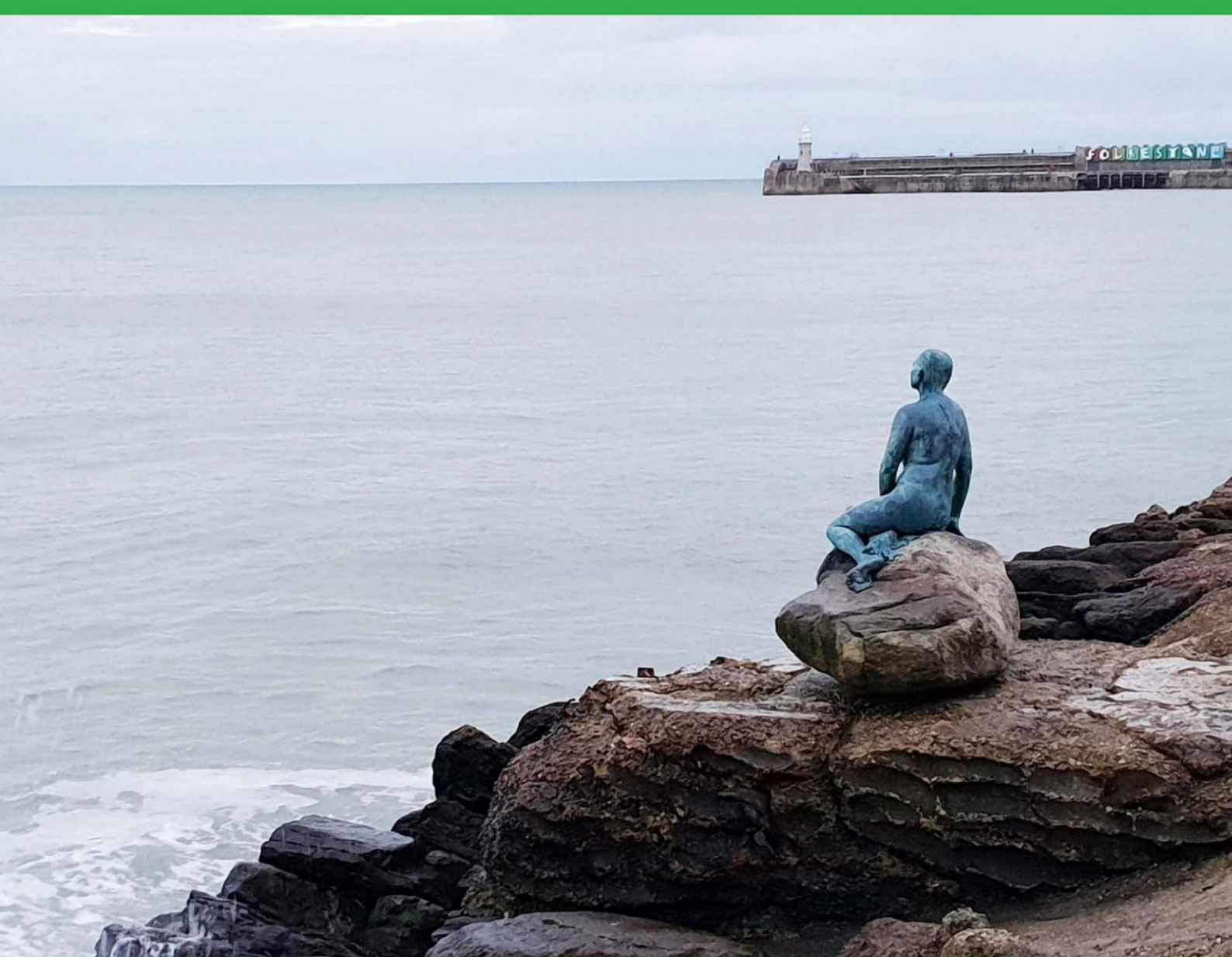


# Statement of Accounts 2024-25



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# Narrative Report

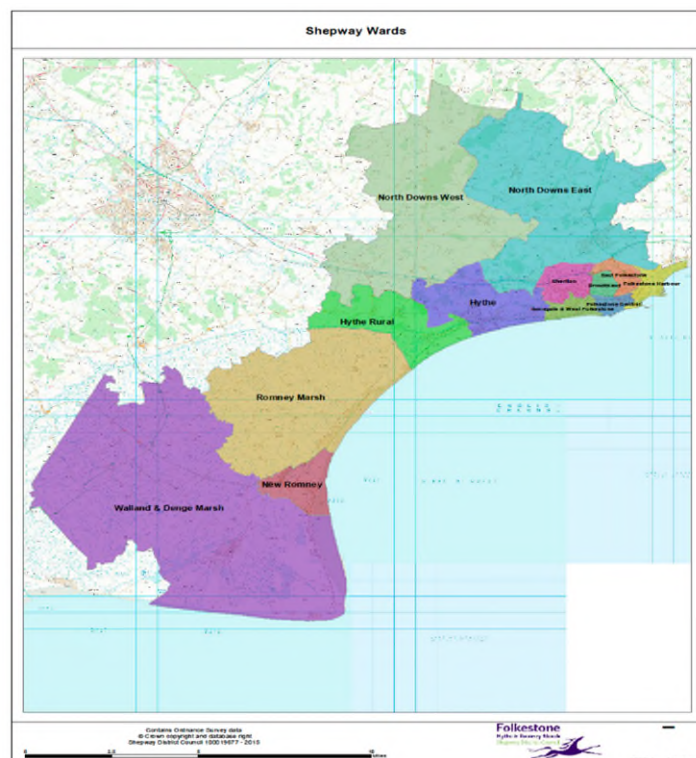
## ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

### Our District

Folkestone & Hythe district is a coastal district in south eastern England and home to a diverse collection of towns, villages, and environments. Chiefly rural in nature, the district is large and covers approximately 363 sq. km (140 sq. miles). The district stretches from the East Sussex border (near Rye) in the south west, across the low-lying Romney Marsh and through to Folkestone and the escarpment and the hills of the Kent Downs in the north. The settlements and districts of Ashford, Dover and Canterbury adjoin Folkestone & Hythe in eastern Kent. The district has distinctive contrasting rural landscapes and urban environments.

### Our People

The majority of the district's 113,320<sup>1</sup> residents live in urban areas (63%), with the remaining 37% to be found living in rural areas. Approximately 1 in 10 people in the district live in isolated dwellings, hamlets, or small villages (below 1,000 people).



### Economic and Environmental Factors

The district as a whole suffers from considerable deprivation relative to the national average and there is also significant inequality within the district with deprivation concentrated in the urbanised coastal areas and the rural south. Rural areas have poorer access to services and facilities. The district suffers from high levels of disability / long term illness, reflecting, in part, the relatively high proportion of older people living in the district.

The district has a number of economic strengths, including its good transport links (M20 motorway, High Speed rail links to London, and proximity to the Channel Tunnel), affordable land/building costs relative to the wider South East region, a large working age population and a high-quality natural environment. Economic weaknesses include its relative remoteness, relatively low rates of entrepreneurship and few residents with higher skills<sup>2</sup>.

There is a long history of flooding within the district. Over half of homes in the district are at risk of flooding from either coastal or fluvial sources. 55% of the district is at or below sea level and the majority of district's 41km coastline lies below the mean high-water mark. Virtually all of the Romney Marsh area is within flood zone 3 due to its topography.

<sup>1</sup> 2020 Mid-Year Population Estimates - ONS

<sup>2</sup> Shepway Economic Development Strategy 2015-2020



## Purpose and Vision

The Council's vision for the district is:

*Creating Tomorrow Together*



## Key Objectives

Our vision builds on previous plans and reinforces the importance to the Council of focusing our resources on what matters to our residents, investors, and visitors. The Corporate Plan sets out our far-reaching and long-term ambitions for Folkestone & Hythe and is a plan both for recovery in the medium term and for our resilience and prosperity through the next decade. The plan recognises the excellent services, strength in partnerships and resilience in our communities that exists, to build on that strong platform in creating a welcoming, safe, and distinctive district.

Our plan is focused on four service ambitions which are priority areas of action that relate to the key services that the council plans, delivers and commissions and six guiding principles that guide everything that we do:



- **Positive community leadership**
  - Improve physical and mental health and wellbeing
  - Safer communities
  - Supporting and empowering our communities
- **A thriving environment**
  - Ensure an excellent environment for everyone
  - Grow the circular economy and reduce waste
  - Increase our resilience to climate change
- **A vibrant economy**

- Reinvigorate our high streets
- Support a vibrant and diverse business community
- Help people access jobs and opportunity
- Grow the skills we need for the future
- **Quality homes and infrastructure**
  - Improve outcomes and support for homeless people
  - Deliver sustainable, affordable housing
  - Deliver a safe, accountable housing service
  - Digital inclusion and connectivity
  - Deliver a sustainable new development at Otterpool Park



### External Environment

The external issues we face in line with many other local authorities across the country are:

- Challenging financial environment;
- Ageing population with associated demands on local services;
- Increasing demand for housing outstripping supply;
- Rising house costs, particularly in the private rental market;
- High demand for affordable housing and increasing levels of homelessness;
- Providing the necessary social infrastructure to keep pace with the scale of growth ambition; and
- Mitigating the concerns over growth with the positive impact they can have.

## GOVERNANCE

### Our Political Leadership

The political leadership of the Council during the financial year 2024/25 was through the Executive which consisted of the Leader, Deputy Leader and a further seven Portfolio Holders. The Cabinet was made up of 7 Green party members and 2 Liberal Democrat members.

There are 13 wards and 30 Councillors representing the district.

### Our Managerial Leadership

The managerial leadership is made up of the Corporate Leadership Team (“CLT”); Chief Executive [the Head of Paid Service] and three Corporate Directors. In 2024/25, CLT was supported by 1 Assistant Director and 7 Chief Officers.

### Governance Arrangements

Member/officer relations are underpinned by a protocol; which forms part of the Council's constitution. Regular briefings between senior officers and portfolio holders ensure that cabinet members are up to date with developments, discuss future reports and provide officers with political direction. Members are also involved in outside meetings of particular importance e.g., the Collaboration Board for Otterpool Park. The Council is member-led allowing officers to focus on operational aspects.

Non-executive members sit on groups that consider key Council business. Overview & Scrutiny Committee meetings are held 6 times a year with a committee work plan to include clearly scoped topics and Finance & Performance Sub-Committee (FPSC) meet quarterly to consider budget and performance monitoring reports. The FPSC consider the majority of financial papers ahead of their debate at Cabinet and has an important and defined role in the budget making process and contributes to its formulation prior to consideration by Cabinet.

The Council has a dedicated Audit and Governance Committee which considers the Annual Governance Statement, the local code of corporate governance and the constitution. The Annual Governance Statement has an action plan attached to it which sets out proposals for the forthcoming year. The Monitoring Officer reports to the Committee each year if they consider that the constitution needs updating.

Further detail regarding the Governance of the Council can be found within the Annual Governance Statement on <to follow>.

## OPERATIONAL MODEL AND FINANCIAL PERFORMANCE

### Budget

The Budget Strategy is considered by the Cabinet annually during the Autumn and provides the Budget and Policy Framework as well as a timetable outlining key dates in setting a budget for the coming year.

The Strategy builds on the Medium-Term Financial Strategy and seeks to work with Assistant Directors, Chief Officers, and Budget Managers in determining appropriate levels of fees and charges as well as identify growth and savings proposals to be considered by Members in setting the balanced budget. This approach has enabled the Council to arrive at a sustainable budget position focused on its Corporate Plan objectives. A balanced budget was set for both 2024/25 and 2025/26.

## **Annual Performance Report 2024-25**

The Council has continued to pursue an ambitious corporate agenda in 2024-25, which is a testament to the hard work and resilience of teams across the organisation in contributing towards corporate priorities.

Some of the highlights from the year include:

- **Folkestone & Hythe Youth Forum:** A new forum aimed at encouraging young people to get involved in shaping the future of Folkestone & Hythe was launched during the year. The idea was backed at by councillors at meeting of Full Council on 19th February 2025 following the groundwork laid by the council's Overview and Scrutiny Committee. The group will meet in person twice a year to share views on its priorities for the district – enhancing democracy and promoting the importance of local government.
- **Award for supporting the district's most vulnerable residents:** The council was recognised for its work in supporting vulnerable residents. At the Institute of Revenues Rating and Valuation (IRRV)'s national awards ceremony, the Council Tax, Benefits and Welfare Team were named the winners of the Benefits and/or Welfare Reform Team of the Year and Excellence in Social Inclusion categories.
- **Green Flags:** Successful retention of the prestigious Green Flag Award for four parks and green open spaces within the district: The Lower Leas Coastal Park, Kingsnorth Gardens, Radnor Park and the Royal Military Canal. The award is the international quality mark for parks and green spaces which display the highest environmental standards, are beautifully maintained and have excellent visitor facilities.
- **'Raise the Rate' Recycling Campaign:** In August 2024, the council launched a new recycling campaign called 'Raise the Rate' to improve the district's overall recycling rate by encouraging residents to be extra careful about putting the right things in the correct bins. The campaign included the launch of *an A-Z guide for recycling and waste*, as well as a one-stop shop for recycling and waste resources on the council's website.
- **Folkestone 'A Brighter Future':** A major step forward was reached in the Folkestone – A Brighter Future project during the year with a start date for the scheme announced and a planned engagement event. The project will provide a huge boost to the regeneration of Folkestone town centre. Work will begin on the scheme on Monday 7 April 2025 and is due to finish in Summer 2026. A public engagement event was held at Folkestone town hall from 10am to 6pm on Friday 4 April and 10am to 3pm on Saturday 5 April. The final designs for the scheme were on display as well as more detail about the various planned phases of work.
- **Support for rural businesses and communities:** Funding from the government's Rural England Prosperity Fund has been distributed to local authorities across the country to support capital projects put forward by businesses and community organisations. In the twelve months from January 2024, a total of £362,868 was distributed to 22 schemes in the district to help address challenges in rural communities.



- **Kent Housing Group Excellence Awards success for Housing team:** In September 2024, the council's housing team won an award for leading a decarbonisation project to improve the energy efficiency of council-owned homes. The Asset and Social Housing Decarbonisation staff were judged to be a top team at the Kent Housing Group Excellence Awards winning the Asset Management category.
- **Commitment to green, affordable homes:** Nine new council homes have been purchased as part of an ongoing commitment to provide affordable, energy-efficient homes. The properties are located at Middlesex House, Arras Close in Folkestone and were purchased through an affordable housing planning agreement. The flats are highly insulated, heated via air source heat pumps, and have communal solar panels installed to provide low-cost electricity to tenants.
- **Social housing decarbonisation project (Wave 2.1):** A further 120 council-owned homes were brought up to date during the year with a range of energy efficient measures which will help tenants manage their energy bills. Measures such as insulation, solar panels, and air source heat pumps have been installed where appropriate with the work being paid for by the council partially match funded with a grant from Wave 2.1 of central government's Social Housing Decarbonisation Fund (SHDF). The council set to improve the energy efficiency of a further 180 of its homes in 2025. In total 425 council homes will benefit from the project.
- **Purchase of affordable homes at Risborough Barracks:** In October 2024, Cabinet members approved the purchase of 44 properties at Risborough Barracks, secured with the planning consent obtained for the site in Shorncliffe and funded by the council's Housing Revenue Account. The homes will be let to applicants on the council's housing list through Kent Homechoice once they are completed. A mixture of properties for affordable rent and shared ownership will be made available.
- **Homes England collaboration agreement to bring forward Otterpool Park:** In December 2024, Cabinet members agreed into a collaboration agreement with Homes England. This six-month agreement will give the council access to the additional skills and expertise necessary to attract the level of investment required to deliver a development the size of Otterpool Park.

## RISKS AND OPPORTUNITIES

### Service provision

The Corporate Plan for 2024/25 outlined the clear commitment of the Council to achieve financial stability.

**Transparent, stable, accountable, and accessible** – To make sure we deliver the right services, we will be accountable to our citizens – and that accountability comes from clear, straightforward access to relevant information.

To deliver this objective, our priorities were to:

- Maintain our financial stability
- Communicate effectively with our communities
- Transform service delivery and improve customer access

- Drive a high-performance, accountable culture.

An updated Corporate Plan was agreed by Full Council on 25 June 2025. This plan sets out the direction for the council and how it should work to shape the future of the district for its residents and businesses for the period 2025 – 2030 and is available on our website.

The Council has a Strategic Risk Management Policy in place. Risks are identified and assigned a Director lead officer as well as a lead Cabinet member. The risks are scored, and actions noted, with the current Risk Register being considered at the Audit & Governance Committee. Additionally, key risks are outlined within Committee reports.

Financial risks are highlighted separately within the Budget Strategy, Budget Setting, Budget Monitoring and Medium-Term Financial Strategy reports.

### **What are we currently working on?**

The following gives some examples of our strategic projects which contribute towards a sustainable financial future for the Council:

**Otterpool Park** – The Council has formed Otterpool Park Limited Liability Partnership (“the LLP”) to act as the master developer for the Project in accordance with its Business Plan and the agreements it has with the Council, principally the Strategic Land Agreement and the financing arrangements. Otterpool Park is a new garden town, which will be central to shaping a sustainable future for the district. It is recognised as a priority within the Council’s Corporate Plan ‘Creating Tomorrow Together’ and will make a significant contribution to achieving positive outcomes.

A full financial model was completed in 2019 to consider the long-term potential returns from the development. During 2020 the Council acquired its partner’s stake in the site and now has full control of the project. Also, during 2020 the Council established a Limited Liability Partnership (LLP) to manage the delivery of the project. The LLP’s first Strategic Business Plan was approved by the Council in January 2021 and the first review of this was approved by Cabinet in January 2022.

The draw-down of funds from the Council will be linked to key milestones contained in separate detailed funding agreements which will be the subject of expert advice to be commissioned by the Interim Director, Finance and Governance (the S151 Officer of the Council) to regulate the milestones for draw down, the terms for repayment, security, and all other provisions which it would be prudent to include.

The MTFS incorporates income from Otterpool Park, which is represented as interest on the loans the Council will make to the LLP to facilitate infrastructure and land acquisition. As outlined within the risks, this is a volatile area with many dependencies affecting the financial position; the sums do have an impact upon the MTFS itself, so will be monitored closely.

During 2024/25, Cabinet agreed to approve for the Council to enter into a time-limited Collaboration Agreement with Homes England. The outcome of this activity will support ongoing work to secure the necessary investment to identify a delivery route for Otterpool Park; the work is continuing, with the Collaboration Agreement having now been entered into.

**Climate Change** – The Climate and Ecological Emergency Working Group met for the first time in October 2019 and made a commitment to reach net zero carbon emissions for the Council's own operations by 2030.

Since then, the baseline year 2018/19 was established, the carbon footprint from the Council's own operations and estate was calculated and the Carbon Action Plan was adopted setting out 33 actions to reduce our carbon emissions. Progress is being made on the 33 high-level actions set out in the Carbon Action Plan which should have a positive impact on reducing emissions over the next few years.

Officers are currently in the process of reviewing the Carbon Action Plan to find viable projects to reduce emissions and costs for the Council and are also working to update and better monitor the Council's Carbon footprint reductions efforts.

**Town Centre Regeneration** – Designs for the public spaces under Folkestone A Brighter Future (our highways and public realm scheme for Folkestone Town Centre) are being finalised, taking into consideration feedback received from public consultation taken to date. Four public consultation events were held with the latest in early April '25 to share the final design; these events encompassed specific focus groups for schoolchildren. Works commenced April 2025, with ongoing communications planned to inform the public of the project progress. The play area for the new "green heart" at Bouverie Sq. was subject to a public consultation during April '25 to help inform the end scheme.

**Biggins Wood** – The Council purchased a former brickworks site that has been vacant for over 20 years. Due to remediation costs, this site did not prove attractive to the private sector. Planning permission was secured to build 77 homes with employment space. With close proximity to Jct 13 (M20), this is an example of how we could bring a redundant site back into use to provide much-needed new homes and flexible modern commercial space with easy access to main transport routes. The site was sold to a developer in December 2024.

**Princes Parade Development** - The Princes Parade site is the subject of a long and complex history. The Leader has committed to "proper conversations" with the local community about "restoring the biodiversity and future of this much-loved community asset." No further activities on the site are currently being progressed.

A public consultation was held on the future of the site; the consultation invited discussions about the best use of the land. The Council is committed to engage with the district's residents to obtain their views and make a decision that reflects the aspirations of the community.

The results of the public consultation about the future use of the 18 acres of council-owned land were published in May 2025. There were 1472 responses to the survey. The survey was available to complete online or was supplied in print for those without digital access.

**Highview** - The Council purchased the former Highview School site in Folkestone in December 2017. Following procurement of the site, works have been carried out to prepare for development.

The proposals were to deliver a development of 30 Council homes for affordable rent and shared ownership purchase. The Council was unable to deliver the scheme as originally

conceived due to significantly changed economic context with financial pressures arising from acute and sudden interest rate increases, significant inflationary pressures within the construction sector and other competing HRA budgetary demands to meet current and emerging stock reinvestment obligations.

The site is now going through the sales process to a developer to bring forward.

**Coast Drive** - Coast Drive Coast Drive carpark in Greatstone, that falls within the Council's ownership. The project is an opportunity to create a coastal destination centre, facilitate inward investment, improve the local economy and to bring forward a sustainable place making intervention.

The proposals will contribute toward a thriving local economy by offering the visitor hub including café/concessions, education space, toilets including Changing Places Toilet facilities, showers, enhanced parking facilities, electric vehicle charging points, public realm improvements and 93 beach huts. The proposals will also see the installation of info boards and signage to further enhance the visitor whilst educating on the importance of the nationally designated ecological sites.

In June 2024, the proposals were presented to the planning and licencing committee and approved subject to the finalisation of a section 106 agreement.

Delivery of the scheme is due to be completed in the 2025/26 financial year.

**Ship Street Development** - The Council purchased the former Gas Works site at Ship Street in Folkestone in 2021. The site, close to the town centre, has lay derelict since the late 1950's and demonstrates clearly market failure, with no private developers willing to bring the site forward for development. The site has been allocated in the local plan for housing. The Council was awarded a £2.5million grant from One Public Estate under the Brownfield Land Release Fund for remediation works on the site.

Officers are currently working with Consultants to bring forward a housing led planning application for up to 150 units on the site. Plans include a green link to improve active travel between Folkestone Central train station, the town centre and Folkestone Harbour. The development will open up the site improving permeability into the existing neighbourhood, and integration with surrounding properties.

### **Risks associated with the agenda.**

The following risks have been identified by the Council associated with a more ambitious agenda.

- 1 ~ Managing expectations and prioritising the wealth of opportunities.
- 2 ~ Promoting excellence of the Council.
- 3 ~ Timescales for financial returns
- 4 ~ Not losing sight of the day job.
- 5 ~ Staff Recruitment & Retention
- 6 ~ Appetite for risk



## **STRATEGY AND RESOURCE ALLOCATION**

Nationally, Councils have continued to face extreme financial challenges in 2024/25 with high inflation, increases in interest rates and increasing demand for services partly fuelled by the cost-of-living crisis. The Council was not immune to these pressures; CPI peaked at 3.0% during 2024/25 and ended the year at 2.6%, above the Bank of England's 2.0% target. There were impacts on costs across all services.

Despite the significant pressures faced during 2024/25 the Council ended the year within budget which is a clear demonstration of the exceptionally strong financial management and financial resilience which is embedded in the authority.

The funding outlook for the medium term remains very uncertain but will clearly continue to be challenging, particularly in light of the current inflationary and service demand pressures. Despite 2024/25 being a challenging year, the Council has retained a prudent level of reserve balances which will support the delivery of the Medium-Term Financial Strategy and support financial resilience in future years, as we will continue to feel the impacts of inflationary pressures in the economy, including cost inflation, interest rates and at the same time also face the uncertainties of potential changes to the local government funding system and increasing demand for services. It is clear that the financial climate ahead will still be one of significant financial challenge.

The Council has consistently planned its finances on a medium to long-term basis ensuring reserves are maintained at a level which supports financial sustainability while protecting services from reductions. The current Medium Term Financial Strategy (MTFS) pushes the planning horizon to March 2029. The MTFS was reported to Council on the 26 February 2025.

The MTFS is considered the Council's key financial planning document. It defines the financial resources needed to deliver the Council's corporate objectives and priorities and covers the financial implications of other key strategies. It covers key areas of the Council's finances and in particular updates the financial projections which are of importance at this stage of the process and considers emerging issues including legislative requirements and the new corporate plan. Every effort has been taken to incorporate the impact of the wider economic environment as well as other key factors such as the impact of Otterpool over the medium term. However, the MTFS is a high-level planning document, and it is accepted that there will be a need to continue to monitor and review our assumptions on these projections and be agile.

There is long-term pressure upon the finances of the Council as the MTFS shows. The pressures are a combination of continued downward projections of central government support for local authorities, inflationary cost pressures, increased borrowing costs due to interest rate rises and demand for services. Despite a strong recovery, there are also still concerns about the future economic growth and its impact on residents and businesses in the district.

The current MTFS forecast identifies the future pressure that the Council would be facing, and it is clear to see that the Council faces a marked increases in cost and price pressures in years 2027/28 onwards. It should be noted at this stage that due to the projected financial resources and economic pressures, the current MTFS forecast shows a cumulative funding gap of £5.4m over the lifetime of this MTFS.

Much of this pressure is faced year on year and therefore needs to be addressed through the base budget in the early part of each year. The Council does have reserves to help mitigate the impact of the deficits in the MTFs, but these reserves will diminish over time absorbing the deficit over the four-year period. It should also be noted that the Council has a Reserves Policy, which sets out the required level of reserves.

Financial planning for both revenue and capital expenditure is integrated with Treasury Management as part of the annual budget setting process. The Council has adopted a strategic and integrated approach to asset management with an Asset Management Board, which has included the Cabinet Member for Assets and Local Government Reorganisation, a Corporate Director (Housing and Operations) and the Council's Corporate Property Officer amongst other key players overseeing the delivery of the Asset Management Strategy.

### **Approach to Monitoring**

The Council manages its spending within its resources. Budget Managers are responsible for submitting projections against the agreed budget in the Collaborative Planning Module (linked to the Financial System). This information is reviewed by Finance and three different reports are generated to ensure all levels of the organisations (Managers through to Members) have an understanding of the financial position in the year. The information is shared on a regular basis with CLT and onto FPSC and then Cabinet.

### **PERFORMANCE**

The Council has a Performance Management Framework. Key Performance Indicators (KPIs) are reviewed annually to ensure we are focused on key priorities and those aspects that need to be monitored more closely, e.g., for improvement purposes.

The outturn performance for the Council's KPIs is usually reported to the July Cabinet meeting.

The Council's outturn performance for 2024/25 includes:

Description	Target	2023-24 Comparison	2024-25 Summary	Target Met
Council tax collection	97.3% (Annual)	96.8%(Cumulative)	96.45% (Cumulative)	X
Business Rates collection rate	97.5% (Annual)	98.3% (Cumulative)	99.23% (Cumulative)	✓
Average number of days taken to process new claims for Housing Benefit	17 Days (Monthly)	12.2	8.7	✓
Average time for anti-social or offensive graffiti to be removed from the time of being reported	48 Hrs (Quarterly)	30 hours (Average)	24 hours (Average)	✓

## NARRATIVE REPORT

Percentage of compliant air quality monitoring sites	100% (Quarterly)	100% (Average)	100% (Average)	✓
% of major planning applications to be determined within statutory period <i>(including any agreed extension of time)</i>	60% (Quarterly)	95% (Average)	96.3% (Average)	✓
Average number of rough sleepers in the period	<6	15	15	X
Average number of households in Temporary Accommodation	<35	36 (Average)	64 (Average)	X
Council home new builds and acquisitions started on site	20 (Annual)	15	44	✓

## FINANCIAL PERFORMANCE

### General Fund – Revenue

The latest approved budget for the net cost of services to deliver the core services of the Council and meet its strategic objectives was £25.942m.

The outturn position for 2024/25 again provides a clear indication of the Council's strong financial stewardship during the year. Delivering expenditures in line with agreed budgets is an important performance indicator and the net actual expenditure by service area is shown in the table below; the figures are net of specific income i.e. service grants and sales fees and charges.

General Fund Net Cost of Services	Latest Approved Budget	Provisional Outturn	Variance
<b>A) Service Team Budgets</b>			
<b><u>Governance &amp; Finance</u></b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Governance & Finance	6,901	7,916	1,015
<b><u>Strategy &amp; Resources</u></b>			
Governance, Law & Democracy	2,483	2,438	(45)
People & Customer Services	2,295	2,297	2
Planning and Building Control	638	775	137
Leadership Support	451	614	163
<b><u>Housing &amp; Operations</u></b>			
Reg & Community Services	5,411	4,296	(1,115)
Housing	3,188	3,025	(162)
Place and Growth	2,965	2,969	4
Corporate Estates & Development	1,609	1,534	(75)
<b>Sub-Total - Heads of Service</b>	<b>25,942</b>	<b>25,865</b>	<b>(77)</b>
Unallocated Net Employee Costs	(197)	-	197
Recharges to Non General Fund Accounts	(6,611)	(6,686)	(75)
Proposed C/F		836	836
<b>Total for Service</b>	<b>19,134</b>	<b>20,015</b>	<b>881</b>

## **Financing of the Net Revenue Expenditure - 2024/25**

<b>B) Technical and Funding Budgets</b>			
Internal Drainage Board Levies	586	567	(19)
Interest Payable and Similar Charges	2,381	1,809	(572)
Interest and Investment Income	(3,043)	(2,918)	125
New Homes Bonus Grant	(136)	(136)	-
Other Non-Service Related Government Grants	(5,759)	(5,633)	126
Town and Parish Council Precepts	2,994	2,994	-
Minimum Revenue Provision	2,325	1,764	(561)
Capital Expenditure Financed from Revenue	1,055	635	(420)
<b>NET REVENUE EXPENDITURE BEFORE USE OF RESERVES</b>	<b>19,537</b>	<b>19,097</b>	<b>(440)</b>
C) Net Transfer to/from(-) Earmarked Reserves	(544)	(307)	237

Further detail can be found in the Outturn report to Cabinet on 16 July 2025.

## **General Fund Capital**

Capital expenditure is expenditure on non-current assets that have a life expectancy of more than one year and benefit not just current but future taxpayers within the district. The assets are usually funded from grants, reserves built up over a period of time or from borrowing. Capital expenditure forms a large part of our spending on the provision of services and, in line with our revenue budget setting process, our Capital Programme for 2024-25 was compiled to maximise and make the best use of the available funding to deliver projects that contributed towards the key priorities of the Council.

The Capital Outturn for the General Fund Capital Programme for 2024/25 is £13.576m an underspend of £3.474m compared to the latest budget of £17.050m, and the following table summarises the position across the Service Units and also outlines the impact on the capital resources required to fund the programme.



## NARRATIVE REPORT

General Fund Capital Programme 2024/25	Latest Approved Budget 2024/25	Provisional Outturn 2024/25	Variance Budget to Provisional Outturn
Service Units	£'000	£'000	£'000
Governance & Finance	326	187	(139)
Housing & Operations	390	95	(295)
Housing	1,864	1,723	(141)
Place and Growth	5,425	2,371	(3,054)
Corporate Estates & Development	9,045	9,200	155
<b>Total Capital Expenditure</b>	<b>17,050</b>	<b>13,576</b>	<b>(3,474)</b>
Capital Funding			
Capital Receipts	(1,215)	(761)	454
Capital Grants	(6,690)	(4,193)	2,497
External Contributions	(392)	0	392
Revenue (Direct & Reserves)	(909)	(635)	274
Borrowing	(7,844)	(7,987)	(143)
<b>Total Funding</b>	<b>(17,050)</b>	<b>(13,576)</b>	<b>3,474</b>

### Capital Programme Financing of the Expenditure/Projects - 2024/25

As can be seen from the table above, the Capital Programme was financed from a combination of borrowing, grants, capital receipts and revenue contributions.

The main reason for the projected variance is slippage in spending upon capital schemes which will require the reprofiling of expenditure from 2024/25 to 2025/26.

The key movements relate to slippage in the capital programme particularly in relation to Levelling Up Funding ('Folkestone – A Brighter Future'). Some capital schemes are more difficult to project accurately in terms of the timing of expenditure and, in some cases, the final cost. This is particularly the case with some of the property related initiatives where external factors such as negotiations over price, conveyancing and planning can have an impact on the timing and final cost of a scheme. The Council remains on track to deliver the schemes within its overall approved Medium Term Capital Programme.

Further details can be found in the July 2025 Cabinet report.

## **Housing Revenue Account - 2024/25**

A summary of the outturn financial position of the Housing Revenue Account is outlined below:

<b>HRA Net Revenue Expenditure 2024/25</b>	<b>Latest Approved Budget 2024/25</b>	<b>Provisional Outturn 2024/25</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Income	(20,375)	(20,463)	(88)
Expenditure	15,858	15,109	(749)
HRA Share of Corporate Costs	175	143	(32)
<b>Net Cost of HRA Services</b>	<b>(4,342)</b>	<b>(5,212)</b>	<b>(870)</b>
Interest Payable/(Receivable)	1,484	1,672	188
Pension Interest Cost	684	12	(672)
<b>HRA Surplus/Deficit</b>	<b>(2,174)</b>	<b>(3,528)</b>	<b>(1,354)</b>
Revenue Contribution to Capital	3,623	0	(3,623)
HRA share of pension reserve movement	(484)	204	688
<b>Decrease/(Increase) to HRA Reserve</b>	<b>965</b>	<b>(3,324)</b>	<b>(4,289)</b>

The table above shows that overall the draft position is a projected decrease in net expenditure to the HRA Reserve of £4.3m for the HRA against budget.

## **HRA Capital Programme 2024/25**

The table below shows that the HRA Capital programme has spent £7.183m less than the latest approved budget.

<b>HRA Capital Programme 2024/25</b>	<b>Latest Approved Budget 2024/25</b>	<b>Provisional Outturn 2024/25</b>	<b>Variance</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>HRA Capital programme</b>	<b>16,475</b>	<b>9,292</b>	<b>(7,183)</b>

The HRA capital outturn projection for 2024/25 forecasts £7.2m lower expenditure than the latest approved budget. It should also be noted that this includes the use of unbudgeted £1.747m in government grant funding. Largely this underspend relates to the delay in

completion of the purchase of new build units and capital project works slippages, many of which will now likely complete in 2025/26.

Further details can be found in the July 2025 Cabinet report.

## **TREASURY MANAGEMENT OUTLOOK**

The Council has an agreed Treasury Management Strategy that outlines our investment approach from a 'cash' investment perspective and is regularly monitored to maximise the opportunities arising from the available cash balances of the Council. This includes managing short-term cash flow as well as longer-term and higher-risk investments such as the Churches and Charities and Local Authorities (CCLA) Property Fund and the Multi-Asset Funds in order to maximise yield in a low-interest environment whilst maintaining security and liquidity.

The Council also takes a robust view of capital investments, and this is included as part of a medium-term capital programme and is refreshed annually during the budget process. For the current General Fund and Housing Revenue programme agreed in February 2025, there is capital investment planned for the next three years totalling £97.1million. This sits alongside the planned revenue budget and use of reserves which are considered by the Council throughout its budget process to ensure a sustainable approach to its finances.

### **Future financial resilience**

The Council has coped well with various challenges, and it had maintained a level of reserves which has and continues to provide it with some protection against the difficult economic times and short-term gaps in funding.

Revenue reserves play an important part in the Council's Financial Strategy by ensuring that we have some resilience to cope with unpredictable financial pressures. The Council holds working balances to meet unforeseen spending requirements and to provide certainty for medium term financial planning. The level of working balances takes into account the strategic, operational, and financial risks facing the Council.

The level of reserves currently held by Folkestone and Hythe gives it a secure financial base, however, it is important to have an appropriate balance between supporting the financial position of the Council and planning the delivery of services. The Council has identified specific uses for much of the reserves including setting aside sums to support the regeneration of High Streets and sums to support the Council's carbon net zero ambitions amongst other key priorities. Whilst the Council will seek to continue to add to earmarked reserves and seek to deploy them for their intended purpose, in the current financial climate it may be necessary to deploy reserves for other important needs.

These reserves are held to manage future risks and expenditure priorities. Information about the reserves is presented at notes 6 & 30 in the Statement of Accounts and the level of reserves and balances are a key element in the CIPFA Financial Resilience Index.



### AUDIT OF THE STATEMENT OF ACCOUNTS

The Council appointed Grant Thornton UK LLP for the audit of the accounts for the year ended 31<sup>st</sup> March 2025.

### FURTHER INFORMATION

Further information about the statement of accounts is available from the Director of Finance, Civic Centre, Castle Hill Avenue, Folkestone, Kent CT20 2QY.

Please note that figures are rounded to the nearest thousand (where applicable) throughout the document and may not individually sum in a given table due to rounding (up to £5k).



# Statement of Responsibilities for the Statement of Accounts

This statement is given in respect of the Statement of Accounts 2024/25.

## COUNCIL RESPONSIBILITIES:

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Finance (s151), Alan Mitchell.
- Manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets
- Approve the Statement of Accounts by 30<sup>th</sup> June.

## CHIEF FINANCE OFFICER RESPONSIBILITIES

The Chief Finance Officer is responsible for the preparation of Folkestone & Hythe District Council's Statement of Accounts in accordance with proper practices as set out in the Chartered Institute of Public Finance and Accountancy *2024/25 Code of Practice on Local Authority Accounting in the United Kingdom* (the Code).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Code of Practice on Local Authority Accounting
- Kept proper accounting records which were up to date, and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

## CERTIFICATION OF ACCOUNTS

I certify that the Statement of Accounts gives a true and fair view of the financial position of Folkestone & Hythe District Council at 31<sup>st</sup> March 2025 and its income and expenditure for the year then ended.

Signed:

*Alan Mitchell*  
Director of Finance  
Date: 30 June 2025

## **APPROVAL OF ACCOUNTS**

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by the Audit Committee on (TBC).

Signed:

Councillor Liz McShane  
Chair, Audit and Governance Committee  
(TBC)

Date:

# Core Financial Statements



**FINANCIAL STATEMENTS**  
**MOVEMENT IN RESERVES STATEMENT (MiRS)**

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

	General Fund Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied Account £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s
<b>2024/25</b>								
Balance at 31 March 2024	(16,757)	(3,364)	(9,076)	-	(7,498)	(36,697)	(233,234)	(269,930)
<b>Movement in reserves during 2024/25</b>								
Total Comprehensive Income and Expenditure	(7,219)	1,935	-	-	-	(5,283)	(15,953)	(21,237)
Adjustments between accounting basis and funding basis under regulations (Note 5)	2,422	(5,232)	(2,712)	-	(5,206)	(10,728)	10,728	-
<b>(Increase) or Decrease in 2024/25</b>	<b>(4,797)</b>	<b>(3,297)</b>	<b>(2,712)</b>	<b>-</b>	<b>(5,206)</b>	<b>(16,011)</b>	<b>(5,225)</b>	<b>(21,237)</b>
<b>Balance at 31st March 2025 carried forward</b>	<b>(21,554)</b>	<b>(6,661)</b>	<b>(11,788)</b>	<b>-</b>	<b>(12,704)</b>	<b>(52,709)</b>	<b>(238,460)</b>	<b>(291,168)</b>

Note: Where appropriate the General Fund and HRA Fund Balances include Earmarked Reserves as shown in note 6.

**FINANCIAL STATEMENTS**  
**MOVEMENT IN RESERVES STATEMENT (MIRS)**

	General Fund Balance £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied Account £000s	Total Usable Reserves £000s	Unusable Reserves £000s	Total Authority Reserves £000s
<b>2023/24</b>								
Balance at 31 March 2023	(20,495)	(7,003)	(7,859)	-	(6,777)	(42,134)	(251,684)	(293,818)
<b>Movement in reserves during 2023/24</b>								
Total Comprehensive Income and Expenditure	915	4,402	-	-	-	5,317	18,573	23,890
Adjustments between accounting basis and funding basis under regulations (Note 5)	2,826	(763)	(1,218)	-	(721)	123	(123)	-
<b>(Increase) or Decrease in 2023/24</b>	<b>3,740</b>	<b>3,639</b>	<b>(1,218)</b>	<b>-</b>	<b>(721)</b>	<b>5,440</b>	<b>18,450</b>	<b>23,890</b>
<b>Balance at 31st March 2024 carried forward</b>	<b>(16,757)</b>	<b>(3,364)</b>	<b>(9,076)</b>	<b>-</b>	<b>(7,498)</b>	<b>(36,697)</b>	<b>(233,234)</b>	<b>(269,930)</b>



## FINANCIAL STATEMENTS

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure Statement (CIES) 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 to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the MiRS.

2023/24			2024/25		
Gross		Net	Gross		Net
Expenditure	Income	Expenditure	Expenditure	Income	Expenditure
£000s	£000s	£000s	£000s	£000s	£000s
<b>Continuing Operations</b>					
732	(64)	667	509	(114)	395
3,538	(138)	3,399	4,128	(155)	3,973
836	(136)	699	820	(118)	702
33,553	(26,760)	6,794	33,107	(26,185)	6,922
1,467	(1,258)	209	1,082	(1,253)	(171)
1,666	(1,555)	111	2,028	(1,286)	742
9,860	(5,790)	4,071	9,277	(6,104)	3,172
2,071	(3,058)	(987)	2,567	(3,979)	(1,411)
9,898	(3,018)	6,879	9,278	(3,156)	6,122
22,101	(18,517)	3,584	23,492	(20,463)	3,028
<b>85,722</b>	<b>(60,295)</b>	<b>25,428</b>	<b>86,287</b>	<b>(62,814)</b>	<b>23,474</b>
6,309	(717)	5,591	2,706	(3,103)	(397)
5,992	(3,970)	2,021	11,932	(4,788)	7,144
6,939	(34,662)	(27,723)	6,833	(42,337)	(35,504)
<b>104,962</b>	<b>(99,644)</b>	<b>5,317</b>	<b>107,758</b>	<b>(113,041)</b>	<b>(5,283)</b>
		21,431			(15,501)
		(2,858)			(453)
		<b>18,573</b>			<b>(15,954)</b>
		<b>23,890</b>			<b>(21,237)</b>

**Folkestone & Hythe District Council**

**Statement of Accounts 2024/25**

**FINANCIAL STATEMENTS**  
**BALANCE SHEET**

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

**FINANCIAL STATEMENTS**  
**BALANCE SHEET**

<b>31-Mar-24</b>		<b>31-Mar-25</b>
<b>£000s</b>	<b>Note</b>	<b>£000s</b>
217,074 Council dwellings	16	226,781
33,209 Other land and buildings	16	35,654
4,299 Vehicles, plant, furniture and equipment	16	4,642
7,555 Infrastructure assets	16	7,418
3,461 Community assets	16	3,461
58,624 Surplus assets	16	58,624
9,683 Assets under construction	16	10,411
2,998 Heritage assets	17	2,998
30,278 Investment property	18	27,109
223 Intangible assets	-	236
14,835 Long term investments	19	19,351
22,886 Long term debtors	20	20,444
<b>405,124 Long Term Assets</b>		<b>417,130</b>
109 Assets held for sale	16	2,069
6 Inventories	-	13
11,993 Short term debtors	21	13,232
6,208 Cash and cash equivalents	22	5,492
<b>18,315 Current Assets</b>		<b>20,805</b>
(38,007) Short term borrowing	23	(45,455)
(19,072) Short term creditors	25	(13,902)
(5,645) Capital grants received in advance	15	(5,423)
(1,381) Provisions	26	(1,333)
(885) Cash in transit	22	-
<b>(64,990) Current Liabilities</b>		<b>(66,113)</b>
(70,323) Long term borrowing	27	(62,881)
(9,077) Net pensions liability	30	(7,116)
(9,053) Long term creditors	24	(10,590)
(67) Provisions	26	(67)
<b>(88,521) Long Term Liabilities</b>		<b>(80,654)</b>
<b>269,928 Net Assets</b>		<b>291,168</b>
(36,694) Usable reserves	31	(52,709)
(233,234) Unusable reserves	32	(238,460)
<b>(269,928) Total Reserves</b>		<b>(291,168)</b>

I certify that the accounts present a true and fair view of the financial position of the Council and of its income and expenditure for the year ended 31 March 2025.

*Alan Mitchell*  
Director of Finance  
Date: 30 June 2025

## FINANCIAL STATEMENTS

### CASH FLOW STATEMENT

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

2023/24		2024/25
£000s	Note	£000s
<b>(5,317)</b>	Net surplus or (deficit) on the provision of services	<b>5,283</b>
<b>19,372</b>	Adjustments to net surplus or deficit on the provision of services for non-cash movements	<b>14,504</b>
<b>(7,589)</b>	Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	<b>(5,773)</b>
<b>6,465</b>	Net Cash flows from operating activities	<b>14,014</b>
<b>(15,900)</b>	Net Cash flows from Investing Activities	<b>(13,493)</b>
<b>4,016</b>	Net Cash flows from Financing Activities	<b>(353)</b>
<b>(5,421)</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>169</b>
10,745	Cash and cash equivalents at the beginning of the reporting period	5,323
<b>5,323</b>	Cash and cash equivalents at the end of the reporting period	<b>5,492</b>

As shown at note 22, the cash and cash equivalent comparative balance for 2023/24 includes a liability for cash in transit (as presented on the Balance Sheet).



# Notes to the Financial Statements





## **NOTES TO THE FINANCIAL STATEMENTS**

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

### **1. Accounting Policies**

#### **1.1 General Principles**

This Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 which require preparation in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the *Code of Practice on Local Authority Accounting in the United Kingdom 2024/25* supported by International Financial Reporting Standards (IFRS).

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments:

<b>Class of Assets</b>	<b>Valuation Basis</b>
Property, Plant and Equipment - Dwellings	Current value, comprising existing use value for social housing Dwellings are valued using market prices for comparable properties, adjusted to reflect occupancy under secured tenancies.
Property, Plant and Equipment – Land and Buildings	Current value, comprising existing use value  Where prices for comparable properties are available in an active market, properties are valued at market value taking into account the existing use. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost
Property, Plant and Equipment – Surplus Assets	Fair value
Investment Properties	Fair value
Financial Instruments – Available for Sale Assets	Fair value
Pensions Assets	Fair value

## **1.2 Accruals of Income and Expenditure**

Activity is accounted for at the point at which services are delivered to service recipients (not simply when cash payments are made or received) and with due regard to material levels of adjustment. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for income that might not be collected.
- Accruals are recognised where the value exceeds £5,000, however accruals may be considered on a case by case basis below this value.

## **1.3 Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contributions have been satisfied. The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

## **1.4 Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in

value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

### **1.5 Council Tax and Non-Domestic Rates**

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting council tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of council tax and NDR collected could be less or more than predicted.

#### **Accounting for Council Tax and NDR**

The council tax and NDR income included in the Comprehensive Income and Expenditure Statement is the Authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the Authority's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the MiRS.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

### **1.6 Exceptional Items**

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

### **1.7 Overheads and Support Services**

The costs of the Council's overheads and support services are fully charged, where relevant, to those that benefit from the supply or service.

### **1.8 Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MiRS. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account to score against

(Surplus) or Deficit on the Provision of Services in the CIES. The reserve is then transferred back into the General Fund balance so that there is no net charge against council tax for the expenditure. Certain reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits, council tax and business rates income and financial instruments. They do not represent usable resources for the Council. These reserves are explained in the relevant policies.

## **1.9 Property, Plant and Equipment**

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE).

### **Recognition**

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

The Council has set a de minimis level in respect of the recognition of capital expenditure of £10,000.

### **Measurement**

Items of PPE are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, where relevant.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the exchange transaction has no commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

- infrastructure, community assets and assets under construction - depreciated historical cost
- dwellings – current value, determined using the basis of Existing Use Value for Social Housing (EUV-SH)

- surplus assets – current value measurement basis is fair value, estimated at highest and best use from a market participant's perspective
- all other assets - current value, determined as the amount that would be paid for the asset in its existing use.

Where there is no market-based evidence of fair value, because of the specialist nature of the asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non property assets have short useful lives or low values (or both) depreciated historical cost is used as a proxy for fair value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains may be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

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

### **Impairment**

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.



## **Depreciation**

Depreciation is provided for on all PPE assets, by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain Community Assets), assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture, and equipment – straight line allocation usually over 5-7 years
- infrastructure – straight line allocation usually over 20 years

Where a PPE asset has a major component, whose cost is significant in relation to the total cost of the item, the components are depreciated separately, except for Council Dwellings where the key components are integral to the letting of the property so cannot be considered separately. Capital expenditure on integral components of Council Dwellings are written out as impairments in year as they do not add value to the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been charged based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

## **Disposal**

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

All sale proceeds in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow. Receipts below £10,000 are considered de minimis and treated as revenue.

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

## **1.10 Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset and will be capitalised

when it is probable that they will result in future economic benefits or service potential to the Authority and the costs can be measured reliably. All other borrowing costs will be recognised as an expense in the period in which they are incurred.

Borrowing costs are interest and other costs that an Authority incurs in connection with the borrowing of funds and may include:

- interest expense calculated using the effective rate of interest method, and
- finance charges in respect of finance leases.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

The commencement date for capitalisation of borrowing costs is the date when the Authority first meets all of the following conditions:

- it incurs expenditure for the asset
- it incurs borrowing costs, and
- it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs shall be suspended during extended periods in which active development of a qualifying asset is suspended.

Capitalisation of borrowing costs will cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete; this may require capitalisation to be carried out in relation to specific parts of a project if the parts are capable of being used while preparation continues on other parts.

### **1.11 Heritage Assets**

Heritage assets are defined as assets with historical, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for its contribution to knowledge and culture.

Heritage assets are initially recognised at cost or value in accordance with the Council's accounting policy on recognising Property, Plant and Equipment. Where information on the cost or value is not available, and the cost of obtaining the information outweighs the benefits to the users of the financial statements, that asset is not recognised on the Balance Sheet and an appropriate disclosure is made instead.

Heritage assets are then carried at valuation rather than current or fair value, reflecting the fact that sales and exchanges of heritage assets are uncommon. Valuations may be made by any method that is appropriate and relevant, including replacement cost, purchase cost and insurance valuation. There is no requirement for valuations to be carried out or verified by an external valuer, nor is there any prescribed minimum period between valuations, but the carrying amounts of heritage assets carried at valuation must be reviewed with sufficient regularity to ensure they remain current. In some cases, it may not be practicable to establish a valuation for a heritage asset, in which case the asset is carried at historical cost if this information is available.

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

### **1.12 Investment Property**

An investment property is one that is used solely to earn rentals or for capital appreciation or both. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment property is initially measured at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date.

As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Any gain or loss arising from a change in the fair value of investment property is recognised in the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

Rentals received are credited to the Financing and Investment Income and Expenditure line in the CIES.

Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MiRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **1.13 Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES in the year. Where the Council has determined to meet the cost of such expenditure from existing capital resources or borrowing, a transfer in the MiRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on council tax.

### **1.14 Employee Benefits**

#### **Benefits Payable during Employment**

Short term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and reflected as expenditure in the relevant service line in the CIES.

#### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These costs are charged on an accrual's basis to the relevant service line in the CIES.

### **Post-Employment Benefits**

Employees of the Council are members of the Local Government Pension Scheme, administered by Kent County Council (KCC). The Scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees work for the Council.

The Local Government Pension Scheme is accounted for as a defined benefits scheme:

- the liabilities of the KCC pension scheme 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 etc. and projections of earnings for current employees.
- the assets of the KCC pension fund attributable to the Council are included in the Balance Sheet at their fair value.
- the change in the net pension's liability is analysed into the following components:
  - i) Service cost comprising:
    - current service cost - the increase in liabilities as a result of years of service earned for the year - allocated in the CIES to the services for which the 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 (Surplus) or Deficit on the Provision of Services in the CIES as part of Non-distributed Costs
    - net interest on the net defined liability - the expected increase in the present value of liabilities during the year as they move one year closer to being paid offset by the interest on assets held at the start of the year and cash flows occurring during the period. The net interest expense is charged to the Financing and Investment Income and Expenditure line in the CIES.
  - ii) Re-measurements comprising:
    - the return on plan assets excluding amounts included in net interest and actuarial gains and losses (changes in the net pensions liability that arise because the actuaries have updated their assumptions). These are charged to the CIES as Other Comprehensive Income and Expenditure.
  - iii) Contributions paid to the KCC pension fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated in accordance with the relevant standards. This means that in the MiRS there are appropriations to or from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The debit balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

### **1.15 Events after the Reporting Period**

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

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

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

The authorised for issue date is when the accounts are signed by the Council's section 151 Officer for approval by Members and published with the audit opinion and certificate which should be by no later than 27 February 2026.

### **1.16 Financial Assets**

Dividends are credited to the CIES when they become receivable by the Council.

Financial assets are classified into one of three categories:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement. Any



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

- Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- Fair Value through Profit and Loss (FVPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of de-recognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

### **1.17 Financial Liabilities**

Financial liabilities are recognised when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable, plus any accrued interest, and interest charged to the CIES is the amount payable for the year in the loan agreement. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts the estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

### **1.18 Provisions**

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made about the amount of the obligation.

Provisions are charged to the appropriate service line in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

### **1.19 Value Added Tax**

Value added tax is included in income and expenditure accounts only to the extent that it is irrecoverable.

### **1.20 Interests in Companies and Other Entities**

Where the Council has a material interest in companies and other entities that have the nature of subsidiaries, associates and joint ventures, group accounts will be prepared. In the Council's own single entity accounts, the value of shares in subsidiary companies are recorded as long-term investments, long-term loans provided to the subsidiaries are held as long-term loans and any debtor and creditor balances between the Council and the subsidiaries are also included within the relevant balance. In the group account, the single entity Council accounts are combined with the accounts of the subsidiary companies and any intra-group transactions and balances are excluded as part of the consolidation process to give the overall group position. The investment properties held by subsidiaries are held at fair value. The Council's investment in the subsidiaries are recorded as financial assets at Fair Value through Profit and Loss.

### **1.21 Leases**

As a lessee, the Council previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Council. Under IFRS 16, the Council recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Council decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

The Code requires the Council to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant year. Standards that have been issued but not yet adopted are:

- a) Definition of Accounting Estimates (Amendments to IAS 8) issued in February 2021.
- b) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) issued in February 2021.
- c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) issued in May 2021.
- d) Updating a Reference to the Conceptual Framework (Amendments to IFRS 3) issued in May 2020.

It is anticipated that these amendments will not have a material impact on the information provided in the financial statements.

### **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:

#### **Folkestone Parks and Pleasure Grounds Charity**

The Council is the sole trustee of the Folkestone Parks and Pleasure Grounds Charity, a charitable trust that owns and operates certain parks and pleasure grounds previously managed by the Council. It has been determined that the Council does not control, jointly control, have significant influence over, or have the right to variable returns from the Charity, the inclusion of the Charity in the group accounts is not required. Councillors who sit on the Board of Trustees act on behalf of the Trust in their decision making, rather than in the interests of the Council. Further information is disclosed in Note 40.

#### **Princes Parade Development**

The Council owns a development site at Princes Parade, Hythe which the Council was planning to develop for Housing and Amenity use including the development of a new Leisure Centre. Due to difficult economic conditions for development projects, the Council in 2022/23 decided to pause the development of the site to consider potential options. Depending on future decisions to be taken by the Council, in relation to these options it may be necessary to charge some of this capitalised expenditure to the revenue budget, if the expenditure ultimately becomes abortive.

#### **Oportunitas Limited**

The Council has set up a wholly owned subsidiary entity to generate additional income streams for the Council and to provide residential housing in the district. It is deemed that the relationship between the Council and Oportunitas is material enough to warrant the preparation of group accounts.

#### **Otterpool Park LLP and Otterpool Park Development Company**

In 2019/20 the Council set up a delivery vehicle to deliver its objectives for the Otterpool Park Garden Town. FHDC and Otterpool Park Development Company Ltd were appointed members in February 2020, with FHDC owning 99.9% of the company. In 2024/25 the transactions for this project are material and its results have been consolidated into the group accounts.

The Council is required by the Minimum Revenue Provision Regulations 2019 to set aside statutory provision for debt repayment for capital expenditure financed by borrowing. Further similar and increasing provisions will need to be made from the

Council's revenue budget annually in future years to fund the Otterpool scheme as it is currently envisaged.

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

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if actual results differ from assumptions</b>
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council may be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge would increase by £270k for every year that useful lives had to be reduced.</p>
Pension liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	<p>The effects on the net pension liability of changes in individual assumptions can be measured.</p> <p>For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £8m.</p> <p>Further sensitivity analysis of factors affecting the Pensions Fund is set out in Note 30.</p>
Fair value measurements	<p>When the fair values of financial assets and liabilities cannot be measured based on quoted prices in active markets their fair value is measured using valuation techniques. Where possible, the inputs to these techniques are based on observable data but where this is not possible judgement is required. These judgements typically include considerations such as uncertainty and risk.</p> <p>Where quoted prices are not available the Council employs relevant experts to identify the most appropriate valuation technique to determine fair value. Information about the valuation</p>	<p>Significant changes in any of the unobservable inputs would result in a significantly higher or lower fair value measurement for investment properties and financial instruments.</p> <p>For instance, Oportunitas is currently valued at £6.4m for fair value, an decrease of 3.7% in the discount rate (from 13% to 9.3%). More information regarding sensitivity of fair value measurements is set out in Note 28.</p>

## NOTES TO THE FINANCIAL STATEMENTS

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Item	Uncertainties	Effect if actual results differ from assumptions
	techniques and inputs used in determining fair value is disclosed in Notes 19 and 28.	



# Notes Supporting The Movement in Reserves Statement



## 5. Adjustments between Accounting Basis and Funding Basis under Regulations

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

## NOTES SUPPORTING THE MOVEMENT IN RESERVES STATEMENT

Adjustments Between Accounting Basis and Funding Basis Under Regulations 2024/25	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s
<b><u>Adjustments to Revenue Resources</u></b>						
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension costs (transferred to or from the Pensions Reserve)	1,305	204				(1,509)
Financial instruments (transferred to or from the Pooled Funds Adjustment Account)	301					(301)
Council Tax and National Domestic Rates (transferred to or from the Collection Fund Adjustment Account)	(2,824)					2,824
Holiday pay (transferred to the Accumulated Absences Reserve)	(60)	(10)				70
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(16,895)	(9,063)				25,958
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to the fair value of investment in subsidiaries (these items are charged to the Capital Adjustment Account)	5,142					(5,142)
<b>Total Adjustments to Revenue Resources</b>	<b>(13,031)</b>	<b>(8,869)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,899</b>
<b><u>Adjustments between Revenue and Capital Resources</u></b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	3,190	1,739		(6,133)		1,203
Transfer of capital grants and contributions to capital grants unapplied	9,376	1,902			(7,173)	(4,106)
Administration costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)						-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-		-		-
Posting of HRA resources from revenue to the Major Repairs Reserve			(3,050)			3,050
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	2,256					(2,256)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	635	-				(635)
<b>Total Adjustments to between Capital and Revenue Resources</b>	<b>15,457</b>	<b>3,642</b>	<b>(3,050)</b>	<b>(6,133)</b>	<b>(7,173)</b>	<b>(2,743)</b>
<b><u>Adjustments to Capital Resources</u></b>						
Use of the Capital Receipts Reserve to finance capital expenditure				3,421		(3,421)
Use of the Major Repairs Reserve to finance capital expenditure			3,050			(3,050)
Application of capital grants to finance capital expenditure					1,967	(1,967)
Cash payments in relation to deferred capital receipts	(5)	(5)				10
<b>Total Adjustments to Capital Resources</b>	<b>(5)</b>	<b>(5)</b>	<b>3,050</b>	<b>3,421</b>	<b>1,967</b>	<b>(8,428)</b>
<b>Total Adjustments</b>	<b>2,422</b>	<b>(5,232)</b>	<b>-</b>	<b>(2,712)</b>	<b>(5,206)</b>	<b>10,728</b>

## NOTES SUPPORTING THE MOVEMENT IN RESERVES STATEMENT

### Adjustments Between Accounting Basis and Funding Basis Under Regulations 2023/24

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s	£000s	£000s
<b><u>Adjustments to Revenue Resources</u></b>						
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>						
Pension costs (transferred to or from the Pensions Reserve)	962	201				(1,163)
Financial instruments (transferred to or from the Pooled Funds Adjustment Account)	32					(32)
Council Tax and National Domestic Rates (transferred to or from the Collection Fund Adjustment Account)	1,519					(1,519)
Holiday pay (transferred to the Accumulated Absences Reserve)	(43)	(7)				50
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(8,089)	(11,461)				19,550
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to the fair value of investment in subsidiaries (these items are charged to the Capital Adjustment Account)	(48)					48
<b>Total Adjustments to Revenue Resources</b>	<b>(5,666)</b>	<b>(11,268)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,934</b>
<b><u>Adjustments between Revenue and Capital Resources</u></b>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	827	941		(2,673)		904
Transfer of capital grants and contributions to capital grants unapplied	4,300	3,491			(4,044)	(3,747)
Administration costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)						-
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	-	-		-		-
Posting of HRA resources from revenue to the Major Repairs Reserve			(3,199)			3,199
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1,964					(1,964)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,409	6,076				(7,485)
<b>Total Adjustments to between Capital and Revenue Resources</b>	<b>8,499</b>	<b>10,509</b>	<b>(3,199)</b>	<b>(2,673)</b>	<b>(4,044)</b>	<b>(9,093)</b>
<b><u>Adjustments to Capital Resources</u></b>						
Use of the Capital Receipts Reserve to finance capital expenditure				1,455		(1,455)
Use of the Major Repairs Reserve to finance capital expenditure			3,199			(3,199)
Application of capital grants to finance capital expenditure	-	-			3,322	(3,322)
Cash payments in relation to deferred capital receipts	(6)	(5)				11
<b>Total Adjustments to Capital Resources</b>	<b>(6)</b>	<b>(5)</b>	<b>3,199</b>	<b>1,455</b>	<b>3,322</b>	<b>(7,965)</b>
<b>Total Adjustments</b>	<b>2,826</b>	<b>(763)</b>	<b>-</b>	<b>(1,218)</b>	<b>(721)</b>	<b>(123)</b>

## 6. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2024/25. Earmarked Reserves are shown in the MIRS as included in General Fund and HRA Fund balances as appropriate.



**NOTES SUPPORTING THE MOVEMENT IN RESERVES STATEMENT**

<b><u>Earmarked Reserves</u></b>	<b>Balance at 01-Apr-23 £000s</b>	<b>Transfers</b>		<b>Balance at 31-Mar-24 £000s</b>	<b>Transfers</b>		<b>Balance at 31-Mar-25 £000s</b>
		<b>In £000s</b>	<b>Out £000s</b>		<b>In £000s</b>	<b>Out £000s</b>	
<b><u>General Fund</u></b>							
Business Rates	(1,657)	-	1,319	(338)	(3,061)	52	<b>(3,347)</b>
Leisure Reserve	(497)	-	-	(497)	(25)	-	<b>(522)</b>
Carry Forwards	(2,298)	(18)	-	(2,316)	(241)	1,106	<b>(1,451)</b>
Vehicles, Equipment and Technology	(277)	-	132	(145)	-	80	<b>(65)</b>
Maintenance of Graves	(12)	-	-	(12)	-	12	<b>(0)</b>
New Homes Bonus	(409)	-	-	(409)	-	409	-
Corporate Initiatives	(686)	-	535	(151)	-	13	<b>(138)</b>
IFRS Reserve	(5)	-	-	(5)	-	5	<b>0</b>
Economic Development	(1,923)	-	689	(1,234)	-	485	<b>(749)</b>
Community Led Housing	(253)	-	60	(193)	-	48	<b>(146)</b>
Lydd Airport	(9)	-	-	(9)	-	9	-
Homelessness Prevention	(925)	-	101	(824)	(597)	100	<b>(1,321)</b>
High Street Regeneration	(1,233)	-	36	(1,197)	-	464	<b>(733)</b>
Climate Change	(4,656)	-	1,082	(3,574)	-	2,096	<b>(1,477)</b>
COVID	(30)	(129)	159	-	-	-	-
Transformation	-	(1,509)	344	(1,165)	-	681	<b>(484)</b>
Housing Enforcement	-	-	-	-	(10)	-	<b>(10)</b>
Rough Sleeping Initiative	-	-	-	-	(56)	-	<b>(56)</b>
Romney Marsh Initiative	-	-	-	-	(22)	-	<b>(22)</b>
Local Government Reorganisation	-	-	-	-	(1,000)	-	<b>(1,000)</b>
Financial Stability	-	-	-	-	(3,775)	-	<b>(3,775)</b>
Parking	-	-	-	-	(363)	-	<b>(363)</b>
	<b>(14,871)</b>	<b>(1,656)</b>	<b>4,456</b>	<b>(12,070)</b>	<b>(9,149)</b>	<b>5,560</b>	<b>(15,659)</b>

## NOTES SUPPORTING THE MOVEMENT IN RESERVES STATEMENT

Business Rates Reserve	To support business development and to manage the statutory accounting requirements of the Rates Retention Scheme.
Leisure Reserve	To meet future leisure improvements.
Carry Forwards Reserve	For items of expenditure not incurred or income not applied in the previous financial year but required in the new financial year to meet spending commitments.
Vehicles, Equipment and Technology Reserve	To meet vehicle, equipment and technology replacement needs or improvements.
Maintenance of Graves Reserve	Amounts held in perpetuity to meet the cost of maintaining certain grave sites.
New Homes Bonus Reserve	To fund the anticipated additional cost of services over the next five years.
Corporate Initiatives Reserve	To support Corporate Plan objectives and goals.
IFRS Reserve	To manage the impact of the introduction of International Financial Reporting Standards particularly affecting immediate recognition of grants and contributions.
Economic Development	To support the regeneration of the district and to support the generation of new income.
Community Led Housing	To support community-led housing developments and to deliver more affordable housing units of mixed tenure.
Lydd Airport	To fund the anticipated ongoing costs of monitoring the conditions at Lydd Airport.
Homelessness Prevention	To flexibly fund ways to reduce the homelessness expenditure by taking preventative action.
High Street Regeneration	To support the delivery of regeneration projects within the district's high street areas.
Climate Change Reserve	To fund initiatives to help the Council achieve net-zero carbon emissions by 2030.
Covid Reserve	To support the additional costs and loss of income incurred in response to the Covid-19 pandemic.
Transformation Reserve	To enable investment in initiatives that will deliver future savings
Housing Enforcement Reserve	To fund enforcement actions as per housing legislation
Rough Sleeping Initiative	To support 'RSI' programme
Romney Marsh Initiative	To support the Romney Marsh Programme

**NOTES SUPPORTING THE MOVEMENT IN RESERVES STATEMENT**

Local Government Reorganisation Reserve	To support expenses arising from the Government's Local Government Reorganisation policy
Financial Stability Reserve	To support the continued delivery of statutory services
Parking Reserve	To fund car parking related expenditure

# Notes Supporting the Comprehensive Income And Expenditure Statement





## 7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year 2024/25 (i.e., government grants, rents, Council Tax and Business Rates) has been used to provide the services in comparison with those resources consumed or earned under generally accepted accounting practice (GAAP). The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes across the Council's management structure. Income and expenditure accounted for under GAAP is presented more fully in the CIES.

	2024/25				
	As reported for resource management	Adjustment to arrive at the net amount chargeable to the General fund and HRA	Net Expenditure Chargeable to the General Fund and HRA	Adjustments between the Funding and Accounting	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Leadership Support	614	(208)	406	(11)	395
Governance & Law	2,438	1,098	3,537	436	3,973
Human Resources	2,297	(1,585)	712	(10)	703
Finance Customer & Support	7,916	(131)	7,785	(863)	6,922
Economic Development	2,969	(2,611)	358	(529)	(171)
Planning	775	(0)	775	(33)	742
Operations	1,534	79	1,612	1,560	3,172
Housing	3,025	(4,047)	(1,021)	(390)	(1,411)
Place	4,296	1,827	6,123	(1)	6,122
Local Authority Housing (HRA)	(3,223)	(2,988)	(6,212)	7,321	1,109
<b>Net Cost of Services</b>	<b>22,641</b>	<b>(8,567)</b>	<b>14,075</b>	<b>7,480</b>	<b>21,555</b>
Other Income and Expenditure	(18,757)	(3,412)	(22,169)	(4,668)	(26,839)
<b>(Surplus) or Deficit on</b>	<b>3,884</b>	<b>(11,979)</b>	<b>(8,094)</b>	<b>2,812</b>	<b>(5,283)</b>
<b>Provision of Services</b>					
Opening General Fund and HRA Balance			(20,120)		
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year			(8,094)		
Closing General Fund and HRA Balance at 31 March*			(28,214)		



## NOTES SUPPORTING THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	2023/24				
	As reported for resource management	Adjustment to arrive at the net amount chargeable to the General fund and HRA	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000s	£000s	£000s	£000s	£000s
Leadership Support	793	(115)	678	(11)	667
Governance & Law	3,012	(66)	2,946	453	3,399
Human Resources	707	(1)	706	(8)	699
Finance Customer & Support	9,062	(1,617)	7,445	(651)	6,794
Economic Development	637	(250)	386	(177)	209
Planning	128	0	128	(17)	111
Operations	1,971	922	2,893	1,178	4,071
Housing	2,447	(3,191)	(744)	(243)	(987)
Place	6,930	(55)	6,875	4	6,879
Local Authority Housing (HRA)	(2,489)	1,574	(915)	4,499	3,584
<b>Net Cost of Services</b>	<b>23,198</b>	<b>(2,799)</b>	<b>20,399</b>	<b>5,027</b>	<b>25,427</b>
Other Income and Expenditure	(16,752)	3,732	(13,020)	(7,091)	(20,108)
<b>(Surplus) or Deficit on</b>	<b>6,446</b>	<b>933</b>	<b>7,379</b>	<b>(2,064)</b>	<b>5,317</b>
<b>Provision of Services</b>					
Opening General Fund and HRA Balance		-	<b>27,499</b>		
Less/Plus (Surplus) or Deficit on General Fund and HRA Balance in Year			<b>7,379</b>		
Closing General Fund and HRA Balance at 31 March*			<b>20,120</b>		

\*For a split of this balance between the General Fund and the HRA see the Movement in Reserves Statement

## Expenditure and Income Analysed by Nature

## 8. Material Items of Income and Expense

2023/24			2024/25			
Gross Expenditure £000s	Income £000s	Net Expenditure £000s		Gross Expenditure £000s	Income £000s	Net Expenditure £000s
			Other Housing Services			
17,817	(16,663)	1,153	Housing Benefit	16,549	(16,369)	181
7,882	(7,688)	194	Housing Rebates	8,521	(7,927)	594

## 9. Other Operating Expenditure

Other Operating Expenditure	2023/24 £000s	2024/25 £000s
Parish precepts	2,801	2,994
Internal Drainage Board levies	541	567
Payments to the Government Housing Capital Receipts Pool	-	-
Gains or losses on the disposal of non-current assets	(1,107)	(3,710)
Movement in fair value of surplus assets	3,357	(247)
	<b>5,591</b>	<b>(397)</b>

## 10. Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2023/24 £000s	2024/25 £000s
Interest payable and similar charges	4,279	14,012
Net interest on net defined liability	200	82
Investment property rental income	(1,109)	(1,197)
Interest receivable and similar income	(2,642)	(3,156)
Financial Instruments fair valuation adjustments	16	(5,224)
Investment asset write off	-	-
Income and expenditure in relation to investment properties and changes in their fair value (see Note 18)	1,277	2,627
	<b>2,021</b>	<b>7,144</b>

## 11. Taxation and Non-Specific Grant Income

Taxation and Non-specific Grant Income	2023/24 £000s	2024/25 £000s
Council tax income	(14,395)	(15,136)
Non domestic rates	(3,450)	(5,370)
Non-ring fenced government grants	(4,235)	(5,996)
Capital grants and contributions	(5,642)	(9,003)
	<b>(27,723)</b>	<b>(35,504)</b>

## 12. Members' Allowances

The following amounts were paid to Members of the Council during the year.

Members Allowances	2023/24 £000s	2024/25 £000s
Allowances	323	339
Expenses	14	16
Total	<b>337</b>	<b>355</b>

## NOTES SUPPORTING THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

### 13. Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

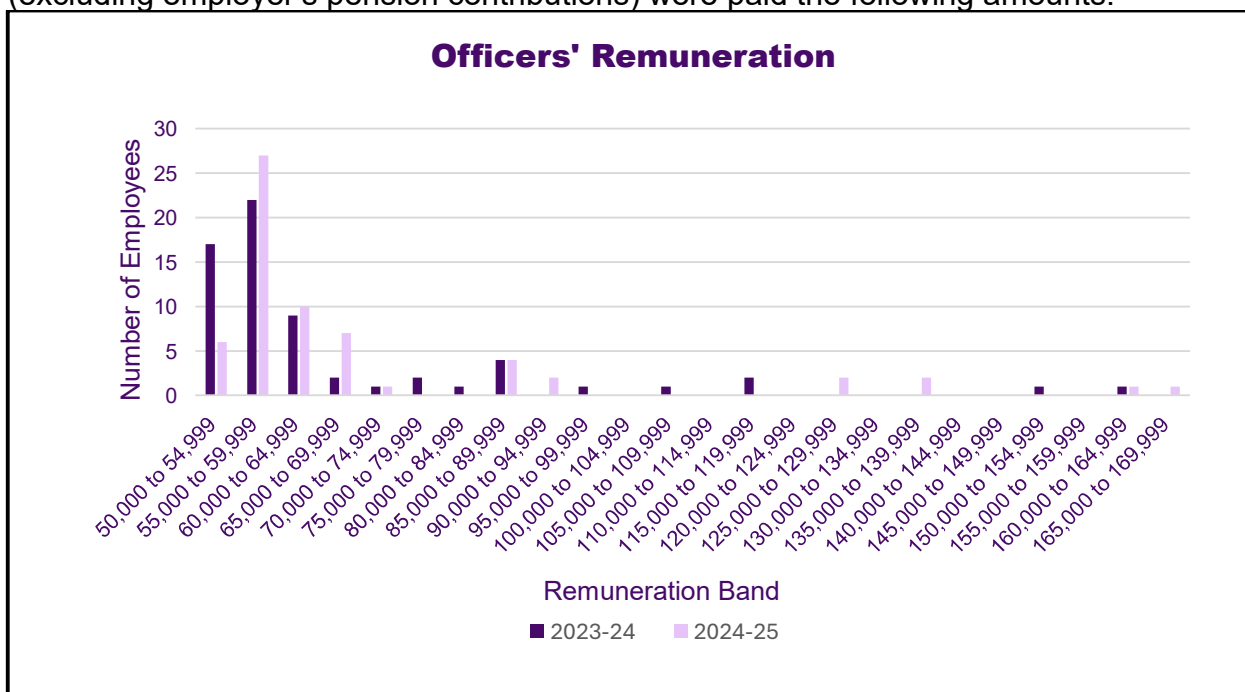
		Salary, including Fees and Allowances £	Employer Pension Contributions £	Total Remuneration, including Pension Contributions £
Chief Executive - Dr Susan Priest	2024/25	169,961	31,549	<b>201,510</b>
	2023/24	164,935	29,030	<b>193,965</b>
Director - Strategy & Resource - Ewan Green +++	2024/25	127,025	24,317	<b>151,342</b>
	2023/24	117,584	22,376	<b>139,960</b>
Interim Director - Governance & Finance, also S151 Officer - Lydia Morrison +	2024/25	135,929	-	<b>135,929</b>
	2023/24	150,809	-	<b>150,809</b>
Director - Housing & Operations - Andy Blaszkowicz	2024/25	127,317	24,317	<b>151,634</b>
	2023/24	117,359	22,376	<b>139,735</b>
Director - Finance ++++	2024/25	4,577	884	<b>5,460</b>
	2023/24	-	-	<b>-</b>
Assistant Director Governance, Law & Regulatory Services - Amandeep Khroud ++	2024/25	160,226	16,179	<b>176,405</b>
	2023/24	106,481	20,545	<b>127,026</b>

+ Interim Director and S151 Officer started April 23

++ Monitoring Officer - left 31st Dec 24 (including redundancy costs)

+++ New Monitoring Officer started 12th Feb 25

The Authority's employees receiving remuneration in excess of £50,000 for the year (excluding employer's pension contributions) were paid the following amounts:



The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

## NOTES SUPPORTING THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Exit package cost band (including special payments) £	Number of compulsory redundancies (a)		Number of other departures agreed (b)		Total number of exit packages by cost band (a+b)		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £000s	2024/25 £000s
0-20,000	1	-	6	4	7	4	58	34
20,001-40,000	-	-	2	3	2	3	68	76
40,001-60,000	-	-	3	1	3	1	139	45
60,001-100,000	-	2	3	1	3	3	214	261
100,001-165,000	-	-	1	-	1	-	161	-
Total	1	2	15	9	16	11	640	416

The cost of exit packages is calculated in accordance with accounting standards and does not necessarily equal the actual payment to or on behalf of an individual.

## 14. External Audit Costs

The Council has agreed the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors.

External Audit Fees	2023/24	2024/25
	£000s	£000s
Fees payable with regard to external audit services carried out by the appointed auditor for the year	168	184
Fees relating to prior years audits	140	-
Rebate of PSAA fees	-	-
Fees payable for the certification of grant claims and returns for the year	81	44
	<b>390</b>	<b>228</b>

## 15. Grant Income

The Council credited the following grants, contributions, and donations to the CIES:



**NOTES SUPPORTING THE COMPREHENSIVE INCOME AND EXPENDITURE  
STATEMENT**

<b>Grant Income</b>	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Credited to Taxation and Non Specific Grant Income		
Revenue Support Grant	212	226
Business rates reliefs	3,628	5,734
Covid related grants	-	-
Non-service related grants	29	(100)
New Homes Bonus Grant	366	136
Capital Grants and Contributions	<u>5,642</u>	<u>9,003</u>
	<b><u>9,878</u></b>	<b><u>14,998</u></b>
Credited to Services		
REFCUS related Grants	1,435	1,666
KCC sundry grants	2,122	2,314
Council Tax Reduction Scheme grants	-	-
DWP – benefits subsidy	16,213	15,689
- rent rebate Subsidy	7,650	7,821
- benefits administration	312	307
Covid related grants	10	-
Other grants and contributions	<u>3,121</u>	<u>2,498</u>
	<b><u>30,862</u></b>	<b><u>30,295</u></b>

**Capital Grants Received in Advance**

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

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
DLUHC - Brownfield Release Fund	(4,965)	(4,965)
Environment Agency - Coast Protection	(621)	(399)
Other Grants and Contributions	<u>(59)</u>	<u>(59)</u>
<b>Balance at 31 March</b>	<b><u>(5,645)</u></b>	<b><u>(5,423)</u></b>

# Notes Supporting the Balance Sheet





## 16. Property, Plant and Equipment ('PPE')

### Measurement

The Council's non-housing assets (excluding vehicles, plant, equipment, infrastructure, and community assets) were re-valued as at 31 March 2025 by an external independent valuer, Wilks Head & Eve Chartered Surveyors, and increased in value by £3.2m compared to their value at 31 March 2024.

The external valuer also reviewed the value of the Council's surplus assets as at 31 March 2025, with no change from previous year's value being identified.

The Council's housing assets were also re-valued as at 31 March 2025 by Wilks Head & Eve Chartered Surveyors. Council dwellings were valued at £228m at 33% of the open market value based on their existing use value for social housing, an increase of almost 5% (£10m) compared to 31 March 2024. The valuation adjustment to the existing use value for social housing is in accordance with Ministry of Housing, Communities and Local Government guidance issued in 2016 for council dwellings stock valuations in South-East England, reflecting the economic cost of providing council housing at less than open market rents.

The external valuer also advised that, based on rental income values, the value of the various housing non-dwelling assets categories (garages, parking spaces and stores) have been valued at £4.8m, an increase of £0.15m compared to their value at 31 March 2024.

### Contractual Commitments

The Council has entered into the following contracts on HRA properties:

- Heating replacement programme 2023 - 2026 - approximately £0.65m per annum
- Electrical Installation 2024 - 2027 - approximately £0.20m per annum
- Asbestos Surveying, Sampling and Removal services 2024 - 2027 - approximately £0.20m per annum
- UPVC windows and doors replacement programme 2023-2027 - approximately £0.73m per annum
- Cyclical External Redecoration programme 2020-2025 - approximately £0.42m per annum
- Replacement roof programme 2023-2025 - approximately £0.80m per annum
- External Planned Works programme 2024-2026 – approximately £0.40m per annum
- Cleaning Services for Social Housing 2024-2027 – approximately £0.31m per annum
- Social Housing Decarbonisation Programme (Wave 2) – approximately £1.2m
- Replacement door entry systems and entrance doors 2024-2027 - approximately £0.10m per annum
- Responsive repairs, void refurbishment and planned works 2025-2035 - approximately £4m per annum
- Fire risk assessments and associated works 2024-2027 - approximately £0.04m per annum
- External redecoration and associated repairs to Social Housing 2025-27 - approximately £0.40m per annum

## NOTES SUPPORTING THE BALANCE SHEET

Property, Plant and Equipment	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
2024/25	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>							
At 1 April 2024	217,075	35,670	15,512	3,461	9,683	58,623	340,026
Additions	9,106	157	1,068	-	1,946	1,297	13,574
Additions - AUC	842	176	201	-	-	-	1,218
Completions - AUC	-	-	-	-	(1,218)	-	(1,218)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,409	3,740	-	-	-	(648)	15,501
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(7,857)	(18)	-	-	-	(648)	(8,524)
De-recognition - Disposals	(618)	(410)	-	-	-	-	(1,028)
Assets reclassified (to)/from Held for Sale	(1,289)	(780)	-	-	-	-	(2,069)
Other reclassifications	-	-	-	-	-	-	-
Depreciation written out to services on revaluation	(2,886)	(941)	-	-	-	-	(3,827)
<b>At 31 March 2025</b>	<b>226,781</b>	<b>37,594</b>	<b>16,781</b>	<b>3,461</b>	<b>10,411</b>	<b>58,624</b>	<b>353,653</b>
<b>Depreciation and Impairment</b>							
At 1 April 2024	-	(2,461)	(11,213)	-	-	-	(13,675)
Depreciation charge for the year	(2,894)	(420)	(926)	-	-	-	(4,240)
Depreciation written out to the Surplus/Deficit on the Provision of Services	2,894	926	-	-	-	-	3,820
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	15	-	-	-	-	15
<b>At 31 March 2025</b>	<b>-</b>	<b>(1,940)</b>	<b>(12,139)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,079)</b>
<b>Balance Sheet amount at 31 March 2025</b>	<b>226,781</b>	<b>35,654</b>	<b>4,642</b>	<b>3,461</b>	<b>10,411</b>	<b>58,624</b>	<b>339,574</b>
Balance Sheet amount at 1 April 2024	217,075	33,209	4,299	3,461	9,683	58,623	326,352

In 2024/25, £2.1m of assets were transferred to Assets Held for Sale, made up of £1.3m Right-to-Buy sales and £0.8m Other Land and Buildings (HRA) (2023/24: £0m)

**NOTES SUPPORTING THE BALANCE SHEET**

<b>Property, Plant and Equipment</b>	<b>Council Dwellings</b>	<b>Land and Buildings</b>	<b>Vehicles, Plant and Equipment</b>	<b>Community Assets</b>	<b>Assets Under Construction</b>	<b>Surplus Assets</b>	<b>Total</b>
<b>2023/24</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Cost or Valuation</b>							
At 1 April 2022	<b>227,965</b>	<b>30,341</b>	<b>14,915</b>	<b>3,461</b>	<b>7,804</b>	<b>75,853</b>	<b>360,340</b>
Additions	11,694	488	560	-	2,445	1,183	<b>16,370</b>
Additions - AUC	507	22	37	-	-	-	<b>566</b>
Completions - AUC	-	-	-	-	(566)	-	<b>(566)</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(8,837)	5,214	-	-	-	(17,808)	<b>(21,431)</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,841)	(159)	-	-	-	(604)	<b>(11,604)</b>
De-recognition - Disposals	(378)	-	-	-	-	-	<b>(378)</b>
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	<b>-</b>
Deprecation written out to service on revaluation	(3,034)	(236)	-	-	-	-	<b>(3,269)</b>
<b>At 31 March 2024</b>	<b>217,075</b>	<b>35,670</b>	<b>15,512</b>	<b>3,461</b>	<b>9,683</b>	<b>58,624</b>	<b>340,027</b>
<b>Depreciation and Impairment</b>							
At 1 April 2023	-	<b>(2,358)</b>	<b>(10,289)</b>	-	-	-	<b>(12,647)</b>
Depreciation charge for the year	(3,039)	(339)	(924)	-	-	-	<b>(4,302)</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	3,039	236	-	-	-	-	<b>3,274</b>
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	<b>-</b>
<b>At 31 March 2024</b>	<b>-</b>	<b>(2,461)</b>	<b>(11,213)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,675)</b>
<b>Balance Sheet amount at 31 March 2024</b>	<b>217,075</b>	<b>33,209</b>	<b>4,299</b>	<b>3,461</b>	<b>9,683</b>	<b>58,623</b>	<b>326,352</b>
Balance Sheet amount at 1 April 2023	227,963	27,983	4,626	3,461	7,804	75,854	347,691



<b>Infrastructure Assets</b>	<b>23/24</b>	<b>24/25</b>
Opening NBV as at 1 April	8,481	7,555
Additions	427	481
Depreciation/Impairment	(1,353)	(619)
<b>Closing NBV as at 31 March</b>	<b>7,555</b>	<b>7,418</b>

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. This does not impact the balance sheet as this reports net book value.

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

	<b>23/24</b>	<b>24/25</b>
Infrastructure Assets	7,555	7,418
Other PPE Assets	326,352	341,643
<b>Total PPE Assets</b>	<b>333,907</b>	<b>349,061</b>

## 17. Heritage Properties

The Council's heritage assets are held at cost as there is no requirement for regular revaluation of heritage assets. The Council's heritage assets were valued by an external independent valuer – BPS Chartered Surveyors, as part of the purchase of the asset in 2019/20. The Council deem this value to remain current and reflective of the lack of material changes to the asset since purchase.

	<b>Buildings</b>	<b>Other Items</b>	<b>Total Assets</b>
<b>Cost or Valuation</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
At 1 April 2024	2,900	98	2,998
At 31 March 2025	<b>2,900</b>	<b>98</b>	<b>2,998</b>

## 18. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the CIES:

<b>Investment Property</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
Rental income from investment property	(1,214)	(1,360)
Direct operating expenses arising from investment property	105	163
<b>Net (gain)/loss</b>	<b>(1,109)</b>	<b>(1,197)</b>

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

The following table summarises the movement in the fair value of investment properties over the year:

<b>Fair Value Movement</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
<b>Cost or Valuation</b>		
At 1 April	30,595	30,278
Additions – acquisitions	-	-
Additions – construction	1,251	360
Disposals	(291)	(901)
Net gain/(loss) from fair value adjustments	(26)	(2,267)
Impairment reversals and write off recognised in the CIES	(1,251)	(360)
<b>At 31 March</b>	<b>30,278</b>	<b>27,109</b>

### Fair Value Hierarchy for Investment Properties

Details of the Authority's Investment Properties and information about the fair value hierarchy as at 31<sup>st</sup> March 2025 are as follows:

<b>2024/25 Recurring fair value measurements using:</b>	<b>Other significant observable inputs (Level 2) 31-Mar-24</b>	<b>Fair value at 31-Mar-24</b>	<b>Other significant observable inputs (Level 2) 31-Mar-25</b>	<b>Fair value at 31-Mar-25</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Otterpool Park - Residential Properties	8,494	8,494	7,337	7,337
Otterpool Park - Land	1,153	1,153	1,153	1,153
Agricultural Land	32	32	32	32
Offices	18,252	18,252	16,417	16,417
Commercial Units	1,847	1,847	2,171	2,171
Commercial Land	500	500	-	-
<b>Total at Fair Value</b>	<b>30,278</b>	<b>30,278</b>	<b>27,109</b>	<b>27,109</b>
Assets Under Construction	-	-	-	-
<b>Total Investment Properties</b>	<b>30,278</b>	<b>30,278</b>	<b>27,109</b>	<b>27,109</b>

Otterpool Park – Residential Properties refers to existing properties on the land owned by the Council in the Otterpool Park area. These properties do not form part of the Otterpool Park LLP development.

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

### **Significant observable inputs – Level 2**

The fair value for the residential properties, agricultural land and commercial units and land has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

### **Significant unobservable inputs - Level 3**

There were no assets categorised as Level 3 in 2024/25.

### **Valuation Techniques**

There has been no change in the valuation techniques used during the year for Investment Properties.

### **Valuation Process for Investment Properties**

The fair value of the Authority's investment property is measured annually at each reporting date. All valuations are carried out by an externally appointed valuer and the work is undertaken in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

## **19. Long Term Investments**

<b>Long Term Investments</b>	<b>2023/24</b>		<b>2024/25</b>	
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Bond, equity & property funds		14,082		13,383
Shares in unlisted companies	6,719		6,792	
Changes in FV of equity investments in companies	(5,966)		(824)	
Net shares in unlisted companies		753		5,968
		<b>14,835</b>		<b>19,351</b>

## 20. Long Term Debtors

Long Term Debtors	2023/24	2024/25
	£000s	£000s
Loan to Oportunitas Limited	6,336	4,647
Loan to Otterpool Park LLP	15,167	23,978
Expected Credit Loss (Loans to Companies)	216	79
Other Adjustments	(2,061)	(11,366)
Soft Loans (see Note 28)	1,589	1,557
Other Loans	779	699
Capital Prepayment (Otterpool Land Options)	773	773
Lease Receivables	88	77
	<b>22,886</b>	<b>20,444</b>

## 21. Short Term Debtors

Short Term Debtors	2023/24	2024/25
	£000s	£000s
Trade Receivables	1,884	1,579
Receivables from Related Parties	3,906	4,447
Prepayments	729	875
Other Receivables	2,053	2,415
Council Taxpayers	2,488	2,297
Business Ratepayers	359	325
Sundry Debtors	2,484	3,610
	<b>13,903</b>	<b>15,549</b>
<b>Impairment of debt</b>		
Trade Receivables	(506)	(909)
Other Receivables	(1,405)	(1,408)
<b>Total</b>	<b>(1,910)</b>	<b>(2,317)</b>
<b>Balance as at 31 March</b>	<b>11,993</b>	<b>13,232</b>

### Age of Debt

An analysis of the age profile of trade debtors is given in the table below which form part of the debtors' figures:

	<b>2023/24</b>	<b>2024/25</b>
<b>Age of Debt</b>	<b>£000s</b>	<b>£000s</b>
0 to 30 days	1,193	1,450
31 to 60 days	12	6
61 to 90 days	5	443
over 90 days	1,273	1,711
<b>Total</b>	<b>2,484</b>	<b>3,610</b>

## **22. Cash and Cash Equivalents**

<b>Cash and Cash Equivalents</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
Bank Accounts	113	181
Money Market Funds	6,095	5,090
Cash in Transit	(885)	221
<b>Total</b>	<b>5,323</b>	<b>5,492</b>

## **23. Short Term Borrowing**

### **Short Term Borrowing**

	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
PWLB Loans	10,998	6,443
Loans from other authorities	26,480	38,240
Accrued loan interest	529	772
	<b>38,007</b>	<b>45,455</b>

## **24. Long Term Creditors**

### **Long Term Creditors**

	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
Receipts in Advance	9,053	10,590
	<b>9,053</b>	<b>10,590</b>

## 25. Short Term Creditors

	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
Trade Payables	104	287
Payables to Related Parties	8,875	3,047
Receipts in Advance	1,602	1,848
Accrued Creditors	2,427	2,512
Other Payables	2,346	2,609
Council Taxpayers	1,743	1,802
Business Ratepayers	1,977	1,798
	<b>19,072</b>	<b>13,902</b>

## 26. Provisions

<b>Provisions</b>	<b>Balance 31-Mar-24 £000s</b>	<b>Provisions made £000s</b>	<b>Amounts used £000s</b>	<b>Balance 31-Mar-25 £000s</b>	<b>Short term liability £000s</b>	<b>Long term Liability £000s</b>
Business rate appeals	(1,381)	831	(783)	(1,333)	(1,333)	-
Other	(67)	-	-	(67)	-	(67)
	<b>(1,448)</b>	<b>831</b>	<b>(783)</b>	<b>(1,400)</b>	<b>(1,333)</b>	<b>(67)</b>

Business rates appeals – with the introduction of the Retained Business Rates system from 1 April 2013, local authorities are required to allow for the cost of outstanding valuation appeals that remain unsettled as at the end of the financial year. The estimate is based on previous years' appeals success experience.

## 27. Long Term Borrowing

<b>Long Term Borrowing</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
PWLB Loans	60,323	62,881
Loans from other authorities	10,000	-
	<b>70,323</b>	<b>62,881</b>

## 28. Financial Instruments

### Financial Instruments - Classifications

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

### Financial Liabilities



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

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

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

### **Financial Assets**

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

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

- cash in hand
- bank current and deposit accounts with NatWest Bank
- fixed term deposits with banks and building societies
- certificates of deposit and covered bonds issued by banks and building societies
- loans to other local authorities
- loans to Kent County Council and Oportunitas Limited, the Council's wholly owned regeneration and housing company, made for service purposes
- trade receivables for goods and services delivered

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

- money market funds managed by external fund managers
- pooled bond, equity and property funds managed by external fund managers
- an unquoted equity investment in Oportunitas Limited and Otterpool Park LLP

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

### **Financial Instruments - Balances**

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

## NOTES SUPPORTING THE BALANCE SHEET

Financial Liabilities	Long Term		Short Term	
	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25
	£000s	£000s	£000s	£000s
Loans amortised cost:				
- Principal sum borrowed	(70,323)	(62,880)	(37,478)	(44,683)
- Accrued interest	-	-	(528)	(772)
<b>Total Borrowing</b>	<b>(70,323)</b>	<b>(62,880)</b>	<b>(38,007)</b>	<b>(45,455)</b>
Loans at amortised cost:				
- Cash in transit	-	-	(885)	-
<b>Total Cash Liability</b>	<b>-</b>	<b>-</b>	<b>885</b>	<b>-</b>
Liabilities at amortised cost:				
- Trade payables	-	-	(3,277)	(3,590)
<b>Included in Creditors</b>	<b>-</b>	<b>-</b>	<b>(3,277)</b>	<b>(3,590)</b>
<b>Total Financial Liabilities</b>	<b>(70,323)</b>	<b>(62,880)</b>	<b>(42,168)</b>	<b>(49,045)</b>

The total short-term borrowing includes £772k (£528k 2023/24) representing accrued interest on long-term borrowing. The creditors lines on the Balance Sheet includes £11.199m (£15.795m 2023/24) short-term creditors that do not meet the definition of a financial liability.

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Financial Assets	Long Term		Short Term	
	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25
	£000s	£000s	£000s	£000s
At fair value through profit & loss:				
- Fair value	14,835	18,617	-	-
<b>Total investments</b>	<b>14,835</b>	<b>18,617</b>	<b>-</b>	<b>-</b>
At amortised cost:				
- Principal	-	-	113	402
At fair value through profit & loss:				
- Fair value	-	-	6,095	5,090
<b>Total Cash &amp; Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>6,208</b>	<b>5,492</b>
At amortised cost:				
- Trade receivables	-	-	3,629	4,828
- Lease receivables	88	77	10	11
- Loans made for service purposes	22,027	19,596	370	501
- Loss allowance Expected Credit Loss	216	79	553	(403)
<b>Included in Debtors</b>	<b>22,331</b>	<b>19,752</b>	<b>4,561</b>	<b>4,937</b>
<b>Total Financial Assets</b>	<b>37,166</b>	<b>38,370</b>	<b>10,769</b>	<b>10,428</b>

The debtors line on the Balance Sheet includes £8.246m (£7.431m 2023/24) short-term debtors that do not meet the definition of a financial asset.

### Material Soft Loans

Soft loans are those advanced at below market rates in support of the Council's service priorities. Between 2004 and 2013 the Council provided interest free property

improvement loans to owner occupiers and landlords of residential properties in the district to meet the national Decent Homes standard. Loans to landlords are required to be repaid within 10 years and loans to owner occupiers are repaid when the property is sold.

The movements on material soft loan balances are:

	<b>31-Mar-24</b>	<b>31-Mar-25</b>
	<b>£000s</b>	<b>£000s</b>
<b>Opening carrying amount of soft loans on 1st April</b>	<b>1,738</b>	<b>1,588</b>
Amounts repaid to the Council	(150)	(32)
Increase/(decrease) in discounted amount due to passage of time	-	-
<b>Closing Carrying Amount of Soft Loans on 31st March</b>	<b>1,588</b>	<b>1,556</b>

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

### **Financial Instruments - Fair Values**

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds and other pooled funds, the fair value is taken from the market price. Shares in Oportunitas Limited have been valued from the company's balance sheet net assets and by discounting expected future profits at a suitable market rate for similar equity investments.

Financial assets classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local Authority loans.
- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

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

## NOTES SUPPORTING THE BALANCE SHEET

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

		Balance Sheet		Balance Sheet	
	Fair Value Level	31-Mar-24	Fair Value	31-Mar-25	Fair Value
Financial Liabilities		£000s	£000s	£000s	£000s
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB	2	60,323	56,697	62,880	59,497
Other long-term loans	2	10,000	10,174	-	-
Short-term loans from PWLB	2	10,998	10,912	6,443	5,939
Short-term loans	2	26,480	27,497	38,240	39,551
<b>Total</b>		<b>107,801</b>	<b>105,280</b>	<b>107,563</b>	<b>104,987</b>
Liabilities for which fair value is not disclosed *		4,690		4,142	
<b>Total Financial Liabilities</b>		<b>112,491</b>		<b>111,704</b>	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		3,277		3,590	
Cash in Transit		885		(220)	
Short-term borrowing		38,007		45,455	
Long-term borrowing		70,323		62,880	
<b>Total Financial Liabilities</b>		<b>112,491</b>		<b>111,704</b>	

\*The fair value of short-term financial liabilities including trade payables is assumed to approximate to the carrying amount.

### Short term Liabilities

Trade Creditors	3,277	3,590
Cash in Transit	885	(220)
Borrowing (inc accrd interest)	528	772
	<b>4,690</b>	<b>4,142</b>

The fair value of financial liabilities held at amortised cost is higher than their balance sheet carrying amount because the Authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

## NOTES SUPPORTING THE BALANCE SHEET

		Balance Sheet	Fair Value	Balance Sheet	Fair Value
		31-Mar-24		31-Mar-25	
Financial Assets	Fair Value Level	£'000	£'000	£'000	£'000
<b>Financial assets held at fair value</b>					
Money market funds	1	6,095	6,095	5,090	5,090
Structured loans and deposits	1	-	-	-	-
Bond, equity and property funds	1	14,082	14,082	13,383	13,383
Shares in unlisted companies	3	753	753	5,968	5,968
<b>Financial assets held at amortised cost</b>					
Long-term loans to companies	3	20,437	18,809	18,037	18,084
Soft Loans	3	1,589	1,589	1,557	1,557
Lease receivables	3	88	88	77	77
<b>Total</b>		<b>43,043</b>	<b>41,416</b>	<b>44,113</b>	<b>44,159</b>
<b>Assets for which fair value is not disclosed*</b>		<b>4,894</b>		<b>6,515</b>	
<b>Total Financial Assets</b>		<b>47,937</b>		<b>50,627</b>	
<b>Recorded on balance sheet as:</b>					
Long-term investments		14,835		19,351	
Long-term debtors		22,886		20,444	
Short-term debtors		4,008		5,340	
Cash and cash equivalents		6,208		5,492	
<b>Total Financial Assets</b>		<b>47,937</b>		<b>50,627</b>	

\*The fair value of short-term financial assets including trade receivables is assumed to approximate to the carrying amount.

The fair value of financial assets held at amortised cost is higher than their balance sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

### Quantitative information about Fair Value Measurement of Financial Assets using Significant Unobservable Inputs – Level 3

Financial Asset - Equity Investment in Oportunitas Limited

Valuation method – Undertaken by Arlingclose Limited and estimated from projected future cash flows of the company using information from the published accounts, the business plan and other information held by the Council.

Key quantitative assumptions used for valuation:

- In perpetuity annual profit before interest, tax, and depreciation
- Discount Rate – 9.3%: the return on capital of similar companies traded on the London Stock Exchange, plus a 1% risk premium
- Inflation – 2% in perpetuity
- Property price inflation – 6.3% in perpetuity (based on historical average increase in Folkestone local area)



### Sensitivity Analysis

Assumption	Impact on Fair Value
In perpetuity annual profit before interest, tax and depreciation falls/ rises by 10%:	Fair value decreases to £7,200,000 / increases to £9,500,000
Discount rates falls / rises by 1%:	Fair value increase to £9,500,000 / decreases to £4,300,000
Inflation falls/ rises by 1%:	Fair value decrease to £5,200,000/ increases to £7,800,000
Property price inflation falls. Rise by 1%:	Fair value decreases to £5,200,000/ increases to £7,800,000
Discount rate for loan fair value falls/ rises by 1%:	Fair value decrease to £5,600,000/ increases to £6,700,000

#### Financial Asset – Long term loan to Oportunitas Limited

The fair value has been estimated by discounting future cash flows for the loan at the rate for an equivalent loan made on 31 March 2025.

The average spread above gilts for Ba3 (or equivalent BB-) bonds in the market as of 31<sup>st</sup> March 2025 has been used as they have an equivalent credit quality to Oportunitas.

#### Financial Asset - Equity Investment in Otterpool Park LLP

Valuation method – Fair Value deemed to be current value as at 31<sup>st</sup> March 2025 due to uncertainties around projected future cash flows due to the early stages of the project at the time of preparing the accounts.

#### Reconciliation of Movement for Level 3 Financial Assets Held at Fair Valu

	£'000
<b>Balance 1 April</b>	<b>753</b>
Otterpool Equity Purchased 23/24	73
Unrealised valuation loss	5,142
<b>Balance 31 March</b>	<b><u>5,968</u></b>

## **Financial Instruments - Gains and Losses**

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

	Financial Liabilities measured at amortised cost	Financial Assets at Amortised Cost	Financial Assets at Fair Value Profit & Loss	24/25 Total	23/24 Total
	£000s	£000s	£000s	£000s	£000s
<b>Financial Instruments Income, Expense, Gains and Losses 2024/25</b>					
Interest expense	3,267	-	-	3,267	2,885
(Gains)/Losses from changes in fair value	5,223	-	-	5,223	2,077
(Gains)/Losses on derecognition impairment losses	(134)	-	-	(134)	(216)
<b>Total Expense in Surplus or Deficit on the Provision of Services</b>	<b>8,356</b>	<b>-</b>	<b>-</b>	<b>8,356</b>	<b>4,746</b>
Interest and dividend income	-	(1,916)	(1,210)	(3,126)	(2,610)
Gains from changes in fair value	-	-	-	-	-
<b>Total Income in Surplus or Deficit on the Provision of Services</b>	<b>-</b>	<b>(1,916)</b>	<b>(1,210)</b>	<b>(3,126)</b>	<b>(2,610)</b>
<b>Net (gain)/loss for the year</b>	<b>8,356</b>	<b>(1,916)</b>	<b>(1,210)</b>	<b>5,230</b>	<b>2,136</b>

## **29. Borrowing Costs**

The Council has capitalised borrowing costs incurred in relation to the Otterpool Park development. Capital expenditure has been incurred to acquire land and property to bring together the site for the proposed new garden town. The scheme is met entirely from borrowing and the site is not yet ready for development to be able to generate a revenue to meet the capital financing costs.

In 2024/25 £1,261k of borrowing costs were capitalised using a capitalisation rate of 5.46%.

## **30. Defined Benefit Pension Schemes**

### **Participation in Pension Schemes**

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

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

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

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

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

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

## **Transactions Relating to Retirement Benefits**

The Council recognises the cost of retirement benefits in the (Surplus) or Deficit on the Provision of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the amount payable in the year, so the real cost of retirement benefits is reversed out in the MiRS. The following transactions have been made in the CIES and MiRS during the year.

### **Balance Sheet**

<b>Net Pension assets as at</b>	<b>31-Mar-24 £000s</b>	<b>31-Mar-25 £000s</b>
Present Value of the defined obligation	138,997	123,354
Fair Value of the Fund Assets	(129,920)	(131,826)
Impact of asset ceiling	-	15,588
<b>Net defined benefit liability / (asset)</b>	<b>9,077</b>	<b>7,116</b>

## NOTES SUPPORTING THE BALANCE SHEET

### Comprehensive Income and Expenditure for the year

The amounts recognised in the profit and loss statement are:

	Year to 31-Mar-24	Year to 31-Mar-25
	£000s	£000s
Service Cost	2,576	2,497
Net interest on the defined liability (asset)	201	83
Administration expenses	113	123
<b>Total Loss / (profit)</b>	<b>2,890</b>	<b>2,703</b>

### Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	Year to 31-Mar-24	Year to 31-Mar-25
	£000s	£000s
Opening defined benefit obligation	138,576	138,997
Current service cost	2,330	2,316
Interest cost	6,580	6,835
Change in financial assumptions	(2,905)	(17,840)
Change in demographic assumptions	(1,988)	(368)
Experience loss / (gain) on defined benefit obligation	368	(322)
Liabilities assumed / (extinguished) on settlements	-	(819)
Estimated benefits paid net of transfers in	(5,148)	(6,525)
Past service costs, including curtailment	246	113
Contribution by scheme participants and other employers	938	967
	<b>138,997</b>	<b>123,354</b>

### Reconciliation of the opening and closing balances of the fair values of Fund Assets

	Year to 31-Mar-24	Year to 31-Mar-25
	£000s	£000s
Opening fair value of scheme assets	125,478	129,920
Interest on assets	6,379	6,752
Return on assets, less interest	(1,667)	(2,489)
Actuarial gains / (losses)	-	-
Administration Expenses	(113)	(123)
Contributions from employer including unfunded	4,053	4,211
Contributions by scheme participants	938	967
Estimated benefits paid plus unfunded net of transfers	(5,148)	(6,525)
Settlement prices received / (paid)	-	(887)
	<b>129,920</b>	<b>131,826</b>

## NOTES SUPPORTING THE BALANCE SHEET

### Remeasurement of net assets /(defined liability)

	Year to 31-Mar-24	Year to 31-Mar-25
	£000s	£000s
Return on fund assets in excess of interest	(1,667)	(2,489)
Other actuarial gains / (losses) on assets	-	-
Change in financial assumptions	2,905	17,840
Change in demographic assumptions	1,988	368
Experience loss (gain) on defined benefit obligation	(368)	322
Changes in impact of asset ceiling	-	(15,588)
	<b>2,858</b>	<b>453</b>

### Reconciliation of Change in Impact of Asset Ceiling

	Year to 31-Mar-24	Year to 31-Mar-25
	£000s	£000s
Opening impact of asset ceiling	-	-
Interest on impact of asset ceiling	-	-
Actuarial losses/(gains)	-	15,588
Initial valuation of asset ceiling	-	-
	<b>-</b>	<b>15,588</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in the future years dependent on assumptions about mortality rates, salary levels etc. The County Council pension scheme has been assessed by Barnett Waddingham, an independent firm of actuaries. Estimates for the Fund are based on the latest full valuation of the scheme as at 31<sup>st</sup> March 2025.

The significant assumptions used by the actuary have been:

Statistical assumptions	31-Mar-24	31-Mar-25
Mortality assumption		
Longevity at 65 for current pensioners		
-men	20.8 yrs	20.7 yrs
-women	23.3 yrs	23.3 yrs
Longevity at 65 for future pensioners		
-men	22.0 yrs	22.0 yrs
-women	24.7 yrs	24.7 yrs
Rate of inflation - CPI	2.90%	2.90%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at



the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be inter-related. The assumptions in the sensitivity analysis have followed the accounting policies for the scheme i.e., on an actuarial basis using the projected unit credit method.

<b>Sensitivity Analysis</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Adjustment to Discounted rate	0.50%	0.10%	0.00%	-0.10%	-0.50%
Present value of total obligation	115,254	121,659	123,354	125,090	132,458
Projected Service Cost	1,545	1,782	1,846	1,912	2,197
Adjustment to Long term Salary increments	0.50%	0.10%	0.00%	-0.10%	-0.50%
Present value of total obligation	124,102	123,501	123,354	123,208	122,638
Projected Service Cost	1,846	1,846	1,846	1,846	1,846
Adjustment to Pension increases and deferred valuations	0.50%	0.10%	0.00%	-0.10%	-0.50%
Present value of total obligation	131,935	124,990	123,354	121,755	115,717
Projected Service Cost	2,212	1,915	1,846	1,780	1,532
Adjustment to Life expectancy assumptions		+1yr	None	-1yr	
Present value of total obligation		128,286	123,354	118,644	

## **Asset and Liability Matching Strategy**

Kent Pension fund has agreed to a Fund Strategy Statement that matches the type of assets invested to the liabilities in the defined benefit obligation. The Fund has matched assets to the obligations by investing in equities, corporate bonds, and fixed interest Government securities/gilts. This is balanced with a need to maintain the liquidity of the Fund to ensure that it is able to make current payments. As it is required by the pensions and where relevant investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (57% of scheme assets) and bonds (15%). The scheme also invests in properties as part of the diversification of the scheme's investments and comprises 8% of the total portfolio. The Pension Fund Strategy's main objectives are to maintain a funding level of 100%, as assessed by the Actuary and to stabilise the Employer rate as far as is practicable.

## **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at a constant rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 12 years. Funding levels are monitored on an annual basis. The next triennial valuation is due on 31<sup>st</sup> March 2025, with the most recent valuation completing on 31<sup>st</sup> March 2022.

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

	Year to 31-Mar-25 £000s	Year to 31-Mar-26 £000s
<b>Projection for the year to 31 March 2026</b>		
Service cost	2,456	1,846
Net Interest and defined liability / (asset)	353	302
Administration Expenses	113	120
<b>Total loss / (profit)</b>	<b>2,922</b>	<b>2,268</b>
<b>Employer Contributions</b>	<b>3,792</b>	<b>3,876</b>

The weighted average duration of the defined benefit obligation for scheme members is 15 years 2024/25 (16 years 2023/24).

## 31. Usable Reserves

Usable Reserves	2023/24 £000s	2024/25 £000s
General Fund Reserve	(4,685)	(5,896)
Earmarked Reserves	(12,070)	(15,659)
Housing Revenue Reserve	(3,364)	(6,661)
Major Repair Reserve	-	-
Capital Receipt Reserve	(9,078)	(11,788)
Capital Grants Unapplied	(7,498)	(12,704)
<b>Total</b>	<b>(36,694)</b>	<b>(52,709)</b>

## 32. Unusable Reserves

Unusable Reserves	2023/24 £000s	2024/25 £000s
Revaluation Reserve	(107,593)	(121,384)
Pooled Investment Funds Adjustment Account	918	617
Capital Adjustment Account	(134,083)	(126,159)
Deferred Capital Receipts reserve	(98)	(88)
Collection Fund Adjustment Account	(1,970)	854
Pensions Reserve	9,077	7,116
Accumulated Absences Account	515	584
	<b>(233,234)</b>	<b>(238,460)</b>

## Revaluation Reserve

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

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation
- disposed of and the gains are realised

Revaluation Reserve	2023/24		2024/25	
	£000s	£000s	£000s	£000s
<b>Balance at 1 April</b>		<b>(130,681)</b>		<b>(107,593)</b>
Revaluation of assets and impairment (gains) / losses not charged to the Surplus / Deficit on the Provision of Services		21,431		(15,501)
Difference between fair value depreciation and historic cost depreciation	1,516		1,468	
Revaluation balances on assets sold or scrapped	141		242	
Amount written off to the Capital Adjustment Account		1,657		1,709
<b>Balance as at 31 March</b>		<b>(107,593)</b>		<b>(121,384)</b>

The Revaluation Reserve contains only revaluation gains accumulated since 1<sup>st</sup> April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

## Pooled Investment Funds Adjustment Account

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

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

Pooled Investment Funds Adjustment Account	2023/24		2024/25	
	£000s	£000s	£000s	£000s
<b>Balance at 1 April</b>		<b>950</b>		<b>918</b>
Upward revaluation of investments	-	(32)	-	(301)
Downward revaluation of investments	-	-	-	-
<b>Balance as at 31 March</b>		<b>918</b>		<b>617</b>

### **Capital Adjustment Account**

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction, and enhancement. The Account contains accumulated gains and losses on Investment Properties. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1<sup>st</sup> April 2007, the date that the Revaluation Reserve was created to hold such gains.

## NOTES SUPPORTING THE BALANCE SHEET

Capital Adjustment Account	2023/24	2024/25
	£000s	£000s
	£000s	£000s
<b>Balance at 1 April</b>	<b>(134,956)</b>	<b>(134,084)</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>		
Charges for depreciation and impairment of non-current assets	13,751	13,780
Revaluation (gains)/losses on Property, Plant and Equipment	5,353	8,199
Amortisation of intangible assets	54	67
Revenue expenditure funded from capital under statute	1,765	1,489
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	840	2,030
Capital debtors written down	613	2,018
Equity Valuation (Gains)/Losses	48	(5,142)
	<b>22,425</b>	<b>22,442</b>
Adjusting amounts written out of the Revaluation Reserve	(1,657)	(1,709)
<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>20,768</b>	<b>20,732</b>
<b>Capital financing applied in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	(1,455)	(3,421)
Use of the Major Repairs Reserve to finance new capital expenditure	(3,200)	(3,050)
Capital grants and contributions credited to the CIES that have been applied to capital financing	(3,747)	(4,118)
Application of grants to capital financing from the capital Grants Unapplied Account	(3,322)	(1,955)
Statutory provision for the financing of capital investment charged against the General fund and HRA balances	(1,964)	(2,256)
Capital expenditure charged against the General Fund and HRA balances	(7,484)	(635)
	<b>(21,172)</b>	<b>(15,435)</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	<b>1,277</b>	<b>2,627</b>
<b>Balance as at 31 March</b>	<b>(134,084)</b>	<b>(126,159)</b>



### **Financial Instruments Adjustment Account**

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expense relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

There was a nil balance on the Financial Instruments Adjustment Account as at 1<sup>st</sup> April 2024 and no movement took place in year, therefore the balance as at 31<sup>st</sup> March 2025 remains nil.

### **Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

<b>Deferred Capital Receipts Reserve</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
<b>Balance at 1 April</b>	<b>(109)</b>	<b>(98)</b>
Transfer of deferred sale proceeds in respect of finance leases where the Council is lessor	11	10
Gain on sale of assets	- 11	- 10
<b>Balance as at 31 March</b>	<b><u>(98)</u></b>	<b><u>(88)</u></b>

### **Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

<b>Collection Fund Adjustment Account</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
<b>Balance at 1 April</b>	<b>(451)</b>	<b>(1,970)</b>
Amount by which Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	(1,519)	2,824
<b>Balance as at 31 March</b>	<b>(1,970)</b>	<b>854</b>

## **Pensions Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pay any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>Pension Reserve</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
<b>Balance at 1 April</b>	<b>13,098</b>	<b>9,077</b>
Remeasurement of Net defined Liability	(2,858)	(453)
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	2,890	2,703
Employer's pensions contributions and direct payments to pensioners payable in the year	(4,053)	(4,211)
<b>Balance as at 31 March</b>	<b>9,077</b>	<b>7,116</b>

## **Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned

but not taken in the year, e.g., annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

<b>Accumulated Absences Account</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
<b>Balance at 1 April</b>	<b>465</b>	<b>515</b>
Settlement or cancellation of accrual made at the end of the preceding year	(465)	(515)
Amounts accrued at the end of the current year	<u>515</u>	<u>584</u>
Amount by which Officers Remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	<b>50</b>	<b>69</b>
<b>Balance as at 31 March</b>	<u><b>515</b></u>	<u><b>584</b></u>

### **33. Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it.

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase to the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

## NOTES SUPPORTING THE BALANCE SHEET

Capital Expenditure and Financing	2023/24 £000s	2024/25 £000s
Opening Capital Financing Requirement	141,393	148,684
<b>Capital Investment</b>		
Property, Plant and Equipment	17,081	14,055
Heritage assets	-	-
Investment Properties	1,251	360
Intangible assets	67	80
Loans to and equity in subsidiary	727	-
Loans to and equity in LLP	7,329	6,580
Other loans	300	301
Capital Debtors - prepayments	-	-
Revenue expenditure funded from capital under statute	1,765	1,489
<b>Sources of Finance</b>		
Capital Receipts	(1,455)	(2,271)
Government grants and other contributions	(7,070)	(5,922)
<b>Sums set aside from revenue:</b>		
Direct Revenue Contributions	(10,684)	(3,685)
Previous Year Financing Adjustment	(57)	(1,207)
Revenue provision for debt repayment	(1,964)	(2,256)
<b>Closing Capital Financing Requirement</b>	<b>148,684</b>	<b>156,210</b>
 Increase in underlying need to borrow (unsupported by Government financial assistance)	 9,313	 10,988
Revenue provision for debt repayment	(1,964)	(2,256)
Other adjustments	(57)	(1,207)
<b>Increase / (decrease) in Capital Financing Requirement</b>	<b>7,292</b>	<b>7,526</b>

## 34. Nature and Extent of Risks arising from Financial Instruments

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

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

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

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

### **Credit Risk: Overview**

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

<b>Exposure Category</b>	<b>31/03/2024</b>	<b>31/03/2025</b>
	<b>£'000</b>	<b>£'000</b>
Treasury Investments	20,177	18,473
Trade Receivables	4,361	4,982
Lease Receivables	98	88
Service Loans	7,479	5,832
Service Loan Commitments	0	0
<b>Total Credit Risk Exposure</b>	<b>32,115</b>	<b>29,375</b>

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

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

A limit of £5m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £3m applies. The Council also sets limits on investments in certain sectors. No more than £15m in total can be invested for a period longer than one year.

The Chief Finance Officer can also apply additional selection criteria to further restrict the investment counterparties available to the Council and/or the maximum duration of investments.

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

## NOTES SUPPORTING THE BALANCE SHEET

Credit Rating	31-Mar-24		31-Mar-25	
	Long-term	Short-term	Long-term	Short-term
	£000s	£000s	£000s	£000s
AAA		6,095		5,090
Unrated pooled funds	14,082		13,383	
<b>Total Investments</b>	<b>14,082</b>	<b>6,095</b>	<b>13,383</b>	<b>5,090</b>

The Council uses a number of un-rated pooled funds managed by external fund managers that offer enhanced returns over the longer term but are potentially more volatile over the shorter term. This allows the Council to diversify into different asset class other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued stability in meeting the Council's investment objectives will be monitored regularly.

The Council generally does not allow credit for customers.

### Credit Risk: Loans and Loan Commitments

In furtherance of the Council's service objectives, it has lent money to:

- i. Oportunitas Limited
- ii. Folkestone Parks & Pleasure Grounds Charity
- iii. Kent County Council
- iv. Local residential property owners
- v. Otterpool Park LLP

The Council manages the credit risk inherent in its loans for service purposes and loan commitments in line with its published Investment Strategy.

Loss allowances on loans and loan commitments to Oportunitas Limited & Otterpool Park LLP have been calculated by reference to published historical default rates for the construction and building sector, the recovery rate for secured and unsecured loans, current market conditions and examination of the latest financial statements and business plan for Oportunitas Limited & Otterpool Park LLP. Only 12-month credit losses were deemed necessary to provide for these loans and the total expected credit loss allowance was calculated to be £79k. This sum has been taken to the Surplus or Deficit on the Provision of Services. A reconciliation of the opening to closing 12 month expected credit loss allowances is as follows:

	12 month expected credit losses £'000
Opening Allowance 01/04/2024	199
Change in risk	79
<b>Closing Allowance 31/03/2025</b>	<b>278</b>



## **Liquidity Risk**

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows, shown both as discounted (principal plus accrued interest to date) and undiscounted (principal plus future interest payments) figures:

Time to maturity	Discounted		Undiscounted	
	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25
	£000s	£000s	£000s	£000s
Less than 1 year	37,478	19,000	42,219	22,535
1 to 2 years	15,998	9,000	18,795	11,668
2 to 5 years	17,996	12,001	23,674	18,521
5 to 10 years	18,003	22,579	23,659	31,432
10 to 20 years	7,184	13,599	13,342	20,284
20 to 40 years	11,141	9,141	14,575	12,074
<b>Total</b>	<b>107,801</b>	<b>85,321</b>	<b>136,264</b>	<b>116,515</b>

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

## **Market Risk**

### **Interest Rate Risk**

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council depending on how variable and fixed rates move across differing financial instrument periods. For example, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall
- Investments at variable rates – the interest income will rise.
- Investments at fixed rates – the fair value of the assets will fall

Investments classed at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value have no impact on the Comprehensive Income and Expenditure Statement (CIES). However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments classed at fair value will be reflected in the CIES.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. An upper limit of £220,000 on the 12-month revenue impact of a 1% rise and £220,000 of a 1% fall in interest rates was set for 2024/25.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect as at 31st March 2025 would be:

	<b>£000s</b>
Increase in interest payable on variable rate borrowings	70
Increase in interest receivable on variable rate investments	(16)
<b>Impact on Comprehensive Income and Expenditure</b>	<b>54</b>
Decrease in fair value of loans and receivables and bonds	-
Decrease in fair value of fixed rate borrowings	(4,163)

The most significant effect of a 1% increase in interest rates on the financial instruments carried at amortised cost would be on the fair value of PWLB debt. However, this will have no impact on either the Balance Sheet or the CIES.

### **Price Risk**

The Council's investment in pooled funds is subject to the price risk associated with the instruments contained within them and is managed alongside interest rate risk.

The Council's investment in the pooled property fund is subject to the risk of falling commercial property prices. The Council's investment in the diversified income funds it holds are subject to the risk of falling interest rates, equity prices and commercial property prices.

The estimated impact of these price risks are summarised below:

### **Impact on Fair Value of Fund**

## NOTES SUPPORTING THE BALANCE SHEET

Pooled Fund Category	1% interest rate rise	5% equity price fall	5% property price fall
	£'000	£'000	£'000
Property Fund	-	-	(204)
Diversified Income Funds	(183)	(127)	(26)
<b>Total</b>	<b>(183)</b>	<b>(127)</b>	<b>(229)</b>

The reduction in fair value would be a charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Financial Instruments Revaluation Reserve with no impact to the local taxpayer.

### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

## 35. Section 106 Receipts and Planning Condition Contributions

Section 106 receipts and planning condition contributions are monies paid to the Council by developers as a result of the grant of planning permission where works are required to be carried out or new facilities are provided as a result of that permission.

In summary, the movement during the year is shown below:

Opening Balance 01-Apr-24	New Contributions	Amounts Applied	Closing Balance 31-Mar-25
£000s	£000s	£000s	£000s
(5,557)	(1,298)	1,638	(5,218)

The balances at 31 March 2025 are held within the following areas of the balance sheet:

## NOTES SUPPORTING THE BALANCE SHEET

---

	2023/24	2024/25
	£000s	£000s
<b>Liabilities:</b>		
Long term creditors – receipts in advance	(5,213)	(4,808)
Capital grants received in advance – current	(59)	(59)
<b>Reserves:</b>		
Capital grants unapplied reserve	(285)	(351)
	<u>(5,557)</u>	<u>(5,218)</u>



# Notes Supporting the Cash Flow Statement



## **36. Reconciliation of Net Cash Flow from Operating Activities**

The cash flows for operating activities include the following items:

<b>2023/24</b>	<b>2024/25</b>
<b>£000s</b>	<b>£000s</b>
(1,264) Interest received	(1,916)
2,885 Interest paid	3,267
(1,346) Investment income	(1,210)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

<b>2023/24</b>	<b>2024/25</b>
<b>£000s</b>	<b>£000s</b>
5,655 Depreciation	4,859
12,746 Impairment and downward revaluations	8,984
54 Amortisation	67
216 Change in impairment for bad debts	79
(2,630) Increase/(decrease) in creditors	(5,758)
2,859 (Increase)/decrease in debtors	(879)
5 (Increase)/decrease in inventories	(7)
(1,163) Movement in pension liability	(1,508)
26 Movement in investment property values	2,267
670 Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	1,929
934 Other non-cash items charged to the net surplus or deficit on the provision of services	4,471
<b>19,372</b>	<b>14,504</b>

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

<b>2023/24</b>	<b>2024/25</b>
<b>£000s</b>	<b>£000s</b>
(5,642) Capital grants credited to the surplus or deficit on the provision of services	(11,513)
(1,947) Proceeds from the sale of property, plant and equipment	5,740
- Any other items for which the cash effects are investing or financing cash flows	-
<b>(7,589)</b>	<b>(5,773)</b>



### **37. Cash Flow Statement – Investing Activities**

<b>2023/24</b>		<b>2024/25</b>
<b>£000s</b>		<b>£000s</b>
(17,849)	Purchase of property, plant & equipment, investment property and intangible assets	(12,420)
(360)	Purchase of short-term and long-term investments	(73)
(7,996)	Other payments for investing activities	(6,808)
1,947	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	(5,740)
-	- Proceeds from investments	-
8,357	Other receipts from investing activities	11,548
<b>(15,900)</b>	<b>Net cash flows from investing activities</b>	<b>(13,493)</b>

### **38. Cash Flow Statement – Financing Activities**

<b>2023/24</b>		<b>2024/25</b>
<b>£000s</b>		<b>£000s</b>
45,000	Cash receipts of short- and long-term borrowing	59,000
(43,747)	Repayments of short- and long-term borrowing	(58,994)
2,762	Other payments for financing activities	(359)
<b>4,016</b>	<b>Net cash flows from financing activities</b>	<b>(353)</b>

# Other Notes



## **39. Related Party Transactions**

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or to have secured the ability to limit another party's ability to bargain freely with the Council.

The UK Government exerts significant influence over the general operations of the Council. It is responsible for providing the statutory framework, within which the Council 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., housing benefits).

Details of transactions with government departments are set out in note 15 on page 60.

Members of the Council have direct control over the Council's financial and operating policies. The total of members allowances paid in 2024/25 is set out in note 12 (page 58). Members are required to observe the Code of Conduct for councillors, register financial interests in the Council's Register maintained under section 81(1) of the Local Government Act 2000 and register the receipt of any gifts/hospitality over £25.

In the financial year 2024/25, there were no transactions between member related parties and the Council that required separate disclosure in the accounts.

Officers are required to observe the Code of Conduct for Officers and register the receipt of any gifts/hospitality. The Council had no material related party transactions with officers during 2024/25, other than those disclosed in note 13 (page 59).

The Council is Corporate Trustee of the Folkestone Parks and Pleasure Grounds Charity. It is responsible for providing the majority of the Charity's funding by financing its net cost. The Corporate Trustee duties of the Council are carried out by its executive councillors. The Charity's management support and grounds maintenance is carried out by the Council officers. Further details of the Trust and the Council's contribution are set out in note 40 (page 102). Payment of £643k was made to the Charity in respect of Special Expenses. The Council received £57k from the Charity in respect of loan repayments. Balances due to/from the Charity at 31<sup>st</sup> March 2025 are £(190)k and £339k, respectively.

The Council has three subsidiaries; wholly owned Oportunitas Limited, a company that commenced trading in 2014/15; wholly owned Otterpool Park Development Company Ltd (OPDCL); and Otterpool Park LLP (OPLLP) of which the Council owns 99.9%. OPLLP, set up by the Council to deliver its objectives for the Otterpool Park Garden Town, was incorporated on 15<sup>th</sup> August 2019 and FHDC and OPDCL were appointed members on 4th February 2020. Group financial statements, consolidating the results of the companies with those of the Council, have been prepared and are set out on pages- 116 -- 127 -.



The Council received £409k from Oportunitas in respect of loan repayments and interest.

The Council also has charges over all properties owned by Oportunitas Limited.

Payment of £6.5m was made in 2024/25 to Otterpool Park LLP in respect of a company loan and £73k in equity.

Payment of £5k was made in 2024/25 to Otterpool Development Company "OPDCL" in respect of a contribution towards operating costs.

Amounts due to or from those other parties able to control or influence the Council or to be controlled/ influenced by the Council are as follows:

<b>Related Parties</b>	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Amounts due to Central Government	8,645	2,847
Amount due to Oportunitas Limited	-	-
Amount due to Folkestone Parks Charity	230	199
Amounts due from Central Government	1,060	1,654
Amounts due from Kent County Council	2,846	2,793
Amount due from Oportunitas Limited	6,370	-
Amount due from Folkestone Parks Charity	396	339

## **40. Trust Funds**

The Council's Executive acts as sole trustee for the Folkestone Parks and Pleasure Grounds Charity. The net expenditure of the Charity is treated as special expenses to be charged upon the Folkestone area. The funds do not represent assets of the Council and have not been included in the balance sheet; however, the Council does hold £242k of investments, net of cash, on behalf of the charity.

The Council has used Section 35 of the Local Government Finance Act 1992 to apply a Special Expenses Rate, to recover the cost of its contribution to the charity, thus only residents of the former Borough of Folkestone are asked to contribute via their council tax bill.

The special expenses of £643k have been included under Cultural and Related Services, Environmental and Regulatory Services and Planning Services in the CIES (£437k 2023/24).

Income to the Charity therefore includes a contribution of £643k from the Council (£437k 2023/24). The remainder of the charity's income is derived from charges for services, grants, and investment income.

The Charity is required to produce an Annual Report and Account that sets out in detail its activities for that year. Copies of these can be obtained by contacting the Head of Paid Service, Civic Centre, Castle Hill Avenue, Folkestone, Kent CT20 2QY.

## 41. Interests in Companies and Other Entities

### Oportunitas Limited

The Council wholly owns Oportunitas Limited, a company set up for housing and regeneration purposes. The results of the company have been consolidated with those of the Council and are shown within the Group Financial Statements.

The Council holds 2,515 shares in the company at a cost of £4.9m and has loans outstanding of £4.7m from it.

Company turnover was £747k in 2024/25 (£574k 2023/24). Oportunitas made a profit on ordinary activities of £523k in 2024/25 (profit of £171k in 2023/24). Its holdings in investment property was £13.6m at 31st March 2025 (£13.7m 31/03/2025).

### Otterpool Park LLP

The Council owns 99.9% of Otterpool Park LLP, a company set up to deliver its objectives for the Otterpool Park Garden Town. The results of the company have been consolidated with those of the Council and are shown within the Group Financial Statements.

The Council's member capital in the company is £1.8m and has loans outstanding of £24.0m.

Company turnover was £151k in 2023/24 (£110k 2023/24). Otterpool Park LLP made an operating loss of £524k in 2024/25 (£753k in 2023/24). It held tangible assets of £19k at 31st March 2025 (£41k 31/03/2024).

### Otterpool Park Development Company LLP

The Council wholly owns OPDCL, a company set up to deliver its objectives for the Otterpool Park Garden Town and a member of Otterpool Park Development Company LLP.

Company turnover was £(6)k in 2024/25 (£(6)k 2023/24) and made an operating loss of £6k in 2024/25 ((£6k )2023/24).

## 42. The Council Acting as Agent

In 2024/25 the Council has not acted as an intermediary. Where the Council acts as agent, year-end balances only are reflected in the accounts as either a debtor or creditor.

## 43. Contingent Assets and Liabilities

### Contingent Asset

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

Contingent assets are not recognised on the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

There are no material contingent assets identified at the Balance Sheet Date.

**Contingent Liability**

A contingent liability is a liability that may occur depending on the outcome of an uncertain future event. Contingent liabilities are recorded if the contingency is likely, and the amount of the liability can be reasonably estimated.

There are no material contingent liabilities identified at the Balance Sheet Date.

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

The accounts were authorised for issue on the 30 June 2025, which is the date that the Director of Finance signed the Balance Sheet. Events after the balance sheet date (31st March 2025) been considered up to the 30 June 2025 when the accounts were authorised for issue. If any significant events take place before the 30 June 2025 which provide information about conditions existing at 31st March 2025, identify that any material adjustments are needed to reflect the impact of this information, the financial statements and notes are amended.

As noted in the narrative report, the Princes Parade development public consultation has taken place and the results published in May 2025, post the balance sheet date. In June 2025, it was decided that the project in its existing form would end. A non-adjusting event is therefore noted in respect of this. At the date of issue of these accounts, it is not possible to estimate the financial effect of this event, as a detail assessment will be required to estimate the amounts due to be written out of capital to the revenue account.

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



# Housing Revenue Account



## HOUSING REVENUE ACCOUNT

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

### Housing Revenue Account (HRA) Income and Expenditure Statement

2023/24 £000s		2024/25 £000s
	<b>Income</b>	
(17,071)	Dwelling Rents (Gross)	(18,854)
(373)	Non dwelling rents (Gross)	(389)
(1,021)	Charges for services and facilities	(1,168)
(52)	Contributions towards expenditure	(52)
(3,491)	Capital Grants and Contributions	(1,919)
<b>(22,008)</b>		<b>(22,382)</b>
	<b>Expenditure</b>	
4,530	Repairs and maintenance	4,968
6,475	Supervision and management	6,962
13	Rents, rates, taxes and other charges	17
11,579	Depreciation and impairment of non-current assets (HRA Note 6)	11,274
3,357	Valuation change	(247)
36	Debt management costs	36
96	Increase / (Decrease) in bad debt provision	91
<b>26,087</b>		<b>23,102</b>
<b>4,079</b>	<b>Net (surplus)/deficit of HRA Services as included in the whole authority CIES</b>	<b>720</b>
<b>155</b>	HRA services share of Corporate and Democratic Core	143
<b>4,234</b>	<b>Net (surplus)/deficit of HRA services</b>	<b>862</b>
(392)	(Gain)/loss on sale of HRA non-current assets	(611)
1,803	Interest payable and similar charges	1,890
(494)	Interest and investment income	(218)
35	Net interest on the net defined liability (HRA Note 9)	12
<b>5,186</b>	<b>(Surplus)/Deficit for the year on HRA Services</b>	<b>1,935</b>

## HOUSING REVENUE ACCOUNT

### Movement on the Housing Revenue Account Statement

2023/24 £000s		2024/25 £000s
5,186	Deficit on the HRA Income and Expenditure Statement	1,935
(8,216)	Difference between any other items of income and expenditure determined in accordance with the Code and determined in accordance with statutory HRA requirements (HRA Note 8)	(6,047)
392	Gain or (loss) on sale of HRA non-current assets	611
6,076	Capital expenditure funded by the HRA	-
201	HRA share of contributions to or from the Pensions Reserve (HRA Note 9)	203
<b>3,639</b>	<b>Net (increase) or decrease before transfers to or from Reserves</b>	<b>(3,298)</b>
-	- Transfer from the Major Repairs Reserve	-
<b>3,639</b>	<b>(Increase) or Decrease in year on the HRA</b>	<b>(3,298)</b>
(7,003)	Balance on the HRA at the end of the previous reporting period	(3,364)
3,639	(Increase) or Decrease in year on the HRA (as shown above)	(3,298)
<b>(3,364)</b>	<b>Balance on the HRA at the end of the current reporting period</b>	<b>(6,662)</b>

## 1. Housing Assets

At 31<sup>st</sup> March 2025, the Council was responsible for managing 3,398 units of accommodation (excluding shared ownership properties).

The stock was made up as follows:

Houses and bungalows:	1,870
Flats and Bedsits:	1,528

The change in the stock can be summarised as follows:

Stock	2023/24	2024/25
Stock at 1 April	3,390	3,395
Acquisitions	15	9
Sales	(6)	(7)
Disposals	(4)	1
Stock at 31 March	<b>3,395</b>	<b>3,398</b>

The Balance Sheet value was as follows:

	2023/24 £000s	2024/25 £000s
<i>Dwellings</i>	217,074	226,783
Other Land and Buildings	6,603	5,884
Infrastructure	839	757
Vehicles, Plant, Furniture and Equipment	64	34
Total Operational Assets	<b>224,580</b>	<b>233,458</b>
<i>Assets under construction</i>	1,717	948
Assets held for sale	-	(2,069)
Total Non Operational Assets	<b>1,717</b>	<b>(1,121)</b>
<b>Total Assets</b>	<b>226,297</b>	<b>232,337</b>

## 2. Vacant Possession Value

The vacant possession value of dwellings within the HRA as at the 31<sup>st</sup> March 2025 was £691,516,400. The Balance Sheet figure has been reduced to 33% to show existing use value as social housing, reflecting the economic cost of providing council housing at less than open market rents.

## 3. Major Repairs Reserve

	2023/24	2024/25
	£000s	£000s
Balance on Major Repairs Reserve as at 1 April	-	-
Depreciation and impairment of non-current assets	(3,199)	(3,050)
Capital expenditure on land, houses and other property within the HRA	3,199	3,050
<b>Balance on the Major Repairs Reserve as at 31 March</b>	<b>-</b>	<b>-</b>

## 4. Capital Expenditure on Land, Houses and Other Property within the HRA

	2023/24	2024/25
	£000s	£000s
Houses	12,359	9,179
Other Property	342	108
Intangible Assets	-	6
	<b>12,700</b>	<b>9,292</b>

## 5. Capital Financing

The capital expenditure detailed in Note 4 above was financed as follows:

	2023/24	2024/25
	£000s	£000s
Capital receipts	382	1,495
Capital Financing	-	3,000
Revenue	2,868	-
Decarbonisation Grant	1,350	1,555
Carry forwards	3,208	-
Afghan/Ukraine Grant	1,635	192
Major Repairs Reserve	3,200	3,050
	<b>12,643</b>	<b>9,292</b>

A summary of HRA capital receipts during the year is given below:

## HOUSING REVENUE ACCOUNT

	2023/24	2024/25
	£000s	£000s
Houses and Flats	561	1,072
	<b>561</b>	<b>1,072</b>

## 6. Depreciation, Impairment and Valuation on Non-Current Assets

2023/24					2024/25			
Revaluation	Depreciation	Impairment	Amortisation		Revaluation	Depreciation	Impairment	Amortisation
£000s	£000s	£000s	£000s		£000s	£000s	£000s	£000s
-	-	-	-	Land				
(3,357)	3,039	8,170	-	Dwellings	247	2,894	8,105	-
-	44	168	-	Other Land and	-	44	78	-
				Buildings				
-	86	-	-	Infrastructure	-	82	-	-
-	30	-	-	Vehicles, Plant, Furniture	-	30	-	-
				and Equipment				
			42	Amortisation of				42
				intangible assets				
<b>(3,357)</b>	<b>3,199</b>	<b>8,338</b>	<b>42</b>		<b>247</b>	<b>3,050</b>	<b>8,182</b>	<b>42</b>

The revaluation gain is a reversal of previous revaluation losses recognised through the net cost of HRA services.

Additionally in 2024/25 £13.4m was posted to the Revaluation Reserve (£11.5m 2023/24) in respect of valuation gains and is disclosed in Other Comprehensive Income and Expenditure.

## 7. Rent Arrears

	31-Mar-24	31-Mar-25
	£000s	£000s
Gross rent arrears	648	707
Current tenant arrears (excluding former tenants)	359	388
Provision for doubtful debts	254	291

Gross rent arrears include income related to properties leased by the Council to assist with providing services to prevent homelessness. Income relating to this service is credited to the General Fund.

## 8. Difference between any other items of Income and Expenditure

## HOUSING REVENUE ACCOUNT

	2023/24	2024/25
	£000s	£000s
HRA impairment-capital expenditure not adding value	(8,338)	(8,182)
Net valuation changes	(3,357)	247
Other movements	3,491	1,902
Other changes	(12)	(15)
	<u>(8,216)</u>	<u>(6,047)</u>

## 9. Housing Revenue Account Pension Costs

The following transactions have been made in the HRA Income and Expenditure Statement and Movement on the HRA Statement during the year in respect of pensions.

2023/24	2024/25
£000s	£000s
429 Current Service Cost	365
35 Net interest on net defined liability	12
<b>464</b> Net charge to the HRA Income and Expenditure Statement	<b>378</b>
201 HRA share of contributions to or from the pensions reserve in the Movement on the HRA Statement	203
<b>665</b>	<b>581</b>
665 Employer Contributions	581
<b>665</b> Actual amounts charged against the HRA balance for pensions during the year	<b>581</b>

## 10. Item 8 Credit and Item 8 Debit (General) Determination

The capital asset charges accounting adjustments calculated in accordance with the Regulations were as follows.

The Item 8 debit was calculated by multiplying the average HRA capital financing requirement by the consolidated rate of interest on the Council's borrowing for the year and amounted to £1.9m (£1.8m 2023/24).

The Item 8 credit was calculated by multiplying the average HRA balances for the year by the consolidated rate of interest on the Council's investments and amounted to £212k (488k 2023/24).



# Collection Fund





## **COLLECTION FUND**

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The Collection Fund Statement reflects the statutory obligations for billing authorities to maintain a separate Collection Fund. It shows the transactions in relation to collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates. It shows the impact of the Council retaining a proportion of the collected non-domestic rates.

## COLLECTION FUND

2023/24			2024/25		
Council Tax £000s	Business Rates £000s	Total £000s	Council Tax £000s	Business Rates £000s	Total £000s
<b>Amounts required by statute to be credited to the Collection Fund</b>					
(89,867)		(89,867)	(95,495)		(95,495)
-		-	-		-
(456)		(456)	(284)		(284)
	(29,355)	(29,355)		(29,810)	(29,810)
	(2,179)	(2,179)		(592)	(592)
<b>(90,323)</b>	<b>(31,534)</b>	<b>(121,857)</b>	<b>(95,779)</b>	<b>(30,402)</b>	<b>(126,181)</b>
<b>Amounts required by statute to be debited to the Collection Fund</b>					
<b>Council tax precepts and demands:</b>					
61,334		61,334	65,184		65,184
9,720		9,720	10,365		10,365
3,490		3,490	3,638		3,638
14,290		14,290	14,970		14,970
(342)		(342)	1,546		1,546
489		489	237		237
327		327	220		220
<b>Payment of Business Rates</b>					
	145	145		159	159
	13,576	13,576		15,142	15,142
	2,444	2,444		2,726	2,726
	272	272		303	303
	10,860	10,860		12,114	12,114
	289	289		5,824	5,824
	31	31		11	11
	78	78		139	139
	457	457		(120)	(120)
<b>89,308</b>	<b>28,152</b>	<b>117,460</b>	<b>96,160</b>	<b>36,298</b>	<b>132,458</b>
(1,015)	(3,382)	(4,397)	381	5,896	6,277
1,547	(1,725)	(178)	532	(5,107)	(4,575)
532	(5,107)	(4,575)	913	789	1,702

**Folkestone & Hythe District Council**

**Statement of Accounts 2024/25**

## 1. Council Tax

The average council tax at Band D set by the preceptors was as follows:

2023/24		2024/25
£		£
1,534.23	Kent County Council	1,610.82
243.15	Kent Police and Crime Commissioner	256.16
87.30	Kent Fire and Rescue Service	89.91
287.37	Folkestone & Hythe District Council (including Special Expenses charged on Folkestone)	295.96
70.07	Town and Parish Councils	73.98
<b>2,222.12</b>		<b>2,326.83</b>

The amount of income generated in 2024/25 by each council tax band was as follows:

Band	Chargeable Dwellings	Band D Equivalent	Income £'000
A	7,184	3,025	(6,722)
B	12,956	7,408	(16,462)
C	14,535	10,679	(23,730)
D	8,574	7,746	(17,213)
E	5,234	5,866	(13,035)
F	2,784	3,741	(8,313)
G	1,943	3,041	(6,757)
H	102	159	(352)
	53,312	41,665	<b>(92,584)</b>
	Contributions from the Ministry of Defence in lieu of council tax		(577)
	In year adjustments		(2,334)
	<b>Income collectable from council tax payers</b>		<b>(95,495)</b>

The 2024/25 tax base approved by Council was 40,466. This figure was arrived at after allowing for contributions in lieu of council tax and provision for bad debts.

## 2. Income Collectable from Business Rate Payers

The Council collects non-domestic rates for its area based on local rateable values multiplied by a uniform national rating multiplier. Since April 2015 Folkestone & Hythe District Council have been a member of the Kent Business Rates Pool with Kent County Council, Kent Fire and Rescue and nine other Kent local authorities in order to minimise the levy payment due to central government and thereby maximise retention of locally generated business rates.

In 2024/25 the total amount, less certain reliefs, and other deductions, was shared between Central Government (50%), Folkestone & Hythe District Council (40%), Kent County Council (9%) and Kent Fire and Rescue Service (1%).

## COLLECTION FUND

2023/24 £000s		2024/25 £000s
(83,096)	Non domestic rateable value as at 31 March	(88,140)
49.9p	Non-domestic rate multiplier	49.9p
<b>(41,465)</b>	<b>NNDR income before allowances and other adjustments</b>	<b>(43,982)</b>
12,110	Allowances, reduced assessments and other adjustments, including small business rate relief supplement & Covid reliefs	14,172
<b><u>(29,355)</u></b>	<b>Income collectable from business rate payers</b>	<b><u>(29,810)</u></b>

The non-domestic rate multiplier for 2024/25 was 49.9p for qualifying properties of less than £51,000 rateable value and 51.2p for all others (2023/24 49.9p and 51.2p respectively).



# Group Accounts





**GROUP ACCOUNTS**  
**GROUP MOVEMENT IN RESERVES STATEMENT**

**Group Movement in Reserves Statement**

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Council Share of Subsidiary Usable Reserves	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>2023/24</b>										
Group Balance at 31 March 2023	(20,496)	(7,003)	(7,859)	-	(6,777)	(42,134)	(257,601)	(299,736)	(170)	(299,906)
<b>Movement in reserves during 2023/24</b>										
Total Comprehensive Income and Expenditure	4,168	4,402	-	-	-	8,570	18,525	27,095	(3,072)	24,023
Adjustments between group accounts and authority accounts	(3,253)	-	-	-	-	(3,253)	-	(3,253)	3,253	-
<b>Net Increase/Decrease before Transfers</b>	<b>915</b>	<b>4,402</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,317</b>	<b>18,525</b>	<b>23,842</b>	<b>181</b>	<b>24,023</b>
Adjustments between accounting basis and funding basis under regulations	2,826	(763)	(1,218)	-	(721)	124	(124)	-	-	-
<b>Increase or Decrease in 2023/24</b>	<b>3,742</b>	<b>3,639</b>	<b>(1,218)</b>	<b>-</b>	<b>(721)</b>	<b>5,441</b>	<b>18,400</b>	<b>23,842</b>	<b>181</b>	<b>24,023</b>
<b>Balance at 31st March 2024 carried forward</b>	<b>(16,755)</b>	<b>(3,364)</b>	<b>(9,076)</b>	<b>-</b>	<b>(7,498)</b>	<b>(36,693)</b>	<b>(239,201)</b>	<b>(275,894)</b>	<b>11</b>	<b>(275,885)</b>
<b>2024/25</b>										
Group Balance at 31 March 2024	(16,755)	(3,364)	(9,076)	-	(7,498)	(36,693)	(239,201)	(275,894)	11	(275,885)
<b>Movement in reserves during 2024/25</b>										
Total Comprehensive Income and Expenditure	(5,156)	1,935	-	-	-	(3,220)	(22,107)	(25,327)	(3,348)	(28,675)
Adjustments between group accounts and authority accounts	(2,063)	-	-	-	-	(2,063)	-	(2,063)	2,063	-
<b>Net Increase/Decrease before Transfers</b>	<b>(7,219)</b>	<b>1,935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,283)</b>	<b>(22,107)</b>	<b>(27,390)</b>	<b>(1,284)</b>	<b>(28,675)</b>
Adjustments between accounting basis and funding basis under regulations	2,422	(5,232)	(2,712)	-	(5,206)	(10,728)	10,728	-	-	-
<b>Increase or Decrease in 2024/25</b>	<b>(4,797)</b>	<b>(3,297)</b>	<b>(2,712)</b>	<b>-</b>	<b>(5,206)</b>	<b>(16,011)</b>	<b>(11,379)</b>	<b>(27,390)</b>	<b>(1,284)</b>	<b>(28,675)</b>
<b>Balance at 31st March 2025 carried forward</b>	<b>(21,552)</b>	<b>(6,661)</b>	<b>(11,788)</b>	<b>-</b>	<b>(12,704)</b>	<b>(52,704)</b>	<b>(250,580)</b>	<b>(303,284)</b>	<b>(1,273)</b>	<b>(304,560)</b>

**GROUP ACCOUNTS**  
**GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

**Group Comprehensive Income and Expenditure Statement:**

2023/24				2024/25		
Gross		Net		Gross		Net
Expenditure	Income	Expenditure		Expenditure	Income	Expenditure
£000s	£000s	£000s		£000s	£000s	£000s
			<b>Continuing Operations</b>			
732	(64)	667	Leadership Support	509	(114)	395
3,538	(138)	3,399	Governance & Law	4,128	(155)	3,973
836	(136)	699	Human Resources	820	(118)	702
34,311	(27,050)	7,262	Finance Customer & Support	33,637	(26,708)	6,929
-	-	-	Strategic Development	-	-	-
1,467	(1,258)	209	Economic Development	1,082	(1,253)	(171)
1,666	(1,555)	111	Planning	2,028	(1,286)	742
9,860	(5,790)	4,071	Estates & Operations	9,277	(6,104)	3,172
2,071	(3,058)	(987)	Housing	2,567	(3,979)	(1,411)
9,898	(3,018)	6,879	Customer Case Regulatory & Communities	9,278	(3,156)	6,122
-	-	-	Transition & Transformation	-	-	-
22,101	(18,517)	3,584	Local Authority Housing (HRA)	23,492	(20,463)	3,028
<b>86,480</b>	<b>(60,585)</b>	<b>25,895</b>	<b>(Surplus)/Deficit on Continuing Operations</b>	<b>86,817</b>	<b>(63,336)</b>	<b>23,481</b>
6,309	(717)	5,591	Other operating expenditure	2,706	(3,103)	(397)
6,286	(4,018)	2,268	Financing and investment income and expenditure	11,932	(12,303)	(371)
7,137	(34,662)	(27,526)	Taxation and non-specific grant income	6,833	(42,337)	(35,504)
<b>106,211</b>	<b>(99,983)</b>	<b>6,229</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>108,288</b>	<b>(121,080)</b>	<b>(12,792)</b>
		20,653	(Surplus) or deficit on revaluation of non-current assets			(15,431)
		(2,858)	Re-measurement of net defined liability			(453)
		<b>17,795</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(15,884)</b>
		<b>24,023</b>	<b>TOTAL Comprehensive Income and Expenditure</b>			<b>(28,676)</b>

**GROUP ACCOUNTS**  
**GROUP BALANCE SHEET**

**Group Balance Sheet:**

<b>2023/24</b>		<b>Note</b>	<b>2024/25</b>
<b>£000s</b>			<b>£000s</b>
	<b>Non current assets</b>		
217,074	Council dwellings		227,289
116,873	Property, plant and equipment		119,721
2,998	Heritage Assets		2,998
43,959	Investment property	2	40,720
223	Intangible assets		236
14,082	Long term investments	3	13,383
418	Long term debtors	4	3,105
<b>395,625</b>	<b>Long term assets</b>		<b>407,452</b>
109	Assets Held For Sale		2,069
17,113	Inventories	5	23,833
10,790	Short term debtors	6	13,308
6,311	Cash and cash equivalents	7	5,726
<b>34,323</b>	<b>Current assets</b>		<b>44,936</b>
(38,007)	Short term borrowing	9	(45,455)
(19,072)	Short term creditors		(14,404)
(5,645)	Grants receipts in advance - capital		(5,423)
(1,381)	Current Provisions		(1,333)
(885)	Cash in transit	7	-
<b>(64,990)</b>	<b>Current liabilities</b>		<b>(66,615)</b>
(70,323)	Long term borrowing	9	(62,881)
(9,077)	Net Pensions liability		(7,116)
(9,053)	Long term liabilities		(10,590)
(619)	Provisions		(619)
<b>(89,073)</b>	<b>Long term liabilities</b>		<b>(81,206)</b>
<b>275,885</b>	<b>Net assets</b>		<b>304,567</b>
(36,684)	Usable reserves		(53,986)
(239,200)	Unusable reserves		(250,580)
<b>(275,885)</b>	<b>Total Reserves</b>		<b>(304,567)</b>

**GROUP ACCOUNTS**  
**GROUP CASH FLOW STATEMENT**

**Group Cashflow Statement:**

<b>2023/24</b>	<b>2024/25</b>
<b>£000s</b>	<b>£000s</b>
(6,277) Net surplus or (deficit) on the provision of services	6,638
20,543 Adjustments to net surplus or (deficit) on the provision of services for non-cash movements	13,200
(9,396) Adjustments for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(7,643)
<b>4,870 Net cash flow from operating activities</b>	<b>12,195</b>
<b>(9,858) Net cash flow from investing activities (Group Note 8)</b>	<b>(6,631)</b>
<b>(896) Net cash flow from financing activities</b>	<b>(5,262)</b>
<b>(5,884) Net increase or decrease in cash and cash equivalents</b>	<b>303</b>
11,307 Cash and cash equivalents at the beginning of the reporting period	5,424
<b>5,426 Cash and cash equivalents at the end of the reporting period</b>	<b>5,726</b>

## **Explanation of Group Financial Statements**

### **Group MiRS**

This statement shows the movement in the year on the different reserves held by the Council and its subsidiaries Oportunitas Limited and Otterpool Park LLP, analysed into usable reserves i.e., those that can be applied to fund expenditure or reduce local taxation and other reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Group CIES. This is different from the statutory amounts required to be charged to the General Fund balance for council tax setting. The 'Net Increase/Decrease' line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves.

### **Group CIES**

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. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Group MiRS. The statement shows the consolidated position of the Council and incorporates its subsidiaries, Oportunitas Limited and Otterpool Park LLP.

### **Group Balance Sheet**

The Group Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve, where amounts would only become available to provide services if the assets were sold); and reserves that hold timing differences shown in the Group MiRS line 'Adjustments between accounting basis and funding basis under Regulations.' The Group Balance Sheet shows the consolidated position incorporating the Council's subsidiaries Oportunitas Limited and Otterpool Park LLP.

### **Group Cash Flow Statement**

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



## Notes to the Group Financial Statements

The Group Accounts should be read in conjunction with the Council's single entity accounts. Only notes to the accounts that are materially different from the single entity accounts are produced for the group accounts.

### Note 1 – Accounting Policies

In preparing the Group Accounts the Council has aligned the accounting policies of the company with those of the Council and made consolidation adjustments where necessary; has consolidated the financial statements of the company with those of the Council on a line-by-line basis; and has eliminated full balances, transactions, income and expenses between the Council and its subsidiaries.

Notes to the Group Financial Statements have been presented where the figures are materially different from those of the Council entity accounts. Where there are no material differences, Notes to the Council's accounts provide then required disclosures.

### Note 2 – Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

	2023/24 £000s	2024/25 £000s	2024/25 £000s	2024/25 £000s
Cost or Valuation		Investment Property	AUC	Total
At 1 April	40,098	43,959	-	43,959
Additions – acquisitions	1,350	360	-	360
Assets Under Construction (AUC) - at 1 April	-	-	-	-
Additions - AUC	-	-	-	-
Transfers from AUC	3,300	-	-	-
Net gain/loss from fv adjustments	752	(2,337)	-	(2,337)
Impairment	(1,251)	(360)	-	(360)
Reclassification to PPE- Surplus Asset	-	-	-	-
Disposals	(291)	(901)	-	(901)
At 31 March	<b>43,959</b>	<b>40,720</b>	-	<b>40,720</b>

### Fair Value Hierarchy for Investment Properties

Details of the Authority's Investment Properties and information about the fair value hierarchy as at 31<sup>st</sup> March 2025 are as follows:

## GROUP ACCOUNTS

2024/25 Recurring fair value measurements using:	Other significant observable inputs	Fair value at
	(Level 2)	31-Mar-25
	£000s	£000s
Residential Units	20,948	20,948
Agricultural Land	1,185	1,185
Commercial Units	18,588	18,588
<b>Total at Fair Value</b>	<b>40,720</b>	<b>40,720</b>
Assets Under Construction	-	-
<b>Total Investment Properties</b>	<b>40,720</b>	<b>40,720</b>

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

#### Significant observable inputs – Level 2

The fair value for the residential units, agricultural land and commercial units has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local Authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

### Note 3 – Long Term Investments

Long Term Investments	2023/24	2024/25
	£000s	£000s
Bond, equity & property funds	14,082	13,383
Shares in unlisted companies	-	-
Changes in FV of equity investments in companies	-	-
	<b>14,082</b>	<b>13,383</b>

## Note 4 – Long Term Debtors

Long Term Debtors	2023/24 £000s	2024/25 £000s
Loan to Oportunitas Limited	-	-
Loan to Otterpool Park LLP	-	-
Expected Credit Loss (Loans to Companies)	94	-
Other Adjustments	(2,061)	-
Soft Loans	1,589	1,557
Other Loans	779	699
Capital Prepayment (Otterpool Land Options)	773	773
Lease Receivables	88	77
	<b>1,263</b>	<b>3,105</b>

## Note 5 – Stock and WIP

	2023/24 £000s	2043/25 £000s
Stock	6	13
Work in progress	17,107	23,820
	<b>17,113</b>	<b>23,833</b>

## Note 6 – Short Term Debtors

Short Term Debtors	2023/24 £000s	2024/25 £000s
Trade Receivables	2,158	1,698
Receivables from Related Parties	2,429	4,405
Prepayments	729	875
Other Receivables	2,053	2,415
Council Taxpayers	2,488	2,297
Business Ratepayers	359	325
Sundry Debtors	2,484	3,610
	<b>12,700</b>	<b>15,625</b>
<b>Impairment of debt</b>		
Trade Receivables	(506)	(909)
Other Receivables	(1,405)	(1,408)
<b>Total</b>	<b>(1,910)</b>	<b>(2,317)</b>
	<b>10,790</b>	<b>13,308</b>

## **Note 7 – Cash and Cash Equivalents**

<b>Cash and Cash Equivalents</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000s</b>	<b>£000s</b>
Bank Accounts	216	415
Money Market Funds	6,095	5,090
Cash in Transit	(885)	221
	<b>5,426</b>	<b>5,726</b>

## **Note 8 – Cash Flow Statement – Investing Activities**

<b>2023/24</b>		<b>2024/25</b>
<b>£000s</b>		<b>£000s</b>
(18,894)	Purchase of property, plant & equipment, investment property and intangible assets	(12,423)
	- Purchase of short-term and long-term investments	0
(1,273)	Other payments for investing activities	(301)
1,947	Proceeds from the sale of property, plant & equipment, investment property and intangible assets	(5,740)
	- Proceeds from investments	-
8,357	Other receipts from investing activities	11,830
<b>(9,858)</b>	<b>Net cash flows from investing activities</b>	<b>(6,631)</b>

## Note 9 – Financial Instruments

Financial Liabilities	Long Term		Short Term	
	31-Mar-24 £000s	31-Mar-25 £000s	31-Mar-24 £000s	31-Mar-25 £000s
Loans amortised cost:				
- Principal sum borrowed	(70,323)	(62,880)	(37,478)	(44,683)
- Accrued interest	-	-	(528)	(772)
<b>Total Borrowing</b>	<b>(70,323)</b>	<b>(62,881)</b>	<b>(38,007)</b>	<b>(45,455)</b>
Liabilities at amortised cost:				
- Cash in Transit	-	-	(885)	-
<b>Total Cash Liability</b>	<b>-</b>	<b>-</b>	<b>(885)</b>	<b>-</b>
Liabilities at amortised cost:				
- Trade payables	-	-	(3,277)	(3,590)
<b>Included in Creditors</b>	<b>-</b>	<b>-</b>	<b>(3,277)</b>	<b>(3,590)</b>
<b>Total Financial Liabilities</b>	<b>(70,323)</b>	<b>(62,881)</b>	<b>(42,168)</b>	<b>(49,045)</b>

Financial Assets	Long Term		Short Term	
	31-Mar-24 £000s	31-Mar-25 £000s	31-Mar-24 £000s	31-Mar-25 £000s
At fair value through profit & loss:				
- Fair value	8,676	12,458	-	-
<b>Total investments</b>	<b>8,676</b>	<b>12,458</b>	<b>-</b>	<b>-</b>
At amortised cost:				
- Principal	-	-	113	402
At fair value through profit & loss:				
- Fair value	-	-	6,095	5,090
<b>Total Cash &amp; Cash Equivalents</b>	<b>-</b>	<b>-</b>	<b>6,208</b>	<b>5,492</b>
At amortised cost:				
- Trade receivables*	-	-	3,629	4,828
- Lease receivables*	88	77	10	11
- Loans made for service purposes*	2,368	2,143	370	467
- Loss allowance Expected Credit Loss*	-	-	553	(403)
<b>Included in Debtors</b>	<b>2,456</b>	<b>2,220</b>	<b>4,561</b>	<b>4,902</b>
<b>Total Financial Assets</b>	<b>11,131</b>	<b>14,679</b>	<b>10,769</b>	<b>10,394</b>



# **Independent Auditor's Report to the Members of Folkestone and Hythe District Council**

2024/25 Audit Opinion to Follow

## **INDEPENDENT AUDITOR'S REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

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## **INDEPENDENT AUDITOR'S REPORT**

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# **Annual Governance Statement 2024/25**

<Annual Governance Statement to follow>

