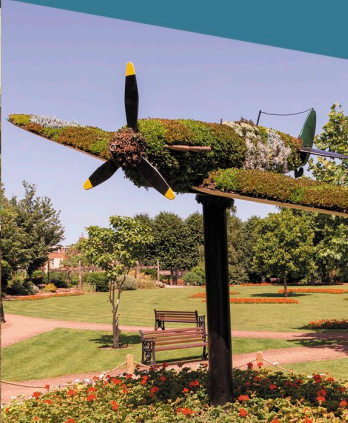




# Statement of Accounts 2023-24



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# Approval of the Statement of Accounts

The Audit Committee at its meeting on XYZ approved the Statement of Accounts for the year ended 31 March 2024 in accordance with the Accounts and Audit Regulations 2015, subject to the Accounts and Audit (Amendment) Regulations 2021.

Signed:

Councillor TO BE CONFIRMED ON THE DAY OF SIGNING  
Chairman Audit Committee  
(DATE)

# Narrative Report

## Introduction

Local Authority accounts are subject to regulatory requirements and accounting standards. This results in a complex format, which requires the reader to have a reasonable knowledge of accounting terms and presentation. An explanation of technical terms is provided in the Glossary (page 102).

## The Statement of Accounts

The content and format of the Statement of Accounts is prescribed in the Accounting Code of Practice. The Statement of Accounts includes the Core Financial Statements and Supplementary Financial Statements along with other statutory sections.

For this year (2023/24), there have been no changes to the code which effect this Council.

The Core Financial Statements (page 14 to 18) comprise:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

These statements include a group position, which incorporates the Council's subsidiaries, Ashford International Development Company Ltd, A Better Choice for Property Ltd and their subsidiary company, A Better Choice for Property Development Ltd. The accounts for these companies can be viewed at Companies House once filed in accordance with statutory requirements.

## Overview of 2023/24 Financial Results and Activity

### The Corporate Plan and Medium Term Financial Plan (MTFP)

#### Corporate Plan

In early May 2023/24 local elections took place in Ashford which resulted in the long standing majority Conservative administration changing to an Ashford Independent / Ashford Greens joint administration.

The incoming administration continued to support the existing [2022 -2024 Corporate Plan](#) which can be viewed on the Council's website, and included "The Ashford Ambition" that provides a vision for the future and catalyst for the corporate priorities.

The Ashford Ambition is *"to be a thriving, productive and inclusive borough in 2030 and beyond; a vital part of Kent and the South East where local businesses, social enterprises, communities and the public sector provide collective leadership to promote shared prosperity, happiness and wellbeing"*

The Ashford Ambition is supported by three priority themes that are detailed below:-

- Green Pioneer
- Caring Ashford
- Targeted Growth

The Corporate Plan identified a number of strategic projects that have been supported since 2022 and these are identified on page 17 of The Corporate Plan.

Given the national and local economic challenges since 2022, some of the original objectives have become unviable

or have been delayed. However, the New Town Works re-development is progressing through the Council subsidiary Ashford International Development Company and is drawing down on the £14.7m of levelling up funding which the Council successfully bid from Government.

More notably two of the strategic corporate projects were completed in 2023/24. The newly [revamped Victoria Park](#) was opened in August 2023 completing a £5m project delivered by Ashford Borough Council and the National Lottery Heritage Fund. This project has improved the facilities at the park for the local community including a new community building encompassing a cafe and public toilet, new playground, hard surface for BMXers and skaters, and much much more.

Then in November 2023 Ashford MP Damien Green cut the ribbon to open Phase 2 [extension to Ashford College](#) that allows an extra 250 students each year to enjoy the high quality education and training on offer at the Station Road site.

Further information on the Council's timeline of achievements, performance, including key performance indicators can be found at the following Ashford Borough Council web page, [Our Annual Reports](#).

Moving forward the new Administration is developing a 2024-2028 Corporate Plan which *“sets out Ashford Borough Council's priorities over the next four years as we face the dual challenges of climate and economy and strive to bring people and organisations together to achieve our vision: To make Ashford a place where people, business and nature can collectively thrive”* to dovetail with the end of the existing plan (December 2024).

The new plan (which at the time of producing this statement of accounts was out for public consultation) introduces the following three pillars to support the vision, and form the priorities

against which progress will be measured are detailed below:-

- **Planet** - Working to reduce greenhouse gas emissions and creating places for nature will be at the heart of everything we do.
- **People** - Listening and serving the Ashford community is our philosophy; we will make best use of available resources to build an equitable and fair society.
- **Place** - We are planning for the future of our community and to make Ashford a place people are pleased to call home and love to visit.

In September 2020 DEFRA (Department for the Environment, Food and Rural Affairs) informed the Council that the Sevington Inland Border Facility (IBF) was being designated a Border Control Post and the Council would become responsible for carrying out various port health controls on behalf of the Government.

This is a significant new business area for the Council with initial indications identifying the need for the Council to appoint an estimated further 125 Officers to run the facility with a £8m turnover, which was due to become partially operational in April 2021.

The April 2021 commencement date was delayed and following several other false starts, the revised date for the port to become operational was the end of 2023, allowing Government time to standardise processes across the country.

After years of preparedness as outlined above, towards the end of 2023/24 the Government confirmed that the requirement to attend the BCP for inspection for some goods would begin in April 2024 and this has come to fruition. Charging commenced from May 2024 and the transition to a fully operational facility has been eagerly awaited, but will also present a

significant challenge for the Council in 2024/25.

The Government continues to provide some guarantees relating to costs in the early stages but it is anticipated that the port will need to be fully self-funding by the end of the year, and therefore will not be a financial burden on the Ashford Tax Payer.

The Housing Revenue Account (HRA) had a challenging year when starting with the repairs and maintenance contractor for the stock giving 6 months' notice to terminate the contract.

On the back of this decision and having considered viable options, the Council has decided to bring the service back in house to take control over the delivery and quality of the service.

This change resulted in a significant increase in charges for repairs and maintenance costs as the service imbeds and invoicing from the previous contract brought up to date. This is covered later in with the HRA Outturn section of this report.

In addition to the additional work in developing the in House Repairs and Maintenance Service, the Council has also been preparing the HRA for regulatory reform.

As part of this process the Council engaged independent market professionals Housing Quality Network (HQN) to do an assessment of the preparedness of the Council.

The report found that the Council was not in compliance with decent homes standards requirements and that the property management framework was not as effective as it should be.

On the back of these findings the Council referred itself to the Regulator of Social Housing. The Council in doing this has recognised the importance of the issues and has developed a robust action plan which covers the recommendations provided by HQN within a challenging timeframe.

A significant part of the review will be carrying out condition surveys of all the Councils properties so accurate electronic records can be developed to help inform the overall condition of the stock, and inform future works.

The outcome of the stock conditions will be used to inform the 30 year HRA business plan moving forward.

### Medium Term Financial Plan

The Council updated its MTFP when setting the 2024/25 budget and this was presented to Cabinet in October 2023 having been supported by a cross party working group.

The MTFP highlighted a pressure over the five year period of £15.1m (as per tabled paper at October Cabinet) which was originally reported at £8.9m. The reason for the movement/tabled paper was to recognise uncertainty around significant Saving proposals to move away from the Council's current Offices, at the Civic Centre, to International House (which is another Council owned building which has capacity).

However, at a emergency Council meeting held on the 23 November 2023 the Council voted in favour of moving the Offices and therefore mitigating future expenditure and reducing the MTFP pressure to £8.9m as originally reported.

The MTFP then was split into two distinctive phases, pre and post risks relating to the business rates baseline reset. The Council has a significant amount of growth and should the baseline be reduced then the Council could see income drop by £5 post transitional relief.

However, the Council and the MTFP Task Group felt that the impact across the Country of a full reset would be so 'disruptive' to already strained Local Authorities, therefore a balanced approach has been taken recognising the possible loss of around half the growth benefit. This topic remains a strategic financial risk to the Council.



To manage the budget gap, it was agreed that a further £1.5m of saving proposals should be explored. This initial call for savings was successful and £488,000 of savings were immediately realisable and were removed from the 2024/25 base budget, further more due to better than anticipated settlement the final funding from reserves to balance the budget was £350,000. However, with uncertainty over the longevity of future government funding, the original savings requirement are still being pursued.

It should be noted that the MTFP was developed with significant ongoing uncertainty and some of the pertinent risks are covered below, but can be fully reviewed in the [Final Budget 2024/25](#) report at Appendix M.

Although CPI (Consumer Price Index) is reducing and therefore there is improving economic picture, there is still an inherent longer term risk on how the impact of two years of high inflation (not matched by Council Tax increases and capped HRA Rents) will impact the Council, its residents, and local businesses.

The MTPF allowed for a number of interest rate cuts to reduce the costs of the Councils short term debt portfolio, although these reductions have not come forward as fast as originally anticipated which could add further pressure to the 2024/25 budget.

More operationally Homelessness continues to add significant pressure with around £1m of additional funding being funded for 2024/25, and this budget is already forecasting additional pressure of £600,000 for 2024/25.

Homelessness, in addition to planning income, which is another risk going into 2024/25, are both impacted by the ongoing advice from Natural England (since July 2020) prohibiting development in the river Stour catchment without mitigating nitrates and phosphates that flow into it, and

subsequently Stodmarsh Nature Reserve.

This judgement is blocking around the development of 1,500 social housing properties that could provided much needed move on accommodation and more generally social housing need. The impact on the planning income is also being felt with a significant drop of planning applications, especially major sites in 2023/24.

The Council set its budget for 2024/25 at February 2024 Council meeting, increasing council tax by £5.46 to £187.96 for a band D property. This increase is the maximum permitted for Ashford and due to the capping regime continues to be one of the lowest in Kent.

Council Tax capping despite increasing to 2.99% in 2024/25 continues to be lower than inflationary pressures, equally despite increasing the percentage increase permitted, the £5 upper cap historically been utilised by this Council has not been increased. This Government decision continues to allow for greater disparity between higher and lower precepting Council's.

More generally government Grants, especially new homes bonus and business rates continue to be subject to political uncertainty and with the generally election in July 2024, it is anticipated that further uncertainty, and one year funding settlement will continue to persist keeping longer term financial planning on the back foot.

The Council is a member of the Local Government Pension Scheme, administered by Kent County Council (KCC). The most recent valuation of the Fund was carried out at 31 March 2023. This set the employers contributions for the period from 1 April 2023 to 31 March 2026, at a rate of 19.8%.

A triennial review will be undertaken by KCC in conjunction with the actuary in 2025/26, which will set the contribution rate payable from April 2026.

General Fund Financial Performance  
(excluding the Housing Revenue  
Account)

In 2023/24 the general fund reported a deficit of £426,000 having made contributions to and from reserves.

The savings identified as part of the 2023/24 financial year were reported to Cabinet as part of the quarterly budget monitoring reports. It should be noted that not all the saving were delivered fully in 2023/24 but were incorporated into the 2024/25 budget setting process.

As highlighted previously homelessness had a budget deficit of £1m in year as a result of increase representations, increased accommodation costs and delays in developing the Henwood residential scheme.

As mentioned Planning and Development experienced a reduction in budgeted income across the service of £650,000 largely split between planning and building control. This pressure was partially offset by savings in employee costs although a service deficit of £330,000 was still reported.

Borrowing costs increased by £670,000 through the year as interest rates increased, however interest receivable also performed strongly generating additional revenues of £531,000.

The overall movement for earmarked reserves stayed relatively flat during the year with a reduction of £78,000 as per note 13 of the Accounts.

Some of the significant movements to reserves were £797,000 to the Maintenance of asset reserve as per the budget which was utilised to fund play parks, works to International House and Repton Tree.

The MTFP Risk reserve increase by £1.8m as a result of a reduction in the Business rates appeal provision and Kent business rates pooling receipt. The same reserve also funded £310,000 of restructuring costs, £780,000 of support for keeping open and transferring management of Tenterden Leisure

Centre, and £588,000 of funding for the Victoria Park rejuvenation.

The Comprehensive Income and Expenditure Statement, and associated notes from page 14 include:

- the General Fund outturn as detailed below
- the Housing Revenue Account income and expenditure
- Other notional accounting entries for capital charges, pensions and asset sales.

A reconciliation between the statutory and management accounts is included in note 5.

## **Cost of living crisis**

Since the Covid19 pandemic local authorities have proven that they are an effective model for distributing government support packages, such as the £150 energy grant and now the £100 Household Support Fund to support vulnerable Kent households in need of help with significantly rising living costs.

For the Council's financial statements, a judgement has to be made as to whether the Council was acting as an agent or principal, when awarding or applying government schemes, which then requires different accounting treatments, detailed below:-

- Where the Council acts as an agent, it has no control of the grant scheme and is effectively working on behalf of Government, therefore the amount of income and expenditure relating to these grants does not show in the Council's accounts. During 2023/24 the Revenues and Benefits team paid out 187 grants totalling £0.7m (compared to 39,701 grants totaling £10.2m in 2022/23), under the agent arrangement.
- Where the Council acted as a principal, and therefore had an element of discretion over the awarding of the grant, the Council's Economic and Development Team administered the grants. During 2023/24, they processed 769 grants totalling £0.4m (compared to 9,052 grants totalling £6m in 2022/23); this is shown as income and expenditure within Economic Development and is reported within the Head of Economic Development within the Comprehensive Income and Expenditure Statement) CIES.

## **Performance and Governance**

### *Risk Management*

The Corporate Risk register is assessed using the Risk Management Framework,

adopted by the Cabinet in April 2018, and is formally reported to Audit Committee every 6 months. The last [Corporate Risk Register](#) report was presented to Audit committee in March 2024 and is available on the Council's website.

Operational risks are monitored by individual Services, on an exception basis, and reported to the Council's Management Team. Where risks are of strategic significance, they will be reported to the Audit Committee accordingly.

Services review their risks monthly and as part of the service planning process.

### **Performance Management**

The Council reports its wider performance data, including service specific indicators to Overview and Scrutiny, and Cabinet, on a quarterly basis which are available on the Council's website and can be searched on the internet.

The Council also produces an Annual Performance Report which in addition to performance indicators provides an opportunity to look back on some of the achievements throughout the borough over the past year. The current and previous annual performance reports can be found on the following page of the Ashford Borough Council website, [Our Annual Reports](#).

### **Annual Governance Statement**

Each year the council must produce and approve an Annual Governance Statement (AGS). The AGS is designed to summarise the council's approach to governance and show how the council fulfils the principles for good corporate governance in the public sector.

The AGS needs to draw conclusions, based on evidence throughout the past year, about the effectiveness of the council's arrangements which are well-developed but they also evolve.

Their various components are subject to ongoing development, which are

summarised in the AGS which for 2023/24 was presented to the Audit Committee on 10 June 2024 ([2023/24 Annual Governance Statement](#)).

effective and adaptive to change as circumstances dictate.

The report conclude that the governance arrangements remain appropriate,

## General Fund Final Outturn 2023/24

Service	Original Budget	Revised Budget	Final Outturn	Variance
	2023/24	2023/24	2023/24	
		A	B	B-A
	£'000	£'000	£'000	£'000
Finance and IT	3,097	3,126	2,624	(502)
HR, Customer Services, Comms and Digitalisation	661	636	417	(219)
Housing	1,531	1,513	2,559	1,046
Environmental Health	800	800	714	(86)
Port Health	0	0	(245)	(245)
Environment, Property and Recreation	7,337	7,263	7,374	111
Planning and Development	2,636	2,560	2,888	328
Corporate Management Costs	834	1,020	939	(81)
Head of Economic Development	776	776	688	(88)
Head of Development	0	0	13	13
Head of Performance and Policy	1,677	1,665	1,635	(30)
Solicitor to The Council and Monitoring Officer	414	404	452	48
<b>Net Service Expenditure</b>	<b>19,763</b>	<b>19,763</b>	<b>20,058</b>	<b>295</b>
Capital Charges and net interest	(734)	(734)	(520)	214
Revenue Contribution to Capital	0	0	0	0
Levies and Grants	325	325	313	(12)
Contribution to Reserves	(650)	(650)	(659)	(9)
<b>Net Expenditure</b>	<b>18,704</b>	<b>18,704</b>	<b>19,192</b>	<b>488</b>
Funded by:				
Grant Funding	(2,277)	(2,277)	(2,757)	(480)
Business Rates	(7,502)	(7,502)	(7,080)	422
Council Tax	(8,925)	(8,925)	(8,929)	(4)
<b>Total Financing</b>	<b>(18,704)</b>	<b>(18,704)</b>	<b>(18,766)</b>	<b>(62)</b>
<b>Outturn reported</b>	<b>0</b>	<b>0</b>	<b>426</b>	<b>426</b>

## Housing Revenue Account (HRA)

The outturn on the HRA is showing a deficit of £1.7m, compared to a budgeted deficit of £1.1m, a reduction of £542,000.

There were various movements that effected the outturn, including a £4.1m overspend on repairs and maintenance, this was in-part due to bringing the repairs contract in-house. This was partially offset by a reduction in debt repayment which was funded by the Major Repairs Reserve instead. Capital works on existing properties were below budgeted levels, this was due to a number of contracts coming to an end. It is anticipated that some of this slippage will be incorporated into the 2023/24 programme of works.

The HRA currently maintains 5,239 properties and has a detailed repair and maintenance schedule for each property at a component level, i.e. kitchen, bathroom etc. When considering these options, the Council takes account of such aspects as robustness, good quality, low maintenance and the serviceability of the component part over its whole lifecycle. Combining these

features results in the HRA delivering value for money for the Council.

The Council is in the process of having a stock condition survey so it can thoroughly understand the works required to ensure that the council's stock meets the Decent Homes Standard.

Debt repayment in 2023/24 was £3.9m from the Major Repairs Reserve (MRR).

The HRA reserve balance at 31 March 2023 was £357,000, (£2.1m in 2022/23).

The Major Repairs Reserve (MRR) stands at £6.4m (£5.2m in 2022/23), and is available to fund the Decent Homes Programme.

The total reserve balance for the HRA is £6.8m (£4m in 2022/23).

Council dwellings are revalued at the end of each financial year and all stock was revalued at 31 March 2024, this year the movement during the year resulted in a net valuation decrease of £9.5m (£42m increase in 2022/23).

## Housing Revenue Account Outturn 2023/24

Service	Original Budget 2023/24 A	Revised Budget 2023/24 B	Final Outturn 2023/24 C	Variance C-B
		£'000	£'000	£'000
<b>Income</b>	<b>(30,347)</b>	<b>(30,347)</b>	<b>(31,227)</b>	<b>(880)</b>
Supervision and Management	6,637	6,637	7,317	680
Repairs and Maintenance	5,333	5,333	9,450	4,117
Other	19,521	19,521	16,146	<b>(3,375)</b>
<b>Net Expenditure</b>	<b>1,144</b>	<b>1,144</b>	<b>1,686</b>	<b>542</b>
Capital Works - Decent Homes	4,906	4,906	3,470	<b>(1,436)</b>
<i>Capital works financed by:</i>				
Revenue Contribution	0	0	0	0
Major Repairs Allowance (from Self-Financing Determination)	<b>(4,906)</b>	<b>(4,906)</b>	<b>(3,470)</b>	1,436
<b>Outturn reported</b>	<b>1,144</b>	<b>1,144</b>	<b>1,686</b>	<b>542</b>

## Capital Expenditure

Capital expenditure is investment in the acquisition, construction, enhancement or replacement of tangible assets such as land, buildings or major items of equipment. It also covers intangible assets for example the purchase of computer software, which will benefit the Council over a number of years.

Major projects during 2023/24 included:

- Newtown Works Phase 1 works are still on-going from last year with a further spend totalling £2.3m which is fully funded from the £14.7m Levelling Up Funding.
- Waste Contract Vehicles £5.3m on acquisition of new fleet of waste vehicles. The total cost to be incurred by the Council totals £6m of the total £18m as being shared with Maidstone Borough Council and Swale Borough Council.
- Victoria Park Rejuvenation £1.9m spend funded by £1.2m from external grants and £66,670 from Section 106 contributions.
- Henwood £4.7m spend on the zero carbon “Zedpods” for short-stay accommodation, funded by £1.3m from external grants.
- Purchase of Kent Wool Growers site £4.1m. The site is currently derelict but offers an exciting opportunity to develop 1.2 hectares into a mixed tenure development.
- Street Purchase scheme during 2023/24 saw just thirteen units added to the HRA portfolio costing around £3.5m. Capital receipts totalling £1.3m from the sale of RTB (right to buy) Council properties supported these costs.

- Local Authority Homes Funding (LAHF) spent £3.5m on the purchase of fifteen properties for housing Ukrainian and Afghanistan refugees, which was fully funded by Government and external grants.
- Spend on existing housing stock amounted to £3.5m ensuring Decent Homes Standards are maintained.

In the financial year 2023/2024, the outturn for the capital programme was:

## Summary of Capital Spending and Financing

	2023/24	
	£'000	£'000
<i>Capital investment</i>		
General Fund capital expenditure	19,802	
HRA capital expenditure	24,804	
Total expenditure		44,606
<i>Sources of finance</i>		
Prudential borrowing	23,258	23,258
Capital receipts		
- 1-4-1 capital receipts	1,938	
- General capital receipts (HRA)	853	
- General capital receipts (GF)	1,068	3,859
Grants and contributions		
- External grants and contributions	11,151	11,151
Contribution to/(from) Major Repairs Reserve	3,470	3,470
Direct revenue contributions		
- Repairs and Renewals Reserve	772	
- General Fund financing	1,630	
- HRA Revenue contributions	0	
- Developer contributions	465	2,868
Total financing		44,606

## **Treasury Management**

### *Borrowing*

At 31 March 2024, the Council had long and short-term borrowing of £242.5m, £169.5m of this relates to the HRA with £92.6m outstanding from the acquisition of the Council's Social Housing Stock from Government in 2013. Borrowing is used to fund capital projects such as new residential developments for the HRA, and opportunities for regeneration and portfolio maintenance within the general fund.

Excluding long-term HRA debt linked to the HRA stock acquisition, the Council took a mixture of short-term and long-term borrowing. The Council's strategy is to continue to borrow short-term, however the local to local borrowing market became increasingly expensive especially towards the end of the financial year where liquidity tightened. In order to alleviate this year-end pressure, £30m of short-term and £32m of long-term PWLB borrowing was taken, utilising the discounted HRA rate. This decision was made in consultation with the Council's Treasury Management Advisors.

The Council will continue to review the borrowing strategy as interest rates are expected to fall towards the end of 2024.

### *Investments*

At 31 March 2024, the Council had strategic investments with a fair value of £30.9m which is detailed in note 22 Financial Instruments. In 2023/24 the Council continued to maintain a diversified investment portfolio with long-term strategic investments continuing to be held.

The strategic investment portfolio has two considerations, the capital value of the

underlying investment but also the performance in relation to interest received.

In 2023/24 the capital value of the strategic funds remained fairly static. There was a decrease in the value of the CCLA Property Fund of £451,000 but this was offset by an increase in values of the other pooled funds of £503,000.

The strategic investments are long term placement and will continue to be held in consultation with the Council's Advisors and it is expected that capital values will increase over time.

In relation to returns, the investment portfolio over achieved budget by £165,000.

### **Collection Fund**

All council tax and business rates Ashford 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 collection fund had an overall surplus at year-end predominantly due to the accounting treatment of the appeals provision following a change in methodology.

### **Pensions**

As part of the Conditions of Employment, the Council must offer staff retirement benefits under statutory requirements.

At 31 March 2024, 92% of staff were part of the full pension scheme, contributing between 5.5% and 12.5% of salary. 4% of staff were opted into the 50/50 section of the scheme contributing between 2.25% and 6.25%, and the remaining 5.5% of staff opted out of the scheme.

Payments into the pension scheme and investment assets are held and managed by the Kent County Council Pension Fund for all contributing member authorities. For further information, see note 31.

### **Stanhope Private Finance Initiative (PFI)**

The PFI agreement for the regeneration of the Stanhope Estate has been ongoing since 2007; the details are in note 30.

### **Council owned Companies**

The Council has two wholly owned active subsidiary, A Better Choice for Property Limited, which has a subsidiary A Better Choice for Property Development Limited, for which it is the sole shareholder, and Ashford Cinema Limited which was incorporated in February 2024.

The Council also has 65% controlling interest in Ashford International Development Company.

With the exception of Ashford Cinema Limited, all of the above companies are considered material and therefore group accounts have been prepared in accordance with IFRS 10. See note 16 for further details.



# Statement of Responsibilities for the Statement of Accounts

## The Authority's Responsibilities

Under law 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, the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts.

## The Responsibilities of the Chief Finance Officer (CFO)

The Chief Finance Officer is responsible, in law, for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice'). There is a responsibility of the CFO to observe the CIPFA statement on the role of the CFO in public service organisations.

In preparing this Statement of Accounts, the CFO has:

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

## The CFO has also:

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

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**I certify that the Statement of Accounts between pages 14 and 100 present a true and fair view of the financial position of Ashford Borough Council at 31 March 2024 and its income and expenditure for the year ended on that date.**



**Ben Lockwood**  
Chief Finance Officer  
(Date)

# Core Financial Statements

## Comprehensive Income and Expenditure Statement

ABC 2022/23				Group 2022/23	ABC 2023/24				Group 2023/24
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Net Expenditure £'000	
26,562	(26,697)	(135)	(135)	Finance and IT	28,323	(26,966)	1,357	1,357	
623	(100)	523	524	HR, Customer Service, Comms and Digitalisation	401	(105)	296	296	
8,631	(6,604)	2,027	2,057	Housing	9,762	(5,649)	4,113	4,113	
1,122	(680)	442	2,695	Environmental Health	904	(343)	561	561	
5,384	(6,466)	(1,082)	(1,082)	Port Health	2,815	(3,582)	(767)	(767)	
23,792	(11,916)	11,876	9,593	Environment, Property and Recreation	24,069	(13,091)	10,978	10,978	
5,545	(2,502)	3,043	3,043	Planning and Development	3,175	(1,473)	1,702	1,702	
1,786	(275)	1,511	1,511	Corporate Management Costs	1,272	0	1,272	1,272	
1,983	(764)	1,219	573	Head of Economic Development	1,863	(960)	903	(116)	
45	0	45	45	Head of Development	(49)	0	(49)	(49)	
1,876	(43)	1,833	1,833	Head of Performance and Policy	1,683	(162)	1,521	1,521	
521	(190)	331	331	Solicitor to the Council and Monitoring Officer	773	(272)	501	501	
9,520	(32,803)	(23,283)	(23,283)	Local Authority Housing	36,299	(34,739)	1,560	1,560	
1,976	0	1,976	1,976	Non distributed costs	1,494	0	1,494	1,494	
<b>89,366</b>	<b>(89,040)</b>	<b>326</b>	<b>(319)</b>	<b>Cost of Services</b>	<b>112,784</b>	<b>(87,342)</b>	<b>25,442</b>	<b>24,423</b>	
				Other operating expenditure					
	2,788		2,788	Parish Council Precepts & Levies		2,932		2,932	
	0		0	Payments to the Government Housing Capital Receipts Pool		0		0	
	(1,637)	1,151	(1,637)	Disposal of non-current assets		(1,968)	964	(1,968)	
				Financing and investment income and expenditure					
	10,515		10,916	Interest payable and similar charges		10,338		10,338	
	1,263		1,263	Net interest on the net defined benefit liability (asset)		163		163	
	(3,518)		(5,601)	Interest receivable		(4,918)		(4,236)	
	0	8,260	(264)	Income, Expenditure and Changes in fair value of Investment Property		0	5,583	819	
				Taxation and non-specific grant income					
	0		82	Income Tax relating to companies		0		0	
	(11,106)		(11,106)	Council Tax income		(11,548)		(11,548)	
	(2,007)		(2,007)	Non-domestic rates income and expenditure		(5,001)		(5,001)	
	(5,126)		(5,126)	Section 31 Grant - Collection Fund		(5,031)		(5,031)	
	(1,460)		(1,460)	Non-ringfenced government grants (note 12)		(2,757)		(2,757)	
	(8,577)	(28,276)	(8,577)	Capital grants received in year		(16,593)	(40,930)	(16,593)	
		(18,539)	(21,049)	<b>(Surplus) or Deficit on Provision of Services</b>			(8,941)	(8,459)	
	(57,341)		(57,341)	(Surplus) or deficit on revaluation of Property, Plant and Equipment (note 14)		(10,569)		(10,569)	
	(138)		(138)	(Surplus) or deficit on revaluation of investments elected for FVOCI		491		491	
	(69,098)		(69,098)	Remeasurements of the net defined benefit liability (note 30)		(641)		(641)	
		(126,577)	(126,577)	<b>Other Comprehensive Income and Expenditure</b>			(10,719)	(10,719)	
		(145,116)	(147,626)	<b>Total Comprehensive Income and Expenditure</b>			(19,660)	(19,178)	
			(21,050)	<b>(Surplus) or Deficit on Provision of Services</b>				(8,459)	
			(21,065)	<b>Attributable to Ashford Borough Council</b>				(8,466)	
			15	<b>Attributable to the Non-controlling Interest</b>				6	
			(126,405)	<b>Other Comprehensive Income and Expenditure</b>				(10,719)	
			(126,405)	<b>Attributable to Ashford Borough Council</b>				(10,719)	
			0	<b>Attributable to the Non-controlling Interest</b>				0	

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation, or raise fees and charges to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement. The restatement of the CI&ES was due to restructuring of Council and reporting is now carried out at the Service Structure level.

## Movement in Reserves Statement

2023/24	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Grants Unapplied Account	Total Usable Reserves (excluding company)	Unusable Reserves (Note 27) (excluding company)	Total Usable Reserves (group)	Unusable Reserves (Note 27) Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	(35,957)	(2,043)	(5,641)	(5,230)	(1,623)	(50,494)	(364,215)	(49,691)	(365,253)
<i>Movements in Reserves during 2023/24</i>									
Surplus or deficit on the provision of services	(9,289)	348				(8,941)		(8,459)	819
Other Comprehensive Income & Expenditure							(10,719)		(10,719)
Surplus or deficit on provision of services attributable to NCI									6
Total Comprehensive Income & Expenditure	(9,289)	348	0	0	0	(8,941)	(10,719)	(8,459)	(9,894)
<b>Adjustments between accounting and funding basis under regulations</b>									
Sources of Finance	4,806	5,699	5,196	3,471	646	19,818	(19,818)	19,818	(19,818)
Sums set-a-side for capital purposes	3,794	1,039		3,850		8,683	(8,683)	8,683	(8,683)
Revenue expenditure charged to capital under statute	(1,528)	0				(1,528)	1,528	(1,528)	1,528
Removal of items not chargeable to Fund Balances									
- Capital adjustment account	(7,247)	(7,722)	0	(8,583)		(23,552)	23,552	(23,552)	23,552
- Capital grants unapplied account	6,087	0			(6,087)	0		0	0
- Capital receipts reserve (for HRA, see note 5)	824	2,012	(2,836)			0	0	0	0
- Deferred capital receipts reserve	0		(21)			(21)	21	(21)	21
- Pensions reserve	1,632	310				1,942	(1,942)	1,942	(1,942)
- Collection fund adjustment account	946					946	(946)	946	(946)
- Adjustments between group accounts and authority accounts	0							(819)	
- Pooled Investment Adjustment Account	53	0				53	(53)	53	(53)
- Derecognition of FVOCI investments	0					0	0	0	0
Net increase or decrease	78	1,686	2,339	(1,262)	(5,441)	(2,600)	(17,060)	(2,937)	(16,235)
Balance at 31 March 2024	(35,879)	(357)	(3,302)	(6,492)	(7,064)	(53,094)	(381,275)	(52,628)	(381,488)

The Movement in Reserves Statement (MiRS) is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. It does this by analysing the increase or decrease in the net worth of the authority.

- movements in the current or fair value of its assets.
- movements between reserves to increase or reduce the resources available to the authority according to statutory provisions.

## Movement in Reserves Statement

2022/23	General Fund Balance	Ear-marked General Fund Reserves	Business Rate Section 31 Grants	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Grants Unapplied Account	Total Usable Reserves (excluding company)	Unusable Reserves (Note 26) (excluding company)	Total Usable Reserves (group)	Unusable Reserves (Note 26) Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	(2,601)	(38,620)	0	(41,221)	(2,119)	(3,986)	(1,910)	(1,676)	(50,912)	(218,852)	(50,234)	(221,032)
<i>Movements in Reserves during 2022/23</i>												
Surplus or deficit on the provision of services	1,163			1,163	(19,703)				(18,540)		(21,050)	(264)
Other Comprehensive Income & Expenditure										(126,405)		(122,977)
Surplus or deficit on provision of services attributable to NCI												(2,021)
Total Comprehensive Income & Expenditure	1,163	0	0	1,163	(19,703)	0	0	0	(18,540)	(126,405)	(21,050)	(125,263)
<b>Adjustments between accounting and funding basis under regulations</b>												
Sources of Finance	7,364			7,364	321	2,070	4,219	944	14,918	(14,918)	14,918	(14,918)
Sums set-a-side for capital purposes	4,265			4,265	3,939		0		8,204	(8,204)	8,204	(8,204)
Revenue expenditure charged to capital under statute	(1,232)			(1,232)	0				(1,232)	1,232	(1,232)	1,232
<b>Removal of items not chargeable to Fund Balances</b>												
- Capital adjustment account	(6,601)			(6,601)	12,701	0	(7,539)		(1,439)	1,439	(1,439)	1,439
- Capital grants unapplied account	891			891	0			(891)	0		0	0
- Capital receipts reserve (for HRA, see note 5)	617			617	3,088	(3,704)			1	(1)	1	(1)
- Deferred capital receipts reserve	0			0		(21)			(21)	21	(21)	21
- Pensions reserve	(2,043)			(2,043)	(270)				(2,313)	2,313	(2,313)	2,313
- Collection fund adjustment account	5,243			5,243					5,243	(5,243)	5,243	(5,243)
- Adjustments between group accounts and authority accounts				0							2,634	
- Pooled Investment Adjustment Account	(4,403)			(4,403)	0				(4,403)	4,403	(4,403)	4,403
Net increase or decrease	5,264	0	0	5,264	76	(1,655)	(3,320)	53	418	(145,363)	543	(144,221)
Transfers to/from Earmarked Reserves	(5,264)	5,264							0		0	0
Increase or decrease during 2022/23	0	5,264		5,264	76	(1,655)	(3,320)	53	418	(145,363)	543	(144,221)
Balance at 31 March 2023	(2,601)	(33,356)	0	(35,957)	(2,043)	(5,641)	(5,230)	(1,623)	(50,494)	(364,215)	(49,691)	(365,253)

## Balance Sheet

ABC		Group			ABC		Group	
31 March 2023					31 March 2024			
£'000	£'000		Notes	£'000	£'000	£'000	£'000	
615,335	615,335	Property, Plant & Equipment	14	644,410		644,410		
6,109	6,109	Heritage Assets	17	7,108		7,108		
1,383	0	Investment in Subsidiary		1,372		0		
0	49,866	Investment Property	16	0		50,503		
371	371	Intangible Assets		395		395		
33,611	32,619	Long Term Investments	22	33,229		32,189		
47,545	1,076	Long Term Debtors	22	49,450		1,802		
0	1	Deferred Tax Asset		0		-		
<b>704,354</b>	<b>705,376</b>	<b>Long Term Assets</b>			<b>735,964</b>	<b>736,407</b>		
0	0	Current held for sale		0		0		
38,470	38,485	Short Term Debtors	24	16,590		16,319		
4,155	4,969	Cash and Cash Equivalents	40	3,675		4,293		
<b>42,625</b>	<b>43,454</b>	<b>Current Assets</b>			<b>20,265</b>	<b>20,612</b>		
(118,503)	(118,503)	Short Term Borrowing		(96,646)		(96,646)		
(47,803)	(48,868)	Short Term Creditors	25	(38,190)		(38,880)		
(1,039)	(1,039)	PFI Current Liabilities	29	(1,026)		(1,026)		
<b>(167,345)</b>	<b>(168,410)</b>	<b>Current Liabilities</b>			<b>(135,862)</b>	<b>(136,552)</b>		
(3,048)	(3,048)	Long-term Provisions	28	(1,941)		(1,941)		
(120,664)	(120,664)	Long Term Borrowing	22	(145,857)		(145,857)		
(8,258)	(8,258)	Grants receipts in advance - capital		(8,774)		(8,774)		
(1,603)	(1,603)	Grants receipts in advance - revenue		(1,683)		(1,683)		
(15,586)	(15,586)	Pension Liability	30	(13,003)		(13,003)		
(15,648)	(15,648)	PFI Liability	29	(14,622)		(14,622)		
(118)	(118)	Finance Lease Liability	27	(118)		(118)		
0	(553)	Deferred Tax Liability		0		(353)		
<b>(164,925)</b>	<b>(165,478)</b>	<b>Long Term Liabilities</b>			<b>(185,998)</b>	<b>(186,351)</b>		
<b>414,709</b>	<b>414,943</b>	<b>Net Assets</b>			<b>434,369</b>	<b>434,116</b>		
		<b>Financing (see MiRS)</b>						
(50,494)	(49,691)	Usable Reserves		(53,094)		(52,618)		
(364,215)	(365,252)	Unusable Reserves	26	(381,275)		(381,498)		
<b>(414,709)</b>	<b>(414,943)</b>				<b>(434,369)</b>	<b>(434,116)</b>		

The Balance Sheet summarises the Authority's financial position as at 31 March. The 'top half' contains the Council's assets and liabilities held or accrued. As Local Authorities do not have equity, the 'bottom half' is comprised of reserves that shows the position of an authorities net worth, they fall into two categories:

- usable reserves, which include the revenue and resources available to meet future expenditure, such as the General Fund Balance and the Capital Receipts Reserve
- unusable reserves, which include unrealised gains and loss or adjustment accounts, such as the Revaluation Reserve or the Pension Reserve

## Cash Flow Statement

ABC	Group			ABC	Group
2022/23	2022/23			2023/24	2023/24
£'000	£'000		Notes	£'000	£'000
(18,540)	(21,050)	Net (surplus) or deficit on the Provision of services		(9,187)	(8,705)
3,011	(821)	Adjustment to the Net surplus or deficit on the provision of services for non-cash movements	35	(31,161)	(33,509)
4,968	17,069	Adjustment for items in the net surplus or deficit on the provision of services that are investing or financing activities	36	10,129	13,317
(10,561)	(4,802)	Net cash flows from operating activities		(30,219)	(28,898)
19,440	20,648	Investing activities	38	32,996	33,123
(11,543)	(19,108)	Financing activities	39	(2,297)	(3,554)
(2,664)	(3,262)	Net movements in year excluding non-cash items		480	671
1,491	1,707	Cash and cash equivalents at the beginning of the reporting period		4,155	4,964
2,664	3,262	Net increase or (decrease) in cash and cash equivalents		(480)	(671)
4,155	4,969	Cash and cash equivalents at the end of the reporting period	40	3,675	4,293

The Cash Flow Statement summarises the flows of cash into and out of the authority's bank accounts over the financial year. It separates the flows into:

- those that have occurred as a result of the authority's operations
- those arising from the authority's investing activities (including cash flows related to noncurrent assets), and
- those attributable to financing decisions.

# Notes to the Core Financial Statements

## 1. Accounting Policies

### General Principles

The Statement of Accounts summarises the Authorities transactions for the 2023/24 financial year and its position at the year ending 31 March 2024. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which are being prepared in accordance with proper accounting practices. These practices primarily comprise the 'Code of Practice on Local Authority Accounting in the United Kingdom 2021/22' (the Code), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

### 1. Accounting Concepts and Conventions

The Going Concern basis has been selected for the preparation of these accounts based on the assumption that the Council will operate for the foreseeable future.

Qualitative characteristics are the attributes that make the information provided within this Statement of Accounts, useful to users. The International Accounting Standards Board (IASB) Framework sets out the two fundamental, qualitative characteristics and four enhancing, qualitative characteristics of financial statements, which have been adopted by the Code:

- Fundamental
  - relevance
  - faithful representation
- Enhancing
  - comparability
  - verifiability
  - timeliness
  - understandability

The Code also includes consideration of materiality as a qualitative characteristic and the Framework considers it as part of the fundamental characteristic of relevance.

### 2. Accruals of Income and Expenditure

With the exception of the Cash Flow Statement, including its notes, and the Collection Fund, the Statement of Accounts is presented on an accruals basis.

The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the Statement of Accounts for the year in which those effects are experienced, and not in the year in which the cash is actually received or paid. In particular: fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services; interest

payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

As per IFRS 15, revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Where income and expenditure have been recognised, but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. There is a de minimis limit for manual accruals (not automatic accruals) which has been increased to £10,000 to aid faster closing, transactions below this limit are not accrued for as they are deemed not material to the understanding of these accounts.

### 3. **Estimation Techniques**

Estimation techniques are the methods adopted by the Council to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. Details of where these are used are contained in the relevant Note to the Accounts. Where a change in an estimation technique is material, an explanation of the change is provided and its effect on the results for the current period.

### 4. **Costs of Internal Support Services**

All costs of management and administration are fully allocated to services. The basis of allocation used for the main costs of management and administration are outlined below:

<b>Cost</b>	<b>Basis of Allocation</b>
Accounting and other services	Budgeted time spent by staff, as predicted by budget managers
Legal services	Actual time spent by staff, as recorded on time recording systems
Administrative Buildings	Per capita
IT support of corporate financial systems	Actual direct costs (hardware costs etc.) plus cost of estimated staff resources
Network / PC support	Per capita
Executive Support, Call Centre, Customer Contact Centre and Printing	Actual use, as recorded by monitoring systems
Internal Audit	Per audit plan
Payroll and Personnel Costs	Per capita
Debtors and Creditors	Per transaction



## 5. **Council Tax and National Non-Domestic Rates**

Revenue relating to council tax and business rates is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions. Revenue is recognised when it is probable that the economic benefits of the transaction will flow to the Council and the amount of revenue can be measured reliably.

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year, which consists of:

- The Council's council tax precept and business rate share from the Collection Fund i.e. the amount billed for the year; and
- The Council's share of the actual council tax and business rates surplus or deficit on the fund at the preceding year-end that has not been distributed or recovered in the current year.

The latter is not required by regulation to be credited to the General Fund and so is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves on the General Fund balance.

The Council, as billing authority, recognises the creditor in its balance sheet for cash collected from taxpayers and businesses on behalf of major preceptors but not yet paid to them, or a debtor for cash paid to major preceptors.

## 6. **Charges to Revenue**

Service and Support Service Accounts are debited with amounts to record the cost of holding non-current assets used in the provision of services.

These amounts include the annual provision for depreciation, certain revaluation gains/losses and impairment losses and the amortisation of intangible assets. The amounts are subsequently reversed in the Movement in Reserves Statement to the Capital Adjustment Account so that they do not impact on the amounts required from local taxation.

Capital charges made to the Housing Revenue Account are the amounts as determined by statutory provision.

External interest payable is debited in the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement and amounts set aside from revenue for the repayment of external loans, are charged to the General Fund Balance in the Movement in Reserves Statement.

7. **Revenue Expenditure Funded from Capital Under Statute**

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as Property Plant and Equipment. The purpose of this is to enable it to be funded from capital resources rather than being charged to the General Fund and have a direct impact upon Council Tax. These items are generally grants and expenditure on property not owned by the Council.

Such expenditure is charged to Cost of Services in the Comprehensive Income and Expenditure Statement but subsequently reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

8. **Government Grants and Contributions**

Grants received are credited to the Comprehensive Income and Expenditure Statement when the income is recognised and, once conditions have been met. Revenue Grants specific to a particular service will be shown against the service expenditure section. General Revenue Grants, in the form of Revenue Support Grant, and Capital Grants are credited and disclosed separately in the Taxation and Non-specific Grant Income section in the Comprehensive Income and Expenditure Statement.

Capital Grants and Capital Contributions will subsequently be transferred through the Movement in Reserves Statement to the Capital Adjustment Account or the Grants Unapplied Account, if expenditure has not been incurred.

If conditions have not been met, grants will be held as a creditor (Grants received in advance) on the Balance Sheet until conditions are met or grants are repaid.

9. **VAT**

VAT is accounted for separately and is not included in the Comprehensive Income and Expenditure Statement, whether of a capital or revenue nature. Input VAT, which is not recoverable from HM Revenue and Customs, will be charged to Service Revenue Accounts, or added to capital expenditure as appropriate. The Council's partial exemption status is reviewed on an annual basis.

10. **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. The goodwill arising from acquisitions of subsidiaries is included in intangible assets, tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is tested for impairment at least annually. Should the test indicate that the net realisable value of the subsidiary is less than current carrying value, an impairment loss will be recognised immediately in the Comprehensive Income and Expenditure Account. Subsequent reversals of impairment losses for goodwill are not recognised.

#### 11. **Heritage Assets**

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 £10,000 for heritage assets based on the method of valuation above.

#### 12. **Assets Held for Sale (Current Assets)**

These assets have been declared surplus to the Council's operational requirements, are being actively marketed for disposal and have an estimated sale date within twelve months of the Balance Sheet date. They are reported on the Balance Sheet, at the lower of the carrying amount or the fair value (market value) of the asset, less the costs to sell the asset. Assets held for sale are not subject to depreciation. Potential 'Right-to-buy' sales are not accounted for until the date of sale, as they are not actively marketed in any conventional way.

#### 13. **Intangible Assets**

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council (e.g. software licences) is capitalised when it will benefit the Council for more than one financial year.

An intangible asset is initially measured at cost but will be revalued where the fair value of the asset differs significantly from its carrying value. The depreciable amount is amortised over its useful economic life to the relevant service section in the Comprehensive Income and Expenditure Statement, but subsequently reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

#### 14. **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). The cost of items of inventory which take a substantial period of time to complete includes attributable borrowing costs.

The net realisable value of inventories is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provisions are made for any slow-moving, obsolete or defective inventories.

## 15. **Investment Assets**

These assets are held solely to earn rentals and/or capital appreciation. The property cannot be used for any other purpose to be classed as an investment asset.

They are held initially at cost and subsequently at fair value, being the price that would be received to sell such an asset.

Properties are not depreciated but are revalued annually according to market conditions at the year-end.

## 16. **Property, plant and equipment**

### 16.1. **Recognition**

All expenditure on the acquisition, creation, or enhancement of these assets is capitalised on an accruals basis. These assets are depreciated on a straight-line basis.

### 16.2. **Recognition Definition**

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, for rental to others, or for administrative purposes, and expected to be used during more than one period.

The category is split into seven subcategories.

- Council Dwellings;
- Other Land and Buildings;
- Vehicles, Plant, Furniture and Equipment;
- Infrastructure Assets;
- Community Assets;
- Surplus Assets;
- Assets Under Construction.

The Accounting policy for each type of asset is detailed below:

### 16.3. **Council dwellings**

These assets are held on the Balance Sheet at current value but discounted to allow for the Existing Use Value for Social Housing (EUV-SH).

An annual valuation is carried out by a qualified surveyor in accordance with the latest guidance issued by the Royal Institute of Chartered Surveyors (RICS) as at 31 March. Material changes will be reflected in the accounts if they arise after the valuation.

#### 16.4. **Other Land and Buildings**

These assets are held on the Balance Sheet initially at cost, however are revalued and updated with a desktop revaluation annually. All property and land will be fully valued at least once within the 5-year cycle.

IFRS requires the consideration of componentisation for material items of property, plant and equipment, where they are of a material financial nature or have significantly differing life expectancies. The Council has set a minimum asset value of £1,000,000 and a component size of at least 10% of the value.

#### 16.5. **Vehicles, Plant, Furniture and Equipment**

These assets are recognised in the Balance Sheet at cost and are subject to straight-line depreciation over the expected life of the asset.

#### 16.6. **Infrastructure Assets**

These assets are recognised in the Balance Sheet at cost and are subject to straight-line depreciation over the expected life of the asset.

#### 16.7. **Community Assets**

These are defined as assets that the local authority 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 allotments. These assets are held on the Balance Sheet at historic cost and are not subject to revaluation or depreciation.

#### 16.8. **Assets under Construction**

This covers assets currently not yet ready for operational purposes. The Council does not depreciate nor revalue assets under construction. These assets are held at cost on the Balance Sheet.

#### 16.9. **Surplus Assets**

These assets are not being used to deliver services and are held at fair value which is the price that would be receivable if sold.

#### 16.10. **Valuations**

Increases in valuations are matched by credits to the Revaluation Reserve to recognise revaluation gains. However, where the increased valuation follows a previous reduction in the carrying value below its historic cost, gains would be credited to the service expenditure in the Comprehensive Income and Expenditure Statement to reverse the loss previously charged to a service.

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

On revaluation, accumulated depreciation is written out.

### 16.11. Depreciation

Depreciation on assets with a finite useful life, in line with International Accounting Standard (IAS) 16, is calculated on a straight-line basis according to the following policy:

- All assets with a finite useful life are depreciated on a straight-line basis over the asset life. The life of buildings is reviewed as part of the asset revaluation. The life of vehicles, plant and equipment is generally taken to be five years, unless evidence exists to support a longer or shorter life.
- Newly acquired assets and enhancements are depreciated in year one, assets in the course of construction are not depreciated until they are ready for use, starting in the following year.
- In accordance with recognised accounting practice, land owned by this Council is not depreciated.

Following removal of the transitional arrangements from 1 April 2017, Council Dwellings and other HRA land and property are depreciated in line with proper accounting practices.

### 16.12. Impairment of Non-current Assets

A review for impairment of non-current assets, whether carried at historical cost or valuation, is carried out at year-end to ascertain whether events or changes in circumstances, indicate that the carrying amount of the asset may not be recoverable. Examples of events and changes in circumstances that indicate impairment may have been incurred include:

- a significant decline in the asset's fair value during the period;
- evidence of obsolescence or physical damage to the asset;
- a significant adverse change in the statutory or other regulatory environment in which the authority operates;
- a commitment by the authority to undertake a significant reorganisation.

In the event that an 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 Service Expenditure through the Comprehensive Income and Expenditure Statement where the carrying value falls below the historic value of the asset. Any impairment at the Balance Sheet date is shown in the notes to the core financial statements, along with the name, designation and qualifications of the officer making the impairment.

If the impairment is identified on an investment property, the value is written out to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement.

#### **16.13. Gains or Losses on Disposal of Property Plant and Equipment**

When an asset is disposed of or de-commissioned, the carrying value of the asset and any receipts from the sale, together with the costs of disposal, are shown on the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement which, therefore, bears a net gain or loss on disposal. Where the receipt is in excess of £10,000, it is appropriated to the Capital Receipts Reserve, via the Movement in Reserves Statement, where it can be used for any approved capital purpose, e.g. for new capital investment. The carrying value of the disposed asset is appropriated to the Capital Adjustment Account from the Movement on Reserves Statement. Costs of disposal are accounted for within the Other Operating Expenditure section in the Comprehensive Income and Expenditure Statement.

#### **17. 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. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred. An operating lease is a lease other than a finance lease. A definition of a lease includes hire purchase arrangements.

##### **17.1. Finance Leases**

As lessee, the Council shall recognise finance leases as assets and liabilities at amounts equal to the fair value of the property or, if lower, the present value of the minimum lease payments.

Minimum lease payments are apportioned between the finance charge (interest) and the reduction of the outstanding liability. The finance charge is calculated to produce a constant periodic rate of interest on the remaining balance of the liability.

The Council recognises an asset under a finance lease in the Balance Sheet at an amount equal to the net investment of the lease.

Assets recognised under a finance lease are depreciated; the depreciation policy for leased assets is consistent with the policy for other property, plant and equipment. Where it is not certain that ownership of the asset will transfer at the end of the lease, the asset is depreciated over the shorter of the lease term and its useful economic life. After initial recognition, assets recognised under a finance lease are subject to accounting policies in the same way as any other asset.

As lessor, the Council derecognises the asset and show this as a long-term debtor. Lease rentals receivable are apportioned between a charge for the acquisition of capital (applied to write down the lease debtor) and finance income – which is credited to the Financing and Investment Income section in the Comprehensive Income and Expenditure Statement. The Code required this income to be treated as a capital receipt and therefore, it is reversed out via the Movement in Reserves Statement to the Capital Receipts Reserve. For finance leases that existed at 31<sup>st</sup> March 2010, regulations allow these capital receipts to remain credited to the Comprehensive Income and Expenditure Statement.

## **17.2. Operating Leases**

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the benefits received by the Council.

## **18. Current Assets and Liabilities**

### **18.1. Short term Debtors and Creditors**

With exception set out above (policy no 2), the Revenue and Capital accounts of the Council are maintained on an accruals basis in accordance with the Code and other relevant IASs. That is, sums due to or from the Council during the year are included, whether or not the cash has actually been received or paid in the year.

### **18.2. Impairment Allowance for Bad and Doubtful Debts**

The figure shown in the Statement of Accounts for Debtors is adjusted for bad debts. This amount is to provide for debts that are unlikely to be collected in future years. The percentage used to reduce the Debtors figure is based on historical evidence of collection and management judgements.

## **19. Contingent Assets and Contingent Liabilities**

Contingent assets are not recognised in the Statement of Accounts. They are disclosed by way of notes if the inflow of a receipt or economic benefit is probable. Such disclosures indicate the nature of the contingent asset and an estimate of its financial effect.

Contingent liabilities are not recognised in the accounting statements. They are disclosed by way of notes if there is a possible obligation which may require a payment or a transfer of economic benefits. For each class of contingent liability, the nature of the liability is disclosed together with a brief description, an estimate of its financial effect, an indication of the uncertainties relating to the amount or timing of any outflow and the possibility of any reimbursement.

## **20. Short term and long-term Provisions**

The Council sets aside provisions for specific liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. The value of the provision must be the best estimate of the likely liability or loss. When utilised, the payment is charged to Provisions and not to Service Expenditure.



## 21. Reserves

The Council holds Usable and Unusable Reserves. Usable Reserves give the Council discretion to meet expenditure without having a direct impact on Council Tax. In contrast, Unusable Reserves do not give the Council such discretion and are kept to manage the accounting processes for non-current assets, financial instruments and employee benefits.

Usable Reserves are created when the Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. These reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. 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. The exception is amounts required for the repayment of external loans and for financing capital expenditure from revenue sources. Where this applies, amounts are appropriated from the General Fund Balance in the Movement in Reserves Statement.

The General Fund Balance acts as a working contingency to meet unforeseen and unforeseeable costs including those relating to emergencies. Earmarked reserves, such as the repairs and renewals reserve, are for specific purposes. The Capital Receipts Reserve can only be used for certain statutory purposes such as financing capital expenditure.

The Major Repairs Reserve is required by statutory provision to be set up in relation to the Housing Revenue Account.

## 22. Employee Benefits

Three categories of employee benefits exist, under IAS 19 and IPSAS 25 Employee Benefits, as detailed below.

### 22.1. Benefits payable during employment

- Short-term employee benefits arise during a financial year or are those due to be settled within 12 months of the year-end. They include wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, and are recognised as an expense for services in the year employees render service to the Council.
- Benefits earned by current employees but payable twelve months or more after the end of the reporting period such as, long-service leave or jubilee payments and long-term disability benefits.

Where considered of a material nature these are accrued.

## 22.2. Termination benefits including Exit Packages

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. These are often lump-sum payments, but also include enhancement of retirement benefits 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 costs of redundancy are accrued to the year that the notice is served, but other costs will be charged to the year they are incurred. These costs are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement where the Council is committed to the termination of employment.

## 22.3. 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 Code requires the Council to account for this benefit at the time that employees earn their future entitlement. The amount charged to the Comprehensive Income and Expenditure Statement for employee's pensions is in accordance with IAS19 Retirement Benefits, subject to the interpretations set out in the Code. This is accounted for in the following ways:

- Pension liabilities, attributable to the Council, are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projected earnings for current employees etc.
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return.
- The assets of the pension fund attributable to the Council are included on the Balance Sheet at their fair value:
  - Quoted securities – current bid price;
  - Unquoted securities – professional estimate;
  - Unitised securities – current bid price;
  - Property – market value.
- The change in net pensions liability is analysed into five components:
  - Current service cost – the increase in liabilities as result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the service where employees worked.
  - Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the net cost of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributable Costs.
  - Net interest on the net defined benefit liability (asset) – the change during the period in the net liability (asset) that arises from the passage of time. This is debited/ (credited) to the Financing and Investment Income and

Expenditure section of the Comprehensive Income and Expenditure Statement.

- Gains/losses on settlements and curtailments – the result of actions to relieve the Council of liabilities or actions that reduce the expected future service or actuarial benefits of employees - debited to the net cost of services in the Comprehensive Income and Expenditure Statement as part of the Non-Distributable Costs.
- Actuarial Gains and Losses – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the assumptions have been updated - debited to the Comprehensive Income and Expenditure Statement.

Under IAS 19, the Council recognises as an asset or liability, the surplus/deficit in pension costs calculated in accordance with the standard. This surplus/deficit is the excess/shortfall of the value of assets when compared to the present value of the pension liabilities. Where the contributions paid into the Pension Fund 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 the Pension Reserve together with any actuarial gains/losses. The difference between the recognised net pension liability and the amounts attributed to this Council in Kent County Pension Fund are shown in the Balance Sheet as Pensions Liability and this is offset by the Pensions Reserve (an adverse balance).

The Local Government Pension Scheme, applicable to this Council, is administered locally by Kent County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets over the average future working life of its employees.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The latest formal valuation of the Kent County Pension Fund was at 31 March 2023 and changes to contribution rates as a result of that valuation took effect on 1 April 2023.

## 23. **Financial Instruments**

The Code has significant disclosure requirements relating to Financial Instruments (e.g. loans and investments). They relate to the identification of the various types of Financial Instruments, gains and losses arising from transactions during the year, comparative valuation statements, and the assessment of risks associated with holding Financial Instruments.

Detailed disclosure of the Council's holding of Financial Instruments is included in Note 22.

### 23.1. **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure classification in the Comprehensive Income and Expenditure Statement for interest payable, are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

The 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).

### 23.2. **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)

**Financial Assets Measured at Amortised Cost** Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure sections 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 Measured at Fair Value through Profit of Loss (FVPL)**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services, 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. The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

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

Level 3 inputs – unobservable inputs for the asset. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure section in the Comprehensive Income and Expenditure Statement.

### **Financial Assets Measured at Fair Value through other Comprehensive**

**Income (FVOCI)** It is the policy of the Council that certain equity assets will be designated as Financial Assets Measured at Fair Value through other Comprehensive Income. Designation is considered when the investment would normally fall into the Fair Value through Profit 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.

### 23.3. **Financial Instrument Risk**

The Code requires Authorities to estimate the “Fair Value” of their Financial Instruments and compare them with the carrying amounts which appear on the Balance Sheet. The Fair Value estimate will include the future discounted cash flows associated with the Councils’ Financial Instruments as at 31 March and should reflect prevailing interest rates as at that date.

The Code identifies the following three types of risk associated with Financial Instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

The Code requires Authorities to produce a sensitivity analysis, detailing the impact of a 1% interest rate change. A full assessment of these risks, including the sensitivity analysis, is included in Note 23.

These disclosure requirements are equally applicable to outstanding debtors, see Note 24 for an analysis of debtors. In addition to this, a provision for impairment is also included in the Statement.

### 24. **Cash and Cash Equivalents**

Cash and cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value and are shown on the Balance Sheet at their nominal value; these include investments that can be accessed immediately without incurring a penalty, such as call accounts. Cash and cash equivalents are shown net of any bank overdraft that forms part of the Council’s cash management.

## 25. **Private Finance Initiative (PFI)**

PFI contracts are agreements to receive services, where the responsibility for making available Property Plant and Equipment needed to provide the services, passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as the ownership of the Property Plant and Equipment will pass to the Council at the end of the contract at no charge, the Council carries the Property Plant and Equipment used under the contract on the Balance Sheet.

The original recognition of these Property Plant and Equipment was balanced by the recognition of a liability, for the amounts due to the scheme operator to pay for the assets, net of any capital contributions made.

The stock is recognised at current value less the EUV-SH factor and additions are measured at cost, as per the contractor model. Lifecycle costs are accounted for when they occur.

Property Plant and Equipment recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators will be analysed into the following elements:

- Fair value of the services received during the year;
- Finance charge – an interest charge on the balance sheet liability;
- Payment towards the liability.

## 26. **Group Accounts**

Group Accounts are prepared in accordance with IFRS 10 (consolidated financial statements) and IFRS 12 (disclosure of interest in other entities), where it is considered that the Council has a material interest in subsidiaries.

Where applicable the following principles will be followed:

### *Basis of Consolidation*

Group Accounts will be prepared on the basis of a full consolidation of the financial transactions and balances of the Council and a relevant subsidiary. Any gains and losses arising from a subsidiary will be fully reflected in the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cashflow Statement within the Group column.

### *Accounting Policies*

Group Accounts will be prepared using consistent accounting policies where possible; where there are conflicting policies with IFRS requirements, then the requirements of the Code of practice for Local Authority accounting will be adopted for consolidation purposes.

Where Intra-group charges occur, they will be removed during consolidation of the accounts.

The decision to group account is determined by Qualitative and Quantitative materiality, therefore when considering whether to group, not only the values are relevant, the interest to all stakeholders is also taken into account.

27. **Exceptional Items and Prior Year Adjustments**

Exceptional items are included in the cost of the service to which they relate, or on the face of the Comprehensive Income and Expenditure Account, if that degree of prominence is necessary in order to give a fair presentation of the accounts. An adequate description of each exceptional item is given within the notes to the accounts.

Prior year adjustments arise as a result of a change in accounting policies or to correct a material error. When either of the circumstances applies, the Council will show the extent of the adjustment in a table, reconciling the adjusted opening and closing balances and/or comparative amounts shown for a prior period.

28. **Events after the Balance Sheet Date**

Where an event occurs after the Balance Sheet date, favourable or unfavourable, which provides evidence of conditions that existed at the Balance Sheet date, the amounts in the Statement of Accounts and any affected disclosures should be adjusted.

Where an event occurs after the Balance Sheet date and is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts should not be adjusted but a disclosure made, including:

- the nature of the event;
- an estimate of the financial effect.

Events after the Balance Sheet date should be reflected up to the date when the Statement of Accounts is authorised for issue, as per the approved policies by the council.



## **2. Accounting Standards that have been issued but not adopted**

The Code requires disclosure of the impact (where material), of changes to accounting standards which have been issued but not yet adopted.

The accounting standards which have been issued but not yet adopted in the 2023/24 financial statements are listed below.

Adoption of these standards is not expected to have a material impact on the Council's financial statements. The revised standard IFRS 16 on leases became effective on 1 January 2019 but implementation has now been deferred to 2024/25.

### **3. Critical Judgements in Applying Accounting Policies**

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

- The Council has an interest in four subsidiary companies currently operating. Following an assessment, the Council consolidated, Ashford International Development Company Limited, A Better Choice for Property Limited, and its subsidiary, A Better Choice of Property Development, based on materiality and did not consolidate Ashford Cinema Limited, again due to materiality.

#### 4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The items in the Authority's Balance Sheet at 31 March 2024, for which there is a significant risk of material adjustment in the forthcoming financial year, are shown in the following table.

Item	Uncertainties	Effect if Actual Results Differ from assumptions
Pensions	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements, relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.</p> <p>A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p>	<p>A 0.1% change in the discount rate would result in a change in the liability of £2.5m.</p> <p>A 1 year change in the mortality assumption would result in a £6.6m change in the pension liability.</p>
NNDR appeals liability	<p>From April 2013, the Council has been responsible for refunding successful appeals against past NNDR liabilities. Business Rates were revalued as at April 2023, therefore estimates of the possible effects on this council have been taken into account in these accounts and future funding assumptions.</p> <p>In regards to the provision for appeals, estimates have been calculated using an external model, this model provides analysis for proposals submitted against the 2010, 2017 and 2023 rating lists; and threats to the 2023 rating list.</p> <p>The model provides reports;</p> <p>1) The Check/Challenge report produces a list of all businesses that are going through the 'check</p>	<p>If the level of successful appeals exceeds the assumptions already made, the cost will be met from future budgets.</p>

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from assumptions</b>
	<p>challenge' appeals process for their business rates bill and estimates the potential loss in rateable value and yield.</p> <p>2) The Threats report which is designed to give an overall estimate of potential loss in rateable values and yield for those that have not yet appealed their revaluations.</p> <p>The combined potential loss in yield from these reports are used to calculate the closing balance of the appeals provision for each revaluation list.</p> <p>Potential loss in rateable value and yield is calculated by:</p> <ul style="list-style-type: none"> <li>- Hereditament profiling; understanding the property type and complete history of the assessment related to the proposal.</li> <li>- Comparable hereditaments, in terms of type, size and location, that have seen a reduction in rateable value in the same list.</li> <li>- The code of grounds of the appeal - this will affect the comparable records used and the calculation process.</li> <li>- The effective date of the proposal or appeal, to calculate the potential yield losses that may affect previous years.</li> <li>- Other trends in the rating list.</li> </ul>	
Recovery of Benefit over-payments	These accounts assume that the Council will continue to be able to recover overpaid benefit from Benefit Claimants.	Should the changes being considered by the Government restrict the ability of local authorities to pursue such debts,

Item	Uncertainties	Effect if Actual Results Differ from assumptions
		write-offs of uncollected debt will have to be met from future budgets.
PPE - Property valuations	We are still in a period of uncertainty in relation to many economic factors from the withdrawal from EU. The effect by reference to transactions in the property marketplace is difficult to gauge. It will certainly require valuations to be kept under regular review.	If the valuations were made under different assumptions, there could be significant changes in the accounts.
PPE Property Assets	Property valuations will need to be kept under regular review.	<p>If the valuations were made under different assumptions, there could be significant changes in the accounts.</p> <p>A 1% change in valuations would result in an overall movement in valuations of Council Dwellings £4.3m, Land and Buildings £1.7m and Surplus Assets £33,000.</p>

Item		Effect if actual results differ from assumptions
Pensions – Property Assets	As with the property valuation's the Kent Pension Fund is also disclosing a material valuation uncertainty in respect of the directly held property and pooled property investment valuations. The pension fund has 9% of its overall assets invested in property funds. As at Note 31, for Ashford this represents a value of £12,813,000.	Any impact to property valuations could see a decline in returns.

## 5. Expenditure and Funding Analysis

The Expenditure and Funding Analysis has the objective to demonstrate to council taxpayers and rent payers, how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used to provide services. This is in comparison with 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.

The tables below include outturns for adjustments for the whole authority, including HRA and General Fund:

2023/24 Expenditure and Funding Analysis	As reported for resource Management £'000	Adjustment to arrive at the net amount chargeable to GF and HRA balances £'000	Net Expenditure Chargeable to the GF and HRA Balances £'000	Adjustments between Funding and Accounting Basis £'000	Net Expenditure in the CIES £'000
Finance and IT	2,624	(1,331)	1,293	64	1,357
HR, Customer Services, Comms and Digitalisati	417	(80)	337	(41)	296
Housing	2,559	627	3,186	927	4,113
Environmental Health	714	(47)	667	(106)	561
Port Health	(245)	(338)	(583)	(184)	(767)
Environment, Property and Recreation	7,374	5,514	12,888	(1,910)	10,978
Planning and Development	2,888	(918)	1,970	(268)	1,702
Corporate Management Costs	939	436	1,375	(103)	1,272
Head of Economic Development	688	112	800	103	903
Head of Development	13	(13)	0	(49)	(49)
Head of Performance and Policy	1,635	(47)	1,588	(67)	1,521
Solicitor to The Council and Monitoring Officer	452	161	613	(112)	501
Local Authority Housing (HRA)	1,686	(15,258)	(13,572)	15,132	1,560
Non distributed costs	0	1,494	1,494	0	1,494
<b>Net Cost of Service</b>	<b>21,744</b>	<b>(9,688)</b>	<b>12,056</b>	<b>13,386</b>	<b>25,442</b>
Other Income & Expenditure	(866)	(9,426)	(10,292)	(24,091)	(34,383)
<b>(Surplus) or deficit</b>	<b>20,878</b>	<b>(19,114)</b>	<b>1,764</b>	<b>(10,705)</b>	<b>(8,941)</b>
Opening GF and HR Balance 31 March 2023			(38,000)		
Closing GF and HRA Balance 31 March 2024			(36,236)		

## Expenditure and Funding Analysis continued

<b>Restated</b> 2022/23 expenditure and Funding Analysis	As reported for resource Management	Adjustment to arrive at the net amount chargeable to GF and HRA balances	Net Expenditure Chargeable to the GF and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000
Finance and IT	1,548	(1,860)	(310)	175	(135)
HR, Customer Services, Comms and Digitalisati	389	(62)	327	196	523
Housing	2,150	(1,648)	502	1,526	2,028
Environmental Health	673	(2,202)	(1,529)	1,972	443
Port Health Manager	(123)	(960)	(1,083)	0	(1,083)
Environment, Property and Recreation	6,897	901	7,796	3,800	11,876
Planning and Development	2,525	343	2,868	175	3,043
Corporate Management Costs	1,492	(14)	1,478	33	1,511
Head of Economic Development	660	535	1,195	23	1,218
Head of Performance and Policy	1,336	472	1,808	25	1,833
Solicitor to The Council and Monitoring Officer	243	45	288	43	331
Head of Development	45	0	45	0	45
Local Authority Housing	74	(16,754)	(16,680)	(6,603)	(23,283)
Non distributed costs	0	1,907	1,907	69	1,976
<b>Net Cost of Service</b>	17,909	(19,297)	(1,388)	1,434	326
Other Income & Expenditure	(530)	7,258	6,728	(25,593)	(18,865)
<b>(Surplus) or deficit</b>	17,379	(12,039)	5,340	(24,159)	(18,539)
Opening GF and HR Balance 31 March 2022			(43,340)		
Closing GF and HRA Balance 31 March 2023			(38,000)		

Restatement due to restructuring of Council and reporting at the Service Structure level.



## 6. Note to the Expenditure and Funding Analysis

2023/24	Depreciation/ impairment reported at Service level	Other adjustments in relation to management reporting	Total to arrive at the amount charged to the GF and HRA	Adjustments for capital purposes	Net change for the Pension Adjustment	Net change for Pooled Investments	Net change for Collection Fund Section 31 Grant	Total Adjustment between funding and accounting basis
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance and IT	(61)	(1,270)	(1,331)	61	3	0	0	64
HR, Customer Services, Comms and Digitalisati	(107)	27	(80)	107	(148)	0	0	(41)
Housing	(59)	686	627	1,101	(174)	0	0	927
Environmental Health	0	(47)	(47)	0	(106)	0	0	(106)
Port Health	(36)	(302)	(338)	36	(220)	0	0	(184)
Environment, Property and Recreation	(2,530)	8,044	5,514	(1,484)	(426)	0	0	(1,910)
Planning and Development	(46)	(872)	(918)	46	(314)	0	0	(268)
Corporate Management Costs	0	436	436	0	(103)	0	0	(103)
Head of Economic Development	(10)	122	112	159	(56)	0	0	103
Head of Development	0	(13)	(13)	0	(49)	0	0	(49)
Head of Performance and Policy	0	(47)	(47)	0	(67)	0	0	(67)
Solicitor to The Council and Monitoring Officer	0	161	161	0	(112)	0	0	(112)
Local Authority Housing (HRA)	(9,106)	(6,152)	(15,258)	15,465	(333)	0	0	15,132
Non distributed costs	0	1,494	1,494	0	0	0	0	0
<b>Net Cost of Service</b>	<b>(11,955)</b>	<b>2,267</b>	<b>(9,688)</b>	<b>15,491</b>	<b>(2,105)</b>	<b>0</b>	<b>0</b>	<b>13,386</b>
Other Income & Expenditure	0	(9,426)	(9,426)	(23,255)	163	(53)	(946)	(24,091)
<b>Total</b>	<b>(11,955)</b>	<b>(7,159)</b>	<b>(19,114)</b>	<b>(7,764)</b>	<b>(1,942)</b>	<b>(53)</b>	<b>(946)</b>	<b>(10,705)</b>

## Note to the Expenditure and Funding Analysis continued

<b>Restated 2022/23</b>	Depreciation/ impairment reported at Head level	Other adjustments in relation to management reporting	Total to arrive at the amount charged to the GF and HRA	Adjustments for capital purposes	Net change for the Pension Adjustment	Net change for Pooled Investments	Other differences	Total Adjustment between funding and accounting basis
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance and IT	(40)	(1,820)	(1,860)	41	134	0	0	175
HR, Customer Services, Comms and Digitalisati	(133)	71	(62)	133	63	0	0	196
Housing	(43)	(1,605)	(1,648)	1,470	56	0	0	1,526
Environmental Health	0	(2,202)	(2,202)	1,777	195	0	0	1,972
Port Health Manager	(137)	(823)	(960)	0	0	0	0	
Environment, Property and Recreation	(2,182)	3,363	1,181	3,638	162	0	0	3,800
Planning and Development	(42)	385	343	42	133	0	0	175
Corporate Management Costs	0	(14)	(14)	0	33	0	0	33
Head of Economic Development	(5)	540	535	5	18	0	0	23
Head of Performance and Policy	0	472	472	0	25	0	0	25
Solicitor to The Council and Monitoring Officer	0	45	45	2	41	0	0	43
Head of Development	0	0	0	0	0	0	0	
Local Authority Housing (HRA)	(7,590)	(9,164)	(16,754)	(6,725)	122	0	0	(6,603)
Non distributed costs	0	1,907	1,907	0	69	0	0	69
<b>Net Cost of Service</b>	<b>(10,172)</b>	<b>(8,845)</b>	<b>(19,017)</b>	<b>383</b>	<b>1,051</b>	<b>0</b>	<b>0</b>	<b>1,434</b>
Other Income & Expenditure	0	7,258	7,258	(26,016)	1,263	4,403	(5,243)	(25,593)
<b>Total</b>	<b>(10,172)</b>	<b>(1,587)</b>	<b>(11,759)</b>	<b>(25,633)</b>	<b>2,314</b>	<b>4,403</b>	<b>(5,243)</b>	<b>(24,159)</b>

## Telling the story - Prior year adjustment of statement

This year the presentation of the Comprehensive Income and Expenditure Statement has changed, during 2023/24 Ashford Borough Council has made changes to the organisation as you can see below.

### Restatement of the 2022/23 CIES cost of services.

	Finance and IT	HR, Customer Service, Comms and Digitalisation	Housing	Safety Wellbeing and Port	Environment, Property and Recreation	Planning and Development	Corporate Management Costs	Head of Economic Development	Head of Performance and Policy	Solicitor to the Council and Monitoring Officer	Non distributed costs	Cost of service
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Finance and IT	(135)	0	0	0	0	0	0	0	0	0	0	(135)
HR, Customer Service, Comms and Digitalisation	0	524	0	0	0	0	0	0	0	0	0	524
Housing	0	0	2,027	0	0	0	0	0	0	0	0	2,027
Environmental Health	0	0	0	1,658	(1,216)	0	0	0	0	0	0	442
Port Health	0	0	0	0	(1,082)	0	0	0	0	0	0	(1,082)
Environment, Property and Recreation	0	0	0	0	11,876	0	0	0	0	0	0	11,876
Planning and Development	0	0	0	0	0	3,043	0	0	0	0	0	3,043
Corporate Management Costs	0	0	0	0	0	0	1,511	0	0	0	0	1,511
Head of Economic Development	0	0	0	0	0	0	0	1,218	0	0	0	1,218
Head of Development	0	0	45	0	0	0	0	0	0	0	0	45
Head of Performance and Policy	0	0	0	0	0	0	0	0	1,833	0	0	1,833
Solicitor to the Council and Monitoring Officer	0	0	0	0	0	0	0	0	0	331	0	331
Non distributed costs	0	0	0	0	0	0	0	0	0	0	(21,307)	(21,307)
<b>Cost of Services</b>	<b>(135)</b>	<b>524</b>	<b>2,072</b>	<b>1,658</b>	<b>9,578</b>	<b>3,043</b>	<b>1,511</b>	<b>1,218</b>	<b>1,833</b>	<b>331</b>	<b>(21,307)</b>	<b>326</b>

## 7. Expenditure and Income Analysed by Nature

2022/23		2023/24
Totals per CI&ES		Totals per CI&ES
£'000		£'000
(52,098)	Fees, charges and other service income	(54,357)
(36,942)	Grants	(32,985)
<b>(89,040)</b>	<b>Total Income</b>	<b>(87,342)</b>
31,639	Employees	29,524
14,299	Premises	16,816
46,710	Supplies and Services	46,800
868	Transport	748
(14,690)	Recharged to other accounts	(14,865)
11,329	Recharged from other accounts	11,321
(794)	Capital Charges	22,856
5	Transfers To/From Reserves	(416)
<b>89,366</b>	<b>Total Expenditure</b>	<b>112,784</b>
326	<b>Cost of Services</b>	25,442
2,788	Parish Council Precepts & Levies	2,932
0	Payments to housing capital receipts pool	0
(1,637)	Gain or loss on disposal of non-current assets	(1,968)
10,515	Interest payable and similar charges	10,338
1,263	Pension interest cost and expected return on pensions assets	163
(3,518)	Interest receivable and similar income	(4,918)
(11,106)	Council Tax income	(11,548)
(2,007)	Non-domestic rates	(5,001)
(5,126)	Section 31 Grant - Collection Fund	(5,031)
(1,460)	Non-ringfenced government grants	(2,757)
(8,575)	Capital grants and contributions	(16,593)
<b>(18,537)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>(8,941)</b>
<b>(126,579)</b>	<b>Other Comprehensive Income and Expenditure</b>	<b>(10,719)</b>
<b>(145,116)</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>(19,660)</b>

This reconciliation shows how the figures in the analysis of service income and expenditure relate to the amounts included in the Comprehensive Income and Expenditure Statement.

## 8. Members' Allowances

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

2022/23		2023/24
£'000		£'000
386	Allowances	378
4	Expenses	4
<u>390</u>		<u>382</u>

## 9. Officers' Remuneration

This note provides the details of Senior Officers' remuneration and the numbers of employees whose remuneration falls into the categories shown. 'Remuneration' for this purpose, means taxable pay, and includes the tax value of other benefits e.g. leased cars, and termination payments.

### Senior Employee Remuneration 2023/24

2023/24	Pay & expenses	Benefits in kind	Total	Pension contributions	Total remuneration
	£'000	£'000	£'000	£'000	£'000
Chief Executive	146	0	146	28	174
Deputy Chief Executive	114	0	114	22	136
Corporate Director Place, Space & Leisure	100	0	100	19	119
Corporate Director Housing, Customer, Technology and	100	0	100	19	119
Corporate Director Health & Wellbeing	97	0	97	18	115
Solicitor to the Council & Monitoring Officer	70	11	81	14	95
Head of Economic Development	71	0	71	13	84
Head of Policy & Performance	71	0	71	13	84
	<u>769</u>	<u>11</u>	<u>780</u>	<u>146</u>	<u>926</u>

+ Officers that also fulfil statutory roles.

## Senior Employee Remuneration 2022/23 comparators

2022/23		Pay & expenses	Benefits in kind	Total	Pension contributions	Total remuneration
		£'000	£'000	£'000	£'000	£'000
Chief Executive	+	139	0	139	24	163
Deputy Chief Executive	+	109	0	109	19	128
Corporate Director Place, Space & Leisure		90	0	90	15	105
Corporate Director Housing, Customer, Technology and Finance		90	0	90	15	105
Corporate Director Health & Wellbeing		89	0	89	15	104
Solicitor to the Council & Monitoring Officer	*	67	11	78	12	90
Head of Economic Development		67	0	67	12	79
Head of Policy & Performance		66	0	66	12	78
		<u>717</u>	<u>11</u>	<u>728</u>	<u>124</u>	<u>852</u>

+ Officers that also fulfil statutory roles.

## Other Employee Remuneration by Band

2022/23		2023/24
<i>nos</i>	Remuneration bands	<i>nos</i>
27	£50,000 - £54,999	21
19	£55,000 - £59,999	20
7	£60,000 - £64,999	12
9	£65,000 - £69,999	12
1	£70,000 - £74,999	4
6	£75,000 - £79,999	1
0	£80,000 - £84,999	4
0	£95,000 - £99,999	1 *
<u>69</u>		<u>75</u>

If figures are marked with an \* this indicates bands which include officers who have received redundancy payments within their remuneration for the year.

The bandings only include the remuneration of senior employees and relevant officers that have not been disclosed individually within the Senior Employee Remuneration table above.

## 10. Termination Benefits

The Authority terminated the contracts of fourteen employees in 2023/24 incurring liabilities of £219,390 (£230,571 in 2022/23).

2022/23			2023/24	
Voluntary <i>nos</i>	Compulsory <i>nos</i>	Exit package cost band (including special payments	Voluntary <i>nos</i>	Compulsory <i>nos</i>
7	1	£0 - £19,999	6	5
3		£20,000 - £39,999	1	
	2	£40,000 - £59,999	1	1
<u>10</u>	<u>3</u>	Total number included in bandings and in CIES	<u>8</u>	<u>6</u>

## 11. External Audit Costs

In 2023/24, Ashford Borough Council paid the following fees relating to external audit and inspection:

2022/23 £'000		2023/24 £'000
86	Fees payable with regard to external Audit services carried out by the appointed Auditor for the year	175
24	Fees payable for the certification of grant claims and returns	33
<u>110</u>		<u>208</u>

## 12. Grant Income

The Authority credited the following material government grants and contributions to the Provision of Services in the Comprehensive Income and Expenditure Statement.

2022/23			2023/24	
£'000	£'000		£'000	£'000
		<i>Credited to Net Cost of Services</i>		
3,591		CLG: Homeless Initiatives including Refugee Project	2,157	
620		CLG: Major Sites Planning Grant	0	
94		DWP: Discretionary Housing Payments	90	
503		DWP: Benefit Administration Subsidy	572	
23,333		DWP: Benefits Subsidy	23,860	
50		Home Office: Community Safety	41	
6,269		DFT: Port Infrastructure Grant	3,239	
524		Covid Grant Paid as Principal	726	
<u>1,656</u>	<u>36,640</u>	Other government grants	<u>1,998</u>	<u>32,683</u>
272		KCC: Recycling Credits	272	
121		Funding For CT Family Annex Scheme	121	
	<u>393</u>			<u>393</u>
	<u>37,033</u>			<u>33,076</u>
		<i>Credited to Taxation and Non-specific Grant Income</i>		
		Non-ringfenced government grants:		
87		Rate Support Grant	97	
5,126		S31 Grant NNDR	5,031	
(931)		S31 Grant - Other	0	
297		Other non-specific government grants	877	
1,886		New Homes Bonus	1,662	
8,577	<u>15,042</u>	Capital grants and contributions	<u>16,591</u>	<u>24,258</u>
	<u>52,075</u>			<u>57,334</u>



### 13. General Fund Reserves

This note sets out the split of General Fund reserve balances to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in year.

	Balance at 31	2023/24		Balance at 31
	March 2023	Transfers In	Transfers Out	March 2024
	£'000	£'000	£'000	£'000
General fund general reserves	(3,265)	0	0	(3,265)
<u>Earmarked general fund reserves</u>				
MTFP Risk	(12,667)	(1,800)	2,452	(12,015)
Collection Fund Risk	(1,000)	0	0	(1,000)
Strategic Investment and Property Risk	(3,000)	0	0	(3,000)
Climate Change Delivery Fund	(1,080)	(100)	180	(1,000)
Provide for Maintenance of Assets	(5,173)	(797)	970	(5,000)
Required by Statute Reserves and other ring fenced amounts	(8,371)	(503)	715	(8,159)
Developer Contributions	(1,404)	(1,138)	99	(2,443)
	<u>(32,695)</u>	<u>(4,338)</u>	4,416	<u>(32,617)</u>

	Balance at 31	2022/23		Balance at 31
	March 2022	Transfers In	Transfers Out	March 2023
	£'000	£'000	£'000	£'000
General fund general reserves	(2,602)	0	0	(2,602)
<u>Earmarked general fund reserves</u>				
Recovery Project Reserve (now including Victoria Park)	(1,092)	(0)	333	(759)
Improvement Delivery Fund	(3,000)	(1,886)	87	(4,799)
Fund Future Expenditure (Risk, Legislation, Transformation)	(13,834)	(1,268)	6,570	(8,532)
Economic Growth and Risk Fund	(8,346)	(1,130)	3,257	(6,219)
Climate Change Delivery Fund	(2,000)	(0)	1,105	(895)
Provide for Maintenance of Assets	(4,932)	(783)	1,853	(3,862)
Required by Statute Reserves and other ring fenced amounts	(4,141)	(3,764)	1,019	(6,886)
Developer contributions	(1,274)	(238)	109	(1,403)
	<u>(38,619)</u>	<u>(9,070)</u>	14,334	<u>(33,355)</u>

The reserves opening balances were re-profiled into the new reserve allocations that were reviewed as part of the 2024/25 budget setting process and reported to Cabinet on 22 February 2024. These revised allocations represent the emerging financial risks to the Council. 2022/23 comparative figures have not been restated as it would not be a true representation on how the Council looked at the reserves categories at that point in time.

#### The Purpose of the Earmarked Reserves

The Council has established a number of earmarked reserves for specific purposes. These reserves broadly fall into the following classifications:

**General Fund** – Minimum level of reserve equal to 15% of the Net Operational Budget excluding contributions to and from reserves.

**MTFP Risk** – to cover the risk identified within the last reported MTFP based on no savings being developed. This risk will be reviews as savings are delivered and as new risks emerge/diminish.

**Strategic Investment and Property Risk** – to recognise risk associated with Strategic Investment to cover possible losses in the event of forced sale (Potential Credit Loss). This also supports in year pressures arising through voids within the commercial property portfolio.

**Maintenance of Assets** – to provide for the maintenance of the Council's assets, including the Aspire fleet. In addition to this a number of leases require the Council to put aside money to cover future maintenance liabilities.

**Climate Change Delivery Fund** – Will be used to support projects that support the reduction of Carbon within the Borough.

**Collection Fund Risk** – to mitigate the risk of fluctuating cashflows as a result of support schemes being awarded by Government which are then reimbursed through S31 Grants. To support movements in actual levels of income received as a result of economic downturn which are then recovered from preceptors in subsequent years.

**Ring Fenced Reserves** – are funds the Council hold which have limitations on use. The largest reserve is linked to Ashford Port Health and is in place to mitigate any deficits from running the Port Health service.

## 14. Property, Plant and Equipment

Property, Plant & Equipment 2023/24	Council dwellings	Other land & buildings	Vehicles, plant, furniture & equipment	Infra-structure assets	Community assets	Surplus assets	Assets under construction	Total property, plant & equipment	PFI assets included in Property, plant & equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost or Valuation</i>									
1 April 2023	429,689	161,681	5,970	2,496	1,716	6,457	13,971	621,980	33,258
Additions	13,112	10,020	6,952	327	0	0	12,522	42,933	21
Revaluation recognised in the Revaluation Reserve	(3,989)	3,377	0	0	0	(316)	0	(928)	393
Revaluation recognised in the Provision of Services	(5,523)	(5,014)	0	0	0	(171)	0	(10,708)	(556)
Derecognition - disposals	(843)	(51)	(29)	0	0	0	0	(923)	0
Transfer between classes of Assets	661	5,429	0	0	2,852	(2,679)	(6,263)	0	0
31 March 2024	433,107	175,442	12,893	2,823	4,568	3,291	20,230	652,354	33,116
<i>Accumulated Depreciation and Impairment</i>									
1 April 2023	1	(3,906)	(2,438)	(58)	(229)	(15)	0	(6,645)	0
Depreciation charge	(8,583)	(2,688)	(547)	(15)	0	0	0	(11,833)	(556)
Depreciation written out - Revaluation Reserve	8,574	1,923	0	0	0	0	0	10,497	556
Impairment written out - Provision of Service									
Derecognition - disposals	8	2	27	0	0	0	0	37	0
Other movements in Depreciation and Impairment	0	0	0	0	0	0	0	0	0
31 March 2024	0	(4,669)	(2,958)	(73)	(229)	(15)	0	(7,944)	0
<i>Net book value</i>									
31 March 2024	433,107	170,773	9,935	2,750	4,339	3,276	20,230	644,410	33,116
31 March 2023	429,690	157,775	3,532	2,438	1,487	6,443	13,971	615,336	33,258

## Property, Plant and Equipment continued

Property, Plant & Equipment 2022/23	Council dwellings	Other land & buildings	Vehicles, plant, furniture & equipment	Infra-structure assets	Community assets	Surplus assets	Assets under construction	Total property, plant & equipment	PFI assets included in Property, plant & equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost or Valuation</i>									
1 April 2022	378,965	141,927	4,359	2,496	1,716	4,078	10,274	543,815	28,489
Additions	5,811	580	1,611	0	0	1,708	12,981	22,691	17
Revaluation recognised in the Revaluation Reserve	39,620	8,073	0	0	0	630	0	48,323	5,287
Revaluation recognised in the Provision of Services	3,016	7,764	0	0	0	41	0	10,821	(459)
Derecognition - disposals	(1,573)	(40)	0	0	0	0	(1,820)	(3,433)	(76)
Assets reclassified (to)/from Held for Sale	0	(486)	0	0	0	0	0	(486)	0
Transfer between classes of Assets	3,850	3,863	0	0	0	0	(7,464)	249	0
31 March 2023	429,689	161,681	5,970	2,496	1,716	6,457	13,971	621,980	33,258
<i>Accumulated Depreciation and Impairment</i>									
1 April 2022	0	(3,143)	(2,019)	(47)	(229)	(14)	0	(5,452)	0
Depreciation charge	(7,538)	(2,081)	(419)	(11)	0	(4)	0	(10,053)	(459)
Depreciation written out - Revaluation Reserve	7,528	1,317	0	0	0	3	0	8,848	459
Derecognition - disposals	11	1	0	0	0	0	0	12	0
31 March 2023	1	(3,906)	(2,438)	(58)	(229)	(15)	0	(6,645)	0
<i>Net book value</i>									
31 March 2023	429,690	157,775	3,532	2,438	1,487	6,442	13,971	615,335	33,258
31 March 2022	377,231	136,966	2,340	2,449	1,487	6,740	10,937	538,150	22,713

## Surplus Assets

No purchases of surplus land or buildings have occurred during 2023/24. Many sites/buildings have been transferred to Land and Building as works have commenced.

The surplus assets have been valued using IFRS13 fair value level 2 as there are significant observable inputs using land prices in the Local Authority area.

2022/23		2023/24
£'000		£'000
62	Bockhanger Site	62
725	Torrington Road Ex-Allotment Site	668
607	Land at Coneybeare, Torrington Road	558
444	Land at Blinds Groom Lane	446
225	Court Wurtin Flats	0
439	Mecca	336
0	Site Mabledon Avenue	0
0	Site Orchard Cottage, Tile Kiln Road	0
550	Land at St Stephens Walk	0
1,100	The Vicarage Rolvenden	0
636	Cudworth Road	424
225	Repton Park	0
850	Ninn Lane	782
180	Alpha Blinds	0
400	Kent Wool Growers	0
<u>6,443</u>		<u>3,276</u>

Movement of Surplus Assets	1st April	Additions & disposals	Transfer between classes of assets	Revaluation gains/ losses	31st March
	£'000	£'000	£'000	£'000	£'000
2023/24	6,443	0	(2,679)	(488)	3,276
2022/23	6,740	1,705	(2,676)	674	6,443

## **Asset Valuation**

A valuation exercise and impairment review was completed by external qualified (RICS) valuers, Wilks Head and Eve LLP, in accordance with the relevant guidance. Valuation movements are reviewed and challenged where significant movement has occurred.

## **Depreciation**

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

- Council Dwellings – the useful life of 50 years (previously used the Major Repairs Allowance as a proxy for depreciation between 25-60 years)
- Other Land and Buildings – the useful life estimated by a qualified valuer between 15-60 years
- Vehicles, Plant, Furniture & Equipment – subject to professional view on life between 5-15 years.
- Infrastructure – the useful life estimated between 15-60 years

## **15. Revaluation Gains and Impairments**

There have been valuation movements of the HRA Dwellings. Please see the HRA supplementary statement, note 6 on page 90.

General Fund assets were revalued as at 31<sup>st</sup> March 2024. Overall there have been upward revaluations of £5,939,891 recognised through the Revaluation Reserve and upward revaluation movements of £4,349,232 written through the CIES to reverse previous year impairments.

Assets were valued, using information available at 28 February 2024 based on expected valuations as at 31 March 2024. The valuers have confirmed the valuations did not significantly move between the 28 February and year-end.

## **16. Investment Properties (Group Accounts)**

Investment properties are wholly owned with the A Better Choice for Property Ltd and 65% owned with Ashford International Development Company. Property valuations were made by an independent valuer Sibley Pares (Taylor Riley) Limited, external qualified (RICS) valuers and are reflected in the group statement and the tables below.

The accuracy of the fair value measurement is classified by 'fair value levels' which are shown under financial instruments at note 22, the valuation of the property portfolio is assessed at level 2.

For the Development Company and Ashford International Development Company the works are valued as inventory as the Company is planning to dispose of the assets once completed, the total is therefore shown separately from the Property Company investment properties.

The cashflow statement has the movements to reflect these purchases.

Group Position 2022/23 £'000		Group Position 2023/24 £'000
24,087	Property Portfolio - (A Better Choice for Property Ltd.)	22,388
12,477	Inventory - (A Better Choice for Property Development Ltd.)	13,508
13,302	Inventory - (Ashford International Development Company Ltd.)	14,605
<u>49,866</u>		<u>50,501</u>

Movements in Investment Property (A Better Choice for Property Ltd. and its subsidiary)	1st April £'000	Additions & disposals £'000	Revaluation gains/ losses £'000	31st March £'000
2023/24	36,564	151	(819)	35,896
2022/23	35,092	1,208	264	36,564
2021/22	33,357	506	1,229	35,092
2020/21	28,224	4,422	711	33,357

Movements in Investment Property (Ashford International Development Company Ltd)	1st April £'000	Additions & disposals £'000	Revaluation gains/ losses £'000	31st March £'000
2023/24	13,302	1,303		14,605
2022/23	10,228	3,074		13,302

## 17. Heritage Assets

Heritage assets have been identified and disclosed in these accounts. The following assets are disclosed in the Balance Sheet:

2022/23 £'000		2023/24 £'000
4,997	Windmills at Woodchurch & Willesborough	5,996
0	Doctor Wilkes Hall	0
750	Hubert Fountain (Victoria Park)	750
266	Mayor's regalia, including mace and badges	266
96	Queen Marie Statue	96
<u>6,109</u>		<u>7,108</u>

During 2023/24 insurance valuations on the above assets were sought and this resulted in the Windmills at Woodchurch and Willesborough increasing by £999,250.

## 18. Capital Expenditure and Capital Financing

This year the Capital Financing Requirement has increased, mainly due to purchase of Trafalgar House, waste contract fleet, Kent Wool Growers and Henwood.

2022/23		2023/24
£'000		£'000
276,485	<i>Opening Capital Financing Requirement</i>	279,169
	<i>Capital investment:</i>	
22,691	Property, Plant and Equipment	42,933
195	Intangible Assets	145
2,000	Loans to subsidiaries	1,862
1,232	Revenue Expenditure funded from Capital under Statute	1,528
26,118		46,468
	<i>Sources of Finance:</i>	
(2,070)	Capital Receipts	(3,860)
(7,685)	Government grants and contributions (received in year)	(10,505)
(944)	Government grants and contributions (brought forward)	(646)
(4,220)	Major Repairs Reserve	(3,471)
(14,919)		(18,482)
	Sums set aside from revenue and subsidiaries	
(311)	- Repayment of subsidiary loans	(1,167)
(2,782)	- Direct revenue contributions	(2,868)
(1,089)	- Repayment of HRA debt - PFI scheme	(1,039)
(2,850)	- Repayment of HRA debt	(3,850)
(1,483)	- Minimum revenue provision (MRP)	(926)
(8,515)		(9,850)
279,169	<i>Closing Capital Financing Requirement</i>	297,305
	<i>Explanation of movements in year</i>	
8,106	Increase in underlying need to borrowing (unsupported by government financial assistance)	23,952
(5,422)	Provision for the repayment of debt	(5,816)
2,684		18,136



## 19. Capital Receipt

During the year the Council received £4m in capital receipts and used £5.1m to fund capital expenditure. At 31 March 2024, the Council had capital receipt reserves of £3.9m of which £3.1m is set aside for the provision of affordable housing.

2022/23	<i>Movements in year</i>	2023/24
£'000		£'000
(3,986)	Balance at 1 April	(5,641)
(4,048)	Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(4,015)
(29)	Other Capital Receipts not arising from the disposal of a non-current asset	(27)
2,070	Use of the Capital Receipts Reserve to finance new Capital Expenditure	5,196
352	Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	1,185
0	Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital Receipts Pool	0
(21)	Transfer from the Deferred Capital Receipts Reserve upon the receipt of cash	(21)
21	Capital receipts to treated as revenue income	21
<u>(1,655)</u>	Movement in year	<u>2,339</u>
<u>(5,641)</u>	Balance at 31 March	<u>(3,302)</u>

## 20. Capital Grants

During the year the Council received £16.5m in capital grants of which £10.5m funded Capital Expenditure in year. At 31 March 2024, the Council had capital grant reserves of £7m.

2022/23		2023/24
£'000		£'000
<u>(1,676)</u>	Balance at 1 April	<u>(1,623)</u>
944	Application of grants to capital financing transferred to the Capital Adjustment Account	646
(7,685)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement and applied in year	(10,505)
7,685	Capital grants and contributions applied in year credited to the Comprehensive Income and Expenditure Statement	10,505
(891)	Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	(6,087)
0	Other Adjustments	0
0	Transfers to/from Earmarked Reserves (Note 12)	0
<u>53</u>	Movement in year	<u>(5,441)</u>
<u>(1,623)</u>	Balance at 31 March	<u>(7,064)</u>

## 21. Capital Commitments

At 31 March 2024, the Council had an approved capital programme for the next three years totalling £349m. The value of capital contractual commitments is £81.2m as detailed below:

31-Mar-23		31-Mar-24
£'000		£'000
70,623	Newtown Works	67,023
699	International House Roof	261
	<i>Housing Revenue Account - Major Projects</i>	
0	Decarbonisation Programme	10,825
0	Henwood	2,634
0	Chapmans Close	478
0	Heathside	46

## 22. Financial Instruments

### Equity instruments elected to fair value through other comprehensive income (FVOCI) or profit and loss (FVPL)

The tables below identify investments that have recognised through FVPL and FVOCI and detail the annual movements in their fair value.

### Equity instruments elected to fair value through other comprehensive income (FVOCI)

	Market Value as at 31/03/2023	(Sale) / Purchase of shares during the year	Change in Market Value during the year recognised in FVOCI	Market Value as at 31/03/2024	Investment Interest	
					2023/24	2022/23
<i><b>Elected Fair value OCI</b></i>	£'000	£'000	£'000	£'000	£'000	£'000
A Better Choice for Property Ltd*	2,675	48	(480)	2,243	0	0
Ashford International Development Company	1,383	0	(11)	1,372	0	0
<b>Total</b>	<b>4,058</b>	<b>48</b>	<b>(491)</b>	<b>0</b>	<b>3,615</b>	<b>0</b>

## Equity instruments elected to fair value through Profit and Loss (FVPL)

	Market Value as at 31/03/2023	(Sale) / Purchase of shares during the year	Change in Market Value during the year recognised in FVPL	Market Value as at 31/03/2024	Investment Interest	
					2023/24	2022/23
<i>Not elected, fair value through profit and loss</i>	£'000	£'000	£'000	£'000	£'000	£'000
Aegon Diversified Monthly Income Fund	4,804	0	261	5,065	312	273
CCLA Diversified Income Fund	2,804	0	138	2,942	85	85
CCLA Local Authorities' Property Fund	11,565	0	(451)	11,114	582	586
Goldman Sachs	53	0	3	56	0	0
Ninety One Diversified Income Fund	2,237	0	(2)	2,235	104	95
Payden and Regal	2,926	0	42	2,968	120	63
Schroder Income Maximiser Fund	3,077	0	16	3,093	218	231
UBS Global Income Fund	1,234	0	14	1,248	108	132
UBS Multi-Asset Income Fund	2,234	0	31	2,265	144	150
<b>Total</b>	<b>30,934</b>	<b>0</b>	<b>52</b>	<b>30,986</b>	<b>1,673</b>	<b>1,615</b>

## Financial Instruments

Long-term 31 March 2023 £'000	Current £'000		Long-term 31 March 2024 £'000	Current £'000
		<b>Investments</b>		
		<i>Investments</i>		
30,937	(1,230)	FVPL	30,986	3,675
0	24,276	Amortised cost	0	0
4,058	0	FVOCI*	3,615	0
		Unquoted equity investment at cost		
		Financial assets at fair value through profit and loss		
<u>34,995</u>	<u>23,046</u>	Total Investments	<u>34,601</u>	<u>3,675</u>
		<b>Debtors</b>		
47,545	7,620	Amortised cost	49,450	8,238
<b>82,540</b>	<b>30,666</b>	<b>Total assets</b>	<b>84,051</b>	<b>11,913</b>
		<b>Borrowings</b>		
(120,664)	(118,503)	Amortised cost	(145,857)	(96,646)
		<b>Other Long-term Liabilities</b>		
(15,648)	(1,039)	Amortised cost	(14,622)	(1,026)
		<b>Creditors</b>		
(118)	(35,946)	Financial liabilities	(118)	(14,821)
<u>(136,430)</u>	<u>(155,488)</u>	<b>Total liabilities</b>	<u>(160,597)</u>	<u>(112,493)</u>

Financial assets carried at contract amounts include loans to the Council's property and development companies, A Better Choice For Property Ltd and its subsidiary A Better Choice For Property Development Limited amounting to £33m as at 31 March 2024 (£33.8m as at 31 March 2023). These loans are secured against charges on the properties and land acquired by the Companies.

## Financial Instruments – Gains and losses

2022/23 £'000		2023/24 £'000
10,515	Interest payable	10,335
(7,923)	Interest and Investment Income	(4,866)
4,405	Downward/upward revaluation of financial assets (FVPL)	(52)
139	Downward/upward revaluation of financial assets (FVOCI)*	(491)
<u>7,136</u>	Net gains/loss for the year	<u>4,926</u>

## Fair Values of Assets and Liabilities

Not all of the Financial Instruments are carried in the Balance Sheet at fair value. In particular, long-term loans, receivables and financial liabilities are carried at amortised cost.

Balance Sheet and fair values are shown in the tables 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
- Level 2 – fair value is calculated from inputs other than those quoted prices that are observable for the asset or liability
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated credit worthiness

Balance Sheet	Fair Value		Fair Value Level	Balance Sheet	Fair Value
31 March 2023				31 March 2024	
£'000	£'000			£'000	£'000
<b>Financial assets held at fair value:</b>					
5,984	5,984	Money market funds	1	4,906	4,906
19,370	19,370	Equity funds	1	19,872	19,872
11,565	11,565	Property fund	1	11,114	11,114
2,675	2,675	Shares in A Better Choice for Property Ltd.	3	2,243	2,243
1,384	1,384	Shares in Ashford International Development Co Ltd	3	1,372	1,372
40,977	40,977	Subtotal where fair value is applicable		39,507	39,507
<b>Financial assets held at amortised cost:</b>					
7,620	*	Short-term debtors		8,238	*
47,545	*	Long-term debtors		49,451	*
96,142				97,196	

Balance Sheet	Fair Value		Fair Value Level	Balance Sheet	Fair Value
31 March 2023				31 March 2024	
£'000	£'000			£'000	£'000
<b>Financial Liabilities held at Amortised Cost:</b>					
(120,664)	(104,555)	Long Term loans from PWLB	2	(145,857)	(164,378)
(16,687)	(17,847)	PFI Liabilities	3	(15,648)	(17,072)
(118)	(259)	Lease Payables	3	(118)	(315)
(137,469)	(122,661)	Subtotal where fair value is applicable		(161,623)	(181,765)
(35,946)	*	Short-term creditors		(14,821)	*
(118,503)	*	Short-term borrowing		(96,646)	*
(291,918)				(273,090)	

The fair value of trade and other receivables (e.g. debtors) is taken to be the invoiced or billed amount.

Fair values have been determined with reference to Arlingclose or Bloomberg where applicable.

The fair value of shares in the Council's wholly owned subsidiary 'A Better Choice for Property Ltd. are equal to the total group equity of the company, as the Council is the sole shareholder.

Long term debtors are carried at amortised cost.

Short term debtors and creditors are carried at cost, as this is a fair approximation of their value.

### Reconciliation of liabilities arising from financing activities for the year ended 31st March

	Long term borrowings	Short-term borrowings	Lease liabilities	Total
	£'000	£'000	£'000	£'000
<b>1 April 2023</b>	(120,664)	(118,503)	(119)	(239,286)
<b>Cash flows:</b>				
- Repayment		198,800		198,800
- Proceeds	(32,000)	(169,200)		(201,200)
<b>Non-cash:</b>				
- Accruals		(936)		(936)
- Reclassification	6,807	(6,807)		0
<b>31 March 2024</b>	(145,857)	(96,646)	(119)	(242,622)

## 23. Nature and Extent of Risks Arising from Financial Instruments

Risk management in this area is carried out by a central treasury team and supported by specialist external advisor. Policies approved by the Council in the Annual Treasury Management Strategy provides written principles for risk management and has adopted the CIPFA Treasury Management Code of Practice, and has set Treasury Management indicators to control key Financial Instrument risks in accordance with CIPFA's Prudential Code.

The Council's investment portfolio as at 31 March 2024 was as follows:

### Credit Risk

<i>Counter party</i>	<i>Maturity date</i>	<i>Amount</i> <i>£'000</i>	<i>Credit rating</i>
<i>Deposits/investments with other financial institutions</i>			
Goldman Sachs	Instant	56	AAA
Payden Money Market Fund	3 Days Notice	2,968	AAA
UBS Multi Asset Income Fund	2 Days Notice	2,265	N/A
Ninety One Diversified Income Fund	2 Days Notice	2,236	N/A
UBS Global Income Equity Fund	2 Days Notice	1,248	N/A
Aegon Diversified Monthly Income Fund	2 Days Notice	5,065	N/A
Schroder Income Maximiser Fund	2 Days Notice	3,093	N/A
CCLA Diversified Income Fund	2 Days Notice	2,942	N/A
CCLA LAMIT Property Fund	Variable	11,114	N/A
Investment In A Better Choice for Property Ltd	Variable	2,243	N/A
Investment In Ashford International Development Company Ltd	Variable	1,372	N/A
Black Rock Money Market Fund	Instant	950	AAA
BNP Paribas Money Market Fund	Instant	1,000	AAA
CCLA Public Sector Disposit Fund	Instant	1,006	AAA
HSBC Money Market Fund	Instant	950	AAA
Invesco Money Market Fund	Instant	1,000	AAA

Credit ratings are assigned to each investment using information from ratings agencies, or where formal ratings are not provided ratings are applied, where possible, based on the characteristics of the investment, such as money market funds. AAA, AA, A and BBB are considered investment grade products with AAA being the highest level, any investments below BBB would be considered non-investment grade and would not be entered into directly, unless it was the Council's banking provider.

The Code requires the Council to estimate the potential maximum exposure to credit risk, based on experience of defaults and collection rates over recent years. However, as the Council has not experienced any defaults on investments, the Council is unable to quantify its exposure with any degree of accuracy.

Credit risk arises from investments; some of the Council's customers commercial rent and trade debtors, excluding Council Tax and Business Rate debts.

The Council has not experienced any losses from default by counterparties in the past in relation to investments. The Council's investments are such that it does not expect any losses by any of its counterparties in relation to investments.

The table below compares the percentage of the Council's investment portfolio that was invested at each credit level at the beginning and at the end of the year.



31 March 2023		31 March 2024
	%	%
22	AAA	20
70	Unrated pooled Funds	71
8	Unrated Company	9

The overdue amount of sundry debtors held within the Council's systems can be analysed by age as follows:

31 March 2023		31 March 2024
	£'000	£'000
1,048	Less than 30 days	710
51	31 days to 90 days	40
75	91 days to 364 days	313
436	More than 1 year	329
<u>1,610</u>		<u>1,392</u>
(612)	Impairment allowance	(714)

### Liquidity Risk

As the Council has ready access to borrowings from the Public Works Loan Board (PWLB), there is no significant risk that it will be unable to raise funds to meet its commitments. Instead, the risk is that the Council may have to re-invest a significant proportion of its investments at a time of unfavourable interest rates.

The PWLB has tightened its lending criteria in recent years and has made it clear that it will not support lending that is for the purpose of 'Debt for Yield' investments. The Council does not anticipate the changes to impact on any future borrowing need or be restricted from accessing the facility.

All trade and other payable creditors are due to be paid in less than one year.

## **Market Risk interest rates/prices/exchange rates**

The council is exposed to interest rate risk on some of its borrowing and if interest rates had been 1% higher or lower during the year, this would have resulted in an increase or decrease in variable investment income of £310,000 and an increase or decrease in variable loan payments of £855,000. The Council's long-term borrowing is fixed rate and therefore a material movement is not anticipated. In relation to the movement in investment this is an indicative figure as the movement in the long-term strategic investment are not directly linked to base rate movements.

Interest rates rose to 5.25% in 2023/24 and therefore the Council will be paying considerably more for short term borrowing than in recent years. The Council will need be mindful of the trajectory of short term rates and how this impacts upon debt expenses, although it is expected interest rates will start to fall in 2024/25.

## **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI or FVPL), either on a 12-month or lifetime basis.

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

The Council has considered its financial assets and considers any losses that would need to be set aside would be immaterial to the accounts.

The most significant asset considered is the loans that have been made to the Council's subsidiary A Better Choice for Property Ltd. which total £35.5m and these loans are secured against the assets of the business. The Council has considered the history of the loan repayments made by the company and is satisfied that no loan defaults will be made in the next 12 months. The council has also assessed the entity as low risk and has sufficient cash flows to meet its liabilities, the cash flows of the company have been shared with the Council as sole shareholder of the Company for review.

## 24. Debtors

These amounts were due to the Council:

31 March 2023			31 March 2024	
£'000	£'000		£'000	£'000
	1,696	Central government bodies		510
		Other entities and individuals:		
1,933		- Housing Tenants	2,440	
<u>(1,238)</u>	695	Less: Impairment Allowance	<u>(1,188)</u>	1,252
3,059		- Local Taxpayers/ratepayers	3,658	
<u>(877)</u>	2,182	Less: Impairment Allowance	<u>(920)</u>	2,738
35,043		- Other	13,382	
<u>(1,146)</u>	33,897	Less: Impairment Allowance	<u>(1,292)</u>	12,090
	<u>38,470</u>	Balance at 31st March		<u>16,590</u>

### Movement in Debtors

2022/23		2023/24
£'000		£'000
148	Benefit Subsidy owed by government	0
167	Other amounts owed by government	(1,186)
645	Amounts owed by housing tenants	507
175	Amounts owed by local taxpayers/ratepayers	599
10,540	Movement in payments in advance	175
48	Amounts owed by Sundry Debtors	(21,221)
50	Change in Impairment Allowance	(139)
16	Transfer from Long term Debtors	(615)
<u>11,789</u>	Movement in the year	<u>(21,880)</u>

## 25. Grants receipts in advance

These are grants and contributions received but which as yet have not been applied to revenue and capital projects. Those with conditions are treated as receipts in advance under long term liabilities and those without conditions are treated as a reserve.

2022/23		2023/24
£'000		£'000
	<b>Grants receipts in advance capital</b>	
(8,258)	Miscellaneous grants	(8,774)
	<b>Grants receipts in advance revenue</b>	
<u>(1,603)</u>	Miscellaneous grants	<u>(1,683)</u>
<u>(9,861)</u>		<u>(10,457)</u>

## 26. Creditors

These amounts were due to be paid by the Council at 31 March 2022

2022/23 £'000		2023/24 £'000
9,319	NNDR liability	0
(9,518)	Other amounts owed to government	(44)
0	Amounts owed to Other Local Authorities	0
162	Amounts owed by housing tenants	(13)
(28)	Amounts owed by local taxpayers	25
(37)	Amounts owed by Business Rate payers	59
(804)	Amounts owed to East Kent Cluster (Business Rate Pilot)	(1,261)
(3,681)	Change in Developer contributions	(1,344)
(5,265)	Amounts owed to Sundry Creditors	12,191
(9,852)	Movement in the year	9,613

### Movement in Creditors

2022/23 £'000		2023/24 £'000
9,319	NNDR liability	0
(9,518)	Other amounts owed to government	(44)
0	Amounts owed to Other Local Authorities	0
162	Amounts owed by housing tenants	(13)
(28)	Amounts owed by local taxpayers	25
(37)	Amounts owed by Business Rate payers	59
(804)	Amounts owed to East Kent Cluster (Business Rate Pilot)	(1,261)
(3,681)	Change in Developer contributions	(12,659)
(5,265)	Amounts owed to Sundry Creditors	22,909
(9,852)	Movement in the year	9,016

## 27. Unusable Reserves

This category of reserves is held for statutory and accounting purposes, i.e. they are not available for the Council to finance expenditure. They are held for the following purpose:

- *Revaluation Reserve (see note (a))* - Store of gains on revaluation of Property Plant and Equipment not yet realised through sales.
- *Pooled Investment Financial Instruments* – this represents the reversal of movements in the fair value on investments recorded through profit and loss, which are then reversed through statutory override.
- *Capital Adjustment Account - (see note (b))* Store of capital resources set aside to meet past expenditure.
- *Financial Instruments Revaluation Reserve* – This is the reserve representing the fair value of investment recognised through other comprehensive income.
- *Deferred Capital Receipts* - Recognises that amounts included in long term Debtors will produce capital receipts in the future.
- *Pensions Reserve* - Balancing account to allow inclusion of Pensions Liability in the Balance Sheet.
- *Collection Fund Adjustment Account* - Holds the balance owing to/from the Council at Balance Sheet date.
- *Accumulated Absences Reserve* - The Accumulated Absences Account absorbs the differences between leave accrued but not taken.

Unusable Reserves	Revaluation balances				Adjustment accounts					Non-controlling Interest	Total Unusable Reserves (Group)
	Revaluation Reserve *	Pooled Investment Financial Instruments	Financial Instrument Revaluation reserve	Capital Adjustment Account *	Deferred Capital Receipts	Pensions Reserve	Collection Fund Adj Acc	Accum -ulated Absences	Total Unusable Reserves		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
2023/24											
Balance at 31 March 2023	(241,972)	2,099	(1,639)	(136,839)	(1,347)	15,586	(322)	219	(364,215)	(2,021)	(363,232)
<i>Movements in Reserves during the year</i>											
Non-controlling interest at acquisition	0	0	0	0	0	0	0	0	0	0	
Surplus or deficit on the provision of services (accounting basis)	0	0	0	0	0	0	0	0	0	6	819
Other comprehensive income & expenditure	(10,569)	0	491	0	0	(395)			(10,473)	0	(10,473)
Total comprehensive income & expenditure	(10,569)	0	491	0	0	(395)	0	0	(10,473)	6	(9,654)
Adj between accounting and funding basis				(3,423)	21	(2,188)	(945)	0	(6,535)	0	(6,535)
Net movement before transfers to other reserves	(10,569)	0	491	(3,423)	21	(2,583)	(945)	0	(17,008)	6	(16,189)
Transfers to/from other Unusable reserves	4,659	(53)		(4,658)	0				(52)	0	(52)
Increase or decrease during the year	(5,910)	(53)	491	(8,081)	21	(2,583)	(945)	0	(17,060)	6	(16,241)
Balance at 31 March 2024	(247,882)	2,046	(1,148)	(144,920)	(1,326)	13,003	(1,267)	219	(381,275)	(2,015)	(379,473)

\* Analysed in tables (a) and (b)

Unusable Reserves  2022/23	Revaluation balances			Adjustment accounts						Non-controlling Interest	Total Unusable Reserves (Group)
	Revaluation Reserve *	Pooled Investment Financial Instruments	Financial Instrument Revaluation reserve	Capital Adjustment Account *	Deferred Capital Receipts	Pensions Reserve	Collection Fund Adj Acc	Accum -ulated Absences	Total Unusable Reserves		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000		
Balance at 31 March 2022	(188,877)	(2,304)	(1,501)	(112,312)	(1,368)	82,370	4,921	219	(218,852)	0	(221,032)
<i>Movements in Reserves during the year</i>											
Non-controlling interest at acquisition	0	0	0	0	0	0	0	0	0	(2,036)	
Surplus or deficit on the provision of services (accounting basis)	0	0	0	0	0	0	0	0	0	15	(264)
Other comprehensive income & expenditure	(57,169)	0	- 138	0	0	(69,098)			(126,405)	0	(122,977)
Total comprehensive income & expenditure	(57,169)	0	- 138	0	0	(69,098)	0	0	(126,405)	(2,021)	(123,241)
Adj between accounting and funding basis				(20,453)	21	2,314	(5,243)	0	(23,361)	0	(23,361)
Net movement before transfers to other reserves	(57,169)	0	- 138	(20,453)	21	(66,784)	(5,243)	0	(149,766)	(2,021)	(146,602)
Transfers to/from other Unusable reserves	4,074	4,403		(4,074)	0				4,403	0	4,403
Increase or decrease during the year	(53,095)	4,403	- 138	(24,527)	21	(66,784)	(5,243)	0	(145,363)	(2,021)	(142,199)
Balance at 31 March 2023	(241,972)	2,099	(1,639)	(136,839)	(1,347)	15,586	(322)	219	(364,215)	(2,021)	(363,231)

\* Analysed in tables (a) and (b)

(a) Revaluation Reserve:

2022/23 £'000			2023/24 £'000
	<i>Comprehensive Income and Expenditure Statement</i>		
(48,323)	Revaluation increases/(decreases) recognised in the Revaluation Reserve	(72)	
(8,846)	Depreciation and downward revaluations written out to the Revaluation Reserve	(10,497)	
(57,169)	(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services		(10,569)
	<i>Transfers to/from Capital Adjustment Account</i>		
3,267	Difference between fair value depreciation and historical cost depreciation	4,322	
0	Adjustment to opening balance between the reserves	0	
807	Accumulated gains on assets sold or scrapped	337	
	Amount written off to the Capital Adjustment Account		4,659
(53,095)	Increase or decrease during year		(5,910)

(b) Capital Adjustment Account

2022/23 £'000			2023/24 £'000
(14,918)	Sources of Finance		(19,818)
(8,206)	Sums set-a-side for capital purposes		(8,683)
1,232	Revenue expenditure met from capital under statute		1,528
1,439	Removal of items not chargeable to Fund Balances		23,550
(20,453)	<i>Total accounting adjustments between funding basis under statute</i>		(3,423)
(4,074)	Adjustment with Revaluation Reserve		(4,658)
(24,527)	Increase or decrease during year		(8,081)

(c) Collection fund Adjustment Account Split between Council Tax and Business Rates (NNDR)

2022/23			2023/24	
Business Rates £'000	Council Tax £'000		Business Rates £'000	Council Tax £'000
5,322	(402)	Opening Balance	(480)	158
(5,298)	402	Reversal of Previous Year's Balance	480	(158)
(9)		Ashford Share of Renewable Energy	(52)	
(495)	158	Ashford's Share of in year (surplus) / deficit	(1,375)	161
(480)	158	Closing Balance	(1,427)	161



## 28. Leases

### Council as a Lessor - Finance Leases

The Council has leased the Ashford Indoor Bowls Centre to the Ashford Indoor Bowls Centre Ltd; the lease is for the majority of the asset's life and therefore is to be treated as a finance lease. The remaining life of this lease is 32 years. The table below shows the income due on this lease:

	Principal receivable £'000	Interest £'000	Total lease payment £'000
Within 1 year	22	20	42
2 - 5 years	92	76	168
Later than 5 years	801	249	1,050
	<u>915</u>	<u>345</u>	<u>1,260</u>

This balance is held within the long-term debtor's line on the Balance Sheet.

### Council as a Lessor - Operating Leases

The Council leases out property under operating leases for different purposes. These include sports facilities, shops, and community assets. The income from these leases, over remaining life of the contracts, calculated at current levels, is detailed in the tables below.

The Council owns the Park Mall Shopping Complex. The expected future income from the current shop leases is detailed below:

2022/23 £'000		2023/24 £'000
438	Within 1 year	153
1,099	2 - 5 years	425
140	Later than 5 years	83
<u>1,677</u>		<u>661</u>

The Council owns International House, which is Town Centre office space. The future income receivable for these leases is detailed below:

2022/23 £'000		2023/24 £'000
751	Within 1 year	650
2,184	2 - 5 years	1,619
138	Later than 5 years	55
<u>3,073</u>		<u>2,324</u>

The Council also owns various smaller leases including industrial units, estate shops, and other small units. These figures now include Matalan and shops at Court Wurtin which were not included in last year's accounts, details of future income is detailed in the table below:

2022/23		2023/24
£'000		£'000
1,426	Within 1 year	1,555
3,768	2 - 5 years	3,438
1,828	Later than 5 years	1,411
<u>7,022</u>		<u>6,404</u>

The Council owns Elwick Place which is an entertainment complex featuring a cinema, hotel and a mixture of commercial units.

2022/23		2023/24
£'000		£'000
907	Within 1 year	899
3,629	2 - 5 years	3,596
10,375	Later than 5 years	9,573
<u>14,911</u>		<u>14,068</u>

## 29. Provisions

2022/23		2023/24
£'000		£'000
(2,860)	Business Rates Appeals	(1,753)
(188)	Municipal Mutual Insurance	(188)
<u>(3,048)</u>		<u>(1,941)</u>

The reasons for movement in provisions are:

2022/23		2023/24
£'000		£'000
(2,018)	Increase/decrease of provision made in year	212
1,817	Amounts used in year	895
<u>(201)</u>	Movement in the year	<u>1,107</u>

## 30. PFI and Similar Contracts

### Stanhope PFI

On the 13 April 2007 the Council entered into a design, build, finance, and operate contract with the Chrysalis Consortium (the Contractor) for the provision of the regeneration of the Stanhope Estate and housing management services for the duration of the contract. The contract was for 30 years.

The total value of the contract (assuming an annual inflationary increase of 2.5%) was £140m, which included construction costs of £28m net of a capital contribution by the authority. The contract was benchmarked and reduced to £127m in 2011/12. A further benchmarking exercise in 2016/17 showed that the PFI was performing consistently within its peer group, therefore no changes were made to the calculations. A benchmarking exercise was also carried out in 2020/21, again this showed that the PFI was performing consistently within its peer group, therefore no changes were made to the calculations.

Details of the PFI assets held on the Balance Sheet are included in note 14.

Under the terms of the contract the Council is required to make the following payments to the Contractor:

- An annual unitary charge net of deductions for performance
- Capital contributions to infrastructure costs
- Pass through costs e.g. Disabled Facilities Grants.

These payments will be met from:

- The Council's existing revenue budget for the services, rental income and housing subsidy
- PFI Special Grant from Central Government.

The payments to the Provider will be subject to indexation RPIX and may vary by virtue of certain provisions within the contract. These primarily relate to the following:

- Performance and availability deductions
- changes in law which affect the costs of the service
- variations to the contract which are approved by the Council
- benchmarking of non-property related costs at agreed intervals (a benchmarking exercise was completed in 2020/21, with the next expected in 2025/26).

### Analysis of minimum forecast Unitary Charge assuming 0% inflation

	Service cost £'000	Life Cycle Costs	Repayment of liability £'000	Interest cost £'000	Total payment £'000
Within 1 year	1,132	469	1,026	928	3,555
2 - 5 years	4,664	2,448	3,856	3,142	14,110
6 - 10 years	6,073	2,199	6,638	2,465	17,375
11 - 15 years	3,683	2,158	4,128	466	10,435
	<u>15,552</u>	<u>7,274</u>	<u>15,648</u>	<u>7,001</u>	<u>45,475</u>

The PFI contract transfers risks from the Council to the contractor, as the Council retains ownership of the assets the risk to the Council in event of a contractor default is low. The Council monitors performance of the contractor against a range of Key Performance Indicators and can deduct money from the unitary payment in the event that these measures are not achieved. A ratchet mechanism in the contract allows penalties to increase in the event of continued performance issues.

### Extra Care Housing PFI

During 2007/08, the Council entered into a partnership arrangement with Kent County Council and nine other district councils within Kent to provide new homes for vulnerable people. The overall scheme is being funded by Public Finance Initiative credits over a 30-year period. In the event of the scheme ceasing the Council will be liable for:-

1. Contractor default, for example £4.125m in year 20
2. Force Majeure, for example £3.675m in year 20

## Other Service Contracts

The Council has a refuse collection and street cleansing contract, which was entered into on 27 March 2024, and covers three Councils. The equipment has been bought by all three Councils, can be used in any of the three areas, and therefore the Council does not have exclusive use of the assets. Ashford's value of the contract is estimated to be £6m per year for the next 8 years.

## 31. Defined Benefit Pension Schemes

### Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services, when employees earn these, 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 difference is reversed out. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year.

2022/23 £'000	Local Government Pension Scheme	2023/24 £'000
	<b>Comprehensive Income &amp; Expenditure Statement</b>	
	<i>Service cost comprising:</i>	
5,824	- current service cost	2,637
482	- past service costs	246
77	Administration expenses	124
	<i>Financing and Investment Income and Expenditure</i>	
1,263	- net interest expense	163
7,646	<i>Total Post-employment Benefit Charged to the Surplus or Deficit on the Provision of Services</i>	3,170
	<i>Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	
	Remeasurement of the net defined benefit liability comprising:	
3,737	- return on plan assets (excluding the amount included in net interest expense)	1,995
(1,352)	- Other actuarial gains/(Losses) on assets	0
(572)	- actuarial gains and losses arising on changes in demographic assumptions	(2,149)
(90,175)	- actuarial gains and losses arising on changes in financial assumptions	(947)
18,782	- gains/losses on defined benefit obligation	460
(69,580)	<i>Total Other Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	(641)
(61,934)	<i>Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	2,529
	<b>Movement in Reserves Statement</b>	
(7,646)	- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(3,170)
	- actual amount charged against the General Fund Balance for pensions in the year:	
4,851	employers' contributions payable to scheme	5,112
(2,795)		1,942

## Pension Assets and Liabilities recognised in the Balance Sheet

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

2022/23 £'000	Local Government Pension Scheme	2023/24 £'000
(152,691)	Present value of the defined benefit obligation	(155,817)
137,105	Fair value of plan assets	142,814
<b>(15,586)</b>	Other movements in the liability (asset)	<b>(13,003)</b>
<b>(15,586)</b>	Net liability arising from defined benefit liability	<b>(13,003)</b>

The liability shows the Council's underlying long-term commitment to pay retirement benefits. Although the liability has a negative impact on the Council's equity position, statutory arrangements for the funding of the deficit mean that the financial position of the Council remains healthy.

The deficit on the Local Government Pension Scheme will be made good by increased contributions, as assessed by the scheme actuary.

## Assets and liabilities in relation to retirement benefits

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

2022/23 £'000	Local Government Pension Scheme	2023/24 £'000
134,629	Opening fair value of scheme assets	137,105
4,657	Interest income	7,160
	Remeasurement gain/(loss)	
(3,737)	- return on plan assets, excluding the amount included in net interest expense	(1,995)
4,851	Contributions from employer	5,112
1,153	Contributions from employees into the scheme	1,175
(5,723)	Benefits paid - funded	(5,619)
0	Benefits paid - unfunded	
1,352	Other actuarial gains/(losses)	0
0	Settlement Price Received/Paid	0
(77)	Administration expenses	(124)
<b>137,105</b>	Closing fair value of scheme assets	<b>142,814</b>

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

2022/23 £'000	Local Government Pension Scheme	2023/24 £'000
(218,489)	Opening balance at 1st April	(152,691)
(5,484)	Current service cost	(2,637)
(5,925)	Interest cost	(7,323)
(1,163)	Contributions from scheme participants	(1,175)
	Remeasurement (gains)/loss	
6,019	- actuarial gains/losses arising from changes in demographic assumptions	2,149
87,016	- actuarial gains/losses arising from changes in financial assumptions	947
(482)	Past service cost	(246)
5,043	Benefits paid - funded	5,417
202	Benefits paid - unfunded	202
(19,428)	Experience loss/(gain) on defined benefit obligation	(460)
<u>(152,691)</u>	Closing balance at 31st March	<u>(155,817)</u>

The Pension Fund's assets consist of the following categories, by value of the total assets held:

2022/23 £'000			2023/24 £'000
2,460	Cash and cash equivalents	1.6%	2,274
87,488	Equity instruments:	58.2%	83,081
751	- gilts	7.3%	10,464
<u>18,007</u>	- other	14.4%	<u>20,563</u>
13,685	Property	9.0%	12,813
4671	- infrastructure	4.5%	6403
10,043	Target return portfolio	5.1%	7,216
<u>137,105</u>	Total assets		<u>142,814</u>

## Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Pension Fund's liabilities were assessed by Barnett Waddingham, an independent firm of actuaries. A full actuarial valuation is carried out every 3 years, the results of the last valuation are effective from 1 April 2022. The next actuarial valuation of the fund will be carried out as at 31 March 2025 and will set contributions for the period 1 April 2026 to 31 March 2029.

The significant assumptions used by the actuary have been:

2022/23		2023/24
	Assumed life expectations from age 65 are:	
	Retiring today	
21.1	- Men	20.8
23.5	- Women	23.3
	Retiring in 20 years	
22.3	- Men	22.0
25.0	- Women	24.7
	Additional assumptions	
	- Members will exchange half of their commutable pension for cash at retirement	
	- Active members will retire one year later than they are first able to do so without reduction	
2.90%	Rate of inflation - Consumer price index (CPI)	2.95%
3.90%	Rate of increase in salaries	3.95%
2.90%	Rate of increase in pensions	2.95%
4.80%	Rate for discounting scheme liabilities	4.90%

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



2022/23			2023/24	
Increase in assumption £'000	Decrease in assumption £'000	Local Government Pension Scheme	Increase in assumption £'000	Decrease in assumption £'000
		Longevity (increase or decrease in 1 year)		
158,236	147,357	- Present value of total obligation	162,424	149,515
3,152	2,936	- Projected service cost	3,093	2,861
		Rate for discounting scheme liabilities inflation (increase or decrease by 0.5%)(0.1% for 2021/22)		
141,444	165,470	- Present value of total obligation	144,398	168,785
2,543	3,634	- Projected service cost	2,484	3,556
		Rate for discounting scheme liabilities inflation (increase or decrease by 0.5%)(0.1% for 2021/22)		
153,917	151,516	- Present value of total obligation	157,026	154,658
3,053	3,032	- Projected service cost	2,985	2,965
		Rate for discounting scheme liabilities inflation (increase or decrease by 0.5%)(0.1% for 2021/22)		
164,428	142,372	- Present value of total obligation	167,770	145,301
3,630	2,546	- Projected service cost	3,571	2,469

The projected pension expenses for the year ended 31 March 2024 are:

	Year to 31 Mar 2024 £'000
Service Cost	2,975
Net Interest on the defined liability (asset)	523
Administration Expenses	124
	<u>3,622</u>
Employer contributions	<u>4,506</u>

## 32. Related Parties

Under the Accounting Standard IAS24 'Related Party Transactions' the Council must declare any Related Party Transactions between the Council and elected Members, Senior Officers of the Council or any of their close relatives.

### United Kingdom Central Government

United Kingdom Central Government has significant influence over the general operations of the Council, 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 Council has with other parties (e.g. council tax bills, housing benefits).

### Members and Senior Officers

All Members and Senior Managers were written to requesting details of any relationships that could result in a related party transaction, for 2023/24. 65 forms (out of 77) were returned with nothing significant declared.

There is a standing item on each Committee agenda requiring Members to declare any interest in any item to be discussed. The Democratic Services Manager keeps a record of all declarations made at meetings and a Register of Members' Interests, which is available for public inspection.

### **33. Interest in Companies**

The council has interest in several companies, a wholly owned subsidiary, A Better Choice for Property Ltd, and its wholly owned subsidiary, A Better Choice for Property Development Ltd. Ashford Cinema Ltd which is also a wholly owned subsidiary of the Council and Ashford International Development Company Ltd where the Council has a 65% share, the remainder 35% shares are held by Quinn Estates Kent Ltd.

There are no significant restrictions on the Council's ability to access or use assets and settle liabilities of the Group.

#### *A Better Choice for Property Limited*

The property company has a Facilities Agreement with the Council that enables it to drawdown loans to the value of £150m. As at 31 March 2024 the Company had drawn down £39.4m of loans which are at market rates, of this drawn facility £33m remains outstanding.

The Facilities Agreement does not provide liquidity issues for the Council as drawdowns by the Company can be matched against borrowing by the Council.

In terms of security of loans, the Facilities Agreement has certain financial covenants, which must be reported on an annual basis, one covenant being the ratio of all outstanding loans under the facilities agreements to the market value of the properties not exceeding 1:1. On the 31 March this ratio was 0.90:1 and therefore in compliance with the financial covenants.

The Council as sole shareholder in the Company and as at 31<sup>st</sup> March 2024 had acquired 1,039,549 shares with a nominal value of £1 per share.

The Company including its subsidiary had equity of £2,242,402 as at 31 March 2024 representing a gain of £1,202,853 over its original investment value.

#### *Ashford Cinema Ltd*

Ashford Cinema Ltd was incorporated in February 2024 and was set up to take assignment of the Cinema lease from the incumbent tenant and to continue to operate the Cinema with the support of professional consultants. The transfer of the lease and assets was completed on 23 April 2024.

#### *Ashford International Development Company Ltd*

AIDC was set up to manage the Newtown Works Development with the aim to convert the former Newtown Railway Works into mix of residential and commercial development. The Company has a £72m Facilities Agreement with the Council that has a trigger point when the development gets to RIBA Stage 4. As at 31<sup>st</sup> March 2024 the Company had drawdown £13.8m of loans.

### **34. Contingent Liabilities**

The Council has entered into two agreements with Kent County Council and South East England Development Agency (SEEDA), now transferred to Homes and Communities Agency (HCA), which includes provision for the repayment of Regional Infrastructure Funding (RIF), used to pay for works to the Drivers Roundabout and the M20 junction 9 and footbridge. Regional Infrastructure Funding was paid to KCC for the schemes by SEEDA. A condition of these agreements is that, money collected from developers in respect of these works, through the planning process by Ashford Borough Council, and a share of CIL funds received, will be paid to HCA. The Council's liability is limited to the total amount received, and a proportion of the total CIL funds received, in each case.

The Council has entered into an agreement with Homes and Communities Agency (HCA), which include the provision for the repayment of funding used to pay for works relating to the construction of Junction 10A. A condition of these agreements is that, money collected from developers, in respect of these works through the planning process by Ashford Borough Council, and a share of CIL funds received, will be paid to HCA. The Council's liability is limited to the total amount received and a proportion of the total CIL funds received, in each case.

The Council entered a 10 year leases with 5 yearly rent reviews of the third and part fourth floor of the Commercial Quarter office development CQ38, by way of underwriting the rent, rates and service charge costs of some 18,000 sq. ft. In the event of any unmet occupational costs arising from rent, rates and service charges in respect of this space, the Council would be liable for a maximum of £450,000 per annum. This liability terminates at the head lease fall-in dates (3rd floor) 18 February 2029 and (4th floor) 18 June 2028 respectively.

The Council is party to an Asset Protection Agreement with Stanhope PLC and High Speed 1 (HS1). This agreement resulted in the Council undertaking a commitment to HS1 to underwrite the costs of remedying any incidents that affect the High Speed line as a result of construction activity by Stanhope on the Elwick site. Construction in respect of phase 1 has been completed. This obligation applies to Phase 2 although as at 31 March 2024 no construction activities had commenced on Phase 2.

### **35. Events after the Balance Sheet Date**

There are no significant events to be reported.

### 36. Cash Flow Statement – Adjustment to Net Deficit on the Provision of Services for Non-Cash Movement

2022/23 £'000		2023/24 £'000
	<i>Adjustment for items that are operating activities</i>	
(10,053)	Depreciation	(11,834)
10,821	Impairment and downward valuations	(10,708)
(119)	Amortisation	(121)
649	Items relating to Capital Adjustment Account	(22,663)
48	Increase/(decrease) in impairment for bad debts	(139)
11,675	(Increase)/decrease in debtors	(21,126)
(12,871)	Increase/(decrease) in creditors	9,015
(2,313)	Movement in pension liability	2,188
(2,088)	Carrying amount of non-currents and Held for Sale sold or derecognised	(887)
(201)	Contributions to/from Provisions	1,107
12,517	Other non-cash items charged to the net surplus of deficit on the provision of services	1,291
(4,403)	(Increase)/decrease in FVPL investments	53
3,013	<i>Total non-cash adjustments of operating activities</i>	(31,161)

### 37. Cash Flow Statement - Adjustment to Net Deficit on the Provision of Services for Investing & Financing Activities

2022/23 £'000		2023/24 £'000
	<i>Adjustment for items that are investing and financing activities</i>	
4,077	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,042
891	Capital grants and contributions applied	6,087
4,968	<i>Total non-cash adjustments of investing and financing activities</i>	10,129

### 38. Cash Flow Statement – Interest

2022/23		2023/24
£'000		£'000
4,294	Interest paid	5,716
(1,421)	Interest received	(1,815)
(1,455)	Dividend received	(1,578)
<u>1,420</u>		<u>2,323</u>

### 39. Cash Flow Statement - Investing Activities

2022/23		2023/24
ABC		ABC
£'000		£'000
22,778	Purchase of property, plant and equipment, investment property and intangible assets	43,077
1,427	Purchase of shares in subsidiary	0
203	Purchase of short-term and long-term investments	48
	Other payments for investing activities	
(4,077)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,042)
0	Proceeds from short-term and long-term investments	0
(891)	Other receipts from investing activities	(6,087)
<u>19,440</u>	<i>Net cash flows from investing activities</i>	<u>32,996</u>

### 40. Cash Flow Statement - Financing Activities

2022/23		2023/24
ABC		ABC
£'000		£'000
(153,732)	Cash receipts of short- and long-term borrowing	(202,136)
1,089	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on Balance Sheet PFI contracts	1,039
141,100	Repayments of short- and long-term borrowing	198,800
<u>(11,543)</u>	<i>Net cash flows from financing activities</i>	<u>(2,297)</u>

## 41. Cash Flow Statement - Makeup of Cash and Cash Equivalents

31 March 2023		31 March 2024
£'000		£'000
341	Cash held by the Council	80
(2,168)	Bank Current Accounts	(1,309)
5,982	Bank Call Accounts	4,904
<u>4,155</u>	Cash and cash equivalents at the end of the reporting period	<u>3,675</u>

## Supplementary Single Entity Statements

### Housing Revenue Account

The Housing Revenue Account (HRA) is a record of the revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants; the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa).

2022/23 £'000		2023/24 £'000	£'000
	<i>Expenditure</i>		
5,315	Repairs and maintenance	7,999	
6,748	Supervision and management	8,275	
187	Rents, rates, taxes and other charges	161	
2,836	Special services	3,596	
7,590	Depreciation	9,106	
(14,315)	Impairment/Reversal of Charges of non-current assets	6,359	
118	Debt management costs	133	
334	Movement in the allowance for bad debts	(41)	
	Other revenue expenditure funded from capital under statute		
	HRA self-financing - revenue expenditure funded from capital under statute		
8,813	<i>Total Expenditure</i>		35,588
	<i>Income</i>		
(27,969)	Dwelling rents	(29,610)	
(7)	Non-dwelling rents	(7)	
(1,338)	Charges for services and facilities	(1,508)	
(45)	Leaseholder charges for services and facilities	(59)	
(443)	Contributions towards expenditure	(555)	
0	Sale of land	0	
(3,000)	PFI Subsidy receivable	(3,000)	
(32,802)	<i>Total Income</i>		(34,739)
(23,989)	Net Cost of HRA Services as included in the Comprehensive Income and Expenditure Statement		849
707	HRA services' share of Corporate and Democratic Core		711
163	HRA share of other amounts included in the whole authority Cost of Services but not allocated to specific services		(87)
(23,119)	Net Cost for HRA Services		1,473
	<i>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:</i>		
(1,524)	Gain or (loss) on sale of HRA non-current assets		(1,176)
	Other capital receipts		
4,060	Interest payable and similar charges		5,109
1,120	Interest payable on PFI contracts and Finance Leases		990
(67)	Interest and investment income		(376)
148	Net interest on the net defined benefit liability (asset)		23
(321)	Capital grants and contributions receivable		(5,695)
(19,703)	(Surplus) or deficit for the year on HRA services		348

## Movement on the HRA Statement

2022/23 £'000		2023/24 £'000
(2,118)	Balance on the HRA at the end of the previous year	(2,042)
(19,703)	(Surplus) or deficit for the year on the HRA Income and Expenditure Statement	348
19,779	Adjustments between accounting basis and funding basis under statute	1,337
76	Net (increase) or decrease before transfers to or from reserves	1,685
0	Transfers to or from reserves	0
76	(Increase) or decrease in year on the HRA (MIRS)	1,685
(2,042)	Balance on the HRA at the end of the current year	(357)

## Notes to the Housing Revenue Account

### 1. Number and type of Housing Stock, Balance Sheet Opening and Closing Values

31 March 2023 Units		31 March 2024 Units
5,207	Total Dwellings	5,239

31 March 2023 £'000		31 March 2024 £'000
455,154	Operational assets - dwellings, land and buildings	464,111
2,679	Non-Operational assets	0
3,315	Assets Under Construction	9,992
461,148		474,103

### 2. Vacant Possession Value of Dwellings

The vacant possession value of dwellings within the Council's HRA as at 31 March 2024 was £1,256m (£1,251m as at 31 March 2023). The difference between this and the Balance Sheet value shows the cost of providing council housing at less than open market rents.

The valuation exercise was completed by an external valuer, Wilks Head and Eve LLP.



### 3. Major Repairs Reserve

2022/23 £'000	Movements in year	2023/24 £'000
(1,910)	Balance at the end of the previous year	(5,230)
(7,567)	Amount transferred to the Reserve during the year	(9,088)
0	Debits in respect of any repayment, made in the year, of the principal of any amount borrowed where the repayment was met by payment out of the	3,850
4,219	Debits to the Reserve in respect of capital expenditure on HRA land, houses and other property	3,471
28	Reversal of depreciation (other than Council Dwellings)	505
<b>(5,230)</b>	<b>Balance at the end of the financial year</b>	<b>(6,492)</b>

### 4. Summary of Capital Expenditure and Financing

2022/23 £'000		2023/24 £'000
	<i>Capital investment:</i>	
4,286	Expenditure on Existing Dwellings	3,470
1,881	Expenditure on New Stock Purchases	13,799
1,783	Expenditure on new developments (including Assets Under Construction)	7,338
	Expenditure on Vehicles, Plant & Machinery	195
0	Expenditure on Purchases of Land	2
<b>7,950</b>		<b>24,804</b>
	<i>Sources of Finance:</i>	
(1,209)	Capital Receipts	(2,791)
(4,220)	Major Repairs Reserve	(3,470)
(321)	External Contributions - HCA Grants and COMF	(6,065)
(2,200)	Borrowing	(12,477)
0	Revenue Contribution from the Housing Revenue Account	0
<b>(7,950)</b>		<b>(24,804)</b>

### 5. Capital Receipts from Disposal of Assets

2022/23 £'000		2023/24 £'000
(3,059)	Receipts from Right-to-buy sales	(1,606)
(18)	Receipts from Repayment of Discounts	(43)
(50)	Receipts from the sale of Housing land	(1)
0	Other non right-to-buy sales	(379)
<b>(3,127)</b>	<b>Total receipts</b>	<b>(2,029)</b>
41	Costs of disposal	18
<b>(3,086)</b>		<b>(2,011)</b>

## 6. Valuations

Land and Buildings are held individually and the total housing stock (including land and garages) had increases and decreases in valuation.

The net adjustments of these valuations as reported saw an increase to the Housing Revenue Account of £4,628,805 recognised in the Revaluation Reserve and £6,358,794 written out through the Consolidated Income and Expenditure Statement.

## 7. Pensions

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when benefits are eventually paid as pensions. However, the charge the Council is required to make against the Housing Revenue Account 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 Housing Revenue Account Balance. The following transactions have been made in the Income and Expenditure Account and the Statement Movement.

2022/23 £'000		2023/24 £'000
	Comprehensive Income & Expenditure Statement	
	<i>Cost of Services:</i>	
680	- current service cost	377
9	- administration expenses	18
	<i>Financing and Investment Income and Expenditure</i>	
148	- net interest expense cost	23
837	<i>Total Post-employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	418
	Movement in Reserves Statement	
(837)	- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the Code	(418)
	- actual amount charged against the General Fund Balance for pensions in the year:	
567	employers' contributions payable to scheme	728

## 8. Rent Arrears

During the year 2023/24 arrears totalling £52,507 (£59,592 – 2022/23) were written off to the impairment allowance for bad debts held outside the HRA as they were considered to be uncollectable. The balance on the provision at 31 March 2024 was £1,188,287 (£1,238,463 at 31 March 2023).

31 March 2023		31 March 2024
£'000		£'000
1,279	Gross arrears	1,253
(1,238)	Provision for Bad Debts	(1,188)

## Collection Fund

This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund; it shows the transactions in relation to non-domestic rates, including distribution to government; and council tax, illustrating the way this has been distributed to precepting authorities and the General Fund.

2022/23		2023/24	
Business Rates £'000	Council Tax £'000	Business Rates £'000	Council Tax £'000
<i>Income</i>			
	(97,325)		(103,478)
(49,821)		(51,332)	
(49,821)	(97,325)	(51,332)	(103,478)
<i>Expenditure</i>			
Precepts, Demand & Shares			
4,439	71,110	4,774	75,033
	11,103		11,891
493	4,007	530	4,269
19,730	11,127	21,216	11,553
24,663		26,520	
49,325	97,347	53,040	102,746
Charges to the Collection Fund			
234	88	214	101
113	98	(64)	639
2,023		(529)	
98		116	
199		204	
77		(4,808)	
2,744	186	(4,867)	740
Contributions			
(16,771)	4,702	926	36
35,298	102,235	49,099	103,522
(14,523)	4,910	(2,233)	44
13,285	(3,505)	(1,204)	1,405
(1,238)	1,405	(3,437)	1,449
<i>Apportionment of Balance to Preceptors/Borough Council</i>			
(111)	1,027	(309)	1,062
	161		170
(12)	59	(34)	58
(495)	158	(1,375)	159
(620)		(1,719)	
(1,238)	1,405	(3,437)	1,449

# Notes to the Collection Fund

## 1. Collection Fund - Allocation of Arrears, Prepayments and Other Balances

for the year ended 31st March 2024

2023/24	2023/24					Total
	Ashford Borough Council	Kent County Council	Police & Crime Commissioner for Kent	Kent & Medway Fire and Rescue Service	Central Government	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Council Tax:</b>						
Council Tax Arrears (excl. costs)	1,035	6,796	1,081	379	0	9,291
Council Tax Overpayments and Prepayments	(297)	(1,951)	(310)	(109)	0	(2,667)
Council Tax Provision for Bad and Doubtful Debts	(386)	(2,536)	(403)	(142)	0	(3,467)
Council Tax Cash	(512)	(3,371)	(538)	(186)	0	(4,607)
Council Tax Collection Fund Surplus	160	1,062	170	58	0	1,450
	0	0	0	0	0	0
<b>Business Rates (NDR):</b>						
NDR Arrears (excl. costs)	1,200	259	0	29	1,440	2,928
NDR Overpayments and Prepayments	(565)	(127)	0	(14)	(707)	(1,413)
NDR Provision for Bad and Doubtful Debts	(308)	(69)	0	(8)	(385)	(770)
NDR Provision for Alteration of Lists and Appeals	(1,753)	(394)	0	(44)	(2,191)	(4,382)
NDR Cash	2,853	640	0	71	3,562	7,126
NDR Collection Fund Surplus	(1,427)	(309)	0	(34)	(1,719)	(3,489)
	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0

for the year ended 31st March 2023

2022/23	2022/23					Total
	Ashford Borough Council	Kent County Council	Police & Crime Commissioner for Kent	Kent & Medway Fire and Rescue Service	Central Government	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Council Tax:</b>						
Council Tax Arrears (excl. costs)	888	5,771	915	328	0	7,902
Council Tax Overpayments and Prepayments	(322)	(2,091)	(331)	(119)	0	(2,863)
Council Tax Provision for Bad and Doubtful Debts	(318)	(2,065)	(327)	(117)	0	(2,827)
Council Tax Cash	(406)	(2,641)	(418)	(151)	0	(3,616)
Council Tax Collection Fund Deficit	158	1,026	161	59	0	1,404
	0	0	0	0	0	0
<b>Business Rates (NNDR):</b>						
NNDR Arrears (excl. costs)	977	211	0	23	1,170	2,381
NNDR Overpayments and Prepayments	(624)	(140)	0	(16)	(780)	(1,560)
NNDR Provision for Bad and Doubtful Debts	(334)	(75)	0	(8)	(417)	(834)
NNDR Provision for Alteration of Lists and Appeals	(2,860)	(643)	0	(71)	(3,574)	(7,148)
NNDR Cash	3,336	758	0	84	4,221	8,399
NNDR Collection Fund Deficit	(495)	(111)	0	(12)	(620)	(1,238)
	0	0	0	0	0	0
<b>Total</b>	0	0	0	0	0	0

## 2. NNDR Rateable Value

The Council collects business rates for its area, based on rateable values and multipliers set by central government (details below). The Council is a member of the Kent Business Rates Pool. The total amount for 2023/24, less certain reliefs and other deductions, is shared between Central Government (50%), Ashford Borough Council (40%), Kent County Council (9%) and the Kent Fire and Rescue Authority (1%).

2022/23 £'000		2023/24 £'000
	<i>Total Non-Domestic Rateable Values at:</i>	
135,061	- 1st April	138,808
138,808	- 31st March	144,388
<u>3,747</u>	Increase/(decrease) in year	<u>5,580</u>

2022/23 <i>p</i>		2023/24 <i>p</i>
	Uniform rate (multiplier) set by the government:	
49.9	For rateable values below £18,000	49.9
51.2	For rateable values £18,000 and above	51.2

## 3. Band D Council Tax

The band D level of council tax is the average level of tax charged as prescribed in legislation. When calculating the tax base, the number of properties is converted into band D equivalents and this is used when authorities set their council tax. If a property is within a parished area, an additional charge will be made for the Parish Council.

2022/23 £		2023/24 £
1,461.24	Kent County Council	1,534.23
228.15	Kent Police Authority	243.15
82.35	Kent and Medway Fire Authority	87.30
177.50	Ashford Borough Council	182.50
<u>1,949.24</u>	Council Tax - basic amount	<u>2,047.18</u>
51.16	(including Parish Precepts)	53.55
<u>2,000.40</u>	Council Tax - Borough average	<u>2,100.73</u>

#### 4. Council Tax Base

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	2022/23			2023/24		
	<i>Estimated Number of properties (Net of exemptions, discounts &amp; reliefs) (a)</i>	<i>Multipliers (b)</i>	<i>Band D equivalents properties (a x b)</i>	<i>Estimated Number of properties (Net of exemptions, discounts &amp; reliefs) (c)</i>	<i>Multipliers (d)</i>	<i>Band D equivalents properties (c x d)</i>
A with disabled relief	2.30	5 /9	1.25	3.00	5 /9	1.67
A	3,641.30	6 /9	2,427.50	3,556.50	6 /9	2,371.00
B	12,022.00	7 /9	9,350.44	12,207.60	7 /9	9,494.82
C	12,478.80	8 /9	11,092.22	12,455.30	8 /9	11,071.33
D	9,273.20	9 /9	9,273.17	9,401.90	9 /9	9,401.93
E	6,387.00	11 /9	7,806.33	6,473.50	11 /9	7,912.06
F	5,465.30	13 /9	7,894.25	5,600.80	13 /9	8,089.97
G	3,226.00	15 /9	5,376.67	3,271.80	15 /9	5,452.92
H	177.80	18 /9	355.50	184.80	18 /9	369.50
Tax Base before Council Tax Support			53,577.34			54,165.19
Tax Base before Council Tax Support			53,577.34			54,165.19
Less Council Tax Support			(4,422.18)			(4,514.29)
Tax Base after Council Tax Support			49,155.16			49,650.90
Estimated Collection Rate			0.990			0.985
Council Tax Base			48,664.00			48,906.00



# **Independent Auditor's report to the Members of Ashford Borough Council**

# Glossary

**Actuary** – a business professional who advises on the measurement and management of risk and uncertainty. In Ashford's case Barnett Waddington undertake this work for the Local Government Pension Scheme.

**Agency Services** – services which are performed for another Authority or public body, where the principal Authority responsible for the service reimburses the agent Authority doing the work for the cost of the work carried out.

**Amortised** – the deduction of capital expenses over a specific period. Similar to depreciation, it is a method of measuring the consumption of the value of long-term assets like equipment or buildings and intangible assets e.g. software.

**Appointed Auditors** – external auditors of Local Authorities appointed by the Public Sector Audit Appointments Ltd, in Ashford's case, Grant Thornton carries out this function.

**Budget** – a statement defining the Council's financial plans for the year of expenditure and income.

**Capital Expenditure** – spending on the acquisition, construction, enhancement or replacement of tangible assets such as land, buildings or major items of equipment, which will be used to provide services for a number of years. Under statutory determination expenditure on assets not belonging to the council can be treated as capital expenditure.

**Capital Financing** – funds used to pay for capital expenditure.

**Capital Receipts** – the proceeds from the disposal of land or other assets. Capital receipts can be used to finance new capital expenditure within the rules set down by the Government, but they cannot be used to finance revenue expenditure. Capital Receipts can be used for debt repayment.

**CIPFA** – The Chartered Institute of Public Finance and Accountancy is the leading professional accountancy body for public services in the UK. CIPFA has responsibility for setting good practice accounting standards for Local Government. And has approval from the Financial Reporting Advisory Board to issue the Accounting Code of Practice, which prescribes the content and format of the Statement of Accounts.

**Collection Fund** – a statutory fund maintained by a Billing Authority, which is used to record local taxes and non-domestic rates collected by the Authority, along with payments to major precepting authorities, the national pool of non-domestic rates and its own general fund.

**Componentisation** – An accounting term that covers the practice of splitting an asset into its component parts (e.g. Walls, Roof, Lift, Boiler) to determine the appropriate value and depreciation basis for each component.

**Contingent Liability** – a potential liability at the Balance Sheet date. If the liability cannot be estimated reasonably accurately, it must be disclosed as a note to the Statement of Accounts.

**Council Tax** – the main source of local taxation to Local Authorities. Council Tax is levied on all domestic households within the Council's area.

**Council Tax Support** – assistance provided to adults on low incomes to help them pay their Council Tax bill. A resident that qualify for this are entitled to a discount on their council tax bill.

**Credit Risk** - the possibility that other parties might fail to pay amounts due to the Council.

**Creditors** – money owed by the Council to others.

**Debtors** – money owed to the Council by others.

**Fair Value** - is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

**Financial Assets** – is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

**Force Majeure** – is a common clause in contracts which essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties, such as war, strike, riot, crime, act of nature e.g. flooding, earthquake, volcano, prevents one or both parties from fulfilling their obligations under the contract.

**General Fund** – the main revenue fund of the Authority. Day-to-day spending on services is met from the fund. Spending on the provision of social housing, however, must be charged to a separate Housing Revenue Account.

**Gross Expenditure** – the total cost of providing the Council's services before taking into account income from Government grants and fees and charges for services.

**Housing Benefit** – the allowance to persons on low income or unable to meet, in whole or part, their rent. Benefit paid to the Authority's own tenant is known as rent rebate and that paid to private sector tenants as rent allowance.

**Housing Revenue Account (HRA)** – account which sets out the expenditure and income arising from the provision of housing. The HRA is funded by specific housing grants and rents payable by the Council's tenants.

**Impairment** – An accounting term that covers the loss in value of an asset either through consumption of its economic life or a change in its usefulness. For example, fire damage.

**Internal Audit** – a specialist section of the Council that examines, evaluates and reports on the adequacy of internal control systems and the proper, economic, efficient and effective use of resources.

**International Financial Reporting Standards** – The accounting standards that have been produced and adopted to govern accounting and move to a globally similar basis.

**Liquidity Risk** - the possibility that the Council might not have funds available to meet its commitments

**Market Risk** - the possibility that losses may arise due to changes in interest rates and market prices.

**MRP** – Minimum Revenue Provision. This is the calculation that Councils make for the repayment of debt.

**National Non-Domestic Rate (NNDR)** – a levy on businesses, based on a national rate in the pound set by the Government multiplied by the 'rateable value' of the premises they occupy. Since the localisation of Business rates was introduced, NNDR is collected by Billing Authorities and distributed to Central Government, County and Fire Authorities on the basis of a pre-set formula.

**Net Expenditure** – gross expenditure minus specific service income and grants, but before deduction of Revenue Support Grant and reallocated NNDR receipts.

**Outturn** – actual income and expenditure in a financial year.

**Partial Exemption**– a VAT term which ensures that a Local Authority does not recover VAT on Inputs that relate to the generation of exempt income more than the 5% of the total VAT recovered.

**Pension Fund** – an employees' pension fund maintained by an Authority, or group of Authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Authority, the employee and investment income. Ashford participates in a pension fund that covers all Kent Authorities.

**Pooled Investments** – a pooled investment fund collects money from multiple investors and puts it in one managed portfolio.

**Principal Arrangement** – this is where the Council is administering grants on behalf of another body but has an element of control over the award, and therefore the cost and receipt of grant are reflected in the costs of service. Where no control over allocation exist then this is an Agency arrangement and costs would not be shown in the councils cost of service.

**Precept** – the levy made by precepting authorities on Billing Authorities, requiring the latter to collect income from Council taxpayers on their behalf. County councils, police authorities, fire and rescue authorities are major precepting authorities and Parish Councils are local precepting authorities.

**Private Finance Initiative (PFI)** – a Central Government initiative which aims to increase the levels of funding available for public services by attracting private sources of finance. In 2018 the Government announced that new PFIs could no longer be created, however existing contracts would continue.

**Provisions** – amounts set aside for specific liabilities or losses which are likely or certain to be incurred, but the amounts or the dates on which they will arise are uncertain. The value of the Provision must be the best estimate of the likely liability or loss.

**Reserves** – amounts set aside to meet general, rather than specific future expenditure. These include “other reserves”, to be spent on specific services or functions and “general reserves” or “balances”, which every Authority must maintain as a matter of prudence. Sums may be put into or taken from reserves at the Council’s discretion. The Council also maintains **unusable reserves** that are established by the code of practice to offset non-current assets.

**Revenue Expenditure** – the day-to-day running costs of providing services.

**Revenue Expenditure Funded from Capital under Statute** – expenditure that does not result in the creation of a Property Plant and Equipment but is classified as capital expenditure for Capital Control purposes.

**Revenue Support Grant (RSG)** – a grant paid by Central Government to aid Local Authority services in general, as opposed to specific grants, which may only be used for a specific purpose.

**Specific Grants** – grants from Central Government which may only be used for a specific purpose.

**Treasury Management** – management of the Council’s cash balances on a daily basis, to obtain the best return while maintaining an acceptable level of risk.

**Usable Reserves** – funds available to the Council and represent specific amounts set-aside for future policy purposes or earmarked purposes, including the General Fund and the Capital Receipts Reserve.

**Unusable Reserves** – These are non-cash reserves that are kept to manage the accounting processes for non-current assets, investments, retirement benefits, employee benefits and collection fund adjustments and do not represent usable resources for the Council.