



**Draft  
Statement  
Of  
Accounts**

**2020/21**

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## NARRATIVE REPORT

### 1. INTRODUCTION

This Narrative Report provides an overview of the Council, its year-end position at 31 March 2021, a review of the financial year 2020/21 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; and
- 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 114,000 and covers an area of 31,484 hectares (123 square miles), with a coastline of around 20 miles. The district contains two urban areas, Dover a market town and a large rural area made up of dozens of villages and smaller settlements.

About 6,900 hectares (22%) of the district is designated as part of the Kent Downs Area of Outstanding Natural Beauty (AoNB) and, of this, 876 hectares (3%) is designated as Heritage Coast, centred on the famous white cliffs 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.

Regeneration is progressing across the district, with new housing, retail and leisure developments adding to the district's relocation appeal for both businesses and families. For example, the new St. James' development in the heart of Dover, with a new cinema, hotel, restaurants and shops; Aylesham Garden Village has established itself as a key development site, with 1,200 new homes being built and sold; the newly built Dover District Leisure Centre in Whitfield, leading a diverse range of sport facilities and a feature venue for competitive swimming, with the first county standard swimming pool in Kent; and additionally we are delivering the major heritage restoration of Kearsney Abbey and Russell Gardens.

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](http://www.dover.gov.uk).

## 6. OVERVIEW OF STATEMENT OF ACCOUNTS

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21. The Code is based on a hierarchy of approved accounting standards. There have been very few changes to the presentation of the accounts for 2020/21, with only IFRS 9 Financial Instruments and CIPFA ruling on the treatment of Infrastructure Asset 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 25)**

The core financial statements consist of the following 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 (pages 22 to 23)**

This statement shows the movement in the year of the different reserves held by the Council, analysed into Usable Reserves (i.e. those that can be applied

to fund expenditure or reduce local taxation) and other reserves. The surplus or deficit on the provision of services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting. The Net Increase or Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council. The balance as at 31 March for all useable reserves is detailed at the end of the MIRS.

- **Balance Sheet (page 24)**

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 25)**

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 26 to 83)**

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

- **Supplementary Financial Statements (pages 84 to 96)**

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

- **Collection Fund (pages 84 to 88)**

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 89 to 94)**

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 95 to 96)**

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

- **Independent Auditors' Report (page 97)**

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 2020/21 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 2020 the Council approved the 2020/21 budget, forecasting a surplus of £2k. During the year the forecast budget surplus was increased to £7k. Overall the year-end position resulted in a £365k surplus for the year, which is £358k 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>2019/20</u> <u>Actual</u>  £000		<u>2020/21</u> <u>Original</u> <u>Budget</u>  £000	<u>2020/21</u> <u>Projected</u> <u>Outturn</u>  £000	<u>2020/21</u> <u>Actual</u>  £000
	<b>Directorate</b>			
618	Chief Executive	1,395	1,395	2,614
4,186	Operations & Commercial Services	4,431	7,276	6,719
11,061	Corporate Resources	12,359	13,309	4,151
194	Shared Services (DDC hosted)	222	222	42
561	Special Revenue Projects	16	16	446
0	Vacancy Allowance	-150	-150	0
0	Climate Change and Other Resource Requirements	100	100	0
<b>16,619</b>	<b>Net Direct Expenditure</b>	<b>18,372</b>	<b>22,167</b>	<b>13,971</b>
	<b>Other Operating Income &amp; Expenditure:</b>			
0	Property Investment Target	-100	0	0
0	Contingency	146	146	0
74	River Stour Drainage Board	75	75	76
-1,329	Recharge Income from HRA, DPHA & Projects	-1,647	-1,647	-3,220
<b>15,364</b>	<b>Net Operating Expenditure</b>	<b>16,847</b>	<b>20,742</b>	<b>10,826</b>
	<b>Financing Adjustments:</b>			
-1,389	Revenue Expenditure Funded by Capital Under Statute	-1,124	-1,124	-788
-1,692	Interest Receivable	-1,750	-1,550	-1,596
282	Interest Payable	138	213	126
594	Loan Principal Repayments/Borrowing Allowance	1,953	1,953	1,208
<b>-2,204</b>	<b>Total Financing Adjustments</b>	<b>-783</b>	<b>-508</b>	<b>-1,050</b>
	<b>Contribution to/(from) Reserves:</b>			
401	- Special Projects & Events Reserve	1,454	374	1,332
2,357	- Periodic Operations Reserve	-283	-283	5,572
302	- Dover Regeneration Reserve	403	403	313
16	- IT Equipment Reserve	50	50	25
376	- Business Rates & Council Tax Reserve	46	46	5,706
0	- Port Health Reserve	0	0	3,746
<b>3,452</b>	<b>Net Contribution to/(from) Reserves</b>	<b>1,670</b>	<b>590</b>	<b>16,695</b>
<b>16,612</b>	<b>Total Budget Requirement</b>	<b>17,735</b>	<b>20,825</b>	<b>26,471</b>
	<b>Financed by:</b>			
7,515	Non-Domestic Rates	8,350	8,280	13,811
57	Revenue Support Grant	57	57	57
7,216	Council Tax	7,503	7,428	7,503
112	Council Tax - Collection Fund Surplus	84	84	84
9	Council Tax – Other S31 Grants	9	9	11
1,729	New Homes Bonus	1,733	1,733	1,733
1	New Burdens & Other Grants	0	3,240	3,637
<b>16,638</b>	<b>Total Financing</b>	<b>17,737</b>	<b>20,832</b>	<b>26,836</b>
<b>-26</b>	<b>General Fund Surplus for the Year</b>	<b>-2</b>	<b>-7</b>	<b>-365</b>
-2,539	General Fund Balance at Start of Year	-2,649	-2,565	-2,565
<b>-2,565</b>	<b>Leaving Year End Balances of</b>	<b>-2,651</b>	<b>-2,572</b>	<b>-2,930</b>

## Major Variations

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

	<b>£000</b>
<b>Original Budget Surplus</b>	<b>(2)</b>
Increased Homelessness Support	350
Additional resources to support Covid response	250
Loss of Leisure income & payments to provider	1,530
Estimated reduction in key income streams	1,932
Increased Planning income	(130)
Property Investment unlikely in current climate	100
Economic impact on financial investment returns	200
Short term borrowing to support cash flow	75
Reduced contributions to reserves	(1,072)
Government Funding Received to date	(2,040)
Estimated funding from Income Compensation Scheme	(1,200)
<b>Revised Budget Surplus</b>	<b>(7)</b>
Additional recharges to HRA re EKH transfer	(715)
DDC staff costs recharged to Projects, Port Health & EU transition	(767)
Improved income streams	(265)
Increased Covid funding	(1,144)
Increased Refuse & Recycling expenditure	387
Additional Homeless support funding	(351)
Homeless costs lower than anticipated	(196)
Reserve contributions reinstated	1,080
Numerous salary & vacancy savings	(499)
Covid grant funding to reserves to support 21/22 pressures	1,895
Reduced NDR funding (net of reserve transfers)	345
Other minor variations, new burdens grants, etc	(128)
<b>Actual Budget Surplus</b>	<b>(365)</b>

## HOUSING REVENUE ACCOUNT (HRA)

The Council maintains a housing stock of 4,325 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 2020/21 the HRA outturn was a deficit balance of £691k compared to the original budget forecast of a surplus of £1,893k, an adverse variance of £2,584k. The main variations in year were:

- Increase in internal recharges, salaries and other costs following the return of East Kent Housing (EKH) back to an in-house service - £2,016k
- Cessation of management fee to EKH (£1,060k)
- Reduction in rent income forecast – partly due to new housing development at Bomford Place being delayed due to Covid-19 - £315k
- Increase in costs of the new housing system - £260k
- Reduced financing of capital projects being from reserves, now to be financed by borrowing – (£976k)
- Increase in income from service charges (£210k).

In 2020/21 the Housing Initiatives Reserve was decreased by £690k (£675k allocated to the HRA revenue budget to offset the impact of the EKH transfer and £15k allocated to in-year project costs). The remaining balance on the Housing Initiatives Reserve is £12.7m. The working balance on the HRA was maintained at £1m.

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. £2,367k was paid off the PWLB loan principal sum during 2020/21, the balance outstanding on the loan is £73m.

Right-to-buy sales also continued, in 2020/21 13 sales were completed.

## **CAPITAL INVESTMENT**

The Council invested £22.6m in major projects in 2020/21 the most significant of which were:

- £9.3m on Housing Revenue Account projects including £3.4m on the redevelopment of William Muge and Snelgrove site; £5.9m on Housing Stock projects.
- £2,537k on purchase of refuse and recycling vehicles;
- £1,157k on Parks for People – Kearsney Abbey;
- £1,068k on Dover Fast Track;
- £867k Deal Beach management;
- £750k on disabled facility grants;
- £417k on Restoration of Maison Dieu
- £353k on Street Lighting capital works;
- £288k Market Square Public Realm improvements
- £259k on Demolition of Old Dover Leisure Centre;
- The remainder has been spent on a number of smaller projects.

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

- £9.88m allowance for external borrowing;
- £3.26m in grants from external bodies including KCC Better Care Fund, Homes England, and the Environment Agency;
- £2,221k from the Major Repairs Reserve;
- £634k from earmarked reserves;
- £2.54m from capital receipts, including Private Sector Housing loan receipts and excess right to buy receipts.

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 2021 the Council had investment balances and day-to-day cash balances managed in-house of approximately £56.5m.

The Council's in-house investments outperformed their benchmark (LIBID) and achieved an average return of 2.93% for the year.

The total interest received for the year was approximately £1,616k. This was lower than the original budget of £1,768k, which is an adverse variance of £152k. The Council has invested a total of £50m into pooled investment funds which generate a higher rate of interest than call accounts and fixed term deposits. These investments are classed as long term as it is anticipated they will be held for a minimum of five years.

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

The Council has just under £76m of borrowing from the Public Works Loans Board (PWLB).

During 2020/21 the Council employed the services of Arlingclose Limited as treasury management advisers.

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

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

<b>As at 31 March</b>	<b>2020</b>	<b>2021</b>
	<b>£000</b>	<b>£000</b>
Value of land, property and other assets	353,385	414,338
Investments held and cash at bank	55,071	56,507
Money owed to DDC for goods and services	11,298	17,242
Loans owed to DDC (short and long term)	2,343	2,402
Money owed by DDC for goods and services	(22,417)	(37,574)
Loans owed by DDC (short and long term)	(107,492)	(92,147)
Grants for assets received but not yet used	(1,389)	(1,314)
Share of pension scheme liabilities owed by DDC	(77,201)	(86,973)
<b>Total Assets less Total Liabilities</b>	<b>213,597</b>	<b>272,480</b>
<b>Financed by:</b>		
Usable reserves <sup>1</sup>	71,291	87,979
Unusable reserves <sup>2</sup>	142,305	184,501
<b>Net Worth of Council</b>	<b>213,597</b>	<b>274,480</b>

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

Capital receipts and grants	21,058	21,938
Revenue balances	3,592	3,951
Earmarked reserves	46,641	62,090
	<b>71,291</b>	<b>87,979</b>

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

## **PENSION FUND**

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

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

The net liability at 31 March 2021 was £86.97m (£77.2m at 31 March 2020).

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 took effect from April 2019 and set the contributions for the period 1 April 2020 to 31 March 2023. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026.

Further information relating to the pension scheme is included in note 19.

## **REVIEW OF THE YEAR**

### **Introduction**

This section provides a commentary on Dover District Council's performance and achievements over the last financial year. 2020/21 was an unprecedented and challenging year for all of us and one that has had an impact on every member of our community. The Council has had to contend with the challenges of supporting the coronavirus public health response, economic recovery, and the potential impact of Brexit transition simultaneously.

### **COVID-19 Response**

At the beginning of 2020 no one could have imagined the impact that COVID-19 pandemic would have on our everyday lives. Almost overnight we had to enable our staff to work from home, where possible, and have worked hard with communities and partners to provide a wide range of help and support, maintain vital services to residents and local businesses, and keep people informed of service updates and promote government messages to stay alert, control the virus and save lives. Our staff, councillors, businesses, and communities showed tremendous resourcefulness, partnership working and resilience during these tough times.

Some of our key actions to help during the pandemic included:

#### Dover District Community Hub

During lockdown, our Community Hub provided invaluable support to the local community thanks to the hard work of our staff, local charities, and community groups, assisted by a

dedicated band of over two hundred volunteers. The Community Hub managed thousands of contacts to assist including delivering meals, shopping, and prescriptions; a wide range of errands, from dog walking to transport for hospital appointments; and befriending. The splendid work by charities and community groups has also been supported by our COVID-19 Community Fund, boosted by generous donations from businesses and individuals.

We have also continued to support local community and voluntary groups through our Dover District Community Grants Scheme, with a further £44,500 allocated to the scheme in 2020/21. A total of seventy-three different groups have benefitted from the two rounds during the year. We have also distributed £60,000 in Emergency Assistance Grant money from the Government to help local groups through the pandemic.

#### Back to Business Hub

In June 2020, we launched the Back to Business Hub to provide proactive support to help local small and medium sized enterprises to reopen safely as lockdown restrictions started to ease. A dedicated team of officers from the council has provided a wide range of support to thousands of local businesses, including advice on when and how to open safely, making workplaces Covid-secure, social distancing to manage customer flow, and licensing arrangements. The advice was particularly sought after by local independent shops and hospitality businesses, including pubs and bars, cafés, restaurants and takeaways, hotels and B&B's, and hair and beauty salons.

#### Leisure Centres

Providing financial support to Places Leisure (Dover District Leisure Centre) and Your Leisure (Tides) to ensure that they could continue to deliver valuable leisure activities to our residents. We worked closely with our leisure operators to reopen / close facilities as directed by Government lockdown measures.

#### Support for homeless and rough sleepers

During the COVID-19 pandemic, the Government introduced a rough sleeping initiative 'Everyone in'. The Council successfully secured temporary accommodation for thirty-two rough sleepers and people at risk of rough sleeping and supported by a number of agencies whilst awaiting more suitable, long-term housing.

#### Waste and recycling collections

We collaborated closely with our contractors Veolia to maintain waste and recycling, both of which increased during the pandemic due to people working from home. The Council was one of very few in Kent to continue providing all waste and recycling collections throughout the lockdown. We also continued to conduct all regular bin collections during the year. As part of our ongoing work to keep roadsides clean, our contractors Veolia have carried out work to clear waste and debris from the A256 and A2. This is a huge problem for the district – for example more than twenty-three tonnes of waste and debris were collected from along the A256 in May.

#### Parks and Open Spaces

Our parks and open spaces were extensively visited by our communities during the pandemic and we followed Government guidance to ensure safe reopening. Our staff also worked hard to ensure that burials were able to take place and support was given to families when they had suffered a bereavement. With changing coronavirus restrictions and more people wanting to take advantage of the great outdoors, we released a new You Tube video inviting people to take a moment to explore the tranquil serenity and natural beauty of Kearsney Abbey in Dover.

#### Regulatory Services

Environmental Health officers conducted inspections of premises including shops, cafes, restaurants, and factories to ensure COVID-19 control measures were in place to protect both

staff and customers. Licensing officers also worked to provide pavement licences in line with Government guidance to businesses who met the criteria to improve capacity when social distancing measures were in place.

#### Communication

We introduced a COVID-19 section on the DDC website to keep residents informed on changes to services and Government national and local restrictions. This section including advise and support for residents and businesses.

The Council also worked in partnership with Kent County Council and other agencies to produce a leaflet which went to every home in the district with details of how people could access support such as benefits or help with making Council Tax or council housing rent payments as well as support to help with health and wellbeing.

#### Working in partnership

The council continues to nurture existing local partnerships and develop new connections with people, groups, and businesses across the district. During the COVID-19 pandemic, we have actively worked in partnership with other organisations including Kent County Council, Public Health England, NHS Kent and Medway Clinical Commissioning Group (CCG), NHS Test and Trace, Central Government, Kent Resilience Forum, and local community groups (there are numerous groups that we would like to thank in providing their dedicated support with testing, vaccinations and supporting residents and local businesses). The intention is to harness these opportunities and build longer, lasting partnerships.

We have actively engaged in countywide plans including economic recovery plans to maximise understanding of the local impact of COVID-19 and to shape the support available to the local economy.

#### Business Grants

In response to the COVID-19 pandemic, the Council has worked to distribute £millions in business grants to local business who had been adversely affected by the different national and local lockdown measures. This included businesses which were forced to close including non-essential retail, pubs, restaurants, and cafes as well as those offering services such as hairdressing, tattooists, and nail bars. Grants were also available for businesses which were able to remain open during the pandemic but who had also been affected.

#### 149th Open Golf - Community Legacy Fund

Dover District Council worked with partners to prepare for the return of the Open Golf Championship in July 2020. However, this competition had to be postponed due to the Coronavirus pandemic – to be held in July 2021 instead. Despite this postponement, the town of Sandwich still benefitted from a £100,000 windfall from the Open Legacy Fund, an initiative run by The R&A to leave a positive and long-lasting impact on the local environment and communities in which The Open is staged.

At the same time, we continue to make considerable progress in delivering the aims and objectives of our Corporate Plan for the benefit of our residents, customers, and partners. Although, inevitably our forecasts, planned projects and timetables have been changed by the onset of the Covid-19 pandemic. Highlights are included in the section below.

### **Brexit Transition**

Dover District Council continued to work closely with partner agencies to prepare for all eventualities around Brexit and ensure a smooth transition from 1 January 2021 when new ruled would apply. Plans included how Kent would deal with potential traffic disruption at the end of the Brexit transition period, developed by the multi-agency Kent Resilience Forum (of

which Dover District Council is a member) in partnership with national government. Continued lobbying to raise the importance of the road network is a key focus of our work, to keep the district clear and moving in future.

## **Local Plan Review**

We have been busy preparing a new Local Plan, which sets out the vision, strategic objectives, and overarching development strategy for the growth of the district over the period to 2040. It provides the planning policy framework to guide the future development of the area, addressing needs and opportunities for housing, the economy, community facilities and infrastructure, as well as the basis for conserving and enhancing the natural and historic environment, mitigating, and adapting to climate change, and achieving well designed places. We launched a dedicated website in January 2021, with an 8-weeks consultation that ended in March 2021.

## **Investment in the District**

Substantial investment has continued, including the regeneration of Dover Town Centre, the delivery of new social and affordable homes and improvement of existing Council homes. The Council has made a strong commitment to continue to support and value our communities by promoting health, wellbeing, cultural, community safety and environmental initiatives. To help us to do this we will work with a wide range of partners and other agencies. Key highlights include:

- **Future High Streets Fund Bid Submission**

In August 2019, the Ministry of Housing, Communities and Local Government (MHCLG) awarded Dover District Council £150,000 to develop a business case for submission to the Future High Streets Fund (FHSF). This award was initially intended to support the development of a proposal for a land bridge over the A20, with estimated capital cost of £25m. However, following submission of a draft business case in March 2020 and advice from MHCLG, the bid was revised and resubmitted in July 2020, following extensive work and engagement with stakeholders. Four projects were proposed that would deliver transformational integration in Dover by completing the jigsaw of high street improvement by increasing socio-economic performance through an enhanced cultural and creative offer. They comprised enhancement to the existing underpass, improving connectivity between town centre & waterfront, a creative centre on Bench Street, a start-up centre on Biggin Street and a better public realm connection from York Street to Biggin Street via Roman Painted House. The total project budget was calculated as £7.13m of which £4.63m was requested from MHCLG, with the remainder funded through the Council's Medium-Term Financial Plan. In December 2020, MHCLG set out an in-principle offer to the value of 69% of the requested sum, subject to receipt of an acceptable revised proposal. In response, the Council submitted a bid seeking funding towards two of the projects: construction of a new creative centre on Bench Street and improvements to the underpass beneath the A20. A decision on the bid was outstanding as of 31 March 2021 (although it was subsequently approved in May 2021).

- **Kearsney Parks Restoration**

As part of a £3.1m Heritage Lottery Funded project, work is underway on exciting construction and restoration at Kearsney Abbey as well as a major programme of landscape works in the Kearsney Parks. Works includes a bridge across the ornamental lake, restoration of the Grade II listed former billiards room and the construction of a new extension, with enlarged café and new customer toilets. Two



new horticulture apprentices have also joined the project team to learn their trade on restoring Thomas Mawson's terraced landscape at Russell Gardens. The Building and Landscape contracts were both affected by the lockdown and working restrictions. This has created a delay in completion of the buildings contract and added time to the landscape contract. The completion of the buildings contract is now August, and the landscaping is September/October. These delays will now see the café being operational in mid to late September. The overall project is not likely to end until June 2021.

- Dover Fastrack

In March 2021, Kent County Council approved plans for Dover Fastrack, a rapid bus transit system connecting Whitfield with Dover town centre and Dover Priory railway station. Dover Fastrack aims to help boost the delivery of new homes in Whitfield and at the former Connaught Barracks site, along with commercial development on the White Cliffs Business Park in Whitfield. The whole project is backed by the government with £16.1m funding from Homes England. The application includes a new 1km road connecting the Whitfield Urban Expansion to the Tesco roundabout at Honeywood Parkway via a new overbridge over the A2, and a new 1.1km road connecting the B&Q roundabout on Honeywood Parkway to Dover Road, near Frith Farm at Guston. The bridge over the A2 and the junction with Honeywood Parkway at the Tesco roundabout, will be for use by buses, pedestrians, cycles, and emergency vehicles only. The use of the junction with Dover Road will be restricted to use by buses, pedestrians, cycles, emergency vehicles and farm traffic associated with Frith Farm only. Construction is expected to start in early 2022 with the first buses running from summer 2023.

- Maison Dieu (Dover Town Hall):

Dover District Council submitted a round two bid to the National Heritage Fund for the ambitious restoration of Grade I Listed Maison Dieu and was awarded £4.27m in October 2020. The £8m proposals for the Maison Dieu include essential conservation work to the internationally significant medieval and neo-gothic building, restoring William Burges' interior decorative schemes in the Connaught Hall and Mayor's Parlour, creating a new visitor entrance to the Connaught Hall and improving access throughout the building, and making the building more sustainable by bringing redundant spaces back into commercial use, including a holiday let and cafe. Dover District Council is contributing £3m to the project. Other funders include The Wolfson Foundation, Dover Town Council, and the Dover Society. Planning permission and listed building consent as granted in July 2020, and following further detailed research and design work, the restoration should start in September 2021. The Maison Dieu will be closed for two years during the restoration.

- Deal Timeball Tower:

The historic Deal Timeball Tower has been given a special bicentennial boost to help turn back some of the wear and tear of time. Until recently, the Grade II listed Deal Timeball Tower has been one of only a handful of timeballs worldwide with a functioning mechanism. However, the mast upon which the timeball moves become corroded, resulting in the mechanism being put on hold. In January 2021, Dover District Council agreed to carry out a £80,000 renovation to the Timeball Tower, to refurbish the mechanism and redecorate the tower externally. The Trust has also been fundraising to help with the renovation costs.

## **Housing Service transition back in-house**

Extensive work has been undertaken to facilitate the return of the housing service back to Dover District Council from East Kent Housing. Establishing an in-house service is complex and transition took place over 2020, with the new service to be fully operational from 1 April 2021. Staff have been working hard to turn around service and build tenants confidence in the service, initially focussing on a recovery plan to ensure health and safety compliance of the housing stock.

### **Affordable housing boost**

In August 2020, plans were approved for a £3m project to build twenty-four affordable homes designed to offer interim accommodation for local people who find themselves homeless. The plans include eight one-bedroom flats at Stockdale Gardens in Deal and sixteen studio flats at Kimberley Close in Dover. Other development projects include sixty-five new homes at William Muge and Snelgrove, eight units at Folkestone Road in Dover, and planning permission for twenty-six new homes at Napchester Road in Whitfield.

In September 2020, the Council approved the creation of a new Affordable Housing Delivery Team, including strategic and development posts, to take forward an increased programme of affordable housing, of all types and sizes, through both direct delivery (initial target of five hundred homes set) and via Registered Providers and Community Organisations. A partnership approach has been agreed with Homes England to provide financial support to establish a development team and provide funding for Council Housing. The construction of new DDC Council Housing will be financed with a combination of loan funding (repaid by rental income), and Homes England grant funding or Right to Buy receipts.

### **Town Centre Business and Green Energy Grant Schemes**

We have continued to support local businesses by offering grants of up to £10,000 to bring commercial properties back into use, or up to £1,000 to upgrade or improve commercial properties in designated town centre areas in Dover, Deal and Sandwich. We also extended our business support through the launch of our Green Energy Grants Scheme, to help small businesses reduce their carbon footprint, become more energy efficient and cut their costs.

### **CCTV System Upgrade**

Dover District Council has completed a £450,000 upgrade of its CCTV system, including the installation of fifty-seven high-definition digital cameras and a new state-of-the-art control room. The capital investment extends CCTV coverage across the district, including the Market Square in Aylesham. The new digital cameras provide enhanced image quality and feature automatic number plate recognition (ANPR) technology. The infrastructure enables further investment to support the introduction of town centre Wi-Fi. The work was completed despite the challenges posed by Covid-19 as the Council prioritised support for the most vulnerable residents through its Community Hub. Contractors, Eurovia Infrastructure Ltd, followed social distancing guidelines to complete the installation of the new cameras and associated infrastructure.

CCTV is a key part of our community infrastructure, providing confidence to residents and visitors. As well as providing invaluable support to the police, CCTV plays a significant role in community safety - from helping those most at risk, such as missing and vulnerable people, to monitoring local footfall and traffic congestion.

### **Addressing Climate Change**

We also made a start on tackling the other great challenge the world faces – climate change – with the approval of our new Climate Change Strategy and Action Plan in January 2021,

setting out plans for the district to become a net zero carbon emitter by 2030 at the latest. Our aim is to make our district a more sustainable place to live for ourselves and future generations. Actions taken during 2021 include a successful funding bid of £224,270 to the Office for Zero Emission Vehicles to significantly upgrade the provision of electric vehicle charging points. The funding will see a total of forty-nine electric charging points with thirty-eight units installed at 18 locations in the district, including DDC-owned public car parks and on-street. DDC is also to introduce cheaper resident parking permits for low emission vehicles as part of a review of parking charges. The Council has also secured funding from the Public Sector Decarbonisation Fund for solar panels at Whitfield and the Dover Museum.

### **Aspire Project – tackling health and unemployment inequality**

In July 2020, Dover District Council agreed to participate as a partner in the Aspire Project, an innovative Interreg funded FCE (France/Channel/England) programme to support people who are unemployed to reach a healthy weight and gain employment in areas where levels of unemployment and obesity are abnormally high. Using partner expertise and combining employability skills and healthier lifestyle choices, ASPIRE will support people to achieve their health and career goals. The project is worth £1.2 million over three-years and underpins the work of the Community Development Officers across the district.

### **Boosting Sea Defences**

In July 2020, work began on a major £831k project to boost sea defences and help protect local homes for the future - with a key programme of beach management works in the Deal, Walmer and Kingsdown area. Works include a new rock groyne at Sandown Castle, Deal, and three rock groynes at Wellington Parade, Walmer. The project forms a significant part of the five-year Oldstairs Bay to Sandwich Bay Estate Beach Management Works, for which DDC secured £1.5 million of funding from the Environment Agency.

### **Supporting the Armed Forces**

In July 2020, DDC has achieved the Employer Recognition Scheme Gold Award from the Ministry of Defence for actively supporting the armed forces community within the workplace. To receive the award, organisations must demonstrate that they have supportive policies in place for veterans, reservists, cadet force adult volunteers, and spouses and partners of those serving in the armed forces. Recipients also advocate the benefits of supporting those within the armed forces community, encouraging others to sign the Armed Forces Covenant and to engage in the Employer Recognition Scheme.

### **Budget**

In March 2021, full council approved the budget and council tax level for 2021-22. Members voted to increase the district council's share of bills by £4.95 a year. The 2.6% rise increased the bill for a typical band D home from £192.24 to £197.19 from April 2021.

### **MEDIUM TERM FINANCIAL PLAN**

The Council's Budget 2021/22 and Medium-Term Financial Plan (MTFP) 2021/22 – 2024/25 were approved in March 2021. 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 £500k for 2021/22;
- Prudent General Fund balances maintained in 2021/22;

- Council Tax increase of £4.95, (2.6%) for a Band D property, maintaining the lowest Council Tax in East Kent;
- Overall net expenditure levels increased due to numerous factors, including:
  - Impact of Covid £1.9m mainly on major income streams from lockdowns;
  - Impact on Council Tax income levels from increased uptake in Council Tax Reduction Scheme;
  - Reduction in New Homes Bonus income;
  - Savings target of £1.3m.
- The forecasts for future years showed a requirement to identify savings or income generation of circa £1.3m in 2022/23 followed by further savings or income of £500k in 2023/24;
- Housing Revenue Account balance to be maintained at circa £1m;
- The management of DDC's housing stock transferred from East Kent Housing (EKH) back to DDC and EKH dissolved;
- Housing Initiatives Reserve balance is to be used for future years for restorative measures on DDC's housing stock;
- Housing development projects for the planning period will be funded by borrowing;
- The current capital programme is funded, subject to borrowing arrangements;
- The major projects in the programme are:
  - Development of the Dover Fast Track Bus Route;
  - Refurbishment of Dover Town Hall;
  - Town Centre Regeneration fund;
  - Purchase of refuse & recycling vehicles;
  - Dover Cable Car project;
  - Sandwich Guildhall Forecourt; and
  - Dover Market Square Public Realm Improvements.
- Significant risks and budget volatility remain for future years.

More detailed information on the Council's Budget for 2021/22 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 economic climate and the impact of the EU Transition;
- Development and regeneration of the local economy;
- The outcome of future settlements and the Fair-Funding review;
- Welfare Reform and cessation of the administration of housing benefits for working age claimants;
- The sustainability of the NHB scheme and what will follow;
- The ongoing impact of the localisation of council tax support;
- The ongoing impact of the Business Rates Retention scheme and the implementation of 75% business rates retention; and
- Developing partnership arrangements with others in order to achieve cost efficiencies.

## 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 (Corporate Resources);
- 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 (Corporate Resources)'s Responsibilities

The Strategic Director (Corporate Resources) 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 (Corporate Resources) 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 (Corporate Resources) 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 (Corporate Resources) 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 2020.

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

Signed:

Signed:

Mike Davis CPFA  
Strategic Director (Corporate Resources)

Councillor David Hannent  
Chairman, Governance Committee

Dated:

Dated:

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Gross Expenditure £000	2019/20 Gross Income £000	Net Expenditure £000		Note No	Gross Expenditure £000	2020/21 Gross Income £000	Net Expenditure £000
			<b>Continuing Operations</b>				
1,671	(575)	1,096	Chief Executive		12,621	(10,648)	1,973
37,854	(29,395)	8,459	Strategic Director (Corporate Resources)		40,221	(38,878)	1,343
27,383	(16,522)	10,861	Strategic Director (Operations and Commercial)		37,172	(24,795)	12,377
775	(215)	560	Special Projects		754	(282)	472
12,931	(19,585)	(6,654)	Local Authority Housing (HRA)		16,992	(63,555)	(46,563)
<b>80,614</b>	<b>(66,292)</b>	<b>14,322</b>	<b>Net Cost of Services</b>		<b>107,760</b>	<b>(138,158)</b>	<b>(30,398)</b>
			<b>Other Operating Expenditure:</b>				
	(1,331)		(Gain) on disposal of fixed assets	<a href="#">8</a>			(559)
	(142)		Other Capital Receipts				(329)
			<u>Amounts due to precepting authorities</u>				
	2,512		– Town and Parish Councils				2,672
	74		– River Stour Drainage Board Levy				76
	294		Contribution of Housing Capital Receipts to Central Government Pool	<a href="#">24</a>			294
			<b>Financing and Investment Income &amp; Expenditure:</b>				
	2,825		Interest payable and similar charges				2,658
	2,165		Interest and investment income				(5,877)
	(33)		Changes in the value of Investment Properties	<a href="#">6</a>			24
	1,741		Net Interest on Defined Benefit Liability	<a href="#">19</a>			1,723
			<b>Taxation &amp; Non-specific Grant Income:</b>				
	(9,746)		Demand on the Collection Fund – Council Tax	<a href="#">20</a>			(10,050)
	(7,678)		Income from National Non-Domestic Rates	<a href="#">21</a>			(7,250)
	(1,786)		Government grants (not attributable to specific services)	<a href="#">22</a>			(5,427)
	(3,321)		Capital Grants and Contributions	<a href="#">22</a>			(5,030)
	<b>(104)</b>		<b>(Surplus) on Provision of Services</b>				<b>(57,473)</b>
			<u>Items that will not be reclassified to the (Surplus) on the Provision of Services</u>				
	(3,691)		(Surplus) arising on revaluation of fixed assets	<a href="#">36</a>			(5,131)
	(1,129)		Remeasurement of the net defined benefit liability on pension fund assets and liabilities	<a href="#">19</a>			3,722
	<b>(4,820)</b>		<b>Other Comprehensive Income &amp; Expenditure</b>				<b>(1,409)</b>
	<b>(4,924)</b>		<b>Total Comprehensive Income &amp; Expenditure</b>				<b>(58,882)</b>

## MOVEMENT IN RESERVES STATEMENT

2019/20

Notes	General Fund £000	Housing Revenue Account £000	Earmarked Gen Fund Reserves £000	Earmarked HRA Reserves £000	Usable Capital Receipts £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000	
<b>Balance at 1 April</b>	<b>2,539</b>	<b>1,033</b>	<b>30,613</b>	<b>13,969</b>	<b>18,146</b>	<b>3,498</b>	<b>69,798</b>	<b>138,876</b>	<b>208,674</b>	
<b>Comprehensive Income &amp; Expenditure</b>										
Surplus or (deficit) on the provision of services	(5,006)	(5,111)	0	0	0	0	105	0	105	
Other comprehensive income & expenditure	0	0	0	0	0	0	0	4,818	4,818	
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>(5,006)</b>	<b>(5,111)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>105</b>	<b>4,818</b>	<b>4,923</b>	
Depreciation and amortisation of non-current assets	5	3,242	0	0	2,059	0	0	5,301	(5,300)	1
Non-current asset revaluation loss	5	3,343	0	0	0	0	0	3,343	(3,343)	0
Reversal of Major Repairs Allowance credited to HRA	HRA	0	(2,539)	0	2,539	0	0	0	0	0
MRA transferred to fund capital expenditure	3	0	0	0	(4,629)	0	0	(4,629)	4,629	0
Capital grants and contributions		(3,463)	0	0	0	235	754	(2,474)	2,474	0
Movement in market value of Investment Properties	6	(33)	0	0	0	0	0	(33)	33	0
Revenue expenditure funded from capital under statute	11	1,389	0	0	0	0	0	1,389	(1,389)	0
(Gain) or loss on disposal of non-current assets	8	(35)	(1,296)	0	0	2,774	0	1,443	(1,443)	0
Non-current asset revaluation gain	34	(201)	2,348	0	0	0	0	2,147	(2,148)	(1)
Adjustments under statutory provisions relating to soft loans	16	(73)	0	0	0	0	0	(73)	(73)	0
Financial Instruments transferred to/from the Pooled Investment Funds Adjustment Reserve	17	4,053	0	0	0	0	0	4,053	(4,053)	0
LOBO Premium Amortised Costs	15	(25)	0	0	0	0	0	(25)	25	0
Loan principal repayments	13	(9)	0	0	0	0	0	(9)	9	0
Minimum Revenue Provision	10	(561)	0	0	0	0	0	(561)	561	0
Net charges made for retirement benefits	19	2,154	19	0	0	0	0	2,173	(2,173)	0
Council tax income regulatory adjustment	20	102	0	0	0	0	0	102	(102)	0
NNDR income regulatory adjustments	21	(225)	0	0	0	0	0	(225)	225	0
Enterprise Zone Relief regulatory adjustment	21	1,001	0	0	0	0	0	1,001	(1,001)	0
Renewable Energy regulatory adjustment	21	(940)	0	0	0	0	0	(940)	940	0
Capital expenditure charged to revenue	10	(2,359)	(4,181)	0	0	0	0	(6,540)	6,540	0
Transfer from usable capital receipts equal to the amount payable into the housing capital receipts pool	24	294	0	0	0	(294)	0	0	0	0
Capital receipts applied	10	0	0	0	0	(4,054)	0	(4,054)	4,054	0
<b>Net increase / decrease before transfers to/from Earmarked Reserves</b>	<b>2,648</b>	<b>(538)</b>	<b>0</b>	<b>0</b>	<b>(1,339)</b>	<b>754</b>	<b>1,494</b>	<b>3,429</b>	<b>4,923</b>	
Transfers to or (from) earmarked reserves	26	(2,622)	531	2,622	(531)	0	0	0	0	
<b>Increase or (Decrease) in Year</b>	<b>26</b>	<b>(7)</b>	<b>2,622</b>	<b>(562)</b>	<b>(1,339)</b>	<b>754</b>	<b>1,494</b>	<b>3,429</b>	<b>4,923</b>	
<b>Balance at 31 March</b>	<b>2,565</b>	<b>1,026</b>	<b>33,235</b>	<b>13,407</b>	<b>16,807</b>	<b>4,252</b>	<b>71,292</b>	<b>142,305</b>	<b>213,597</b>	

## MOVEMENT IN RESERVES STATEMENT

2020/21

Notes	General Fund £000	Housing Revenue Account £000	Earmarked Gen Fund Reserves £000	Earmarked HRA Reserves £000	Usable Capital Receipts £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance at 1 April</b>	<b>2,565</b>	<b>1,027</b>	<b>33,235</b>	<b>13,406</b>	<b>16,806</b>	<b>4,252</b>	<b>71,292</b>	<b>142,306</b>	<b>213,597</b>
<b>Comprehensive Income &amp; Expenditure</b>									
Surplus or (deficit) on the provision of services	9,467	48,007	0	0	0	0	57,474	0	57,474
Other comprehensive income & expenditure	0	0	0	0	0	0	0	1,408	1,408
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>9,467</b>	<b>48,007</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>57,474</b>	<b>1,408</b>	<b>58,882</b>
Depreciation and amortisation of non-current assets	5	3,488	0	0	2,145	0	5,633	(5,633)	0
Non-current asset revaluation loss	5	2,602	0	0	0	0	2,602	(2,602)	0
Reversal of Major Repairs Allowance credited to HRA	HRA	0	(2,506)	0	2,506	0	0	0	0
MRA transferred to fund capital expenditure	3	0	0	0	(4,588)	0	(4,588)	4,588	0
Capital grants and contributions		(5,359)	0	0	500	1,753	(3,106)	3,106	0
Movement in market value of Investment Properties	6	24	0	0	0	0	24	(24)	0
Revenue expenditure funded from capital under statute	11	788	0	0	0	0	788	(788)	0
(Gain) or loss on disposal of non-current assets	8	17	(576)	0	1,461	0	902	(902)	0
Non-current asset revaluation gain	34	(599)	(42,649)	0	0	0	(43,248)	43,248	0
Adjustments under statutory provisions relating to soft loans	16	(138)	0	0	0	0	(138)	138	0
Financial Instruments transferred to/from the Pooled Investment Funds Adjustment Reserve	17	(4,068)	0	0	0	0	(4,068)	4,068	0
LOBO Premium Amortised Costs	15	(25)	0	0	0	0	(25)	25	0
Loan principal repayments	13	(43)	0	0	0	0	(43)	43	0
Minimum Revenue Provision	10	(1,140)	0	0	0	0	(1,140)	1,140	0
Net charges made for retirement benefits	19	6,140	(90)	0	0	0	6,050	(6,050)	0
Council tax income regulatory adjustment	20	219	0	0	0	0	219	(219)	0
NNDR income regulatory adjustments	21	5,956	0	0	0	0	5,956	(5,956)	0
Enterprise Zone Relief regulatory adjustment	21	(187)	0	0	0	0	(187)	187	0
Renewable Energy regulatory adjustment	21	792	0	0	0	0	792	(792)	0
Capital expenditure charged to revenue	10	(1,788)	(2,882)	0	0	0	(4,670)	4,670	0
Transfer from usable capital receipts equal to the amount payable into the housing capital receipts pool	24	294	0	0	(294)	0	0	0	0
Capital receipts applied	10	0	0	0	(2,540)	0	(2,540)	2,540	0
<b>Net increase / decrease before transfers to/from Earmarked Reserves</b>	<b>16,440</b>	<b>(696)</b>	<b>0</b>	<b>63</b>	<b>(873)</b>	<b>1,753</b>	<b>16,687</b>	<b>42,194</b>	<b>58,882</b>
Transfers to or (from) earmarked reserves	26	(16,076)	690	16,076	(690)	0	0	0	0
<b>Increase or (Decrease) in Year</b>	<b>365</b>	<b>(6)</b>	<b>16,076</b>	<b>(627)</b>	<b>(873)</b>	<b>1,753</b>	<b>16,687</b>	<b>42,194</b>	<b>58,882</b>
<b>Balance at 31 March</b>	<b>2,930</b>	<b>1,021</b>	<b>49,311</b>	<b>12,779</b>	<b>15,933</b>	<b>6,005</b>	<b>87,979</b>	<b>184,501</b>	<b>272,480</b>



## BALANCE SHEET

31 March 2020		Notes	31 March 2021	
£000			£000	£000
201,305	Council dwellings		248,754	
98,611	Land and buildings		98,985	
1,608	Vehicles, plant and equipment		1,570	
7,667	Infrastructure assets		7,384	
168	Community assets		166	
15,310	Assets under construction		27,452	
<b>324,669</b>	<b>Property, Plant and Equipment</b>	<u>5</u>	<b>384,311</b>	
4,496	Heritage assets	<u>7</u>	5,303	
23,900	Investment property	<u>6</u>	23,876	
44	Intangible assets	<u>5</u>	412	
45,482	Long term investments	<u>12</u>	49,555	
2,343	Soft loans	<u>16</u>	2,401	
1,066	Long term debtors	<u>27</u>	1,228	
<b>77,331</b>	<b>Long Term Assets</b>		<b>82,775</b>	
4	Short term investments	<u>12</u>	4	
275	Stocks in hand		436	
15,143	Short term debtors	<u>27</u>	21,622	
(4,911)	Less provision for bad debts	<u>27</u>	(5,608)	
9,585	Cash and cash equivalents	<u>28</u>	6,948	
<b>20,096</b>	<b>Current Assets</b>		<b>23,402</b>	
(31,509)	Short term borrowing	<u>13</u>	(18,602)	
(16,772)	Short term creditors	<u>29</u>	(21,554)	
(2,447)	Provisions	<u>30</u>	(2,930)	
(3,198)	Receipts in advance	<u>31</u>	(13,090)	
	Bank overdraft	<u>28</u>		
<b>(53,926)</b>	<b>Current Liabilities</b>		<b>(56,176)</b>	
(75,983)	Long term borrowing	<u>13</u>	(73,545)	
(1,389)	Capital grants received in advance	<u>33</u>	(1,314)	
(77,201)	Pensions liability	<u>19</u>	(86,973)	
<b>(154,573)</b>	<b>Long Term Liabilities</b>		<b>(161,832)</b>	
<b>213,597</b>	<b>Net Assets</b>		<b>272,480</b>	
2,565	General Fund balance	<u>25</u>	2,930	
1,027	Housing Revenue Account balance	<u>25</u>	1,021	
33,235	Earmarked reserves	<u>26</u>	49,311	
13,406	Housing Revenue Account reserves	<u>26</u>	12,779	
16,807	Usable capital receipts reserve	<u>24</u>	15,933	
4,252	Capital grants unapplied	<u>32</u>	6,005	
<b>71,292</b>	<b>Reserves Available to Fund Services</b>		<b>87,979</b>	
51,169	Revaluation reserve	<u>36</u>	54,552	
173,842	Capital adjustments account	<u>34</u>	224,976	
(4,731)	Pooled investment fund adjustments reserve	<u>17</u>	(663)	
(1,675)	Financial adjustments account	<u>15</u>	(1,512)	
(161)	Collection Fund adjustment - NNDR	<u>21</u>	(6,117)	
168	Collection Fund adjustment - Council tax	<u>20</u>	(52)	
(40)	Enterprise Zone relief adjustment account	<u>21</u>	147	
934	Renewable Energy adjustment account	<u>21</u>	143	
(77,201)	Pensions reserve	<u>19</u>	(86,973)	
<b>142,305</b>	<b>Reserves Unavailable to Fund Services</b>		<b>184,501</b>	
<b>213,597</b>	<b>Total Reserves</b>		<b>272,480</b>	

## CASH FLOW STATEMENT

2019/20		2020/21	
£000	£000	£000	£000
	3,981		9,585
	9,585	(6,948)	
	<u>(5,604)</u>		<u>2,637</u>
	<b>Net (increase) or decrease in Cash &amp; Cash Equivalents</b>		
<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>(105)</b>		<b>(57,473)</b>
	<u>Non-cash transactions:</u>		
(3,245)	Depreciation and amortisation	(3,488)	
(5,458)	Revaluation gains / losses	40,621	
1,303	Gains on disposal of fixed assets	559	
(2,173)	Pension adjustments	(6,050)	
73	Financial instruments adjustments	138	
65	Provisions	(483)	
<u>(2,059)</u>	Transfer to/from earmarked reserves	<u>(2,145)</u>	
	(11,494)		29,152
	<u>Items on an accrual's basis:</u>		
107	Increase or (decrease) in stock and work in progress	161	
(513)	Increase or (decrease) in debtors	2,309	
147	Increase or (decrease) in long term debtors	162	
(103)	Movement in provision for bad debts	(133)	
(1,860)	(Increase) or decrease in creditors	(2,497)	
(356)	(Increase) or decrease in receipts in advance	(9,892)	
<u>62</u>	Collection Fund adjustment accounts	<u>(6,780)</u>	
	(2,516)		(16,670)
	<u>Adjustments re investing and financing activities:</u>		
(1,389)	Revenue expenditure funded from capital	(788)	
<u>3,463</u>	Capital grant contributions and capital receipts	<u>5,359</u>	
	2,074		4,571
	<b>(12,041) Net Cash Flows from Operating Activities</b>		<b>(40,419)</b>
	<u>Investing activities:</u>		
17,815	Purchase of property, plant, equipment, etc.	21,576	
75	Other payments for investing activities	(80)	
(156,737)	Proceeds from long and short term investments	44,000	
154,706	Purchase of long and short term investments	(39,939)	
(3,009)	Proceeds from the sale of non-current assets	(1,961)	
<u>(2,299)</u>	Movement in capital grants	<u>(3,995)</u>	
	10,551		19,601
	<b>10,551 Net Cash Flows from Investing Activities</b>		<b>19,601</b>
	<u>Financing activities:</u>		
(29,330)	Cash receipts of short and long term borrowing	(143,198)	
25,826	Payments of short and long term borrowing	158,543	
<u>(610)</u>	Net movement in Collection Fund cash position	<u>8,112</u>	
	(4,114)		23,457
	<b>(4,114) Net Cash Flows from Financing Activities</b>		<b>23,457</b>
	<u>(5,604)</u>		<u>2,637</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 2020/21. 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 and Revenue Recognition**

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 of goods is recognised when the Authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from the provision of services is recognised when the Authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- 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 periodic payments, such as utility bills, which are charged at the date of invoice rather than being apportioned between financial years; and penalty charge notices and licensing fees which are accounted for on the day of receipt. This policy is consistently applied each year and its effect on the Accounts is not considered to be material.

**(e) Cash and Cash Equivalents**

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and are shown on the Balance Sheet at their nominal value. The

authority has defined cash equivalents as internally held investments with a maturity of 100 days or less from the date of acquisition of the investment.

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

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

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

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

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

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

**(g) Provisions**

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

- The Council has a present obligation (legal or constructive) as a result of a past event;
- It is probable that a transfer of economic benefits will be required to settle the obligation; and
- 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 Director of Finance, Housing and Community 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 a provision 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 2019. Changes to contribution rates as a result of the 31 March 2019 valuation take effect from 1 April 2020.

#### **(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 31 July.

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; or
- 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**

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.

#### **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 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 Assets

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

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

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 flow) 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 assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure section in the CIES.

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

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

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

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 at fair value and carried through other Comprehensive Income. Designation is considered when the investment would normally fall into the

Fair Value through Profit of Loss classification, the investment meets the definition of an equity instrument and is not held for trading.

Any designation is determined so that a reliable accounting policy is maintained for the investment reflecting the long term strategical nature of each investment. Designation is irrevocable so that gain/losses in movements in fair value are not recognised in usable reserves until the investment matures or is sold.

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

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 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.

The reconciliation of amounts charged to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed in the Movement in Reserves Statement by a transfer to or from Unusable Reserves (Financial Instruments Adjustment Account).

**(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; and
- 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:

- 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:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
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.



Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Property, Plant and Equipment</p>	<p>Asset valuations are calculated on a maximum 5-year cycle with the exception of Housing Revenue Account dwellings which are also valued annually based on market indices as at 31 December (with the valuation valid for the 3 months to 31 March). If the market indicators change the asset values could be affected.</p> <p>The outbreak of Covid-19 impacted global financial markets and as at the valuation date, less weight can be attached to previous market evidence to inform opinions of value. There is an unprecedented set of circumstances on which to base a judgement.</p> <p>Valuations are therefore reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global. Consequently, less certainty and a higher degree of caution should be attached to the property, plant and equipment valuation. At the current time, it is not possible to accurately predict the longevity and severity of the impact of Covid-19 on the economy.</p>	<p>For HRA dwellings a 1% change in the indicators would result in £2.49m change in the balance sheet values, equating to approximately £575 per dwelling. There would also be an impact of approximately £22k on the annual depreciation charge in the CIES.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve, and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement, and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.</p> <p>Any such changes to the Comprehensive Income and Expenditure Statement would be subsequently reversed through the Movement in Reserves Statement so there would be no impact on General Fund Balances.</p>

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 0.1% adjustment in the discount rate assumption would result in a change in the present value of total obligations of approximately £3.6m.
Bad Debts Provisions	The Council has bad debt provisions of £5.61m for HRA, benefit overpayment, council tax & NNDR (DDC share) and general debtors. This is approximately 25% 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.

### Covid-19 Pandemic

In the latter part of the year 2019/20 the Covid-19 pandemic had a profound impact across service areas, businesses and the wider community testing the Council's business continuity planning arrangements. There will be numerous issues that will impact on local authorities as a result of the Covid-19 pandemic. Specific areas within the financial statements include:

- Valuation uncertainty in respect of property, plant and equipment, investment property and heritage assets. The impact that the Covid-19 pandemic has had on valuations has been discussed with our internal valuer and their response is set out at Note 5.
- Property investment funds where valuers include a statement of 'material valuation uncertainty' declaration in their reporting and advice. The impact that the Covid-19 pandemic has had on valuations is set out at Note 5.
- Collectability of debt – It is prudent to establish a provision for non-payment of debt. Further details relating to the provisions and the potential adverse impact of the Covid-19 pandemic on collectability of debt can be found in Note 27.

### 3. EXPENDITURE AND FUNDING ANALYSIS

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

<b>2019/20</b>	As Reported In Quarterly Budget Monitoring Report £000	Adjustments to Arrive at the Net Amount Chargeable to the GF and HRA Balances £000	<b>Net Expenditure Chargeable to the GF and HRA Balances £000</b>	Adjustments between Funding and Accounting Basis £000	<b>Net Expenditure in the CIES £000</b>
Chief Executive	618	311	929	168	1,096
Strategic Dir. of Corporate Resources	11,061	(2,393)	8,668	(210)	8,458
Strategic Dir. of Operations & Commercial	4,186	(582)	3,604	7,257	10,861
Special Projects	561	0	561	0	561
Local Authority Housing (HRA)	(6,654)	4,665	(1,989)	(4,665)	(6,654)
Non-distributed Costs	194	(194)	0	0	0
<b>Net Cost of Service</b>	<b>9,965</b>	<b>1,807</b>	<b>11,773</b>	<b>2,550</b>	<b>14,322</b>
Other Income & Expenditure	(12,494)	(1,358)	(13,852)	(575)	(14,426)
<b>(Surplus) or deficit</b>			<b>(2,079)</b>	<b>1,975</b>	<b>(104)</b>
Opening General Fund and Housing Revenue Account Balance 1 April 2019			(48,154)		
<b>Closing General Fund and Housing Revenue Account Balance 31 March 2020</b>			<b>(50,233)</b>		
<u>Made up of:</u>					
General Fund Balance			(2,565)		
Housing Revenue Account Balance			(1,027)		
General Fund Earmarked Reserves			(33,235)		
Housing Revenue Account Earmarked Reserves			(13,406)		
			<b>(50,233)</b>		

<b>2020/21</b>	As Reported In Quarterly Budget Monitoring Report £000	Adjustments to Arrive at the Net Amount Chargeable to the GF and HRA Balances £000	<b>Net Expenditure Chargeable to the GF and HRA Balances £000</b>	Adjustments between Funding and Accounting Basis £000	<b>Net Expenditure in the CIES £000</b>
Chief Executive	2,613	(1,461)	<b>1,152</b>	821	<b>1,973</b>
Strategic Dir. of Corporate Resrouces	4,151	(1,840)	<b>2,311</b>	(967)	<b>1,343</b>
Strategic Dir. of Operations & Commercial	6,719	(1,072)	<b>5,646</b>	6,730	<b>12,377</b>
Special Projects	446	27	<b>472</b>	0	<b>472</b>
Local Authority Housing (HRA)	(46,563)	44,746	<b>(1,817)</b>	(44,746)	<b>(46,563)</b>
<b>Net Cost of Service</b>	<b>(32,635)</b>	<b>40,399</b>	<b>7,765</b>	<b>(38,162)</b>	<b>(30,398)</b>
Other Income & Expenditure	(23,341)	(231)	<b>(23,572)</b>	(3,505)	<b>(27,075)</b>
<b>(Surplus) or deficit</b>			<b>(15,808)</b>	<b>(41,666)</b>	<b>(57,473)</b>
Opening General Fund and Housing Revenue Account Balance 1 April 2020			(50,233)		
<b>Closing General Fund and Housing Revenue Account Balance 31 March 2021</b>			<b>(66,041)</b>		
<u>Made up of:</u>					
General Fund Balance			<b>(2,930)</b>		
Housing Revenue Account Balance			<b>(1,021)</b>		
General Fund Earmarked Reserves			<b>(49,311)</b>		
Housing Revenue Account Earmarked Reserves			<b>(12,779)</b>		
			<b>(66,041)</b>		

## NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

<b>2019/20</b>	Depreciation / Impairment	Soft Loan Adjustments	Charge for Pension Adjustment	Other Capital Adjustments	Other Adjustments	Total Adjustment Between Funding & Accounting Basis
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£000	£000	£000	£000	£000	£000
Chief Executive	34	0	133	0	0	168
Strategic Dir. of Corporate Resources	28	105	(342)	0	0	(210)
Strategic Dir. of Operations & Commercial	6,323	0	935	0	0	7,257
Special Projects	0	0	0	0	0	0
Local Authority Housing (HRA)	0	0	(294)	(4,371)	0	(4,665)
Non-distributed Costs	0	0	0	0	0	0
<b>Net Cost of Service</b>	<b>6,384</b>	<b>105</b>	<b>432</b>	<b>(4,371)</b>	<b>0</b>	<b>2,550</b>
Other Income & Expenditure	(1,331)	3,875	1,741	(4,799)	(62)	(575)
<b>Total</b>	<b>5,053</b>	<b>3,980</b>	<b>2,173</b>	<b>(9,170)</b>	<b>(62)</b>	<b>1,975</b>

<b>2020/21</b>	Depreciation / Impairment	Soft Loan Adjustments	Charge for Pension Adjustment	Other Capital Adjustments	Other Adjustments	Total Adjustment Between Funding & Accounting Basis
Adjustments from the General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	£000	£000	£000	£000	£000	£000
Chief Executive	48	0	773	0	0	821
Strategic Dir. of Corporate Resources	54	56	(1,078)	0	0	(967)
Strategic Dir. of Operations & Commercial	5,390	0	1,341	0	0	6,730
Special Projects	0	0	0	0	0	0
Local Authority Housing (HRA)	0	0	3,291	(48,037)	0	(44,746)
<b>Net Cost of Service</b>	<b>5,491</b>	<b>56</b>	<b>4,327</b>	<b>(48,037)</b>	<b>0</b>	<b>(38,162)</b>
Other Income & Expenditure	(559)	(4,262)	1,723	(7,187)	6,780	(3,505)
<b>Total</b>	<b>4,932</b>	<b>(4,206)</b>	<b>6,050</b>	<b>(55,223)</b>	<b>6,780</b>	<b>(41,666)</b>

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

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

2019/20 £000		2020/21 £000
	<b>Expenditure</b>	
16,435	Employee expenses	17,412
2,706	Premises	2,134
244	Transport	176
8,580	Supplies & Services	12,368
18,552	Third Party Payments	18,897
25,102	Housing Benefits	23,986
38	Support service recharges	3,919
10,823	Depreciation, amortisation, impairment	5,633
2,825	Interest payments	2,658
2,586	Precepts and levies	2,747
294	Payments to housing capital receipts pool	294
(33)	Income and expenditure in relation to investment properties and changes in their fair value	24
1,741	Net Interest on Defined Benefit Liability	1,723
<b>89,892</b>	<b>Total Expenditure</b>	<b>91,972</b>
	<b>Income</b>	
(32,932)	Fees, Charges & Other Service Income	(31,261)
(35,330)	Grants & Contributions	(43,073)
(1,331)	Gain on the disposal of assets	(559)
0	Gain from revaluation	(40,589)
2,270	Interest and investment income	(5,877)
(17,425)	Income from council tax, non-domestic rates, district rate income	(17,301)
(1,786)	Government grants and contributions	(5,427)
(3,463)	Other Capital Grants & Receipts	(5,359)
<b>(89,997)</b>	<b>Total Income</b>	<b>(149,446)</b>
<b>(105)</b>	<b>Surplus on the provision of services</b>	<b>(57,473)</b>

## 5. PROPERTY, PLANT AND EQUIPMENT

Movement on Balances 2019/20	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Eqpt £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction (WIP) £000	Total Property, Plant and Equipment £000
<b>Cost or Valuation</b>	<b>197,410</b>	<b>106,416</b>	<b>5,566</b>	<b>15,724</b>	<b>575</b>	<b>0</b>	<b>5,680</b>	<b>331,373</b>
<b>At 1 April 2019</b>								
Additions – Expenditure in year	7,196	130	18				11,561	18,905
Additions—transfer from WIP*	1,920	6	4				(1,931)	0
Revaluations recognised in the Revaluation Reserve		1,345						1,345
Revaluations recognised in the Provision of Services	(4,407)	(5,456)						(9,863)
Transfers	415	(415)						0
Disposals	(1,230)	(214)						(1,443)
<b>At 31 March 2020</b>	<b>201,305</b>	<b>101,814</b>	<b>5,588</b>	<b>15,724</b>	<b>575</b>	<b>0</b>	<b>15,310</b>	<b>340,315</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2019		(4,906)	(3,665)	(7,731)	(405)			(16,707)
Depreciation charge	(2,059)	(2,585)	(316)	(326)	(2)			(5,288)
Depreciation written out to CIES	2,059	2,313	0	0	0			4,372
Depreciation written out to Revaluation Reserve		1,976						1,976
Other Movements in Depreciation and Impairment								
<b>Subtotal</b>	<b>0</b>	<b>(3,203)</b>	<b>(3,980)</b>	<b>(8,057)</b>	<b>(407)</b>	<b>0</b>	<b>0</b>	<b>(15,647)</b>
<b>Net Book Value</b>								
At 31 March 2020	201,305	98,611	1,608	7,667	168	0	15,310	324,669
At 31 March 2019	197,410	101,509	1,902	7,993	170	0	5,680	314,664

<b>Movement on Balances 2020/21</b>	<b>Council Dwellings</b>	<b>Other Land and Buildings</b>	<b>Vehicles, Plant, Furniture and Eqpt</b>	<b>Infrastructure Assets **</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>Assets Under Construction (WIP)</b>	<b>Total Property, Plant and Equipment</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost or Valuation</b>	<b>201,305</b>	<b>101,814</b>	<b>5,588</b>	<b>7,667</b>	<b>575</b>	<b>0</b>	<b>15,310</b>	<b>332,259</b>
<b>At 1 April 2020</b>								
Additions – Expenditure in year	7,494	282	9	4	0	0	13,665	21,454
Additions–transfer from WIP	323	567	276	39	0	0	(1,523)	(317)
Revaluations recognised in the Revaluation Reserve		3,316	0	0	0	0	0	3,316
Revaluations recognised in the Provision of Services	40,535	(3,432)	0	0	0	0	0	37,103
Depreciation written out								
Disposals	(902)	0	0	0	0	0	0	(902)
<b>At 31 March 2021</b>	<b>248,754</b>	<b>102,548</b>	<b>5,874</b>	<b>7,710</b>	<b>575</b>	<b>0</b>	<b>27,452</b>	<b>392,914</b>
<b>Accumulated Depreciation and Impairment</b>								
At 1 April 2020	0	(3,203)	(3,980)	0	(407)	0	0	(7,590)
Depreciation charge	(2,114)	(2,796)	(324)	(327)	(2)	0		(5,562)
Depreciation written out to CIES	2,114							2,114
Depreciation written out to Revaluation Reserve		2,437						2,437
Other Movements in Depreciation and Impairment								
<b>Subtotal</b>	<b>0</b>	<b>(3,562)</b>	<b>(4,304)</b>	<b>(327)</b>	<b>(409)</b>	<b>0</b>	<b>0</b>	<b>(8,601)</b>
<b>Net Book Value</b>								
At 31 March 2021	248,754	98,985	1,570	7,384	166	0	27,452	384,311
At 31 March 2020	201,305	98,611	1,608	7,667	168	0	15,310	324,669

\*\* 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.

Due to a reassessment of assets held at zero net book value, the Valuation as at 1<sup>st</sup> April 2020 has been adjusted on Other Land and Buildings, Vehicles, Plant, Furniture and Eqpt, Infrastructure Assets and Community Assets. This has had no impact elsewhere within the Statement of Accounts and the Net Book Value as at 31<sup>st</sup> March 2021 remains unchanged.



## Tangible Non-current Assets and Depreciation

The depreciation methods and useful lives used in the preparation of the accounts have been specified within the accounting policies. The depreciation charged in year was:

	2019/20 £000	2020/21 £000
General Fund	3,198	3,417
Housing Revenue Account	2,090	2,145
<b>Total</b>	<b>5,288</b>	<b>5,562</b>

## Intangible Non-Current Assets

	2019/20 £000	2020/21 £000
Opening Net Book Value	70	43
Additions – transferred from	0	317
Additions – expenditure in year	17	123
Amortisation	(44)	(71)
<b>Closing Net Book Value</b>	<b>43</b>	<b>412</b>

## 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 table below shows the revaluations taken place over the last 5 years.

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 2020. Housing Revenue Account dwellings were valued as at 31 March 21 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 under construction	Total
	£000	£000	£000	£000	£000	£000	£000
Carried at historical cost			5,588	7,667	575	15,310	29,140
Valued at current value							
31 March 2021	47,449	733	285	43	0	12,142	60,652
31 March 2020	201,305	85,972					287,277
31 March 2019		266					266
31 March 2018		4,739					4,739
31 March 2017		1,002					1,002
31 March 2016		5,250					5,250
De minimus		4,580					4,580
<b>Total Cost or Valuation</b>	<b>248,754</b>	<b>102,548</b>	<b>5,874</b>	<b>7,710</b>	<b>575</b>	<b>27,452</b>	<b>392,914</b>

### Impairment

Impairment is caused either by a consumption of economic benefits or by a general fall in prices.

	2019/20 £000	2020/21 £000
<b>General Fund</b>		
General gain/(loss) on Other Land and Buildings	(11,014)	(214)
Losses written out of Revaluation Reserve	5,358	15
Prior year losses written out	19	0
Write back Depreciation	2,294	0
<b>Total charged to the General Fund</b>	<b>(3,343)</b>	<b>(200)</b>
<b>Housing Revenue Account</b>		
General gain/(loss) on Housing Stock	(4,558)	40,535
Write back Depreciation	2,059	2,114
<b>Total charged to the HRA</b>	<b>2,499</b>	<b>42,649</b>
<b>Total charged to Property, Plant &amp; Equipment</b>	<b>(844)</b>	<b>42,449</b>

## Covid-19 Pandemic

The impact that Covid-19 has had on valuations has been discussed with our valuer and his response is set out below.

Advice received through the professional body governing valuation methods, the Royal Institute of Chartered Surveyors (RICS) has given the following statement concerning asset valuation as at the end of the financial year.

“The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.”

It is his considered judgement that our valuations are evidence driven and he does not intend to make any unevidenced adjustments to our valuations. The situation is very fast moving and therefore it is sensible to keep the position under review and to revisit the valuations as and when updated market evidence begins to emerge.

## 6. INVESTMENT PROPERTIES

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

	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Rental income from investment property	1,652	1,615
Direct operating expenses arising from investment property	(165)	(160)
<b>Net gain or loss</b>	<b>1,487</b>	<b>1,455</b>

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

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

	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at start of the year</b>	23,867	23,900
Revaluation gains from fair value adjustments	55	17
Revaluation losses from fair value adjustments	(22)	(41)
<b>Balance at end of the year</b>	<b>23,900</b>	<b>23,876</b>

## 7. 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 31 March 2020 £000	At 31 March 2021 £000
Historic Buildings	580	580
Works of Art	68	68
Museum Collections	1,982	1,970
Town Hall Artefacts	1,543	2,438
Memorials and Statues	324	246
<b>Total</b>	<b>4,496</b>	<b>5,302</b>

The difference of £806k is due to the Museum Collections, Town Hall Artefacts and Memorials and Statues not be revalued during the 2020/21 year.

## 8. GAIN OR LOSS ON DISPOSAL OF NON-CURRENT ASSETS

	2019/20 £000	2020/21 £000
<b>Net Book Value</b>		
HRA right-to-buy	1,079	819
HRA other sales	151	83
Demolished	214	0
General Fund sales	0	0
<b>Total</b>	<b>1,443</b>	<b>902</b>
<b>Sales Proceeds</b>		
HRA right-to-buy	(2,397)	(1,336)
HRA other sales	(342)	(142)
General Fund sales	(65)	0
<b>Total</b>	<b>(2,804)</b>	<b>(1,479)</b>
Less admin fees	30	17
<b>(Gain) or Loss on Disposal</b>	<b>(1,331)</b>	<b>(559)</b>

## 9. COMMITTED CAPITAL CONTRACTS

At 31 March 2021 the Authority was contractually committed to capital expenditure amounting to £12,840k in respect of the following projects:

Project	Contractor	Total Commitment £000	Estimated Completion Date
Interim Accommodation Development – Kimberley Close, Dover & Stockdale Gardens, Deal	Jenner Contractors Ltd	2,103	May 2022
Redevelopment of William Muge & Snelgrove site	Jenner Contractors Ltd	1,323	June 2021
Napchester Rd, Whitfield Development	Jenner Contractors Ltd	4,395	Aug 2022

Project	Contractor	Total Commitment £000	Estimated Completion Date
Street-lighting project	Volker Highways	96	Sept 2021
Bus Rapid Transit Route	Kent County Council	505	July 2023
Electric Vehicle Charging Bays	Connected Kerb	293	Sept 2021
Maison Dieu Restoration – Delivery Phase	Various	628	Oct 2023
Dover Market Square Project	Kent County Council	167	April 2022
Parks for People – Kearsney	Idverde Ltd	258	Dec 2020
Dover Town Hall - Urgent Repairs	Clarke Roofing Southern	300	Oct 2021
Refuse & Recycling Vehicle Purchase	Veolia	2,684	Sept 2021
Public Sector Decarbonisation Fund	Leeds Assoc	88	Feb 2022
<b>Total</b>		<b>12,840</b>	

## 10. CAPITAL EXPENDITURE AND FINANCING

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

	2019/20 £000	2020/21 £000
<b>Opening Capital Financing Requirement</b>	<b>129,777</b>	<b>132,089</b>
<b>Capital Investment:</b>		
Plant, property and equipment	18,587	21,454
Investment Property	0	0
Intangible assets	335	123
Revenue expenditure under statute funded by capital	1,389	788
Private sector housing loans	353	229
<b>Total Capital Investment</b>	<b>20,663</b>	<b>22,593</b>
<b>Sources of Finance:</b>		
Capital receipts (including Excess Right to Buy Receipts and PSH Loan Receipts)	(4,054)	(2,540)
Capital grants and contributions	(2,547)	(3,260)
Major repairs reserve	(2,335)	(2,221)
Direct revenue financing/Reserves	(6,540)	(4,670)
Section 106 funding	(20)	(17)
<b>Total Financing</b>	<b>(15,497)</b>	<b>(12,708)</b>
<b>Capital Financing Requirement Movement:</b>		
HRA Loan Repayments	(2,294)	(2,367)
Minimum Revenue Provision (MRP)	(561)	(1,140)
Under Borrowing	5,166	9,885
<b>Closing Capital Financing Requirement</b>	<b>132,089</b>	<b>138,467</b>

## 11. 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.

	2019/20		2020/21	
	£000	£000	£000	£000
Gross expenditure:				
Disabled Facilities Grants	1,217		750	
Winter Warmth Grants	21		37	
Renovation Loans	168		90	
Empty Homes Loans	185		139	
Town Centre Contribution	150		0	
		1,741		1,017
<b>Grants &amp; contributions received:</b>				
Disabled Facilities Grant (KCC BCF)	(1,239)		(788)	
Developer Agreement Contribution	(150)		0	
		(1,389)		(788)
Total deferred charges		353		229
Written off to revenue in year		(353)		(229)
<b>Total</b>		<b>0</b>		<b>0</b>

## 12. INVESTMENTS

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

### Short Term Investments

	2019/20	2020/21
	£000	£000
Cash flow short term investment	4	4
<b>Total</b>	<b>4</b>	<b>4</b>

### Long Term Investments

	2019/20	2020/21
	£000	£000
Stocks	6	6
Pooled Investment Funds	45,476	49,549
<b>Total</b>	<b>45,482</b>	<b>49,555</b>

### Investment Portfolio

The Council's investment portfolio as at 31 March 2021 was as follows:

Counter Party	Maturity Date	Principal Invested £000	Credit Rating as at 31 March 2021
<u>Internal Investments:</u>			
Amortised cost			
Santander UK Notice Account		4	UK 'AA'
<b>Total Internal Investments</b>		<b>4</b>	

Counter Party	Maturity Date	Principal Invested £000	Credit Rating as at 31 March 2021
<u>External Investments:</u>			
Fair value through profit and loss			
Pooled Investment Funds			
CCLA Property Fund		6,000	'AA'
Investec Multi Asset Fund		10,000	'AA'
Columbia Threadneedle Strategic Bond Fund		8,000	'AA'
Payden and Rygel Sterling Reserve Fund		8,000	'AA'
CCLA Diversified Income Fund		8,000	'AA'
KAMES Monthly Diversified Fund		10,000	'AA'
<b>Total External Investments</b>		<b>50,000</b>	
<u>Cash and Cash Equivalents:</u>			
Amortised cost			
Cash at bank	n/a	11	
Nat West	Instant Access	6,925	UK 'A+'
HSBC	Instant Access	0	UK 'AA-'
Santander UK	Instant Access	1	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	4	UK 'AAA'
Aberdeen MMF	Instant Access	1	UK 'AAA'
<b>Total Cash and Cash Equivalents</b>		<b>6,948</b>	

### 13. BORROWING

	2019/20 £000	2020/21 £000
<u>Short term borrowing</u>		
Accrued Interest	133	111
PWLB	2,367	2,443
Temporary loan	29,000	16,000
Salix loan	0	39
LTA loan	9	9
<b>Total Short Term Borrowing</b>	<b>31,509</b>	<b>18,602</b>
<u>Long term borrowing</u>		
PWLB	75,631	73,186
Salix Loan	300	311
LTA Loan	52	48
<b>Total Long Term Borrowing</b>	<b>75,983</b>	<b>73,545</b>

## 14. FINANCIAL INSTRUMENTS

### Financial Assets

#### 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 2020, 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 2020 Carrying Amount £000	Fair Value £000	31 March 2021 Carrying Amount £000	Fair Value £000
<b>Short term Assets</b>					
<b>Amortised cost:</b>					
Notice accounts with Bank and building societies		4	4	4	4
Total Short Term Investments		4	4	4	4
<b>Amortised cost:</b>					
Debtors		3,242	3,242	5,390	5,390
Cash and liquid assets		5,050	5,050	6,943	6,943
<b>Fair value through profit and loss:</b>					
Money Market funds	1	4,534	4,534	5	5
<b>Total short term assets</b>		<b>12,830</b>	<b>12,830</b>	<b>12,341</b>	<b>12,341</b>
<b>Long term Assets</b>					
<b>Amortised cost:</b>					
Long Term Debtors		788	788	692	692
Stocks		6	6	6	6
Soft Loans		2,343	2,343	2,401	2,401
<b>Fair value through profit and loss:</b>					
Long Term Investments	1	45,476	45,476	49,549	49,549
<b>Total long term assets</b>		<b>48,613</b>	<b>48,613</b>	<b>52,648</b>	<b>52,648</b>
<b>Total Financial Assets</b>		<b>61,443</b>	<b>61,443</b>	<b>64,989</b>	<b>64,989</b>

## Financial Liabilities

Balance as at:

	Fair Value Level	31 March 2020 Carrying Amount £000	Fair Value £000	31 March 2021 Carrying Amount £000	Fair Value £000
<b>Short Term Liabilities</b>					
<b>Amortised cost:</b>					
Accrued Interest		132	132	111	111
PWLB repayments due		2,367	2,367	2,443	2,443
Temporary Loan		29,000	29,000	16,000	16,000
Lawn Tennis Association Loan		9	9	9	9
Salix Loan		0	0	39	39
Total Short Term Borrowing		31,509	31,509	18,602	18,602
Creditors		7,109	7,109	11,977	11,977
<b>Total Short Term Liabilities</b>		<b>38,618</b>	<b>38,618</b>	<b>30,579</b>	<b>30,579</b>
<b>Long Term Liabilities</b>					
<b>Amortised cost:</b>					

Balance as at:	Fair Value Level	31 March 2020		31 March 2021	
		Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB – maturity	2	4,000	8,103	4,000	8,143
PWLB – Annuity	2	71,631	82,864	69,187	79,769
Salix Loan	2	300	300	272	272
	2				
Lawn Tennis Association Loan		52	52	48	48
<b>Total Long Term Liabilities</b>		<b>75,983</b>	<b>91,319</b>	<b>73,507</b>	<b>88,232</b>
<b>Total Financial Liabilities</b>		<b>114,601</b>	<b>129,937</b>	<b>104,087</b>	<b>118,811</b>

### Financial Instruments – Gains and Losses

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

Financial Instruments Income, Expense, Gains and Losses 20/21	Financial Liabilities at Amortised cost £000	Financial Assets at Amortised Cost £000	Financial Assets at Fair Value Profit & Loss £000	2020/21 £000	2019/20 £000
Interest expense	2,658	0	0	2,658	2,825
<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	<b>2,658</b>	<b>0</b>	<b>0</b>	<b>2,658</b>	<b>2,285</b>
Interest/dividend income	0	(223)	(1,587)	(1,810)	(1,888)
(Gains)/Losses from changes in fair value	0	(4,068)	0	(4,068)	4,053
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>(4,290)</b>	<b>(1,587)</b>	<b>(5,878)</b>	<b>2,165</b>
<b>Net (gain)/loss for the year</b>	<b>2,658</b>	<b>(4,290)</b>	<b>(1,587)</b>	<b>(3,220)</b>	<b>4,990</b>

### 15. FINANCIAL INSTRUMENTS ADJUSTMENT ACCOUNT

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

	2019/20		2020/21	
	£000	£000	£000	£000
Opening balance				
Soft loans	1,773		1,675	
Movement during the year				
LOBO premium amortised cost		(25)		(25)
Soft loans		(73)		(139)
<b>Balance at 31 March</b>		<b>1,675</b>		<b>1,512</b>

## 16. SOFT LOANS

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

	2019/20 £000	2020/21 £000
Opening balance	2,196	2,343
Advances in year	168	90
Repayments in year	(93)	(171)
Financial instruments adjustments	73	139
<b>Closing balance</b>	<b>2,343</b>	<b>2,401</b>

## 17. POOLED INVESTMENT FUNDS ADJUSTMENT ACCOUNT

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

<b>Pooled Investment Funds Adjustment Account</b>	2019/20 £000	2020/21 £000
Opening balance	(678)	(4,731)
Unrealised profit/(loss) on pooled investments and fixed securities	(4,053)	4,068
<b>Closing balance</b>	<b>(4,731)</b>	<b>(663)</b>

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

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2017.

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.
- Valuation Risk: The possibility that, when a financial instrument matures or is sold in the market, the amount received is less than accounted for.

### 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 2021, 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:

	2019/20	2020/21
	£000	£000
Cash and cash equivalents	10,624	6,948
Less than 1 year	4	4
More than 1 year	45,480	49,555
<b>Total</b>	<b>56,108</b>	<b>56,508</b>

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

### **Market Risk**

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

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

### **Valuation Risk**

The major valuation firms and RICS held a series of meetings since the COVID-19 outbreaks in order to assess the impact on real estate markets in the UK. These meetings have been held in the context of RICS Global Standards which provides guidance as to matters that may give rise to Material Uncertainty. At this stage, valuers have confirmed that they are still able to produce valuations and make professional judgements, however given the market volatility, less certainty can be attached to the valuation than under normal market conditions. Where valuers conclude that there is material uncertainty due to the unprecedented market circumstances, UK property valuations will include a statement of Material Valuation Uncertainty (as per the RICS Red Book Global). It is important to note that this applies to all valuations in all real estate sectors in the UK. Given the unknown impact that COVID-19 might have on the real estate market in the future, we recommend that the valuation is kept under continuous review.

Property Investment Funds are long term investments and are not likely to be surrendered in the near future and the expectation is that values will return to or exceed pre Covid-19 values over the medium to long-term.

### **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 £1,616k on its investments of £57.3m achieving an average interest rate of 2.93%. A one percentage movement in the rate of interest achieved would result in a corresponding change of £573k in the interest received.

The Council paid interest on its long-term borrowings of £2.7m based on an average rate of 3.46%. The loans associated with this borrowing are held at fixed interest rates and therefore there is no associated interest rate risk with the existing commitments.

## 19. 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 2014, 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 2019 and set the contributions for the period 1 April 2020 to 31 March 2023. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026.

### 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:

	2019/20	2020/21
	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services</b>		
Current service costs	3,664	5,011
Curtailments and past service costs	915	54
Administrative expense	57	74
<b>Net Operating Expenditure</b>		
Net Interest on the Defined Liability	1,741	1,723
<b>Charge to the Surplus or Deficit on the Provision of Services</b>	<b>6,377</b>	<b>6,862</b>
<b>Other charge to the Comprehensive income and expenditure statement</b>		
Return on plan assets (excluding the amount included in net interest expense)	(9,624)	25,829
Actuarial gains and losses arising on changes in demographic assumptions	1,984	2,085
Actuarial gains and losses arising on changes in financial assumptions	14,352	(34,220)
Experience (loss)/gain on defined benefit obligation	(5,882)	2,584
Other actuarial gains and losses	299	0
<b>Re-measurement of the net defined benefit liability</b>	<b>1,129</b>	<b>(3,722)</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits in accordance with IAS 19	(6,377)	(10,553)
Actual amount charged to the General Fund for pensions in the year:		
Employer's contributions payable to scheme	4,204	4,503
<b>Contribution (From) or To Pensions Reserve</b>	<b>(2,173)</b>	<b>(6,050)</b>

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

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

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

<b>Liabilities</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Opening balance at 1 April	175,356	167,585
Current service costs	3,664	5,011
Interest cost	4,052	3,481
Change in financial assumptions	(14,352)	34,220
Change in demographic assumptions	(1,984)	(2,085)
Experience loss/(gain) on defined benefit obligation	5,882	(2,584)
Liabilities assumed / (extinguished on settlement)	0	11,719
Benefits paid net of transfers in	(6,038)	(6,580)
Past service costs, including curtailments	915	54
Contributions by scheme participants	686	728
Unfunded pension payments	(596)	(593)
<b>Closing balance at 31 March</b>	<b>167,585</b>	<b>210,956</b>

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

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

<b>Assets</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Opening balance at 1 April	99,199	90,384
Interest on assets	2,311	1,758
Return on assets less interest	(9,624)	25,829
Other actuarial gains / (losses)	299	0
Administration expenses	(57)	(74)
Contributions by employer including unfunded	4,204	4,503
Contributions by scheme participants	686	728
Estimated benefits paid plus unfunded net of transfers in	(6,634)	(7,173)
Settlement prices received / (paid)	0	8,028
<b>Closing balance at 31 March</b>	<b>90,384</b>	<b>123,983</b>

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

## Net Pension Liability

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

	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Present value of funded obligation	159,692	202,989
Fair value of scheme assets (bid price)	(90,384)	(123,983)
<b>Net Liability</b>	<b>69,308</b>	<b>79,006</b>
Present value of unfunded obligation	7,893	7,967
<b>Net Liability in Balance Sheet</b>	<b>77,201</b>	<b>86,973</b>

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

## Reconciliation of Opening & Closing Surplus or Deficit

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

<b>Surplus or Deficit</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Opening balance at 1 April	(76,157)	(77,201)
Current service costs	(3,664)	(5,011)
Past service costs and curtailments	(915)	(54)
Employer's contributions	4,204	4,503
Administrative expenses	(57)	(74)
Capitalised loss on settlement	0	(3,691)
Remeasurement of net defined benefit liability	1,129	(3,722)
Interest on net defined benefit liability	(1,741)	(1,723)
<b>Closing balance at 31 March</b>	<b>(77,201)</b>	<b>(86,973)</b>

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

The fair values of the attributable assets and expected rates of return are given below:

<b>Assets</b>	<b>31-Mar-20</b>		<b>31-Mar-21</b>	
	<b>Fund Value</b>	<b>Percentage of Fund</b>	<b>Fund Value</b>	<b>Percentage of Fund</b>
	<b>£000</b>	<b>%</b>	<b>£000</b>	<b>%</b>
Equities	55,605	62	79,837	64
Gilts	702	1	737	1
Bonds	11,781	13	15,484	12
Property	12,298	14	12,832	10
Cash	2,365	3	6,148	5
Target Return Portfolio	7,633	8	8,947	7
<b>Total</b>	<b>90,384</b>	<b>100</b>	<b>123,985</b>	<b>100</b>



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

<b>Asset Breakdown</b>	<b>% Quoted</b>	<b>% Unquoted</b>
<b>Fixed Interest Government Securities</b>		
UK	-	-
Overseas	0.6	-
<b>Corporate Bonds</b>		
UK	3.9	-
Overseas	8.6	-
<b>Equities</b>		
UK	14.3	-
Overseas	38.6	-
<b>Property</b>		
All	-	10.3
<b>Others</b>		
Absolute return portfolio	7.2	-
Private Equity	-	2.4
Infrastructure	-	1.0
Derivatives	-	0.0
Cash/Temporary Investments	-	4.7
<b>Net Current Assets</b>		
Debtors	-	0.5
Creditors	-	(0.3)
<b>Total</b>	<b>73.2</b>	<b>26.8</b>

### **Scheme History**

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>-£000</b>	<b>£000</b>	<b>£000</b>
Present value of liabilities	(159,683)	(154,510)	(177,664)	(174,667)	(175,356)	(167,585)	(210,956)
Scheme assets	78,227	77,552	91,841	93,614	99,199	90,384	123,983
<b>Surplus or (deficit) in the scheme</b>	<b>(81,456)</b>	<b>(76,958)</b>	<b>(85,823)</b>	<b>(81,053)</b>	<b>(76,157)</b>	<b>(77,201)</b>	<b>(86,973)</b>

The liabilities show the underlying commitments that the Authority has in the long run to pay post-employment (retirement) benefits. The total liability of £87m 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 2020/21 and are detailed below:

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000	£000
Remeasurement of the net defined liability recognised in the CIES	(14,059)	5,924	(7,589)	6,481	6,315	1,129	(3,722)
<b>Cumulative remeasurement of the net defined benefit liability</b>	<b>(66,245)</b>	<b>(60,321)</b>	<b>(67,910)</b>	<b>(61,429)</b>	<b>(55,114)</b>	<b>(53,985)</b>	<b>(57,707)</b>

## Basis for Estimating Assets and Liabilities

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

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

	2019/20	2020/21
<b>Life expectancy from age 65 (years)</b>		
<b>Retiring Today</b>		
Men	21.8	21.6
Women	23.7	23.6
<b>Retiring in 20 years</b>		
Men	23.2	22.9
Women	25.2	25.1
Rate of inflation – RPI	2.80%	3.25%
Rate of inflation – CPI	2.00%	2.85%
Rate of increase in salary	3.00%	3.85%
Rate of increase in pension	2.00%	2.85%
Rate for discounting scheme liabilities	2.35%	2.00%

It has also been assumed that members will exchange half of their commutable pension for cash at retirement, will retire at one retirement age for all tranches of benefits, proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

## 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.

	<b>£000</b>	<b>£000</b>	<b>£000</b>
Adjustment to discount rate:	0.1%	0.0%	-0.1%
Present value of total obligation	207,351	210,956	214,628
Projected service cost	5,632	5,820	6,015
Adjustment to long term salary increase:	0.1%	0.0%	-0.1%
Present value of total obligation	211,300	210,956	210,616
Projected service cost	5,824	5,820	5,817
Adjustment to pension increases and deferred revaluation:	0.1%	0.0%	-0.1%
Present value of total obligation	214,250	210,956	207,718
Projected service cost	6,012	5,820	5,633
Adjustment to life expectancy assumption:	+1 year	None	-1 year
Present value of total obligation	221,519	210,956	200,931
Projected service cost	6,066	5,820	5,584

### Settlements – Special Event

Over the year some members East Kent Housing have been transferred to the Council. The capitalised loss of this settlement is £3.691m. The summary of the transfers is set out below which includes the value of assets transferred from East Kent Housing and the value of the transferred defined benefit obligation.

Settlements in	Transfer date	Assets transferred	Liabilities transferred	Report date	Treated as special event?
Employer transferred from		<b>£000</b>	<b>£000</b>		
East Kent Housing	30 Sep 2020	8,028	11,719	24 Mar 2021	Yes
<b>Total</b>		<b>8,028</b>	<b>11,719</b>		

### Projected Pension Expense for the Year to 31 March 2022

These projections are based on the Actuary's assumptions as at 31 March 2022.

	<b>2021/22</b>
	<b>Projection</b>
	<b>£000</b>
Service cost	5,820
Net interest on the defined liability (asset)	1,694
Administration expenses	102
<b>Total</b>	<b>7,616</b>
Employer's contributions	3,956

### 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.

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

Council Tax Income	2019/20		2020/21	
	£000	£000	£000	£000
District council's council tax		7,216		7,503
Parish councils' council tax		2,512		2,672
		<u>9,728</u>		<u>10,175</u>
Current year's actual Collection Fund surplus / (deficit)	168		(52)	
<b>Reversal of the difference between:</b>				
Prior year's actual accumulated Collection Fund surplus	270		168	
Share of estimated prior year surplus distributed in year	(111)		(84)	
	<u>159</u>		<u>84</u>	
		9		(136)
Council Tax S31 Grant – re discount for Family Annexes		9		11
<b>Amount credited to the CIES from Council Tax</b>		<u>9,746</u>		<u>10,050</u>

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

	2019/20		2020/21	
	£000	£000	£000	£000
District council's share of NNDR		16,313		16,543
S31 Grant for NNDR Reliefs given		1,746		7,193
Tariff to Central Government		(12,073)		(12,270)
Levy Payable to Government/Pool Lead		(433)		(351)
Levy Account – Govt. Surplus Grant		68		0
Current year's actual Collection Fund surplus/(deficit) – NNDR		(161)		(6,117)
<b>Reversal of the difference between:</b>				
Prior year's actual accumulated Collection Fund surplus/(deficit)	(386)		161	
Share of estimated prior year surplus/deficit contributed in year	358		8	
		<u>(28)</u>		<u>169</u>
<b>Income from NNDR</b>		<u>5,488</u>		<u>5,168</u>
<b>Enterprise Zone Relief:</b>				
Enterprise Zone Relief received from Government/KCC	790		650	
Enterprise Zone Relief due from Government/KCC	(40)		147	
<b>Total Enterprise Zone Relief</b>		<u>750</u>		<u>797</u>

	2019/20		2020/21	
	£000	£000	£000	£000
<b>Renewable Energy NNDR Retained:</b>				
Renewable Energy retained as per NNDR1	507		1,142	
Further Renewable energy due for year/(reduction)	934		143	
<b>Total Renewable Energy Retained</b>		<b>1,441</b>		<b>1,285</b>
<b>Amount credited to CIES from NNDR (inc. Enterprise Zone Relief)</b>		<b>7,679</b>		<b>7,250</b>

## 22. GRANT INCOME

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

<b>Credited to Taxation and Non-Specific Grant Income</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
General government grants:		
Revenue Support Grant	56	57
New Burdens Grant	1	43
Council Tax Discount – Annexe Grant	0	1,663
Covid 19 Response	0	1,930
New Homes Bonus	1,729	1,733
<b>Total non-specific grant income</b>	<b>1,786</b>	<b>5,427</b>
<b>Capital Grants &amp; Contributions</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
KCC Better Care Fund	1,124	1,275
Section 106	20	17
Environment Agency	122	867
Homes England	316	973
Coastal Communities Fund	868	1,573
Homes & Communities Agency	870	280
Sport England	0	45
<b>Total capital grant contributions</b>	<b>3,320</b>	<b>5,030</b>
<b>Credited to Services</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
Rent Allowance Subsidy	16,461	15,537
Benefit Administration Grant	204	196
Council Tax Administration Grant	262	293
Non-HRA Rent Rebate Subsidy	460	443
HRA Rent Rebate Subsidy	8,051	7,774
Discretionary Housing Payment Contribution	219	318
NNDR Cost of Collection Allowance	160	161
New Burdens – NNDR	9	27
New Burdens – IER	63	0

	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Homelessness Grant	1,115	1,052
Universal Credit Grant	2	0
Commonwealth War Memorial Dover	65	0
Future High Street Funding	0	155
Business Continuity	335	500
Covid19 Grants Inc. ARG Grant	65	4,936
Pocket Park East Studdal	26	0
DPHA – Officer Meetings	0	4,181
Heritage Lottery	0	1,186
CZEV Grant	0	168
Other	149	347
KCC Contributions	352	738
Agency Reimbursements	279	14
Donations / Sponsorship	361	199
Other Non Govt Grants	62	71
WCCP Projects	525	412
Rechargeable Works	67	74
Misc. Contributions	294	1,042
Joint Financing	5,745	4,558
<b>Total Credited to Services</b>	<b>35,330</b>	<b>44,384</b>
<b>Total Grant Income</b>	<b>40,437</b>	<b>54,841</b>

The Council has also received a number of developer contributions that have yet to be recognised as income as they have conditions that are yet to be met. Further details can be found in Note 35 Developer Contributions.

## 23. 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		Movement in Bands Note Ref
	2019/20	2020/21	
£50,000-£54,999	11	12	A
£55,000-£59,999	10	15	A
£60,000-£64,999	7	6	A/C
£65,000-£69,999	1	1	A

Remuneration Band	Number of Employees		Movement in Bands Note Ref
	2019/20	2020/21	
£70,000-£74,999	2	2	B
£75,000-£79,999	1	1	
£80,000-£84,999	5	3	A
£85,000-£89,999	1	5	A
£90,000-£94,999	1	0	
£95,000-£99,999	1	0	
£100,000-£104,999	1	2	A
£110,000-£114,999	0	0	
£120,000-£124,999	0	1	A/C
	<b>41</b>	<b>48</b>	

Note Ref	Movement in Bands
A	Annual increment / cost of living rise
B	Restructure impact
C	Benefit value difference

### 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.

2020/21 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	Actuarial Strain
0-20	-	3	3*	£11,683	-
20-40	-	-	-	-	-
40-60	-	-	-	-	-
60-80	-	-	-	-	-
<b>Total</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>£11,683</b>	<b>£0</b>

\*Includes one exit package not reported in 2019/20.

### Senior Officers' Emoluments

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

<b>2019/20</b> Post holder information (Post title)	<b>Salary (Including fees &amp; Allow- ances) £000</b>	<b>Expense Allow- ances (Including Fuel) £000</b>	<b>Car Allowance (eg Benefits in Kind or Cash) £000</b>	<b>Total Remuneration excluding pension contributions £000</b>	<b>Pension contrib- utions £000</b>	<b>Total Remuneration including pension contributions £000</b>
Chief Executive	102	2	9	113	18	131
Strategic Director (Corporate Resources)	89	3	8	100	14	114
Strategic Director (Operations and Commercial)	89	3	9	101	14	115
Head of Inward Investment	56	0	5	61	9	70
Head of Leadership Support	73	0	8	81	11	92
	<b>409</b>	<b>8</b>	<b>39</b>	<b>456</b>	<b>66</b>	<b>522</b>

<b>2020/21</b> Post holder information (Post title)	<b>Salary (Including fees &amp; Allow- ances) £000</b>	<b>Expense Allow- ances (Including Fuel) £000</b>	<b>Car Allowance (eg Benefits in Kind or Cash) £000</b>	<b>Total Remuneration excluding pension contributions £000</b>	<b>Pension contrib- utions £000</b>	<b>Total Remuneration including pension contributions £000</b>
Chief Executive	105	2	13	120	20	140
Strategic Director (Corporate Resources)	91	3	8	102	17	119
Strategic Director (Operations and Commercial)	91	3	8	102	17	119
Head of Leadership Support	78	0	8	86	15	101
	<b>365</b>	<b>8</b>	<b>37</b>	<b>410</b>	<b>69</b>	<b>479</b>

### **Reason for Change between years**

Head of Inward Investment – Change of direct reporting line to Strategic Director (Operations and Commercial).

## **24. CAPITAL RECEIPTS**

### **Usable Capital Receipts**

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



	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Balance at 1 April	(18,146)	(16,807)
Usable capital receipts received	(3,009)	(1,961)
	<u>(21,155)</u>	<u>(18,768)</u>
Less: usable capital receipts applied:		
Expenditure on non-current assets	3,702	2,311
Empty Home Loans	185	139
Private Sector Housing Loans	168	90
Pooled housing capital receipts	294	294
<b>Balance at 31 March</b>	<b><u>(16,807)</u></b>	<b><u>(15,934)</u></b>

### Pooling of Housing Capital Receipts

In accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, local authorities are required to pool a proportion of their capital receipts from the sale of Housing Revenue Account assets. For the financial year 2020/21 £294k has been paid to the DCLG in relation to capital pooling requirements (£294k in 2019/20).

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.

## 25. GENERAL FUND AND HRA BALANCES

The Council's policy is to maintain a General Fund balance above £2m and an HRA balance above £1m.

## 26. EARMARKED RESERVES

<b>General Fund Earmarked Reserves:</b>	<b>Opening Balance</b>	<b>Receipts in year</b>	<b>Applied in year</b>	<b>Closing Balance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Special Projects & Events	5,941	2,940	(2,162)	6,718
Periodic Operations	9,611	6,299	(487)	15,423
Regeneration	3,530	548	(506)	3,572
ICT Equipment & Servers	705	766	(165)	1,306
Business Rates & Council Tax	1,582	5,707	0	7,289
District Regeneration & Economic Development	11,866	0	(566)	11,301
Port Health Contingency	0	2,000	0	2,000
Port Health Operational	0	1,702	0	1,702
<b>Total</b>	<b><u>33,235</u></b>	<b><u>19,962</u></b>	<b><u>(3,886)</u></b>	<b><u>49,311</u></b>

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

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

**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 Support** – 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.

**District Regeneration & Economic Development** – This reserve has been established to support the Council’s regeneration plans. An element of the reserve has been allocated to fund new Leisure Centre provision and improvements to Dover Town Hall.

**Port Health Contingency** – This reserve has been established to provide the flexibility to cope with areas of uncertainty including the volume of consignments requiring certification, the fee level per consignment and therefore the income stream, the cost base and any more significant structural changes that may arise from trade consolidation and from changes to the border control regime during and at the end of the initial 5 years.

**Port Health Operational** – This reserve has been established to hold the grant funding received from DEFRA to smooth across years until the service is intended to become self-funding through fee income.

<b>Housing Revenue Account Earmarked Reserves:</b>	<b>Opening Balance £000</b>	<b>Receipts in year £000</b>	<b>Applied in year £000</b>	<b>Closing Balance £000</b>
Housing Initiatives	13,437	0	(689)	12,748
Major Repairs Reserve	(31)		63	32
<b>Total</b>	<b>13,406</b>	<b>0</b>	<b>(626)</b>	<b>12,780</b>

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

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

## 27. DEBTORS

Long Term Debtors	31 March 2020 £000	31 March 2021 £000
Loans to:		
Local organisations	14	10
Local Authorities	644	682
Other:		
Housing benefit debtors <sup>1</sup>	178	535
EKH Single System Loan <sup>2</sup>	230	0
<b>Total</b>	<b>1,066</b>	<b>1,227</b>

<sup>1</sup> **Housing benefit debtors** –Housing benefit overpayments are often recovered through deductions from claimants' future benefits over many years. This debtor represents the value of housing benefit outstanding at 31 March 2021 which is expected to be recovered after one year.

<sup>2</sup> **EKH Single System Loan** – Dover District Council lent East Kent Housing £223k for the purchase of the new Single Housing System. The loan was to be repaid annually for six years commencing on 1 March 2017. EKH repaid the first instalment of £37k during 2018/19 but then asked for another £35k during 2019/20 and requested that the repayment of the loan is deferred until the system is implemented. The loan has now been written off following EKH being dissolved on 30<sup>th</sup> September 2020.

Short Term Debtors	31 March 2020 £000	31 March 2021 £000
General Fund		
Housing rents and other charges	1,185	1,176
Central Government	1,199	3,390
Local Authorities	2,002	2,787
Payments in Advance	383	605
Other debtors	7,342	5,586
	<u>12,110</u>	<u>13,544</u>
Collection Fund		
Local tax payers (district council's share)	2,007	2,997
Central Government	535	3,726
	<u>2,542</u>	<u>6,723</u>
Other Local Authorities – cash due	491	1,355
<b>Total</b>	<b>15,143</b>	<b>21,622</b>

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

Provision for Bad Debts	Council Tax £000	NDR £000	General Debtors £000	Housing Benefits £000	HRA £000	Total £000
Balance at 1 April 2019	571	685	831	1,847	588	4,522
Write-offs	(28)	(1)	(55)	(86)	(34)	(204)
Contribution to provision	157	157	127	31	121	593
<b>Balance at 31 March 2020</b>	<b>700</b>	<b>841</b>	<b>903</b>	<b>1,792</b>	<b>675</b>	<b>4,911</b>
Write-offs	(32)	(1)	(3)	(128)	(276)	(440)
Contribution to provision	164	433	252	(84)	373	1,138
<b>Balance at 31 March 2021</b>	<b>832</b>	<b>1,273</b>	<b>1,152</b>	<b>1,580</b>	<b>772</b>	<b>5,609</b>

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 87.

### 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 2020			At 31 March 2021		
	General Debtors £000	HRA £000	Total £000	General Debtors £000	HRA £000	Total £000
< 1 month	2,249	467	2,716	1,766	475	2,241
1 – 3 months	114	430	544	512	392	904
3 – 6 months	80	253	333	106	204	310
6 – 12 months	49	99	148	74	106	180
1 year +	214	10	224	361	614	975
<b>Total</b>	<b>2,706</b>	<b>1,259</b>	<b>3,965</b>	<b>2,819</b>	<b>1,791</b>	<b>4,610</b>

### Collectability of Debt

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

### Covid-19 Pandemic

The annual review of the provision for non-payment of debt considers the prevailing economic climate. It is however, too early to determine the extent of any adverse impact of the Covid-19 pandemic on the collectability of debt in the future

## 28. 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.

	2019/20 £000	2020/21 £000
Cash held at bank	(578)	11
Bank call accounts	10,163	6,937
<b>Total Cash and Cash Equivalents</b>	<b>9,585</b>	<b>6,948</b>

## 29. SHORT TERM CREDITORS

As at 31 March	2019/20 £000	2020/21 £000
General Fund		
Government departments	(4,061)	(11,532)
Other local authorities	(336)	(536)
Housing tenants	(460)	(514)
Other creditors	(6,754)	(8,306)
	<u>(11,611)</u>	<u>(20,888)</u>
Collection Fund		
Government Departments	(3,111)	(280)
Local Authorities	(1,455)	(37)
Local taxpayers (DDC's share)	(595)	(349)
	<u>(5,161)</u>	<u>(666)</u>
<b>Total</b>	<b><u>(16,772)</u></b>	<b><u>(21,554)</u></b>

## 30. 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 2020/21 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 £7.28m (2019/20 £6.07m) can be seen within the separate Collection Fund section.

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

The lack of appeals lodged so far against the 2017 valuation does not mean that they will not be lodged later, when the VOA 'appeals system' has been improved and activity from Ratings Agents (who pursue appeals on behalf of businesses for a fee) increases, which is expected further down the line when backdating of appeals to 1<sup>st</sup> April 2017 is likely to increase the fees they can charge on amounts refunded to businesses. 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 recalculating 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, for 2020/21, alongside the other Kent Authorities, we have taken into account changes to reliefs, such as those arising from increased thresholds for Small Business Rates reliefs, beneath which more businesses are exempt from paying business rates from 1 April 2017, as well as those significant charitable and other reliefs granted to businesses which we think are likely to discourage appeals. Therefore, provisions are reduced by varying percentages for particular categories of ratepayers, based on our assessment of the likelihood of such businesses appealing. However, as stated, only the Council's 40% share of this amount is included in its own accounts. See the separate Collection Fund section for further information.

## 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.

	FY 2020/21 Opening Balance £000	Movement £000	FY 2020/21 Closing Balance £000
Municipal Mutual Insurance Provision	(20)	0	(20)
DDC Share of NNDR Appeals Provision	(2,427)	(483)	(2,910)
<b>Total</b>	<b>(2,447)</b>	<b>(483)</b>	<b>(2,930)</b>

## 31. RECEIPTS IN ADVANCE

	2019/20 £000	2020/21 £000
As at 31 March		
Government departments	(941)	(7,543)
Other local authorities	(987)	(1,222)
Other	(1,270)	(4,325)
<b>Total</b>	<b>(3,198)</b>	<b>(13,090)</b>

## 32. 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.

	2019/20 £000	2020/21 £000
<b>Balance at 1 April</b>	<b>(3,498)</b>	<b>(4,251)</b>
Contributions received	(1,992)	(3,174)
Applied to projects	1,239	1,421
<b>Balance at 31 March</b>	<b>(4,251)</b>	<b>(6,004)</b>

## 33. 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.

	2019/20 £000	2020/21 £000
<b>Balance at 1 April</b>	<b>(929)</b>	<b>(1,389)</b>
Contributions received	(1,768)	(1,763)
Applied to capital projects	1,308	1,839
<b>Balance at 31 March</b>	<b>(1,389)</b>	<b>(1,312)</b>

#### 34. CAPITAL ADJUSTMENT ACCOUNT

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

<b>Capital Adjustment Account</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
<b>Balance at 1 April</b>	<b>(167,625)</b>	<b>(173,842)</b>
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Charges for depreciation of non-current assets	5,257	5,562
Amortisation of intangible assets	44	71
Revaluation losses on property, plant and equipment	5,692	2,602
Revaluation gains on property, plant and equipment	(201)	(43,247)
Revenue expenditure funded from capital under statute	1,389	788
Amounts of non-current assets written off on disposal or sale as part of the gain or loss on disposal to the CIES	1,443	902
Adjusting amounts written out of the Revaluation Reserve	(1,540)	(1,748)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(4,054)	(2,540)
Use of the Major Repairs Reserve to finance new capital expenditure	(2,335)	(2,221)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(459)	(1,856)
Application of grants to capital financing from the Capital Grants Unapplied Account	(2,109)	(1,421)
Receipt of capital income from long term debtors	93	171
Capital expenditure charged against the General Fund and HRA balances	(2,119)	(4,036)
Capital expenditure charged against Earmarked Reserves	(4,421)	(634)
Movements in the market value of Investment Properties debited or credited to the CIES	(33)	24
Loan Repayments Made	(2,303)	(2,411)

<b>Capital Adjustment Account</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
Minimum Revenue Provision	(561)	(1,140)
<b>Balance at 31 March</b>	<b>(173,842)</b>	<b>(224,976)</b>

### 35. DEVELOPMENT CONTRIBUTIONS

Developer contributions received from landowners and/or property developers under Section 106 of the Town and Country Planning Act 1990 that as yet have not been applied to revenue or capital projects.

	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
<b>Balance at 1 April</b>	<b>2,527</b>	<b>3,123</b>
Contributions received	745	2,555
Transfers to third parties	0	0
Applied to capital	0	0
Applied to revenue	(149)	(139)
<b>Balance at 31 March</b>	<b>3,123</b>	<b>5,540</b>

### 36. REVALUATION RESERVE

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

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

	<b>2019/20</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Balance carried forward		49,019		51,169
<b>Balance at 1 April</b>		<b>49,019</b>		<b>51,169</b>
Revaluation gains	9,048		10,117	
Revaluation losses	(5,358)		(4,986)	
Surplus on revaluation of fixed assets		3,690		5,131
Historic cost depreciation written out to the capital adjustments account		(1,540)		(1,748)
<b>Balance at 31 March</b>		<b>51,169</b>		<b>54,552</b>

### 37. 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 Town Council	£7,500	Contribution to Dover Town Council's Destination Dover regeneration scheme. One Member is a Councillor for Dover Town Council.
Aylesham and District Community Workshop Trust	£3,000	Payment to the Trust for use of office space and training session. One Member is the Chairman of this Trust.
Elephant & Hind Limited	£10,000	Grant made to Elephant & Hind Ltd as part of Town Centre Business Grant scheme. One Member is the Portfolio Holder for Community and Corporate Property and the parent of the leaseholder of this company.

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

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 **Error! Reference source not found.** Grant Income on reporting for resources allocation decision.

The Council was joint owner of East Kent Housing Ltd, an arms-length management organisation, owning 25% of the company. 2020/21 was the tenth and last year of operation with the company ceasing trading on 30<sup>th</sup> September 2020.

In 2020/21 £1.50m was paid to East Kent Housing in respect of management fees. Charges from DDC to East Kent Housing in respect of services supplied totalled £92k, Dover District Council made a loan to East Kent Housing in 2016/17, of which £nil was repaid in 2020/21. Please see note 27 Debtors for further details.

See also note 42 Interest in Companies and Other Entities for further financial information for East Kent Housing.

### 38. MEMBERS' ALLOWANCES

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

	2019/20 £000	2020/21 £000
Basic Allowance	132	159
Special Responsibility Allowance	85	101
Members' National Insurance Contributions	3	6
<b>Total</b>	<b>220</b>	<b>266</b>

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

### 39. 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 2020/21:

	2019/20 £000	2020/21 £000
External audit services – Grant Thornton	49	74
Certification of grant claims and returns	15	15
<b>Total</b>	<b>64</b>	<b>89</b>

### 40. 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 2021, 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.

### **East Kent Housing Pension Deficit**

The Council was a joint owner of East Kent Housing Ltd, a company limited by guarantee. The Council had entered into an agreement with East Kent Housing that if the company was not able to make payments to the Kent Local Government Pension Fund in respect of the pensionable service of employees transferred from the Council, then the Council will meet such payments. Since 1<sup>st</sup> October 2020, the services provided by EKH were transferred back to the four respective councils. There was no liability for pension costs or obligation to fund by EKH.

### **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. Given the short time period between the date of transfer and the year end, it is considered very unlikely that there has been a significant change to the funding level for the transferred staff.

### **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.

## **41. 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 2021. No material events occurred that would materially impact the financial statements.

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

The Council, together with Canterbury City Council, Folkestone & Hythe District Council and Thanet District Council, jointly owned East Kent Housing Ltd (EKH), an Arms Length Management Organisation, whose principal activity is to manage each of the four authorities' council housing stock.

For financial accounting purposes, EKH is regarded as neither a joint venture nor a joint operation and is therefore not required to be included within the statement of accounts.

This Council therefore considers that its interest in EKH does not amount to a controlling interest and therefore Group Accounts do not need to be prepared.

However, for information, the financial (draft unaudited) results of EKH up to 30<sup>th</sup> September 2020 and the Council's share is as follows:

East Kent Housing Ltd 2019/20	DDC share 25% 2019/20		East Kent Housing Ltd Up to 30/09/2020	DDC share 25% Up to 30/09/2020
£000	£000		£000	£000
(10,092)	(2,523)	Turnover	(5,835)	(1,459)
11,440	2,860	Expenses	5,742	1,436
1,348	337	Operational (profit)/loss	(93)	(23)
1,766	442	Impairment of intangible fixed assets	36	9
		Write back of loans	(1,243)	(311)
		Write back of P & L balance	1,134	284
0	0	Loss on disposal of assets	137	34
246	61	Finance costs	(1)	0
3,360	840	(Profit)/loss after taxation	(30)	(7)
0	0	Write Back of pension liability	(9,897)	(2,474)
(1,161)	(290)	Write Back of pension asset	9,897	2,474
		Re-measurement of post-employment benefit obligations	0	0
0	0	Distribution of balances to 4 LA's	30	7
2,199	550	Total comprehensive (income)/loss for the year	0	0
283	71	Non-current assets	0	0
1,075	269	Current assets	0	0
(2,279)	(570)	Current liabilities	0	0
(9,897)	(2,474)	Non-current liabilities	0	0
(10,818)	(2,705)		0	0
921	230	Profit and loss reserve	0	0
9,897	2,474	Pensions reserve	0	0
10,818	2,704		0	0

East Kent Housing ceased trading on 30<sup>th</sup> September 2020 with staff transferring to the four councils and the company was dissolved on 13<sup>th</sup> April 2021.

Note 37, Related Party Transactions, sets out the transactions that took place between the Council and EKH in 2020/21. Note 40, Contingent Liabilities, describes the guarantee the Council has entered into with EKH over certain pension obligations.

#### 43. ACCOUNTING STANDARDS ISSUED BUT YET TO BE ADOPTED

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

- Definition of a Business: Amendments to IFRS 3 Business Combinations.
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7.
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

None of the above standards, 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

2019/20			2020/21		
Business Rates £000	Council Tax £000	Total £000	Business Rates £000	Council Tax £000	Total £000
<b>Income</b>					
<b>Council tax:</b>					
0	(71,442)	(71,442)	0	(73,104)	(73,104)
0	0	0	0	(1,054)	(1,054)
<b>National Non-domestic rates:</b>					
(44,714)	0	(44,714)	(31,154)	0	(31,154)
(938)	0	(938)	(996)	0	(996)
0	0	0	0	0	0
<b>(45,652)</b>	<b>(71,442)</b>	<b>(117,094)</b>	<b>(32,150)</b>	<b>(74,158)</b>	<b>(106,308)</b>
<b>Total Income</b>					
<b>Expenditure</b>					
<b>Precepts, Demands &amp; Shares:</b>					
20,181	0	20,181	20,722	0	20,722
3,352	50,625	53,977	3,689	53,171	56,860
0	7,519	7,519	0	7,993	7,993
399	3,030	3,429	414	3,120	3,534
15,954	7,327	23,281	16,550	7,587	24,137
0	2,512	2,512	0	2,672	2,672
<b>39,886</b>	<b>71,013</b>	<b>110,899</b>	<b>41,375</b>	<b>74,543</b>	<b>115,918</b>
<b>Enterprise Zone Relief Payable:</b>					
750	0	750	797	0	797
169	0	169	179	0	179
19	0	19	20	0	20
<b>938</b>	<b>0</b>	<b>938</b>	<b>996</b>	<b>0</b>	<b>996</b>
<b>Renewable Energy Retained</b>					
1,441	0	1,441	1,285	0	1,285
<b>1,441</b>	<b>0</b>	<b>1,441</b>	<b>1,285</b>	<b>0</b>	<b>1,285</b>
<b>Charges to the Collection Fund:</b>					
2	174	176	1	139	140
391	967	1,358	1,081	1,074	2,155
1,729	0	1,729	1,209	0	1,209
160	0	160	161	0	161
<b>2,282</b>	<b>1,141</b>	<b>3,423</b>	<b>2,452</b>	<b>1,213</b>	<b>3,665</b>
<b>544</b>	<b>0</b>	<b>544</b>	<b>931</b>	<b>0</b>	<b>931</b>
<b>Transitional Protection Payments</b>					
<b>45,091</b>	<b>72,154</b>	<b>117,245</b>	<b>47,039</b>	<b>75,756</b>	<b>122,795</b>
<b>Total Expenditure</b>					
<b>(561)</b>	<b>712</b>	<b>151</b>	<b>14,889</b>	<b>1,598</b>	<b>16,487</b>
<b>(Surplus) or Deficit for the Year</b>					
964	(1,928)	(964)	403	(1,216)	(813)
<b>Balance brought forward at 1 April</b>					
<b>403</b>	<b>(1,216)</b>	<b>(813)</b>	<b>15,292</b>	<b>382</b>	<b>15,674</b>
<b>Balance Carried Forward at 31 March</b>					

## NOTES TO THE COLLECTION FUND ACCOUNTS

### 1. COUNCIL TAX

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

#### Precepts

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

Preceptor	2019/20 Precept £000	2019/20 Surplus £000	<b>2019/20 Total £000</b>	2020/21 Precept £000	2020/21 Surplus £000	<b>2020/21 Total £000</b>
Kent County Council	50,062	563	<b>50,625</b>	52,739	431	<b>53,170</b>
Police and Crime Commissioner for Kent	7,442	77	<b>7,519</b>	7,929	64	<b>7,993</b>
Kent and Medway Fire & Rescue Authority	2,996	34	<b>3,030</b>	3,095	26	<b>3,121</b>
Dover District Council	7,215	112	<b>7,327</b>	7,503	84	<b>7,587</b>
	<b>67,715</b>	<b>786</b>	<b>68,501</b>	<b>71,266</b>	<b>605</b>	<b>71,871</b>
Parish councils	2,512	-	<b>2,512</b>	2,672	-	<b>2,672</b>
<b>Total</b>	<b>70,227</b>	<b>786</b>	<b>71,013</b>	<b>73,938</b>	<b>605</b>	<b>74,543</b>

#### Council Tax Base

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

Band	2019/20			2020/21		
	Estimated no. of Properties	Multiplier	Band D Equivalent Dwellings	Estimated no. of Properties	Multiplier	Band D Equivalent Dwellings
Disabled A	2.96	5/9ths	1.64	4.64	5/9ths	2.58
A	4,045.39	6/9ths	2,696.93	4,043.29	6/9ths	2,695.53
B	12,483.48	7/9ths	9,709.37	12,711.91	7/9ths	9,887.04
C	11,589.97	8/9ths	10,302.20	11,708.03	8/9ths	10,407.14
D	6,372.10	9/9ths	6,372.10	6,471.72	9/9ths	6,471.72
E	3,927.25	11/9ths	4,799.97	4,005.01	11/9ths	4,895.01
F	2,235.74	13/9ths	3,229.40	2,244.34	13/9ths	3,241.82
G	1,342.38	15/9ths	2,237.30	1,357.61	15/9ths	2,262.68
H	52.25	18/9ths	104.50	52.75	18/9ths	105.5
	<b>42,051.52</b>		<b>39,453.41</b>	<b>42,599.30</b>		<b>39,969.02</b>
Estimated Collection Rate			<b>97.65%</b>			<b>97.65%</b>
<b>Council Tax Base</b>			<b>38,526.26</b>			<b>39,029.75</b>

## Band D Council Tax

	2019/20	2020/21
	£	£
Kent County Council	1,299.42	1,351.26
Police and Crime Commissioner for Kent	193.15	203.15
Kent and Medway Fire & Rescue Authority	77.76	79.29
Dover District Council	187.29	192.24
	<hr/>	<hr/>
	1,757.62	1,825.94
Parish councils (average)	65.20	68.45
<b>Total</b>	<hr/> <b>1,822.82</b>	<hr/> <b>1,894.39</b>

This basic amount of council tax for a Band D property of £1,894.39 for 2020/21 (£1,822.82 for 2019/20) 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 (50.4p) for large businesses or 49.9p (49.1p) for small businesses in 2020/21 (2019/20) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

The NNDR income, after reliefs, of £31.154m for 2020/21 (£44.714m for 2019/20), was based on the total rateable value for the Council's area, which at the year-end was £110.832m (£110.983m in 2019/20). The reduction in income is largely due to Covid-19 related business rates reliefs measures.

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

Preceptor	2019/20 Precept £000	2019/20 Deficit £000	2019/20 <b>Total</b> <b>£000</b>	2020/21 Precept £000	2020/21 Deficit £000	2020/21 <b>Total</b> <b>£000</b>
Kent County Council	3,670	(318)	<b>3,352</b>	3,721	(32)	<b>3,689</b>
Kent and Medway Fire & Rescue Authority	408	(9)	<b>399</b>	414	0	<b>414</b>
Dover District Council	16,313	(359)	<b>15,954</b>	16,542	8	<b>16,550</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	20,391	(686)	<b>19,705</b>	20,677	(24)	<b>20,653</b>
Central Government	20,391	(210)	<b>20,181</b>	20,678	44	<b>20,722</b>
<b>Total Demand on the Collection Fund</b>	<hr/> <b>40,782</b>	<hr/> <b>(896)</b>	<hr/> <b>39,886</b>	<hr/> <b>41,355</b>	<hr/> <b>20</b>	<hr/> <b>41,375</b>

### 3. PROVISION FOR BAD AND DOUBTFUL DEBTS

	<u>2019/20</u>			<u>2020/21</u>		
	Council Tax £000	NNDR £000	Total £000	Council Tax £000	NNDR £000	Total £000
Balance at 1 April	4,121	1,713	5,834	5,088	2,104	7,192
Write-Offs	(174)	(2)	(176)	(139)	(1)	(140)
Contribution to Provision	1,141	393	1,534	1,213	1,080	2,293
<b>Balance at 31 March</b>	<b>5,088</b>	<b>2,104</b>	<b>7,192</b>	<b>6,162</b>	<b>3,183</b>	<b>9,345</b>

### 4. COLLECTION FUND SURPLUSES AND DEFICITS

#### Council Tax

The District Council was required to estimate the amount of the surplus or deficit on the Collection Fund for the financial year in respect of council tax and non-domestic rates. The estimated surplus or deficit is then shared between the District Council, Central Government, Kent County Council, The Police and Crime Commissioner for Kent, and Kent and Medway Fire & Rescue Authority as appropriate. The Council Tax Collection Fund balance for 20/21 was showing a deficit of £382K (19/20 £1.216m Surplus). This deficit will be recovered over future years. However, the closing balance, estimated in January 21, as required under legislation, suggested that a small surplus of £90k might be realised (DDC's share £12.4k or 13.8%). This £90k is due to be paid to the Preceptors during 21/22 and this therefore means that the unrecovered £472k deficit (£382k plus the £90k) will form part of the surplus / deficit estimate that will be calculated in January 22.

### 5. APPEALS PROVISIONS

An assessment has been made of the potential liability of valuation appeals arising from business rate premises in respect of monies received by the Council up to 31<sup>st</sup> March 2021. This provision has been based upon information received from the Valuation Office Agency for appeals lodged up to 31<sup>st</sup> March 2021 and an element for appeals in respect of monies received in 2020/21 but no appeal has yet been lodged. The total amounts are shown in the table under note 6 below.

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

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

	KCC £000	PCCK £000	KMFR £000	DDC £000	Gov't £000	Total £000
<b>Council Tax:</b>						
Council tax arrears	5,031	756	295	971	0	7,053
Council tax provision for bad debts	(3,630)	(545)	(213)	(700)	0	(5,088)
Council tax overpayments & prepayments	(1,265)	(190)	(74)	(245)	0	(1,774)
Council tax cash	731	109	43	142	0	1,025
Collection Fund surplus	(867)	(130)	(51)	(168)	0	(1,216)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

At 31 March 2020



At 31 March 2021

	<b>KCC £000</b>	<b>PCCK £000</b>	<b>KMFR £000</b>	<b>DDC £000</b>	<b>Gov't £000</b>	<b>Total £000</b>
<b>Business Rates (NNDR):</b>						
NNDR arrears	233	0	26	1,036	1,295	2,590
NNDR provision for bad debts	(190)	0	(21)	(841)	(1,052)	(2,104)
NNDR provision for appeals	(546)	0	(60)	(2,427)	(3,034)	(6,067)
NNDR overpayments & prepayments	(79)	0	(9)	(351)	(438)	(877)
NNDR cash	511	0	60	2,422	3,062	6,055
Collection Fund deficit	71	0	4	161	167	403
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

	<b>KCC £000</b>	<b>PCCK £000</b>	<b>KMFR £000</b>	<b>DDC £000</b>	<b>Gov't £000</b>	<b>Total £000</b>
<b>Council Tax:</b>						
Council tax arrears	6,129	942	349	1,159	0	8,579
Council tax provision for bad debts	(4,403)	(677)	(251)	(832)	0	(6,163)
Council tax overpayments & prepayments	(1,474)	(226)	(84)	(279)	0	(2,063)
Council tax cash	(525)	(81)	(29)	(100)	0	(735)
Collection Fund deficit	273	42	15	52	0	382
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Business Rates (NNDR):</b>						
NNDR arrears	209	0	23	928	1,161	2,321
NNDR provision for bad debts	(287)	0	(32)	(1,273)	(1,592)	(3,184)
NNDR provision for appeals	(655)	0	(73)	(2,910)	(3,638)	(7,276)
NNDR overpayments & prepayments	(6)	0	(1)	(28)	(35)	(70)
NNDR cash	(637)	0	(70)	(2,834)	(3,542)	(7,083)
Collection Fund deficit	1,376	0	153	6,117	7,646	15,292
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 7. 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 such reliefs, some of which will run until 2025/26. The relief is capped at £55k p.a. (£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 District's share forms part of its total income from business rates.

## 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

2019/20 £000		Note	2020/21 £000
	<b>Income</b>		
(18,600)	Dwelling rents	<a href="#">10</a>	(19,109)
(20)	Non-dwelling rents		(18)
(668)	Tenant charges for services and facilities		(852)
(264)	Leaseholder charges for services and facilities		(259)
	Exceptional Item – revaluation gain	<a href="#">9</a>	(42,649)
0	Contributions towards expenditure		
<b>(19,552)</b>	<b>Total Income</b>		<b>(62,886)</b>
	<b>Expenditure</b>		
3,037	Repairs and maintenance		3,332
4,639	Supervision and management		5,660
26	Rent, rates, taxes and other charges		32
2,090	Depreciation and impairment of fixed assets	<a href="#">5</a>	2,145
2,348	Exceptional Item – revaluation		
34	Debt management expenses		42
91	Increase in impairment of debtors	<a href="#">12</a>	95
12,266	<b>Total Expenditure</b>		11,306
	<b>Net Cost of Services Included in the Whole Authority</b>		
<b>(7,286)</b>	<b>Comprehensive Income and Expenditure Statement</b>		<b>(51,580)</b>
458	HRA share of corporate and democratic core		1,298
	HRA share of other amounts included in the whole authority		
	net expenditure of continuing operations but not allocated to		
	specific services		23
175	<b>Net Cost of HRA Services</b>		<b>(50,259)</b>
(1,296)	(Gain) or loss on sales of HRA non-current assets		(577)
2,543	Interest payable and similar charges		2,532
(18)	Interest and investment income		(19)
313	Net Interest on Defined Benefit Liability	<a href="#">13</a>	310
<b>(5,111)</b>	<b>(Surplus) for the year on HRA Services</b>		<b>(48,013)</b>

## MOVEMENT IN THE HOUSING REVENUE ACCOUNT STATEMENT

2019/20 £000	2020/21 £000	2020/21 £000
(1,033)	(1,027)	(1,027)
(5,111)	(48,013)	(48,013)
Balance on the HRA at the end of the previous year (Surplus) or deficit for the year on the HRA Income and Expenditure Statement Adjustments between Accounting Basis and Funding under Statute:		
(2,348)		
2,539	2,506	
1,296	42,649	
(19)	577	
4,181	90	
537	2,882	691
<b>Net (increase) / decrease before transfers to reserves</b>		
(531)	(690)	(690)
6		1
(Increase) or decrease in year on the HRA Balance		
(1,027)	(1,026)	(1,026)
<b>Balance on the HRA at the End of the Current Year</b>		

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. NUMBER AND TYPES OF DWELLING

#### Movement in Housing Stock 2020/21

	Stock at 1 April 2020	Sales	Transfers	Acquisitions	Stock at 31 March 2021
Houses/bungalows	2,684	10	0	1	2675
Flats	1,631	3	0	19	1647
Shared Ownership	2	0	0	1	3
<b>Total</b>	<b>4,317</b>	<b>13</b>	<b>0</b>	<b>21</b>	<b>4325</b>

#### Total Value of Assets

	1 April 2020 £000	31 March 2021 £000
Dwellings	201,305	248,754
Other land and buildings	59	58
Equipment	280	218
Investment properties	0	0
Assets under construction	6,837	6,365
	<b>208,480</b>	<b>255,395</b>

### 2. HOUSING STOCK

The vacant possession value of dwellings within the Authority's HRA as at 31 March 2021 was £754m (£610m as at 31 March 2020). 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.

	2019/20 £000	2020/21 £000
<b>Balance as at 1 April</b>	<b>0</b>	<b>31</b>
Major Repairs Allowance:		
Depreciation	(2,059)	(2,145)
Voluntary Excess Depreciation charge to HRA	(2,539)	(2,506)
Transfer from reserve for capital expenditure	2,335	2,221
Repayment of principal on loan	2,294	2,367
<b>Balance at 31 March</b>	<b>31</b>	<b>(32)</b>

#### 4. EARMARKED RESERVES

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

	£000	£000
<b>Balance as at 31<sup>st</sup> March 2020</b>		<b>(13,437)</b>
Social Housing preliminary costs	15	
Contribution to in-year budget	675	
<b>Balance as at 31<sup>st</sup> March 2021</b>		<b>(12,748)</b>

#### 5. DEPRECIATION AND AMORTISATION

The Housing Revenue Account includes a charge for depreciation of non-current assets and amortisation of intangible assets of £2,145k (£2,090k at 31 March 2020) as detailed below.

	2019/20 £000	2020/21 £000
Council dwellings	2,059	2,114
Equipment	31	31
<b>Total</b>	<b>2,090</b>	<b>2,145</b>

#### 6. SUMMARY OF CAPITAL EXPENDITURE

	2019/20 £000	2020/21 £000
Capital expenditure:		
Dwellings	2,818	5,051
Other Land & Buildings	11,215	8,808
Equipment	0	0
<b>Total</b>	<b>14,033</b>	<b>13,858</b>
Financed by:		
Borrowing	(4,867)	(7,130)
Capital Receipts	(295)	(156)
Funded by HRA	(4,074)	(2,830)
Transfer from Major Repairs Reserve	(2,335)	(2,221)
Excess RTB Receipts	(1,572)	(1,224)
Grant & S106 Contribution	(890)	(297)
	<b>(14,033)</b>	<b>(13,858)</b>

#### 7. SUMMARY OF CAPITAL RECEIPTS

	2019/20 £000	2020/21 £000
Receipts from sales during the year:		
Dwelling sales	(2,286)	(1,336)
Amount pooled to Government	294	294
	<b>(1,992)</b>	<b>(1,042)</b>

8. **CAPITAL EXPENDITURE FUNDED BY THE HRA**

£690k (£3,591k in 2019/20) of capital funding from the Housing Initiatives Reserve was used to fund the following projects as shown in Note 6.

9. **REVALUATION GAIN ON HRA STOCK**

The total value of the HRA stock has significantly increased from 2019/20 to 2020/21 (see note 2), however we acquired 21 properties in 2020/21 and the revaluation gain of £42.6m is attributable to a full revaluation of all HRA stock which takes place every 5 years.

10. **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 2021 was £85.63 compared with £83.38 at 31 March 2020.

11. **RENT ARREARS**

The position for rent arrears is shown below:

31 March 2020			31 March 2021		
Former Tenant Arrears	Current Tenant Arrears	Total Rent Arrears	Former Tenant Arrears	Current Tenant Arrears	Total Rent Arrears
£000	£000	£000	£000	£000	£000
302	905	1,207	392	774	1,166

The small decrease in rent arrears is due to the rents team now working directly for DDC. We have increased the number of staff which work in the department and this is reflected in the £131k reduction in current tenant's arrears. The former tenant arrears will be reviewed in 2021/22. 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.

12. **IMPAIRMENT OF DEBTORS**

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

	2019/20 £000	2020/21 £000
Balance brought forward as at 1 April	587	675
Provision made in the year	122	97
Less amounts written off	(34)	0
<b>Balance carried forward at 31 March</b>	<b>675</b>	<b>772</b>

13. **IAS19 (RETIREMENT BENEFITS) AND THE HOUSING REVENUE ACCOUNT**

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

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

The following IAS19 adjustments have been made:

	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>
<b>HRA Income and Expenditure Statement</b>		
<b>Cost of Services</b>		
Curtailments and past service costs	165	10
Administrative expense	10	13
<b>Net Operating Expenditure</b>		
Net Interest on the Defined Liability (Asset)	313	310
<b>Charge to the Surplus or Deficit on the Provision of Services</b>	<b>488</b>	<b>333</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits in accordance with IAS 19	(488)	(333)
Actual amount charged to the HRA for pensions in the year:		
Employers' contributions payable to scheme	469	424
<b>Contribution (From) or To Pensions Reserve</b>	<b>(19)</b>	<b>(91)</b>





## CHARITY OF FREDERICK FRANKLIN FOR A PUBLIC PARK

	2019/20	2020/21
	£	£
Income	349	174
Expenditure	0	0
Surplus for year	349	174
Fund balance at 1 April	497,562	497,911
Revaluation Gain / (Loss)	0	0
<b>Fund balance at 31 March</b>	<b>497,911</b>	<b>498,085</b>
Represented by:		
Land and other buildings	323,822	323,822
Investment	179,732	179,732
Creditor	(5,643)	(5,469)
	<b>497,911</b>	<b>498,085</b>

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

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

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

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