/(from) reserves (Note 25)	9,887	(9,887)	1,923	(1,923)	0	0	0	0	0	0
Net (Increase)/Decrease in year	1,451	(9,887)	9	(1,923)	(130)	31	1,260	(9,221)	(39,693)	(48,913)
Balance at 31 March 2022 carried forward	(1,479)	(59,199)	(1,012)	(17,101)	(16,064)	0	(4,745)	(99,598)	(221,795)	(321,394)
2022/23										
Balance at 31 March 2022	(1,479)	(59,199)	(1,012)	(17,101)	(16,064)	0	(4,745)	(99,598)	(221,795)	(321,394)
Movement in reserves										
Total Comprehensive Income and Expenditure	3,463	0	5,135	0	0	0	0	8,598	(66,363)	(57,765)
Adjustments between accounting basis and funding basis under regulations (Note 5)	4,707	0	(4,675)	0	335	0	1,051	1,418	(1,418)	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	8,171	0	460	0	335	0	1,051	10,017	(67,782)	(57,765)
Transfer to/(from) reserves (Note 25)	(8,197)	8,197	(458)	458	0	0	0	0	0	0
Net (Increase)/Decrease in year	(27)	8,197	2	458	335	0	1,051	10,017	(67,782)	(57,765)
Balance at 31 March 2023 carried forward	(1,506)	(51,001)	(1,010)	(16,642)	(15,728)	0	(3,694)	(89,582)	(289,576)	(379,159)

BALANCE SHEET

31 March 2022 £000		Notes	31 March 2023 £000
282,160	Council dwellings		284,998
99,345	Land and buildings		105,285
6,983	Vehicles, plant and equipment		7,772
7,175	Infrastructure assets		8,282
2,462	Community assets		2,873
15,507	Assets under construction		18,319
3,163	Surplus Assets not Held for Sale		1,531
416,795	Property, Plant and Equipment	6	429,063
5,303	Heritage assets	8	5,372
24,420	Investment property	7	25,093
314	Intangible assets	6	220
49,965	Long term investments	11	45,450
2,413	Soft loans	15	2,443
887	Long term debtors	26	898
83,302	Long Term Assets		79,476
4	Short term investments	11	4
598	Stocks in hand		383
26,069	Short term debtors	26	36,285
(5,494)	Less impairment allowance	26	(4,887)
12,689	Cash and cash equivalents	27	1,670
0	Assets held for sale		0
33,866	Current Assets		33,455
(4,396)	Bank Overdraft	27	(84)
(2,715)	Short term borrowing	12	(17,889)
(32,717)	Short term creditors	28	(42,018)
(3,476)	Provisions	29	(1,620)
(15,391)	Receipts in advance	30	(8,507)
(58,696)	Current Liabilities		(70,119)
(71,028)	Long term borrowing	12	(68,287)
(880)	Capital grants received in advance	32	(638)
(81,965)	Pensions liability	18	(23,791)
(153,873)	Long Term Liabilities		(92,716)
321,394	Net Assets		379,159
(1,479)	General Fund balance	24	(1,506)
(1,012)	Housing Revenue Account balance	24	(1,010)
(59,199)	Earmarked reserves	25	(51,001)
(17,101)	Housing Revenue Account reserves	25	(16,642)
(16,064)	Usable capital receipts reserve	23	(15,728)
(4,745)	Capital grants unapplied	31	(3,694)
(99,599)	Reserves Available to Fund Services		(89,582)
(52,985)	Revaluation reserve	34	(56,964)
(253,870)	Capital adjustments account	33	(262,307)
0	Financial instruments revaluation reserve	16	0
206	Pooled investment fund adjustments reserve	16	4,802
1,349	Financial adjustments account	14	1,204
1,569	Collection Fund adjustment account- NNDR	20	(3)
46	Collection Fund adjustment account- Council tax	19	(45)
(75)	Enterprise Zone relief adjustment account	20	(54)
0	Renewable Energy adjustment account	20	(1)
81,965	Pensions reserve	18	23,791
(221,795)	Reserves Unavailable to Fund Services		(289,577)
(321,395)	Total Reserves		(379,159)

CASH FLOW STATEMENT

2021/22		2022/23	
£000	£000	£000	£000
	7,069	Cash & cash equivalents – at 1 April	8,293
	(8,293)	Cash & cash equivalents – at 31 March	(1,585)
	<u>(1,223)</u>	Net (increase) or decrease in Cash & Cash Equivalents	<u>6,706</u>
	(39,861)	Net (surplus)/deficit on Income & Expenditure	8,598
		<u>Non-cash transactions:</u>	
(3,471)		Depreciation and amortisation	(3,254)
23,892		Revaluation gains / losses	(7,530)
603		Gains / losses on disposal of fixed assets	1,462
(3,776)		Pension adjustments	(4,138)
138		Financial instruments adjustments	120
(545)		Provisions	1,856
(2,742)		Transfer to/from earmarked reserves	(3,093)
	14,099		(14,576)
		<u>Items on an accrual's basis:</u>	
162		Increase or (decrease) in stock and work in progress	(215)
4,461		Increase or (decrease) in debtors	10,965
(341)		Increase or (decrease) in long term debtors	11
114		Movement in impairment for bad debts	108
(1,729)		(Increase) or decrease in creditors	(11,794)
(2,301)		(Increase) or decrease in receipts in advance	6,884
4,338		Collection Fund adjustment accounts	1,644
	(4,703)		7,602
		<u>Adjustments re investing and financing activities:</u>	
(1,169)		Revenue expenditure funded from capital	(1,740)
4,353		Capital grant contributions and capital receipts	9,166
	3,184		7,426
	(17,875)	Net Cash Flows from Operating Activities	9,050
		<u>Investing activities:</u>	
18,729		Purchase of property, plant, equipment, etc.	25,709
(126)		Other payments for investing activities	(90)
27,048		Proceeds from long and short term investments	22,362
(26,649)		Purchase of long and short term investments	(26,649)
(4,953)		Proceeds from the sale of non-current assets	(4,981)
(2,148)		Movement in capital grants	(6,633)
	11,901		9,718
		Net Cash Flows from Investing Activities	
		<u>Financing activities:</u>	
(87,243)		Cash receipts of short & long term borrowing	(31,174)
105,647		Payments of short & long term borrowing	18,740
4,778		Net movement in Collection Fund cash position	373
	23,182	Net Cash Flows from Financing Activities	(12,060)
	<u>(1,223)</u>		<u>6,706</u>

NOTES TO FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) General

The Statement of Accounts summarises the Authority's transactions for the financial year and its position at the year-end. The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2022/23. The Code is based on a hierarchy of approved accounting standards:

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

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

(b) Qualitative Characteristics of Financial Information

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

(c) Accounting Concepts

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

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

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

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

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

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

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

(e) Cash and Cash Equivalents

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

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

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

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

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

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

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

(g) Provisions

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

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

(h) Contingent Assets and Liabilities

A contingent asset arises where an event has taken place that gives the authority a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority.

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. Contingent liabilities also arise in circumstances where a provision would otherwise be

made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent assets and liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts, detailing the nature of the contingency, a brief description, and an estimate of its financial effect.

(i) **Debt Write-Off**

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

(j) **Employee Benefits**

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

Benefits Payable during Employment

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

Termination Benefits

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

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

Post-Employment Benefits

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

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

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

Contributions to the pension scheme are determined by the fund's actuary on a triennial basis. A formal valuation of the Kent County Council Pension Fund for funding purposes was undertaken as at 31 March 2022. Changes to contribution rates as a result of the 31 March 2022 valuation take effect from 1 April 2023.

(k) Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

The authorised for issue date is:

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

Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

(l) Exceptional Items

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

(m) Prior Period Adjustments

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

(n) Financial Instruments

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

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

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

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

Financial Assets

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

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

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

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

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

Soft Loans

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

Financial Liabilities

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

(o) Foreign Currency Transactions

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

(p) Government Grants and Other Contributions

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

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

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

(q) **Long Term Contracts**

Long term contracts are accounted for on the basis of charging the “surplus or deficit on the provision of services” with the value of works and services received under the contract during the financial year.

(r) **Leases**

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

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

Finance Leases

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

Operating Leases

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

(s) **Non-Current Assets**

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

(i) Impairment of Non-Current Assets

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

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

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

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

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

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

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

(iii) Assets Held for Sale

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

(iv) Property, Plant and Equipment

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

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

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

The policy for each type of asset is explained below.

• Land and Buildings

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

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

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

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

- Vehicles, Plant and Equipment

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

- Infrastructure Assets

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

- Community Assets

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

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

- Surplus Assets

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

- Assets under Construction

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

(v) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-

financial asset, investment properties are measured at highest and best use. The fair value of these assets can be attributed in three ways.

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

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

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

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

Investment properties are not subject to depreciation or componentisation.

(vi) Intangible Assets

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

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

(vii) Heritage Assets

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

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

Heritage Assets are not subject to depreciation.

(t) Overheads and Support Services

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

(u) Reserves

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

(v) Revenue Expenditure Funded from Capital Under Statute

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

(w) Value Added Tax (VAT)

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

(x) Critical Judgements in Applying Accounting Policies

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

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

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

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

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

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Authority will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets fall. The annual depreciation charge for buildings would increase if useful lives had to be reduced.
Property, Plant and Equipment	Asset valuations are calculated on a maximum 5-year cycle with the exception of Housing Revenue Account dwellings and land and building with a value in excess of £1m which are also valued on annual basis. If the market indicators change the asset values could be affected.	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recognised in CIES. The effects on asset valuations of a 1% reduction or increase would result in a change of £4m on the revaluation reserve and/or CIES.

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Assets and Liabilities	Estimation of the present value of total obligations to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	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 £10.1m to £11.4m.
Bad Debts Provisions	The Council has bad debt provisions of £4.89m for HRA, council tax & NNDR (DDC share) and general debtors. This is approximately 11% of the outstanding debt value.	In the current economic climate collection rates are being monitored and any decline in collection rates for debt would result in a need to increase the provision.

3. EXPENDITURE AND FUNDING ANALYSIS

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

2021/22	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	638	(902)	(263)	835	572
Corporate and Regulatory	(139)	455	316	1,272	1,587
Finance and Housing	915	(3,906)	(2,991)	(798)	(3,789)
Place and Environment	8,405	(1,431)	6,973	5,554	12,527
Special Projects	770	48	818	0	818
Local Authority Housing (HRA)	(30,204)	25,936	(4,268)	(25,936)	(30,204)
Net Cost of Service	(19,616)	20,200	585	(19,074)	(18,489)
Other Income & Expenditure	(11,742)	806	(10,935)	(10,436)	(21,371)
(Surplus) or deficit			(10,351)	(29,510)	(39,860)
Opening General Fund and Housing Revenue Account Balance 1 April 2021			(68,440)		
Closing General Fund and Housing Revenue Account Balance 31 March 2022			(78,790)		
<u>Made up of:</u>					
General Fund Balance			(1,479)		
Housing Revenue Account Balance			(1,012)		
General Fund Earmarked Reserves			(59,199)		
Housing Revenue Account Earmarked Reserves			(17,101)		
			(78,790)		

2022/23	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	301	(612)	(311)	750	439
Corporate and Regulatory	1,578	252	1,830	1,523	3,353
Finance and Housing	13,919	(3,397)	10,522	(968)	9,553
Place and Environment	11,615	(2,045)	9,569	3,524	13,094
Special Projects	1,031	51	1,082	0	1,082
Local Authority Housing (HRA)	3,977	(5,888)	(1,911)	5,888	3,977
Net Cost of Service	32,421	(11,640)	20,781	10,717	31,498
Other Income & Expenditure	(13,436)	1,286	(12,150)	(10,749)	(22,899)
(Surplus) or deficit			8,630	(32)	8,599
Opening General Fund and Housing Revenue Account Balance 1 April 2021			(78,790)		
Closing General Fund and Housing Revenue Account Balance 31 March 2022			(70,160)		
<u>Made up of:</u>					
General Fund Balance			(1,506)		
Housing Revenue Account Balance			(1,010)		
General Fund Earmarked Reserves			(51,001)		
Housing Revenue Account Earmarked Reserves			(16,643)		
			(70,160)		

NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2021/22	Depreciation / Impairment	Soft Loan Adjustments	Charge for Pension Adjustment	Other Capital Adjustments	Other Adjustments	Total Adjustment Between Funding & Accounting Basis
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£000	£000	£000	£000	£000	£000
Chief Executive	338	0	497	0	0	835
Corporate and Regulatory	2	59	1,210	0	0	1,272
Finance and Housing	93	0	(891)	0	0	(798)
Place and Environment	3,870	0	1,684	0	0	5,554
Special Projects	0	0	0	0	0	0
Local Authority Housing (HRA)	0	0	(415)	(25,522)	0	(25,936)
Net Cost of Service	4,303	59	2,086	(25,522)	0	(19,074)
Other Income & Expenditure	(603)	(654)	1,690	(6,562)	(4,370)	(10,499)
Total	3,700	(595)	3,776	(32,084)	(4,370)	(29,573)

2022/23	Depreciation / Impairment	Soft Loan Adjustments	Charge for Pension Adjustment	Other Capital Adjustments	Other Adjustments	Total Adjustment Between Funding & Accounting Basis
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£000	£000	£000	£000	£000	£000
Chief Executive	282	0	468	0	0	750
Corporate and Regulatory	2	108	1,413	0	0	1,523
Finance and Housing	0	0	(968)	0	0	(968)
Place and Environment	1,934	0	1,591	0	0	3,524
Special Projects	0	0	0	0	0	0
Local Authority Housing (HRA)	0	0	(426)	6,314	0	5,888
Net Cost of Service	2,218	108	2,077	6,314	0	10,717
Other Income & Expenditure	(1,462)	4,369	2,061	(14,073)	(1,644)	(10,749)
Total	756	4,476	4,138	(7,758)	(1,644)	(32)

4. INCOME AND EXPENDITURE ANALYSED BY NATURE

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

2021/22		2022/23
£000		£000
	Expenditure	
20,959	Employee expenses	25,220
2,737	Premises	2,607
231	Transport	243
15,609	Supplies & Services	22,434
17,922	Third Party Payments	19,918
21,913	Housing Benefits	21,479
1,738	Support service recharges	1,426
6,213	Depreciation, amortisation, impairment	6,349
2,524	Interest payments	2,571
2,849	Precepts and levies	3,102
294	Payments to housing capital receipts pool	0
(632)	Income and expenditure in relation to investment properties and changes in their fair value	(674)
1,690	Net Interest on Defined Benefit Liability	2,061
94,047	Total Expenditure	106,737
	Income	
(35,013)	Fees, Charges & Other Service Income	(34,163)
(47,595)	Grants & Contributions	(42,327)
(603)	Gain on the disposal of assets	(1,462)
(23,202)	Gain from revaluation	8,311
(2,099)	Interest and investment income	2,448
(18,140)	Income from council tax, non-domestic rates, district rate income	(20,050)
(2,902)	Government grants and contributions	(1,730)
(4,353)	Other Capital Grants & Receipts	(9,166)
(133,907)	Total Income	(98,138)
(39,861)	Surplus or deficit on the provision of services	8,598

5. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2021/22	General Fund Balance	Housing Revenue Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable 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	(3,887)	111	0	0	0	3,776
Pooled investment funds	457	0	0	0	0	(457)
Council tax and NDR	4,553	0	0	0	0	(4,553)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure	(3,474)	24,124	0	(2,742)	0	(17,908)
Total adjustments to revenue resources	(2,351)	24,235	0	(2,742)	0	(19,141)
Adjustments between revenue and capital resources						
Transfer of non-current asset sale proceeds from revenue to capital grants and receipts unapplied	0	625	(4,373)	0	0	3,747
Transfer of capital grants and contributions to capital grants unapplied	127	0	(603)	0	0	475
Administrative costs of non-current asset disposals	(22)	0	22	0	0	0
Payments to the government housing receipts pool	(294)	0	294	0	0	0
Capital expenditure financed from revenue balances	1,480	1,397	0	0	0	(2,878)
Total adjustments between revenue and capital resources	1,292	2,023	(4,659)	0	0	1,345
Adjustment to capital resources						
Use of capital receipts reserve to finance capital expenditure	0	0	4,529	0	0	(4,529)
Use of the major repairs reserve to finance capital expenditure	0	0	0	2,742	0	(2,742)
Application of capital grants to finance capital expenditure	4,226	0	0	0	1,260	(5,485)
Cash payment in relation to deferred capital receipts	86	0	0	0	0	(86)
Total adjustments to capital resources	4,312	0	4,529	2,742	1,260	(12,843)
Total adjustments	3,253	26,257	(130)	0	1,260	(30,639)

2022/23	General Fund Balance	Housing Revenue Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movement in Unusable 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	(4,193)	55	0	0	0	4,138
Pooled investment funds	(4,596)	0	0	0	0	4,596
Council tax and NDR	1,663	0	0	0	0	(1,663)
Reversal of entries included in the surplus or deficit on the provision of services in relation to capital expenditure	(1,504)	(9,239)	0	(3,093)	0	13,837
Total adjustments to revenue resources	(8,630)	(9,184)	0	(3,093)	0	20,907
Adjustments between revenue and capital resources						
Transfer of non-current asset sale proceeds from revenue to capital grants and receipts unapplied	(93)	1,584	(4,459)	0	0	2,968
Transfer of capital grants and contributions to capital grants unapplied	181	0	(550)	0	0	369
Administrative costs of non-current asset disposals	(29)	0	29	0	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
Capital expenditure financed from revenue balances	4,206	2,925	0	0	0	(7,132)
Total adjustments between revenue and capital resources	4,266	4,509	(4,981)	0	0	(3,795)
Adjustment to capital resources						
Use of capital receipts reserve to finance capital expenditure	0	0	5,316	0	0	(5,316)
Use of the major repairs reserve to finance capital expenditure	0	0	0	3,093	0	(3,093)
Application of capital grants to finance capital expenditure	8,984	0	0	0	1,051	(10,035)
Cash payment in relation to deferred capital receipts	86	0	0	0	0	(86)
Total adjustments to capital resources	9,071	0	5,316	3,093	1,051	(18,531)
Total adjustments	4,707	(4,675)	335	0	1,051	(1,418)

6. PROPERTY, PLANT AND EQUIPMENT

Movement on Balances 2021/22	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Eqpt	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction (WIP)	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation	248,754	102,548	5,874	7,384	575	0	27,452	392,587
At 1 April 2021								
Additions – Expenditure in year	5,825	1,659	1,774	0	0	0	9,472	18,729
Additions–transfer from WIP	7,133	4,851	3,851	120	2,298	3,163	(21,417)	(0)
Revaluations recognised in the Revaluation Reserve	0	(2,988)	0	0	0	0	0	(2,988)
Revaluations recognised in the Provision of Services	21,382	(216)	0	0	0	0	0	21,165
Transfers	0	0	0	0	0	0	0	0
Disposals		88	0	0	0	0	0	88
At 31 March 2022	(933)	(2,814)	0	0	0	0	0	(3,747)
	282,160	103,126	11,499	7,504	2,873	3,163	15,507	425,833
Accumulated Depreciation and Impairment								
At 1 April 2021	0	(3,562)	(4,304)	0	(409)	0	0	(8,275)
Depreciation charge	(2,711)	(2,860)	(213)	(329)	(2)	0	0	(6,115)
Impairment recognised in the Provision of Services	2,711	0	0	0	0	0	0	2,711
Impairment recognised in Revaluation Reserve	0	2,641	0	0	0	0	0	2,641
Subtotal	0	(3,781)	(4,517)	(329)	(411)	0	0	(9,038)
Net Book Value								
At 31 March 2022	282,160	99,345	6,983	7,175	2,462	3,163	15,507	416,795
At 31 March 2021	248,754	98,985	1,570	7,384	166	0	27,452	384,311

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

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

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

Non-Current Asset Valuation

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

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

The properties were valued by Robert Reid-Easton, the Authority's Senior Valuer (a Professional Member of the Royal Institution of Chartered Surveyors), on 1 April 2023. Housing Revenue Account dwellings were valued as at 31 March 23 and the valuation is valid for the 3 months from that date.

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

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

	Council Dwellings	Other land and buildings	Vehicles, plant, furniture and equipment	Infrastructure	Community Assets	Surplus Assets	Assets under construction (WIP)	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost	0	0	12,795	8,614	2,873	0	18,319	42,601
Carried at current value as at								
31 March 23	284,998	95,927	0	0	0	1,531	0	382,456
31 March 22	0	6,446	0	0	0	0	0	6,446
31 March 21	0	3,022	0	0	0	0	0	3,022
31 March 20	0	479	0	0	0	0	0	476
31 March 19	0	3,329	0	0	0	0	0	3,329
Total	284,998	109,203	12,795	8,614	2,873	1,531	18,319	438,333

Intangible Non-Current Assets

	2021/22 £000	2022/23 £000
Opening Net Book Value	412	313
Additions – transferred from	0	0
Additions – expenditure in year	0	0
Amortisation	(99)	(94)
Closing Net Book Value	313	219

Gain or Loss on Disposal of Non-Current Assets

	2021/22 £000	2022/23 £000
Net Book Value		
HRA right-to-buy	933	1,249
HRA other sales	2,814	1,626
Demolished	0	92
General Fund sales	0	0
Total	3,747	2,968

Sales Proceeds

HRA right-to-buy

HRA right-to-buy	(1,663)	(2,336)
HRA other sales	(2,710)	(2,123)
General Fund sales	0	0
Total	(4,373)	(4,459)
Less admin fees	22	29
(Gain) or Loss on Disposal	(603)	(1,462)

Committed Capital Contracts

At 31 March 2023 the Authority was contractually committed to capital expenditure amounting to £23,078k in respect of the following projects:

Project	Total Commitment £000
Deal Beach Management	107
Tides Leisure Centre Replacement	52
Bus Rapid Transit Route	12,016
Dover Market Square Project	429
Future High Street Fund – Capital Works	60
Maison Dieu Restoration – Delivery Phase	9,969
Sandwich Guildhall Forecourt Improvement Works	373
Napchester Rd, Whitfield Development	72
Total	23,078

7. INVESTMENT PROPERTIES

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

	2021/22 £000	2022/23 £000
Rental income from investment property	1,944	1,613
Direct operating expenses arising from investment property	(161)	(971)
Net gain or loss	1,783	642

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.

	2021/22 £000	2022/23 £000
Balance at start of the year	23,876	24,420
Net gain/(loss) from fair value adjustments	632	674
Transfer (to)/from PPE (Change of Use)	(88)	0
Balance at end of year	24,420	25,094

8. HERITAGE ASSETS

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

	At 1 April 2021 £000	Revaluation increases/(decreases) recognised in the revaluation reserve £000	Revaluation increases/(decreases) recognised in surplus or deficit on the provision of services £000	At 31 March 2022 £000
Historic Buildings	580	0	0	580
Works of Art	68	0	0	68
Museum Collections	1,970	0	0	1,970
Town Hall Artefacts	2,438	0	0	2,438
Memorials and Statues	246	1	0	247
Total	5,302	1	0	5,303

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

9. CAPITAL EXPENDITURE AND FINANCING

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

	2021/22 £000	2022/23 £000
Opening Capital Financing Requirement	140,865	143,837
Capital Investment:		
Plant, property and equipment	18,729	25,709
Revenue expenditure under statute funded by capital	1,169	1,740
Private sector housing loans	157	340
Total Capital Investment	20,055	27,790
Sources of Finance:		
Capital receipts (including Excess Right to Buy Receipts and PSH Loan Receipts)	(4,529)	(5,316)
Capital grants and contributions	(5,463)	(9,772)
Major repairs reserve	(2,742)	(3,061)
Direct revenue financing/Reserves	(2,878)	(7,132)
Section 106 funding	(22)	(264)
Total Financing	(15,634)	(25,544)
Capital Financing Requirement Movement:		
Minimum Revenue Provision (MRP)	(1,449)	(1,656)
Under Borrowing	4,421	2,246
Closing Capital Financing Requirement	143,837	144,428

10. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

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

	2021/22		2022/23	
	£000	£000	£000	£000
Gross expenditure:				
Disabled Facilities Grants	1,068		1,700	
Winter Warmth Grants	103		40	
Renovation Loans	94		184	
Empty Homes Loans	63		156	
		1,328		2,081
Grants & contributions received:				
Disabled Facilities Grant (KCC BCF)	(1,169)		(1,740)	
Developer Agreement Contribution	0		0	
		(1,169)		(1,740)
Total deferred charges		157		340
Written off to revenue in year		(157)		(340)
Total		0		0

11. INVESTMENTS

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

Short Term Investments

	2021/22	2022/23
	£000	£000
Cash flow short term investment	4	4
Total	4	4

Long Term Investments

	2021/22	2022/23
	£000	£000
Stocks	6	6
Pooled Investment Funds	49,959	45,444
Total	49,965	45,450

Investment Portfolio

The Council's investment portfolio as at 31 March 2023 was as follows:

Counter Party	Maturity Date	Principal Invested £000	Credit Rating as at 31 March 2023
<u>Internal Investments:</u>			
Amortised cost			
Santander UK Notice Account		4	UK 'AA'
Total Internal Investments		4	
<u>External Investments:</u>			
Fair value through profit and loss			
Pooled Investment Funds			
CCLA Property Fund		6,000	UK-Gov 'AA'
Investec Multi Asset Fund		10,000	UK-Gov 'AA'
Columbia Threadneedle Strategic Bond Fund		8,000	UK-Gov 'AA'
Payden and Rygel Sterling Reserve Fund		8,000	UK-Gov 'AA'
CCLA Diversified Income Fund		8,000	UK-Gov 'AA'
KAMES Monthly Diversified Fund		10,000	UK-Gov 'AA'
Total External Investments		50,000	

Counter Party	Maturity Date	Principal Invested £000	Credit Rating as at 31 March 2023
<u>Cash and Cash Equivalents:</u>			
Amortised cost			
Cash at bank	n/a	(84)	
Nat West	Instant Access	101	UK 'A+'
HSBC	Instant Access	0	UK 'AA-'
Santander UK	Instant Access	0	UK 'A+'
Bank of Scotland	Instant Access	5	UK 'A+'
Barclays	Instant Access	1	UK 'A+'
Fair value through profit or loss			
Goldman Sachs MMF	Instant Access	346	UK 'AAA'
Aberdeen MMF	Instant Access	1,216	UK 'AAA'
Total Cash and Cash Equivalents		1,586	

12. BORROWING

	2021/22 £000	2022/23 £000
<u>Short term borrowing</u>		
Accrued Interest	107	175
PWLB	2,521	2,602
Temporary loan	0	15,000
Salix loan	78	104
LTA loan	9	9
Total Short Term Borrowing	2,715	17,889
<u>Long term borrowing</u>		
PWLB	70,666	68,064
Salix Loan	323	194
LTA Loan	39	30
Total Long Term Borrowing	71,028	68,287

13. FINANCIAL INSTRUMENTS

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

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

Financial Instruments - Classifications

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

Financial Liabilities

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

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

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

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

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

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

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

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

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

- money market funds,

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

Financial Instruments - Fair Values

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares

in money market funds and other pooled funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2023, using the following methods and assumptions:

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

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

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

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

Financial Assets

Balance as at:	Fair Value Level	31 March 2022		31 March 2023	
		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		8,191	8,191	14,492	14,492
Cash and liquid assets		7,938	7,938	1,240	1,240
Fair value through profit and loss:					
Money Market funds	1	354	354	346	346
Total short term assets		16,133	16,133	16,081	16,081
Long term Assets					
Amortised cost:					
Long Term Debtors		463	463	516	516
Stocks		6	6	6	6
Soft Loans		2,412	2,412	2,442	2,442
Fair value through profit and loss:					
Long Term Investments	1	49,959	49,959	45,444	45,444
Total long term assets		52,841	52,841	48,409	48,409
Total Financial Assets		68,974	68,974	64,490	64,490

Financial Liabilities

Balance as at:	Fair Value Level	31 March 2022		31 March 2023	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Short Term Liabilities					
Amortised cost:					
Accrued Interest		(107)	(107)	(107)	(107)
PWLB repayments due		(2,522)	(2,522)	(2,602)	(2,602)
Temporary Loan		0	0	(15,000)	(15,000)
Lawn Tennis Association Loan		(9)	(9)	(9)	(9)
Salix Loan		(78)	(78)	(104)	(104)
Total Short Term Borrowing Creditors		(2,715)	(2,715)	(17,822)	(17,822)
		(7,739)	(7,739)	(16,760)	(16,760)

Balance as at:		31 March 2022		31 March 2023	
	Fair Value Level	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Total Short Term Liabilities		(10,454)	(10,454)	(34,582)	(34,582)

Short Term Liabilities`

Amortised cost:

PWLB – maturity	2	(4,000)	(7,106)	(4,000)	(5,173)
PWLB – Annuity	2	(66,666)	(69,187)	(64,063)	(54,550)
Salix Loan	2	(323)	(323)	(194)	(194)
Lawn Tennis Association Loan	2	(39)	(39)	(30)	(30)
Total Long Term Liabilities		(71,029)	(76,655)	(68,288)	(59,947)
Total Financial Liabilities		(81,483)	(87,109)	(102,869)	(94,528)

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 22/23	Financial Liabilities at Amortised cost £000	Financial Assets at Amortised Cost £000	Financial Assets at Fair Value Profit & Loss £000	2022/23 £000	2021/22 £000
Interest expense	2,570	0	0	2,570	2,524
Losses from changes in fair value	0	4,596		4,596	0
Total Expense in Surplus or Deficit on the Provision of Services	2,570	4,596	0	7,167	2,524
Interest/dividend income	0	(330)	(1,819)	(2,149)	(1,642)
Gains from changes in fair value	0	0	0	0	(457)
Total Income in Surplus or Deficit on the Provision of Services	0	(330)	(1,819)	(2,149)	(2,099)
Net (gain)/loss for the year	2,570	4,266	(1,819)	5,018	425

14. FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

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

	2021/22 £000		2022/23 £000	
Opening balance				
Soft loans	1,512		1,349	
Movement during the year				
LOBO premium amortised cost		(25)		(25)
Soft loans		(138)		(119)
Balance at 31 March		1,349		1,204

15. SOFT LOANS

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

	2021/22	2022/23
	£000	£000
Opening balance	2,401	2,413
Advances in year	94	184
Repayments in year	(221)	(274)
Financial instruments adjustments	138	119
Closing balance	2,413	2,443

16. POOLED INVESTMENT FUNDS ADJUSTMENT ACCOUNT

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

Pooled Investment Funds Adjustment Account	2021/22	2022/23
	£000	£000
Opening balance	663	206
Unrealised (profit)/loss on pooled investments and fixed securities	(457)	4,596
Closing balance	206	4,802

17. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

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

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

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

The main risks covered are:

- **Credit Risk:** The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.

- Liquidity Risk: The possibility that the Council might not have the cash available to make contracted payments on time.
- Market Risk: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk

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

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

Loss allowances on treasury investments have been calculated by reference to historic default data published by credit rating agencies, multiplied by 150% to adjust for current and forecast economic conditions. A [two-year] delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by [three] or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when awarded a “D” credit rating or equivalent. At 31st March 2023, there were no loss allowances related to treasury investments.

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and ensuring that no more than 25% of the Council's borrowing matures in any one financial year.

The maturity analysis of financial instruments is as follows:

	2021/22	2022/23
	£000	£000
Cash and cash equivalents	8,293	1,586
Less than 1 year	4	4
More than 1 year	49,965	45,450
Total	58,262	47,040

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 received interest of £1,921k on its investments of £47m achieving an average interest rate of 4.08%. A one percentage movement in the rate of interest achieved would result in a corresponding change of £470k in the interest received.

The Council paid interest on its long-term borrowings of £2.4m based on an average rate of 3.38%. The loans associated with this borrowing are held at fixed interest rates and therefore there is no associated interest rate risk with the existing commitments.

18. PENSION COSTS

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

Transactions Relating to Retirement Benefits

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

	2021/22	2022/23
	£000	£000
Comprehensive Income and Expenditure Statement		
Cost of Services		
Current service costs	6,940	7,445
Curtailments and past service costs	0	0
Administrative expense	78	78
Net Operating Expenditure		
Net Interest on the Defined Liability	1,690	2,061
Charge to the Surplus or Deficit on the Provision of Services	8,708	9,584

Other charge to the Comprehensive income and expenditure statement

Return on plan assets (excluding the amount included in net interest expense)	2,604	(1,660)
Actuarial gains and losses arising on changes in demographic assumptions	0	5,898
Actuarial gains and losses arising on changes in financial assumptions	6,605	82,340
Experience loss/(gain) on defined benefit obligation	(425)	(24,199)
Other actuarial gains and losses	0	(67)
Settlements	0	0
Re-measurement of the net defined benefit liability	8,784	62,312

Movement in Reserves Statement

Reversal of net charges made for retirement benefits in accordance with IAS 19	(8,708)	(9,584)
Actual amount charged to the General Fund for pensions in the year:		
Employer's contributions payable to scheme	4,932	5,446
Contribution (From) or To Pensions Reserve	(3,776)	(4,138)

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

Pension Assets and liabilities recognised in the Balance Sheet

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

	2021/22	2022/23
Liabilities		
Opening balance at 1 April	210,956	209,736
Current service costs	6,940	7,445
Interest cost	4,158	5,385
Change in financial assumptions	(6,605)	(82,340)
Change in demographic assumptions	0	(5,898)
Experience loss/(gain) on defined benefit obligation	425	24,199

Liabilities assumed / (extinguished on settlement)	0	0
Benefits paid net of transfers in	(6,537)	(5,861)
Past service costs, including curtailments	0	0
Contributions by scheme participants	961	1,119
Unfunded pension payments	(562)	(556)
Closing balance at 31 March	209,736	153,229

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	2021/22	2022/23
Opening balance at 1 April	123,983	127,771
Interest on assets	2,468	3,324
Return on assets less interest	2,604	(1,660)
Other actuarial gains / (losses)	0	(67)
Administration expenses	(78)	(78)
Contributions by employer including unfunded	4,932	5,446
Contributions by scheme participants	961	1,119
Estimated benefits paid plus unfunded net of transfers in	(7,099)	(6,417)
Settlement prices received / (paid)	0	0
Closing balance at 31 March	127,771	129,438

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

Net Pension Liability

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

	2021/22	2022/23
	£000	£000
Present value of funded obligation	202,299	147,053
Fair value of scheme assets (bid price)	(127,771)	(129,438)
Net Liability	74,528	17,615
Present value of unfunded obligation	7,437	6,176
Net Liability in Balance Sheet	81,965	23,791

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	2021/22	2022/23
	£000	£000
Opening balance at 1 April	(86,973)	(81,965)
Current service costs	(6,940)	(7,445)
Past service costs and curtailments	0	0
Employer's contributions	4,932	5,446
	2021/22	2022/23
	£000	£000
Administrative expenses	(78)	(78)
Capitalised loss on settlement	0	0
Remeasurement of net defined benefit liability	8,784	62,312
Interest on net defined benefit liability	(1,690)	(2,061)
Closing balance at 31 March	(81,965)	(23,791)

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:

Assets	31-Mar-22		31-Mar-23	
	Fund Value	Percentage of Fund	Fund Value	Percentage of Fund
	£000	%	£000	%
Equities	82,265	64	82,597	64
Gilts	815	1	709	1
Bonds	17,763	14	17,000	14
Property	14,394	11	12,919	11
Cash	3,116	2	2,322	2
Target Return Portfolio	9,418	7	9,482	7
Infrastructure	0	0	4,409	0
Total	127,771	100	129,438	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	% Quoted	% Unquoted
Fixed Interest Government Securities		
UK	-	-
Overseas	1	-
Corporate Bonds		
UK	4	-
Overseas	10	-
Equities		
UK	16	-
Overseas	44	-

Property		
All	-	10
Others		
Absolute return portfolio	7	-
Private Equity	-	4
Infrastructure	-	3
Derivatives	-	0
Cash/Temporary Investments	-	2
Net Current Assets		
	%	%
	Quoted	Unquoted
Debtors	-	-
Creditors	-	-
Total	81	19

Scheme History

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	-£000	£000	£000	£000	£000
Present value of liabilities	(154,510)	(177,664)	(174,667)	(175,356)	(167,585)	(210,956)	(209,736)	(153,229)
Scheme assets	77,552	91,841	93,614	99,199	90,384	123,983	127,771	129,438
Surplus or (deficit) in the scheme	(76,958)	(85,823)	(81,053)	(76,157)	(77,201)	(86,973)	(81,965)	(23,791)

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £24m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains healthy.

Remeasurement of Net Defined Benefit Liability

The remeasurement changes to the net defined liability translate into movements on the Pensions Reserve in 2022/23 and are detailed below:

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000
Remeasurement of the net defined liability recognised in the CIES	5,924	(7,589)	6,481	6,315	1,129	(3,722)	8,784	62,312
Cumulative remeasurement of the net defined benefit liability	(60,321)	(67,910)	(61,429)	(55,114)	(53,985)	(57,707)	(48,923)	13,389

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, and estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, on behalf of Kent County Council based upon the latest full valuation of the scheme which took effect from April 2019.

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

	2021/22	2022/23
Life expectancy from age 65 (years)		
Retiring Today		
Men	21.6	21.1
Women	23.7	23.5
Retiring in 20 years		
Men	23	22.3
Women	25.1	25
	2021/22	2022/23
Rate of inflation – CPI	3.30%	2.90%
Rate of increase in salary	4.30%	3.90%
Rate of increase in pension	3.30%	2.90%
Rate for discounting scheme liabilities	2.60%	4.80%

Sensitivity Analysis

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

	£000	£000	£000	£000	£000
Adjustment to discount rate:	+0.5%	+1.0%	0.0%	-1.0%	-0.5%
Present value of total obligation	143,103	134,076	153,229	177,549	164,637
Projected service cost	2,418	2,021	2,887	4,104	3,442
Adjustment to long term salary increase:	+0.5%	+1.0%	0.0%	-1.0%	-0.5%
Present value of total obligation	154,120	155,045	153,229	151,539	152,369
Projected service cost	2,897	2,906	2,887	2,867	2,877
Adjustment to pension increases and deferred revaluation:	+0.5%	+1.0%	0.0%	-1.0%	-0.5%
Present value of total obligation	163,910	175,971	153,229	135,282	143,739
Projected service cost	3,439	4,117	2,887	2,011	2,423
Adjustment to life expectancy assumption:		+1 year	None	-1 year	
Present value of total obligation		159,776	153,229	146,980	
Projected service cost		2,991	2,887	2,786	

Projected Pension Expense for the Year to 31 March 2024

These projections are based on the Actuary's assumptions as at 31 March 2023.

	2023/24 Projection £000
Service cost	2,887
Net interest on the defined liability (asset)	1,023
Administration expenses	78
Total	3,988
Employer's contributions	4,460

Further Information

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

19. DEMAND ON THE COLLECTION FUND – COUNCIL TAX

Council Tax Income	£000	2021/22 £000	£000	2022/23 £000
District council's council tax		7,689		8,038
Parish councils' council tax		2,772		3,019
		<u>10,461</u>		<u>11,057</u>
Current year's actual Collection Fund surplus / (deficit)	(46)		45	
Reversal of the difference between:				
Prior year's actual accumulated Collection Fund surplus	(52)		(46)	
Share of estimated prior year surplus distributed in year	(12)		109	
	<u>(64)</u>		<u>63</u>	
		18		(18)
Council Tax Support Scheme		217		0
Council Tax S31 Grant – re discount for Family Annexes		13		17
Amount credited to the CIES from Council Tax		10,709		11,056

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

	2021/22 £000	£000	2022/23 £000	£000
District council's share of NNDR		15,746		15,630
S31 Grant for NNDR Reliefs given		3,735		4,776
Tariff to Central Government		(12,272)		(12,270)
Levy Payable to Government/Pool Lead		(479)		(968)
Levy Surplus and other grants		0		20
Current year's actual Collection Fund surplus/(deficit) - NNDR		(1,569)		3
Reversal of the difference between:				

	2021/22		2022/23	
	£000	£000	£000	£000
Prior year's actual accumulated Collection Fund surplus/(deficit)	6,117		1,569	
Share of estimated prior year surplus/(deficit) contributed in year	<u>(5,661)</u>		<u>(1,501)</u>	
		456		68
Income from NNDR		5,616		7,259
Enterprise Zone Relief:				
Enterprise Zone Relief received from Government/KCC	597		539	
Enterprise Zone Relief due from/(to) Government/KCC	<u>75</u>		<u>54</u>	
Total Enterprise Zone Relief		672		593
Renewable Energy NNDR Retained:				
Renewable Energy retained as per NNDR1	1,142		1,141	
Further Renewable energy due for year/(reduction)	<u>0</u>		<u>1</u>	
Total Renewable Energy Retained		1,142		1,142
Amount credited to CIES from NNDR (inc. Enterprise Zone Relief)		7,430		8,994

21. GRANT INCOME

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

Credited to Taxation and Non-Specific Grant Income	2021/22 £000	2022/23 £000
General government grants:		
Revenue Support Grant	418	82
Services Grant	0	419
Council Tax Discount – Annexe Grant	969	0
Covid 19 Response	526	0
New Homes Bonus	990	1,228
Total non-specific grant income	2,902	1,730
Capital Grants & Contributions		
KCC Better Care Fund	1,248	1,240
Section 106	22	264
Environment Agency	112	195
Homes England	1,974	5,794
MHCLG Future High Streets Fund	25	57
Dept for Business, Energy & Industrial Strategy	129	0
Homes & Communities Agency	715	0
Levelling Up Fund	0	1,076
Local Authority Housing Fund	0	357
Total capital grant contributions	4,225	8,984

Credited to Services

Rent Allowance Subsidy	14,356	13,488
Benefit Administration Grant	174	165
Council Tax Administration Grant	320	337
Non-HRA Rent Rebate Subsidy	429	522
HRA Rent Rebate Subsidy	6,998	7,149
Discretionary Housing Payment Contribution	248	175
NNDR Cost of Collection Allowance	161	170
New Burdens – NNDR	145	97
New Burdens – CTAX	0	181
Heritage Lottery	15	0
Homelessness Grant	582	579
Rough Sleeping	554	290
NHS Grant	173	7
Covid19 Grants Inc. ARG Grant	1,073	0
DPHA – Officer Meetings	7,692	8,335
Council Tax Rebate	6,732	0
Other	888	1,353
KCC Contributions	1,348	1,664
Agency Reimbursements	38	21
Parks for People	250	0
Donations / Sponsorship	87	171
Other Non Govt Grants	97	125
WCCP Projects	628	831
Rechargeable Works	175	73
Energy Bill Support Scheme	0	603
Misc Contributions	655	590
Joint Financing	4,733	5,230
Total Credited to Services	48,553	42,157
Total Grant Income	55,681	52,872

22. OFFICERS' EMOLUMENTS, ANNUAL LEAVE AND TERMINATION BENEFITS

Emoluments

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

Remuneration Band	Number of Employees	
	2021/22	2022/23
£50,000-£54,999	12	6
£55,000-£59,999	21	16
£60,000-£64,999	6	19
£65,000-£69,999	6	5
£70,000-£74,999	0	4
£75,000-£79,999	4	2
£80,000-£84,999	4	2

£85,000-£89,999	1	4
£90,000-£94,999	0	1
£95,000-£99,999	0	1
£100,000-£104,999	1	1
£105,000-£199,999	1	0
£110,000-£114,999	1	1
£115,000-£119,999	0	1
£125,000-£129,999	0	1
£135,000-£139,999	0	1
	57	65

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.

2022/23 Exit package cost band £000	Number of compulsory redundancies	Number of other departures agreed	Total exit packages	Total cost of exit packages	
				Payable to employees £000	Actuarial Strain £000
40-60	0	2	2	106	0
60-80	1	0	1	66	0
Total	1	2	3	172	0

Senior Officers' Emoluments

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

2021/22 Post holder information (Post title)	Salary (Including fees & Allow- ances) £000	Expense Allow- ances (Including Fuel) £000	Car Allowance (eg Benefits in Kind or Cash) £000	Total Remuneration excluding pension contributions £000	Pension contrib- utions £000	Total Remuneration including pension contributions £000
Chief Executive	106	3	5	113	20	133
Strategic Director (Corporate Resources)	92	3	8	103	17	121
Strategic Director (Operations and Commercial)	92	3	12	107	17	124
Head of Leadership Support	75	0	8	83	14	97
	365	9	33	406	68	475

2022/23 Post holder information (Post title)	Salary (Including fees & Allow- ances) £000	Expense Allow- ances (Including Fuel) £000	Car Allowance (eg Benefits in Kind or Cash) £000	Total Remuneration excluding pension contributions £000	Pension contrib- utions £000	Total Remuneration including pension contributions £000
Chief Executive	95	3	8	105	21	126
Strategic Director (Corporate and Regulatory)	73	2	4	79	15	95
Strategic Director (Finance and Housing)	76	3	7	87	16	103
Strategic Director (Place and Environment)	78	3	9	90	17	107
Head of Leadership Support	115	0	6	121	11	132
Head of Community and Digital Services	79	0	3	82	16	97
	517	11	38	565	96	661

Change between years 2021-22 to 2022-23

Head of Leadership Support – Leaver in 2022-23 and post removed.

23. CAPITAL RECEIPTS

Usable Capital Receipts

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

	2021/22	2022/23
	£000	£000
Balance at 1 April	(15,934)	(16,064)
Usable capital receipts received	(4,953)	(4,981)
	(20,887)	(21,044)
Less: usable capital receipts applied:		
Expenditure on non-current assets	4,372	4,975
Empty Home Loans	63	156
Private Sector Housing Loans	94	184
Pooled housing capital receipts	294	0
Balance at 31 March	(16,064)	(15,728)

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. For the financial year 2022/23 £0 has been paid to the DCLG in relation to capital pooling requirements (£294k in 2021/22).

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

24. GENERAL FUND AND HRA BALANCES

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

25. EARMARKED RESERVES

General Fund Earmarked Reserves:	Opening Balance £000	Receipts in year £000	Applied in year £000	Closing Balance £000
Special Projects & Events	23,274	13,824	(10,952)	26,146
Periodic Operations	16,428	1,787	(10,011)	8,205
Smoothing Reserve	4,000	0	0	4,000
Regeneration	2,649	876	(734)	2,791
ICT Equipment & Servers	1,365	615	(270)	1,709
Business Rates & Council Tax	3,855	2,053	(2,253)	3,655
Operational and Fee Income Reserve	7,628	2,367	(5,500)	4,494
Total	59,199	21,522	(29,720)	51,000

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	17,101	2,554	(3,487)	16,168
HRA MRP Allowance	0	475	0	475
Major Repairs Reserve	0	4,716	(4,716)	0
Total	17,101	7,745	(8,203)	16,643

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

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

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

26. DEBTORS

Long Term Debtors	31 March 2022 £000	31 March 2023 £000
Loans to:		
Local organisations	7	0
Local Authorities	455	516
Other:		
Housing benefit debtors ¹	425	382
Total	887	898

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 2022 £000	31 March 2023 £000
General Fund		
Housing rents and other charges	621	0
Central Government	6,234	23,120
Local Authorities	3,868	3,662
Payments in Advance	689	1,020
Other debtors	8,757	4,277
	20,169	32,079
Collection Fund		
Local tax payers (district council's share)	3,830	3,476
Central Government	715	94
	4,545	3,570
Other Local Authorities – cash due	1,355	637
Total	26,069	36,285

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 1 April 2021	832	1,273	1,152	1,580	772	5,609
Write-offs	(23)	(55)	(47)	(167)	(159)	(451)
Contribution to provision	104	33	200	0	0	337
Balance at 31 March 2022	913	1,251	1,304	1,414	612	5,494
Write-offs	(42)	(1,450)	(55)	(83)	(6)	(1,636)
Contribution to provision	122	870	80	(44)	0	1,028
Balance at 31 March 2023	993	671	1,329	1,287	606	4,886

The provisions for bad debts in respect of council tax and NNDR represent the Council's share only. The total provision for bad debts in respect of council tax, together with the bad debt provision for NNDR, can be found on page 83.

Disclosure Requirements under IAS 32 (Financial Instruments: Presentation)

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

Age of Debt

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

Age of debt	At 31 March 2022			At 31 March 2023		
	General Debtors £000	HRA £000	Total £000	General Debtors £000	HRA £000	Total £000
< 1 month	5,200	351	5,551	321	287	608
1 – 3 months	163	203	366	663	136	799
3 – 6 months	18	75	93	(9)	96	87
6 – 12 months	179	70	249	(127)	143	16
1 year +	467	553	1,020	343	538	881
Total	6,027	1,252	7,279	1,191	1,200	2,391

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 uncollectability of the debt is shown as the provision balance as at 31 March in the Provision for Bad Debt table above.

27. CASH & CASH EQUIVALENTS

Under the IFRS Code investments which are considered to be of a liquid nature are to be included under the category of cash and cash equivalents. Under the Council's accounting policies these are deemed to be internally managed investments with a

maturity date within 100 days of the Balance Sheet date and net cash holdings in the Council's bank accounts.

	2021/22	2022/23
	£000	£000
Cash held at bank/(Overdraft)	(4,396)	(84)
Bank call accounts	12,689	1,670
Total Cash and Cash Equivalents	8,293	1,586

28. SHORT TERM CREDITORS

As at 31 March	2021/22	2022/23
	£000	£000
General Fund		
Government departments	(10,384)	(18,882)
Other local authorities	(675)	(1,257)
Housing tenants	(514)	(288)
Other creditors	(6,828)	(8,125)
	<u>(18,401)</u>	<u>(28,552)</u>
Collection Fund		
Government Departments	(2,874)	(3,034)
Local Authorities	(10,681)	(9,428)
Local tax payers (DDC's share)	(760)	(1,004)
	<u>(14,315)</u>	<u>(13,467)</u>
Total	<u>(32,717)</u>	<u>(42,018)</u>

29. PROVISIONS

Localisation of Business Rates

Under the localisation of business rates, the Council is required to calculate a provision for successful appeals made against NNDR debts based on disputes over rateable value, which includes an estimate based on appeals currently lodged against 2022/23 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 £4m (2021/22 £8.64m) can be seen within the separate Collection Fund section. The provision was discussed and reviewed with external advisors in 2022/23 and it was felt the provision for the 2017 list could be reduced based on the claims to date at that point and the new 2023 list due to come out in the next year.

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 2017 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 2017 valuation.

Municipal Mutual Insurance

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

	2021/22 £000	2022/23 £000
As at 31 March		
DDC Share of NNDR Appeals Provision	(3,456)	(1,600)
Municipal Mutual Insurance provision	(20)	(20)
Total	(3,476)	(1,620)

30. RECEIPTS IN ADVANCE

	2021/22 £000	2022/23 £000
As at 31 March		
Government departments	(8,723)	(285)
Other local authorities	(5,447)	(1,364)
Other	(1,222)	(6,858)
Total	(15,391)	(8,507)

31. CAPITAL GRANTS UNAPPLIED

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

	2021/22 £000	2022/23 £000
Balance at 1 April	(6,004)	(4,745)
Contributions received	(1,248)	(1,598)
Applied to projects	2,508	2,648
Balance at 31 March	(4,745)	(3,694)

32. CAPITAL GRANTS RECEIVED IN ADVANCE

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

	2021/22 £000	2022/23 £000
Balance at 1 April	(1,312)	(880)
Contributions received	(3,224)	(6,881)
Applied to capital projects	2,955	7,123
Grant repaid	701	0
Balance at 31 March	(880)	(637)

33. CAPITAL ADJUSTMENT ACCOUNT

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

Capital Adjustment Account	2021/22 £000	2022/23 £000
Balance at 1 April	(222,577)	(253,870)
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Impairment of non-current assets	6,115	6,253
Amortisation of intangible assets	99	94
Revaluation losses on property, plant and equipment	862	10,160
Revaluation gains on property, plant and equipment	(24,124)	(1,956)
Revenue expenditure funded from capital under statute	1,169	1,740
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	3,747	2,895
Adjusting amounts written out of the Revaluation Reserve	(1,836)	0
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,529)	(5,316)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,742)	(3,093)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(2,978)	(7,387)
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,508)	(2,648)
Receipt of capital income from long term debtors	475	369
Capital expenditure charged against the General Fund and HRA balances	(1,924)	(4,105)
Capital expenditure charged against Earmarked Reserves	(1,203)	(3,026)
Movements in the market value of Investment Properties debited or credited to the CIES	(632)	(674)
Loan Repayments Made	(86)	(86)
Prior year adjusting entry	249	0
Minimum Revenue Provision	(1,449)	(1,656)
Balance at 31 March	(253,870)	(262,307)

34. REVALUATION RESERVE

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

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

	2021/22	2021/22	2022/23	2022/23
	£000	£000	£000	£000
Balance carried forward				
		(54,552)		(52,985)
Balance at 1 April		(54,552)		(52,985)
Revaluation gains	(1,793)		(9,625)	
Revaluation losses/impairments	1,524		5,573	
Surplus on revaluation of fixed assets		(269)		(4,051)
Historic cost depreciation written out to the capital adjustments account		1,836		0
(Gain)/Loss on asset sold or scrapped		0		73
Balance at 31 March		(52,985)		(56,964)

35. RELATED PARTY TRANSACTIONS

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

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

Organisation	Value	Details
Dover, Deal and District Citizens Advice	£177,000	£97,000 Annual DDC Grant and £80,000 Household Support Grant to Dover, Deal and District Citizens Advice. One Member is a Trustee of this Citizen Advice.
Gazen Salts Nature Reserve	£4,500	Grant Assistance made to the Reserve. One Member is the Chair of Trustees of this Reserve.
Samphire Charity	£2,848	DDC Community Support Grant made to the Charity. One Member is Director of the Charity
USN P22 Trust	£1,175	DDC Community Support Grant made to the Trust. One Member is Trustee of this Trust.

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

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in note 1 Grant Income on reporting for resources allocation decision.

36. MEMBERS' ALLOWANCES

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

	2021/22 £000	2022/23 £000
Basic Allowance	160	160
Special Responsibility Allowance	95	93
Members' National Insurance Contributions	5	5
Total	260	258

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 FEES

The Council's auditors, Grant Thornton, are responsible for reviewing the Council's procedures which ensure that money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. The Council incurred the following fees relating to external audit and inspection carried out during 2022/23:

	2021/22 £000	2022/23 £000
External audit services – Grant Thornton	44	44
Certification of grant claims and returns	40	42
Total	84	86

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.

Munich Municipal 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 2022, the estimated amount liable to claw-back if a solvent run-off is not achieved is the total carried forward claim payments of up to £183k less £50k.

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

Civica UK Ltd Pension Deficit

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

Rent Deposit Scheme

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

39. POST BALANCE SHEET EVENTS

In preparing these accounts the Council is required to consider events that may have an impact on the accounting statements since 31 March 2023. The Council does not consider there to have been any material post balance sheet events.

40. ACCOUNTING STANDARDS ISSUED BUT YET TO BE ADOPTED

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

There are no new standards that have been issued but not yet adopted which, when adopted, are expected to have a material impact on the Council’s financial statements.

COLLECTION FUND

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

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2021/22			2022/23		
Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
Income					
Council tax:					
0	(78,337)	(78,337)	0	(82,285)	(82,285)
0	0	0	0	0	0
National Non-domestic rates:					
(39,844)	0	(39,844)	(35,303)	0	(35,303)
(840)	0	(840)	(742)	0	(742)
0	0	0	0	0	0
(14,151)	0	(14,151)	(3,754)	0	(3,754)
(54,835)	(78,337)	(133,172)	(39,799)	(82,285)	(122,084)
Total Income					
Expenditure					
Precepts, Demands & Shares:					
19,682	0	19,682	19,537	0	19,537
3,543	55,387	58,930	3,517	57,533	61,050
0	8,517	8,517	0	8,986	8,986
394	3,155	3,549	391	3,241	3,632
15,746	7,702	23,448	15,630	7,928	23,558
0	2,772	2,772	0	3,019	3,019
39,365	77,533	116,898	39,075	80,707	119,782
Enterprise Zone Relief Payable:					
672	0	672	593	0	593
151	0	151	133	0	133
17	0	17	14	0	14
840	0	840	742	0	742
Renewable Energy Retained					
1,142	0	1,142	1,143	0	1,143
1,142	0	1,142	1,143	0	1,143
Charges to the Collection Fund:					
0	198	198	0	306	306
(55)	567	512	(893)	593	(300)
1,364	0	1,364	(4,640)	0	(4,640)
161	0	161	162	0	162
1,470	765	2,235	(5,371)	899	(4,472)
651	0	651	278	0	278
Transitional Protection Payments					
43,468	78,298	121,766	35,867	81,606	117,473
Total Expenditure					
(11,369)	(39)	(11,408)	(3,931)	(679)	(4,610)
15,292	382	15,674	3,923	343	4,266
3,923	343	4,266	(8)	(336)	(344)
(Surplus) or Deficit for the Year					
Balance brought forward at 1 April					
Balance Carried Forward at 31 March					

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 (PCCK), 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	2021/22 Precept £000	2021/22 Surplus £000	2021/22 Total £000	2022/23 Precept £000	2022/23 Deficit £000	2022/23 Total £000
Kent County Council	55,323	64	55,387	58,104	(571)	57,532
Police and Crime Commissioner for Kent	8,507	10	8,517	9,072	(33)	9,038
Kent and Medway Fire & Rescue Authority	3,151	4	3,155	3,274	(87)	3,188
Dover District Council	7,690	12	7,702	8,038	(109)	7,928
	<u>74,671</u>	<u>90</u>	<u>74,761</u>	<u>78,488</u>	<u>(800)</u>	<u>77,688</u>
Parish councils	2,772	-	2,772	3,019	0	3,019
Total Demand on the Collection Fund	77,443	90	77,533	81,507	(800)	80,707

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	<u>2021/22</u>			<u>2022/23</u>		
	Estimated no. of Properties	Multiplier	Band D Equivalent Dwellings	Estimated no. of Properties	Multiplier	Band D Equivalent Dwellings
Disabled A	4.36	5/9ths	2.42	2.45	5/9ths	1.36
A	3,875.37	6/9ths	2,583.58	4,104.71	6/9ths	2,736.47
B	12,477.00	7/9ths	9,704.34	12,564.45	7/9ths	9,772.35
C	11,785.61	8/9ths	10,476.10	11,957.59	8/9ths	10,628.97
D	6,554.05	9/9ths	6,554.05	6,684.28	9/9ths	6,684.28
E	4,008.75	11/9ths	4,899.58	4,107.56	11/9ths	5,020.35
F	2,294.26	13/9ths	3,313.93	2,360.56	13/9ths	3,409.70
G	1,375.71	15/9ths	2,292.85	1,413.69	15/9ths	2,356.15
H	52.75	18/9ths	105.50	55.25	18/9ths	110.50
	<u>42,427.86</u>		<u>39,932.35</u>	<u>43,250.54</u>		<u>40,720.13</u>
Estimated Collection Rate			97.65%			97.65%
Council Tax Base			<u>38,993.94</u>			<u>39,763.21</u>

Band D Council Tax

	2021/22	2022/23
	£	£
Kent County Council	1,418.76	1,461.24
Police and Crime Commissioner for Kent	218.15	228.15
Kent and Medway Fire & Rescue Authority	80.82	82.35
Dover District Council	197.19	202.14
	<u>1,914.92</u>	<u>1,973.88</u>
Parish councils (average)	71.08	75.93
Total	<u>1,986.00</u>	<u>2,049.81</u>

This basic amount of council tax for a Band D property of £2,049.81 for 2022/23 (£1,986.00 for 2021/22) is multiplied by the proportion specified within the Local Government Finance Act 1992 for the particular band to give an individual amount due. In addition to this, special expenses are charged specifically in relation to the precepts of parish councils.

2. NATIONAL NON-DOMESTIC RATES (NNDR)

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

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

However, from April 2013 the Ministry of Housing, Communities and Local Government has calculated a tariff payable by the billing authority (Dover District Council) that reduces its retained funding significantly from the 40% share. There is also a separate calculation of a pre-determined baseline need for the billing authority. Further arrangements to limit the loss of income to the billing authority (or restrict the retention of income above the baseline need) result in safety net payments from Government (or levy payments to it). Dover was in a levy position for 2022/23 and will pay £2,161k 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 2022/23 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 £1,193k back from the pool.

The NNDR income, after reliefs, of £35.303m for 2022/23 (£39.844m for 2021/22), was based on the total rateable value for the Council's area, which at the year-end was £109.499m (£110.561m in 2021/22).

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

Preceptor	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23
	Precept £000	Deficit £000	Total £000	Precept £000	Deficit £000	Total £000
Kent County Council	3,543	(1,274)	2,269	3,517	(338)	3,179
Kent and Medway Fire & Rescue Authority	394	(142)	252	391	(38)	353
Dover District Council	15,746	(5,661)	10,085	15,630	(1,501)	14,129
	19,682	(7,076)	12,606	19,538	(1,877)	17,661
Central Government	19,682	(7,076)	12,606	19,538	(1,877)	17,661
Total Demand on the Collection Fund	39,364	(14,152)	25,212	39,076	(3,754)	35,322

3. IMPAIRMENT ALLOWANCE

	<u>2021/22</u>			<u>2022/23</u>		
	Council Tax £000	NNDR £000	Total £000	Council Tax £000	NNDR £000	Total £000
Balance at 1 April	6,162	3,183	9,345	6,729	3,128	9,857
Write-Offs	(198)	0	(198)	(306)	(557)	(863)
Contribution to Provision	765	(55)	710	900	(893)	7
Balance at 31 March	6,729	3,128	9,857	7,323	1,678	9,001

4. COLLECTION FUND SURPLUSES AND DEFICITS

Council Tax

The District Council was required to estimate by 15 January 2022 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 22/23 was showing a surplus of £336K (21/22 £343k Deficit). This surplus will be paid over future years. However, the closing balance, estimated in January 23, as required under legislation, suggested that a surplus of £414k might be realised (DDC's share £55k or 13.32%). This £414k is due to be paid to the Preceptors during 23/24 and this therefore means that the £78k deficit (£336k less the £414k) will form part of the surplus / deficit estimate that will be calculated in January 24.

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

	Deficit at 31 March 2021 £000	Movement in Year £000	Deficit at 31 March 2022 £000	Movement in Year £000	Surplus at 31 March 2023 £000
Kent County Council Police and Crime Commissioner for Kent	273	(28)	245	(484)	(239)
Kent & Medway Fire & Rescue Authority	42	(4)	38	(76)	(38)
Dover District Council	16	(2)	14	(28)	(14)
	51	(5)	46	(91)	(45)
Total	382	(39)	343	(679)	(336)

National Non-Domestic Rates (NNDR)

The District Council was required to estimate by 31 January 2022 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 deficit of £3,923k for 2021/22 and this was distributed to major preceptors during 2022/23. The overall total result for 2022/23 is a surplus of £8k – this will be the opening Collection Fund balance for 2023/24.

The proportionate shares (prescribed by legislation) of the actual collection fund surplus for non-domestic rates are shown below. The closing balance of £8k at 31 March 2023 is split as follows:

	Proportionate Shares 21/22	Proportionate Shares 22/23	Deficit at 31 March 2022 £000	Movement in Year £000	Surplus at 31 March 2023 £000
Central Government	50%	50%	1,961	(1,965)	(4)
Kent County Council	9%	9%	353	(354)	(1)
Kent & Medway Fire & Rescue Authority	1%	1%	39	(39)	0
Dover District Council	40%	40%	1,569	(1,572)	(3)
Total	100%	100%	3,923	(3,931)	(8)

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	PCCK £000	KMFR £000	DDC £000	Gov't £000	Total £000
Council Tax:						
Council tax arrears	6,779	1,058	382	1,290	0	9,509
Council tax provision for bad debts	(4,798)	(749)	(270)	(913)	0	(6,730)
Council tax overpayments & prepayments	(1,443)	(225)	(81)	(275)	0	(2,024)
Council tax cash	(783)	(122)	(44)	(149)	0	(1,098)
Collection Fund deficit	245	38	13	47	0	343
	0	0	0	0	0	0

At 31 March 2022

	KCC £000	PCCK £000	KMFR £000	DDC £000	Gov't £000	Total £000
Business Rates (NNDR):						
NNDR arrears	348	0	39	1,548	1,935	3,870
NNDR provision for bad debts	(282)	0	(31)	(1,251)	(1,564)	(3,128)
NNDR provision for appeals	(778)	0	(86)	(3,456)	(4,320)	(8,640)
NNDR overpayments & prepayments	(109)	0	(12)	(486)	(608)	(1,215)
NNDR cash	468		51	2,076	2,596	5,190
Collection Fund deficit	353	0	39	1,569	1,961	3,923
Total	0	0	0	0	0	0
	KCC £000	PCCK £000	KMFR £000	DDC £000	Gov't £000	Total £000
Council Tax:						
Council tax arrears	7,397	1,155	417	1,408	0	10,377
Council tax provision for bad debts	(5,220)	(815)	(295)	(993)	0	(7,323)
Council tax overpayments & prepayments	(1,695)	(265)	(95)	(323)	0	(2,378)
Council tax cash	(243)	(37)	(13)	(47)	0	(340)
Collection Fund surplus	(239)	(38)	(14)	(45)	0	(336)
	0	0	0	0	0	0
Business Rates (NNDR):						
NNDR arrears	298	0	33	1,325	1,656	3,312
NNDR provision for bad debts	(151)	0	(17)	(671)	(839)	(1,678)
NNDR provision for appeals	(360)	0	(40)	(1,600)	(2,000)	(4,000)
NNDR overpayments & prepayments	(153)	0	(17)	(681)	(852)	(1,703)
NNDR cash	367		41	1,630	2,039	4,077
Collection Fund deficit	(1)	0	0	(3)	(4)	(8)
	0	0	0	0	0	0
Total	0	0	0	0	0	0

At 31 March 2023

6. BUSINESS RATES RELIEFS

A Government scheme to encourage growth in designated enterprise zones by granting 'Enterprise Zone relief' for up to five years came to an end for new applications on 31 March 2019. Nevertheless, there are numerous businesses within the 'Discovery Park' enterprise zone entitled to this relief, some of which will run until 2025/26. The relief is capped at £55k p.a. per business (£275k max. per business in total across the 5 years). The Government provides compensation to preceptors for any such reliefs given to prevent losses arising as a result, and this enterprise zone relief compensation forms part of the Collection Fund Comprehensive Income & Expenditure Statement, and the Districts' share forms part of its total income from business rates.

Toward the end of 2021/22 the District received a further £6.326m in Covid Additional Relief Fund (CARF), it was too late in the year to be applied to 2021/22 Non-Domestic Rates for business and was rolled forward as a relief against 2022/23 bills.

7. APPEALS PROVISIONS

The Collection Fund includes a prudent provision for appeals, as required under legislation. The 2010 valuation list of outstanding appeals was written off with a total rateable value of £3.1m that was not resolved by the Valuation Office Agency (VOA), this means that our provision for the 2010 list was zeroed out from the £0m provision we had made at 31 March 2023 (£0.36m at 31 March 2022).

A larger number of appeals have been lodged under the 2017 valuation as this is the final year that the appeals could be made before the revaluation for 2023 cut off date. In accordance with other Kent Authorities, the appeals provision against the 2017 valuation is based on an estimate of 2.1p per £1 of Rateable Value (approximately 4.5% of gross rates liability for Dover's businesses). 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 2017 valuation. However, a review was carried out of our appeals provision for the 2017 list in conjunction with external advisors and whilst the number of appeals had increased from the prior year, it was deemed that Dover was able to reduce the appeal provision made in prior years. As such a revised NDR was sent to DLUHC and this stated the provision of £4m for 22/23 for the 2017 list.

	2021/22	2022/23
	£000	£000
Provided against 2010 valuation appeals	355	0
Provision for 2017 valuation appeals	8,284	4,000
Total	8,639	4,000

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

2021/22 £000		Note	2022/23 £000
	Income		
(19,054)	Dwelling rents	9	(20,206)
(18)	Non-dwelling rents		0
(1,010)	Tenant charges for services and facilities		(736)
(443)	Leaseholder charges for services and facilities		(530)
(20,524)	Total Income		(21,473)
	Expenditure		
4,776	Repairs and maintenance		6,870
5,564	Supervision and management		4,700
119	Rent, rates, taxes and other charges		153
2,742	Depreciation and impairment of fixed assets	5	3,093
(24,093)	Exceptional Item – revaluation (gain)/loss	8	9,239
37	Debt management expenses		16
(159)	Increase in impairment of debtors	11	(6)
(11,013)	Total Expenditure		24,065
	Net Cost of Services Included in the Whole Authority		
(31,537)	Comprehensive Income and Expenditure Statement		2,592
1,288	HRA share of corporate and democratic core		1,371
	HRA share of other amounts included in the whole authority		
	net expenditure of continuing operations but not allocated to		
	specific services		14
(30,235)	Net Cost of HRA Services		3,977
(625)	(Gain) or loss on sales of HRA non-current assets		(1,584)
2,386	Interest payable and similar charges		2,371
(1)	Interest and investment income		0
304	Net Interest on Defined Benefit Liability	12	371
(28,171)	(Surplus) or Deficit for the year on HRA Services		5,135

MOVEMENT IN THE HOUSING REVENUE ACCOUNT STATEMENT

2021/22	2022/23
£000	£000 £000
<p>(1,021) Balance on the HRA at the end of the previous year</p> <p>(28,171) (Surplus) or deficit for the year on the HRA Income and Expenditure Statement</p> <p>Adjustments between Accounting Basis and Funding under Statute:</p> <p style="padding-left: 20px;">0 Voluntary Excess depreciation over MRA charged to the HRA</p> <p>24,093 Diff between other income and expenditure in accordance with the Guidance</p> <p style="padding-left: 20px;">625 Gain on disposal of non-current assets</p> <p style="padding-left: 20px;">111 Net charges made for retirement benefits</p> <p style="padding-left: 20px;"><u>1,397</u> Capital expenditure funded by the HRA</p>	<p>(1,012)</p> <p><u>5,135</u></p> <p>0</p> <p>(9,239)</p> <p>1,584</p> <p>55</p> <p><u>2,925</u></p>
<p>(1,945) Net (increase) / decrease before transfers to reserves</p> <p>1954 Transfers to/(from) earmarked reserves (note 4)</p> <p>9 (Increase) or decrease in year on the HRA Balance</p> <p>(1,012) Balance on the HRA at the End of the Current Year</p>	<p>460</p> <p><u>(458)</u></p> <p><u>2</u></p> <p>(1,010)</p>

NOTES TO THE HOUSING REVENUE ACCOUNT

1. NUMBER AND TYPES OF DWELLING

Movement in Housing Stock 2022/23

	Stock at 1 April 2022	Sales	Acquisitions	Stock at 31 March 2023
Houses/bungalows	2,664	15	20	2,669
Flats	1,673	6	43	1,710
Shared Ownership	21	0	1	22
Total	4,358	21	64	4,401

Total Value of Assets

	2021/22 £000	2022/23 £000
Dwellings	282,160	284,998
Other land and buildings	58	58
Equipment	217	217
Investment properties	0	0
Assets under construction	4,686	474
	287,121	285,747

2. HOUSING STOCK

The vacant possession value of dwellings within the Authority's HRA as at 31 March 2023 was £851m (£855m as at 31 March 2022). 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.

	2021/22 £000	2022/23 £000
Balance as at 1 April	0	0
Major Repairs Allowance:		
Depreciation	(2,742)	(3,093)
Voluntary Excess Depreciation charge to HRA	0	0
Transfer from reserve for capital expenditure	2,742	3,093
Repayment of principal on loan	0	0
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.

	£000	£000
Balance as at 31st March 2022		(17,101)
Transfer Surplus to HIR	(3,029)	
Applied in year	3,487	
Balance as at 31st March 2023		(16,643)

5. DEPRECIATION AND AMORTISATION

The Housing Revenue Account includes a charge for depreciation of non-current assets and amortisation of intangible assets of £2,742k (£2,145k at 31 March 2021) as detailed below.

	2021/22 £000	2022/23 £000
Council dwellings	2,711	3,060
Equipment	31	33
Total	2,742	3,093

6. SUMMARY OF CAPITAL EXPENDITURE

	2021/22 £000	2022/23 £000
Capital expenditure:		
Dwellings	4,140	5,833
Other Land & Buildings	6,391	5,626
Equipment	0	0
Total	10,531	11,459
Financed by:		
Funded by HRA	(1,398)	(2,925)
Borrowing	(4,745)	(4,254)
Transfer from Major Repairs Reserve	(2,742)	(3,093)
Excess RTB Receipts	(909)	(994)
Grant & S106 Contribution	(737)	(193)
	(10,531)	(11,459)

7. SUMMARY OF CAPITAL RECEIPTS

	2021/22 £000	2022/23 £000
Receipts from sales during the year:		
Dwelling sales	(4,373)	(4,459)
Amount pooled to Government	294	0
	(4,079)	(4,459)

8. REVALUATION LOSS ON HRA STOCK

The total value of the HRA stock decreased from 2021/22 to 2022/23 (see note 2), however we acquired 56 properties in 2022/23 and the revaluation loss of £9.2m is attributable to a full revaluation of all HRA stock.

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 2023 was £90.52 compared with £86.66 at 31 March 2022.

10. RENT ARREARS

The position for rent arrears is shown below:

31 March 2022			31 March 2023		
Former Tenant Arrears	Current Tenant Arrears	Total Rent Arrears	Former Tenant Arrears	Current Tenant Arrears	Total Rent Arrears
£000	£000	£000	£000	£000	£000
230	434	664	167	305	472

The rents team have been back in house since October 2020 and have continued to reduce the total arrears by £192k since March 2022.

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

11. IMPAIRMENT OF DEBTORS

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

	2021/22 £000	2022/23 £000
Balance brought forward as at 1 April	772	613
Provision made in the year	0	0
Less amounts written off	(159)	(6)
Balance carried forward at 31 March	613	607

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:

	2021/22	2022/23
	£000	£000
HRA Income and Expenditure Statement		
Cost of Services		
Curtailments and past service costs	0	0
Administrative expense	14	14
Net Operating Expenditure		
Net Interest on the Defined Liability (Asset)	304	371
Charge to the Surplus or Deficit on the Provision of Services	318	385
Movement in Reserves Statement		
Reversal of net charges made for retirement benefits in accordance with IAS 19	(318)	(385)
Actual amount charged to the HRA for pensions in the year:		
Employers' contributions payable to scheme	429	440
Contribution (From) or To Pensions Reserve	(111)	(55)

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:

	2021/22	2022/23
	£	£
Income	57	489
Expenditure	0	0
Surplus or (deficit) for year	57	489
Fund balance at 1 April	65,989	66,046
Fund balance at 31 March	66,046	66,535
Represented by:		
Investments	66,046	66,535
	66,046	66,535

THE SALTER COLLECTION CHARITY

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

	2021/22	2022/23
	£	£
Income	92	389
Expenditure	0	0
Surplus or (deficit) for year	92	389
Fund balance at 1 April	271,654	271,746
Fund balance at 31 March	271,746	272,135
Represented by:		
Collection	180,000	180,000
Investment	91,746	92,135
	271,746	272,135

CHARITY OF FREDERICK FRANKLIN FOR A PUBLIC PARK

	2021/22	2022/23
	£	£
Income	175	739
Expenditure	0	0
Surplus or (deficit) for year	175	739
Fund balance at 1 April	498,085	498,260
Revaluation Gain / (Loss)	0	0
Fund balance at 31 March	498,260	498,999
Represented by:		
Land and other buildings	323,822	323,822
Investment	179,732	179,732
Creditor	(5,294)	(4,555)
	498,260	498,999

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

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

Independent auditor's report to the members of Dover District Council

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Dover District Council (the 'Authority') for the year ended 31 March 2023, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, the Collection Fund, Housing Revenue Account and notes to the financial statements, including a summary of significant accounting policies. The notes to the financial statements include Notes to the Core Financial Statements, Collection Fund and Housing Revenue Account notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2023 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

The Authority has been unable to provide cash and bank reconciliation statements in a timely basis for the period under audit. As a result of the limitations created by backstop date we were unable to obtain sufficient appropriate audit evidence for the cash and cash equivalents balance as at 31 March 2023 by using other audit procedures and as such we were unable to confirm whether any adjustment to this balance was necessary. We issued a disclaimer of opinion on the financial statements for the year ended 31 March 2021 for the same reason.

We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's financial statements for the year ended 31 March 2023 as a whole are free from material misstatement. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2023 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive

Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'Delivering Good Governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Strategic Director (Finance and Housing) is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information

published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority and the Strategic Director (Finance and Housing)

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Strategic Director (Finance and Housing). The Strategic Director (Finance and Housing) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23, for being satisfied that they give a true and fair view, and for such internal control as the Strategic Director (Finance and Housing) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Strategic Director (Finance and Housing) is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matter described in the basis for disclaimer of opinion section of our report.

Report on other legal and regulatory requirements – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

We have nothing to report in respect of the above matter except on 28 March 2024 we identified:

- two significant weaknesses in the Authority’s arrangements for financial sustainability. This was in relation to:
 - unresolved issues from the implementation of a new financial ledger implementation in October 2020 due to a lack of a robustly managed and time limited recovery programme. We recommended the Authority must urgently develop and execute a recovery plan and a project team that should incorporate:
 - adequate project management capability, finance team capacity and appropriate expert advice along with a resource budget;
 - clear lines of accountability;
 - an accelerated timetable for completion;
 - regular reporting to Cabinet on progress;
 - resolution of any ongoing deficiencies with the Tech One Ledger system configuration;
 - completion of bank reconciliations up to date.
 - steps to clear the backlog of outstanding VAT return.
 - The lack of detailed quarterly financial analysis of forecast outturn against budget across each Council directorate to members. We recommended the Authority:
 - should review the level of detail and develop more comprehensive financial performance information within the quarterly performance report to Cabinet. In doing this the Council should review and consider how other councils present this information.
- two significant weaknesses in the Authority’s arrangements for governance. This was in relation to:
 - the late publication of draft financial statements for audit. We recommended the Authority:
 - as a matter of urgency, produce auditable draft accounts for 2020/21, 2021/22 and 2022/23 and then in due course for 2023/24, based on the available financial information and ensure a robust audit trail to support them.
 - Failing to implement internal audit recommendations associated with the financial ledger implementation. We recommended the Authority:
 - must implement all the recommendations proposed by Internal Audit to prevent future projects from suffering similar implementation issues to the Tech One project.
 - In particular, the Council must ensure that appropriate project management, expert advice, change management and delivery capacity resources are put in place. In addition, strong governance and oversight arrangements should be put in place that includes regular reporting to members that covers both pre and post implementation activity.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We undertake our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Dover District Council for the year ended 31 March 2023 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Darren Wells

Darren Wells, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

12 December 2024

