

Gravesham Borough Council

FINANCIAL STATEMENT

2024/25



Together - Proud to be Gravesham

FINANCIAL REVIEW and STATEMENT OF ACCOUNTS

for the year ending

31 March 2025

SARAH PARFITT CPFA

Director – Corporate Services

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1. Introduction from the Director (Corporate Services)

- 1.1. I am pleased to present Gravesham Borough Council's annual Statement of Accounts for the year ending 31 March 2025. The Statement has been prepared in accordance with the requirements of the CIPFA Code of Practice on Local Authority Accounting and is intended to allow interested parties to:
- Understand the overarching financial position of the Council and the outturn for 2024/25;
 - Have confidence in how the Council has used and accounted for the public funds that it holds;
 - Be assured that the financial position of the Council is sound and secure.
- 1.2. The financial statements set out both the single entity accounts for Gravesham Borough Council and the consolidated group position, incorporating its wholly owned Local Authority Trading Company, Rosherville Limited, and subsidiaries and the Gravesham Community Investment Partnership (GCIP).
- 1.3. I would like to thank the officers involved in closing the accounts and producing the financial statements that form a significant part of this document.
- 1.4. The Statement is accompanied by this Narrative Report, intended to provide interested parties with an understanding of the Council, its financial performance and the economy, efficiency and effectiveness with which resources have been deployed over the financial year.
- 1.5. During the year the Council has continued to grapple with the challenging financial circumstances, alongside national political change and the announcement of proposals for the most significant reorganisation of Local Government in recent times. The Council continued its proactive and established Balancing the Budget programme, progressing innovation in the way it seeks to fund and invest in services the public value whilst maintaining a strong focus on financial governance and sustainability.
- 1.6. The Council was able to set a balanced budget for 2025/26, albeit there is recognition that we need to act to reduce the reliance on Working Balances as a means of balancing its annual budget. The council has the right culture, experience and drive to deliver activity to reduce its future base budget requirement, having delivered £9.22m of such activity since 2016, but the pace at which activity is required to be delivered has increased and comes at a time when local government finance reform, devolution and local government reorganisation will all create a continued period of instability until more about each is known.

S J Parfitt

Sarah J Parfitt CPFA

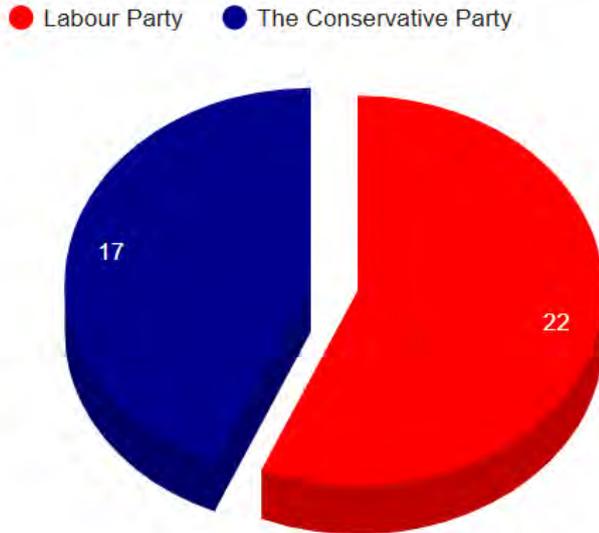
Director (Corporate Services) and Chief Financial Officer

2. The Borough of Gravesham

- 2.1.** Gravesham Borough is located in the north of Kent. It is approximately 32 kilometres (20 miles) east of London and covers a land area of 99 square kilometres (38 square miles), stretching from the River Thames in the north to the crest of the North Downs in the south. Gravesham is bounded by the local authorities of Dartford and Sevenoaks to the west, Tonbridge and Malling to the south and Medway to the east.
- 2.2.** The borough has a striking urban-rural split; the rural area to the south of the borough and to the east of Gravesend makes up approximately 78% of the borough and is largely constituted of Green Belt land. Despite a comparatively small resident population, Census 2021 presented Gravesham as having the third highest population density in Kent at approximately 1,080 persons per km², behind only Dartford (1,605) and Thanet (1,357).
- 2.3.** Latest population estimates indicate Gravesham has a population of 107,700, the lowest figure across the 12 Kent districts. Gravesham's resident population is extremely diverse with a vibrant mix of people. The Census 2021 recorded that 31.7% of residents are of an ethnicity other than 'white British'. Supporting that position, as of 24.0% of all school pupils did not have English as their first language, the highest figure in Kent, and 46.2% of pupils identified as of a minority ethnic background.
- 2.4.** Life expectancy in the borough reveals an average age of 78.9 years for men, slightly below the national (79.3) average. Women, at 84.0 years life expectancy in Gravesham are slightly ahead of the national average (83.2). The Index of Multiple Deprivation identifies Gravesham as the 119th most deprived local authority area in England, with two 'lower super output areas' within the top 10% most deprived areas nationally.
- 2.5.** In terms of the local economy, Gravesham is home to over 4,000 VAT-registered businesses, supporting 34,400 jobs. The local business base has grown by 1,410 (53.6%) enterprises since 2010, the second highest rate in Kent. Gravesham's largest employment sectors are typically lower value in terms of productivity, compounded by a job density ratio (0.57) which presents as the lowest available jobs per working age resident in the county.
- 2.6.** Specifically in terms of sectors, over 6,000 employees (17.4%) work within the public sector, proportionately higher than the Kent average of 16.9%. In the private sector, Gravesham posts the highest percentage of businesses in Kent in Construction (22.9%) and Transport and Storage (9.4%) - both within the top 20% of authorities nationally. Conversely, the borough has the lowest figure in Kent – and within the lowest 20% of authorities nationally, for jobs in the higher-value knowledge economy.
- 2.7.** Economic activity in the borough has fluctuated significantly in recent years. From a low of 69.6 in December 2016, latest data presents 82% of 16-64 years olds as economically active in the borough, ahead of regional and national (78.6%) positions. Importantly, Gravesham also presents the highest rate in Kent for residents with a disability in active employment (81.2%). As activity has varied, so too therefore has inactivity. Latest data for February 2025 identifies that Gravesham has the county's second highest rate of people claiming unemployment benefits at 4.7%.
- 2.8.** The Annual Survey of Hours and Earnings presents that the average full-time weekly earnings for Gravesham residents was £690.50, representing the second lowest figure across Kent's twelve districts and below the Kent district average (£751.80). Conversely, in terms of workplace earnings for jobs located in the borough, Gravesham recorded the highest full-time weekly earnings across Kent districts (£759.80), £69.90 higher than the Kent average. Gravesham is the only district in the county where resident earnings are less than workplace based.

3. Gravesham Borough Council

- 3.1. Gravesham Borough Council is one of twelve district councils in the county of Kent and is a multi-functional organisation responsible for a wide range of services to the public and the community it serves. The community is represented by 39 Members elected by the communities of 17 Ward area to oversee how the Council carries out its activities.
- 3.2. Elections of the whole Council are held every four years, with the last elections taking place on 4 May 2023. The make-up of the Council at 31/3/25 was Labour Group 22, Conservative Group 17.

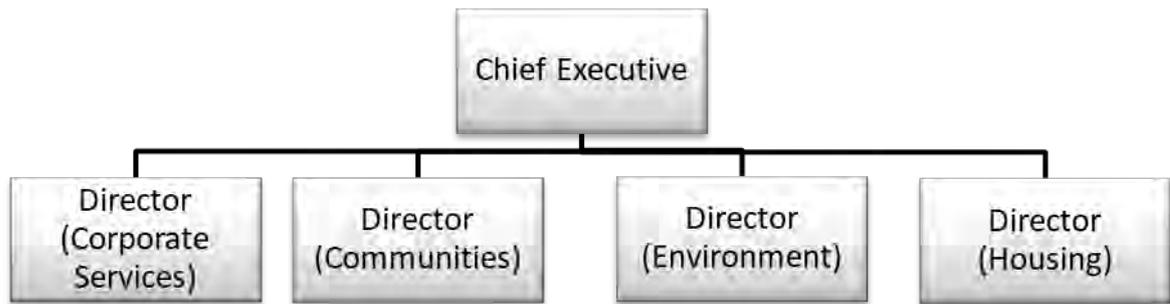


- 3.3. The Council has adopted the Leader and Cabinet model as its political management structure. The Leader of the Council has appointed five Members to their Cabinet, with each holding their own specific portfolio of responsibility at 31 March 2025:

Councillor John Burden	Leader of the Executive
Councillor Shane Mochrie-Cox	Deputy Leader, Planning & Business Development
Councillor Deborah Croxton	Community & Leisure
Councillor Emma Morley	Operational Services
Councillor Karina O'Malley	Housing Services
Councillor Narinderjit Singh Thandi	Performance & Administration

In addition, Councillor Lenny Rolles holds a non-Cabinet advisory position.

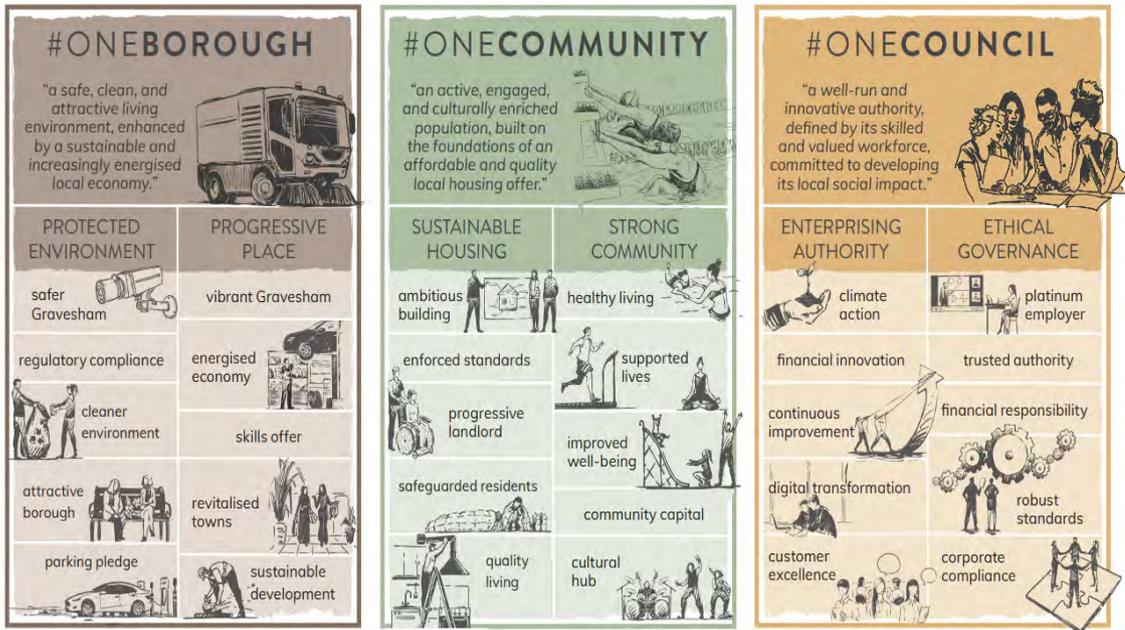
- 3.4. The decision-making processes of the Council are set out in the Constitution, with decisions taken primarily by Cabinet or the individual Cabinet Members held to account by the Overview Scrutiny Committee which is chaired by the Leader of the Opposition.
- 3.5. Supporting the Elected Members is an organisational structure led by the Council's Management Team. Alongside the s151 Officer (Director – Corporate Services), Management Team meetings are also attended by the Council's Deputy Monitoring Officer to ensure that the key statutory officers are represented at the most senior level of the Council.



- 3.6. In March 2024 the Council employed 529 people across two main sites: the Civic Centre in Gravesend and the Brookvale Depot in Northfleet. By March 2025 this position had changed to 518.
- 3.7. The 2024/25 Annual Governance Statement was approved by the Finance & Audit Committee in July 2025: [Agenda for Finance and Audit Committee on Tuesday, 15 July 2025, 7.30 pm – Gravesham Borough Council](#)
- 3.8. In December 2023 the Council resolved to appoint Grant Thornton (UK) LLP as its external auditor for the five-year period from 1 April 2023, following the joint procurement exercise administered by Public Sector Audit Appointments. As external auditor, Grant Thornton (UK) LLP are responsible for providing an opinion on the annual financial statements of the Council and reporting each year on their judgements on the Council's arrangements for securing Value for Money .

4. Our Strategy and Business Model

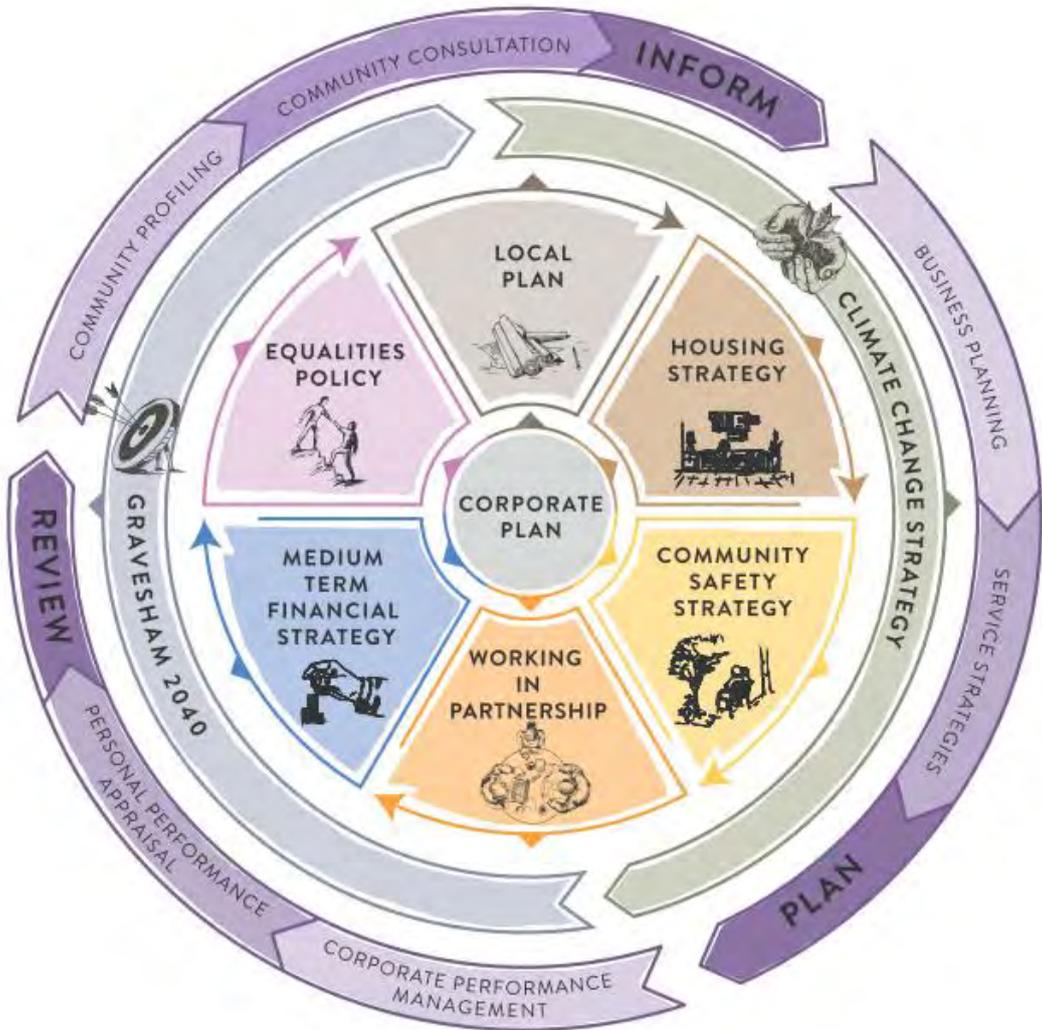
- 4.1. The Council operates within a strict financial and regulatory environment. The actions of the Council are subject to internal review by the Council’s Management Team and Elected Members as well as external review from the residents of Gravesham, the Council’s External Auditor and other regulating bodies.
- 4.2. In October 2023 the Council adopted a new [Corporate Plan 2023-27](#): Together – Proud to be Gravesham, setting out its ambition for the borough under three corporate objectives, each with its own portfolio of activities and initiatives:



Gravesham Borough Council - Corporate Plan 2023-27

Together - Proud to be Gravesham

- 4.3. To be successful, it is vital that all corporate policies, strategies and business plans are fully informed, designed and resourced to support the delivery of our corporate objectives. For our Council, this is not a single top-down exercise. The Council has adopted an ongoing method of engaging staff; Members; partners and residents; in order to inform, plan, review and ultimately deliver continuous improvement in council services; *the 'Golden Thread'*.



5. Our Performance in 2024/25

- 5.1. The Corporate Plan establishes the Council's ambition for the borough, complete with a suite of corporate objectives and supporting policy commitments that will shape our activities over the four-year administrative period.
- 5.2. In working towards the framework presented by the plan, throughout 2024/25 the Council has designed targeted projects and interventions that deliver positive outcomes in meeting the needs and expectations of local residents.
- 5.3. Activities and initiatives delivered by our services in the last year include:

#oneborough

- **Protected Environment**

A cleaner, greener and more attractive borough was identified by local residents as a key priority for the new Corporate Plan. Against that ambition, a series of projects and initiatives that aim to improve household recycling and boost a sense of civic pride in the borough were delivered in 2024/25. The Council's waste and recycling service was enhanced with the introduction of a new glass collection regime, meaning for the first time residents now have the ability to put glass out for recycling with their fortnightly kerbside collection. This new service has contributed to the Council's improved rate of recycling, with the authority having overseen 41.6% of household waste recycled in 2024/25.

In addition, 2024/25 saw the conclusion of a pilot project for small electrical items to be collected at 18 bring banks installed across the borough. Starting in November 2023, Gravesham successfully collected more than 27,000 small electricals, weighing in at 24 tonnes, for recycling. Due to the success of the project, the small electrical bring banks are now a permanent installation for residents to continue recycling, with this initiative being shortlisted for, and winning, many awards for its innovative approach.

- **Progressive place**

Following the allocation of government funding, in 2024/25 the Council delivered a grant funding scheme aimed at supporting town centre business owners to improve the look, feel and appearance of their premises.

A key part of our policy commitment to create attractive and resilient town centres, the grants were not exclusively about tidying up or reimagining shopfronts but represented an opportunity for wider social benefit; bringing empty units back into use, making alterations to reduce anti-social behaviour and crime, and to make visiting a more pleasant experience for customers. The scheme was open to new and existing businesses, with eligible commercial premises including retailers, service providers (e.g. hairdressers); financial and professional services (e.g. estate agents) and food and drink establishments.

The scheme proved to be very popular, with a total level of grant funding of approximately £143,000 being requested from all applicants last November, from an initial grant allocation of £65,000. Due to the popularity of the scheme and its impact on the business community – town centre footfall reaching its highest point since 2020 in 2024-25 – it is hoped a follow up scheme can be delivered in the coming financial year that broadens the ability to assist more of Gravesham's independent businesses.

#onecommunity

- **Sustainable housing**

As the largest social housing landlord in Kent, and one of the largest in the South-East, we are determined to create a sustainable living environment for our tenants. To that end, 2024/25 saw the Council take further steps to help develop the energy efficiency of its housing provision.

On receiving funding from wave three of the government's *Warm Homes: Social Housing Fund*, the authority oversaw the installation of Air Source Heat Pumps and Solar PV systems to 204 properties which were previously energy rated EPC D or below. The aim being to improve the properties to EPC band B, with the additional benefit of bringing down the energy bills of its tenants.

The total funding awarded to Gravesham was £2.1 million, and the total project cost was £4.5 million over three years. This latest investment builds on our work over the previous five years that has seen the number of our properties at EPC C or above increase from 57% to 82%, highlighting our commitment to sustainability as we work towards meeting the government's target for all properties to reach EPC C by 2030.

Moreover, Gravesham is now rated by Uswitch as among the top10 local authorities in England, Wales and Scotland for energy-efficient social housing, with an energy efficiency score of 73.6.

- **Strong community**

On adopting our new Corporate Plan for the 2023-27 administrative period, we committed to unlocking the potential within Gravesham's visitor economy.

A key part of our programme is through the promotion and development of our creative arts, cultural, and heritage offer and 2024/25 saw the authority launch a new branded website and high-profile campaign to boost local tourism.

Our new website (www.visitgravesham.co.uk) highlights attractions across the borough, from walks along the River Thames taking in Gravesend's maritime history, to the Gurdwara and out to the Kent Downs, home to hideaways such as the lost village of Dode.

In supporting over 2,500 jobs, we understand the importance of the tourism sector within the local economy and in the last 12 months the council launched a promotional campaign to further boost Gravesham's visitor profile. Supported by government funding, the campaign sees Gravesham's attractions actively promoted outside of the borough, including advertising on Southeastern's HS1 services, and is aimed at attracting visitors from London, the rest of Kent, and the greater south east region. Cumulatively, these actions have seen tourism numbers in the Borough increase by around 50% on previous levels.

#onecouncil

- **Enterprising authority**

The Council has pledged to support the borough towards a net-zero environment, and although our greenhouse gas emissions contribute only 0.5% to Gravesham's overall total, as a local public authority we are committed to leading by example.

A major contributor to our own greenhouse gas emissions is the Council's vehicle fleet, which is made up of 134 vans, of which 18 are electric vehicles, and 24 HGVs. The fleet consumes around 320,000 litres of diesel per year and produces 22.4% of our total annual emissions. In working towards our climate ambition, in 2024/25 the decision was taken to invest £12 million to electrify and decarbonise our vehicle fleet, including our household waste collection HGVs, which are being converted to run on low-emission fuel - Hydrotreated Vegetable Oil (HVO). HVO will act as a direct replacement for the existing diesel fuel and its adoption will also mean there are no requirements to modify our vehicles and that crucial fuel storage infrastructure can continue to be used. It is forecast that this action alone will reduce CO₂ emissions from the vehicle fleet from 22% to around 2% of the council's overall emissions.

- **Ethical governance**

Through our adopted Corporate Plan, we committed to working towards becoming a platinum employer, one with a progressive organisational culture, underpinned by a fully engaged, high performing, and truly valued workforce.

A key test of our efforts is the advancement of our Investors in People (IiP) standard. In 2024/25, the council underwent the IiP re-accreditation process, following the previous assessment undertaken in October 2022. Our latest assessment saw the Council successfully retain a GOLD standard accreditation. As part of that outcome, there was important recognition from the IIP assessor that many aspects of the assessment demonstrated Platinum level standard and therefore sustained progress since the 2022 assessment.

The Council will now set about using the findings from the IiP report to develop an action plan based on the ideas and suggestions put forward by the IiP assessor as we continue our efforts to providing a positive work environment for all.

NARRATIVE REPORT

- 5.4. Gravesham Borough Council operates a Performance Management Framework (PMF), allowing us to evaluate delivery against adopted corporate objectives and, through a regular reporting programme, provide accountability to residents and stakeholders in the use of resources. Key performance outcomes in 2024/25 were:

#oneborough		
Ref.	Performance Indicator	Outturn
PI 5	Total environmental protection cases completed	1,356
PI 6	% of household waste recycled	41.6%
PI 19	% of <i>Major</i> planning applications processed on time	100%
PI 20	% of <i>Minor</i> planning applications processed on time	92.9%

#onecommunity		
Ref.	Performance Indicator	Outturn
PI 28	Overall housing tenant survey satisfaction score (%)	75.4%
PI 38	% of council homes meeting the Decent Homes Standard	94.8%
PI 39	Total leisure centre attendees	657,512
PI 41	Total individuals supported through a public health programme	1,515

#onecouncil		
Ref.	Performance Indicator	Outturn
PI 50	Total co2 emissions from council assets (kt)	1.952
PI 52	Average yield generated by property investment activity	7.0%
PI 60	Average processing time for new Housing Benefit claims (days)	17.5
PI 62	Average processing time for new CTRS claims (days)	21

- 5.5. Further details of the Council's performance arrangements and reporting products can be found at: www.gravesham.gov.uk/performance.

6. Group Entities

- 6.1.** The Council is required to undertake Group Accounting which consolidates the financial activities of its direct activities as well as those in which it owns or controls.

Rosherville Limited

- 6.2.** In December 2019 Full Council approved the formation of a Local Authority Trading Company (LATCo). Rosherville Limited. During 2020/21 Rosherville Servicing Limited and Rosherville Property Development Limited were formed as subsidiary companies of Rosherville Limited. During 2022/23 a third subsidiary was established: Rosherville Repairs & Maintenance Limited.
- 6.3.** The Accounts and filing history for Rosherville Limited and its subsidiaries can be viewed at Companies House once filed in accordance with statutory requirements.
- 6.4.** As the majority of the Rosherville Group's financial activity has been with the Council, analysis has been undertaken to identify these transactions and remove them for purposes of a consolidated Group position so that only external transactions for the Group as a whole are presented.
- 6.5.** The most notable items (when comparing the single-entity accounts of the Council to those of the Group) to draw readers' attention to are:
- £64.44m recorded in capital additions relating to The Charter development.
 - The removal of transactions within Long-Term Debtors and Long-Term Investments reflecting the Council's investment in the Rosherville Group and forward funding passed from the Council to the Rosherville Group anticipated for repayment.

Gravesham Community Investment Partnership (GCIP)

- 6.6.** In May 2022, the Cabinet approved the formation of the Gravesham Community Investment Partnership (GCIP) with the intention of accelerating the development of affordable housing within the Borough on sites owned by the Council. Subsequently, The Hill Group were selected as the Council's preferred partner to bring forward such initiatives.
- 6.7.** The first development being brought forward by GCIP is on council owned land at Milton Place consisting of 76 dwellings; 61 units for independent living and 15 private for sale houses. Planning permission for the development was submitted in February 2025.
- 6.8.** The Accounts and filing history for GCIP LLP can be viewed at Companies House once filed in accordance with statutory requirements.

7. Climate Change

- 7.1. In June 2019 Gravesham Borough Council declared a climate emergency and made a commitment to make the Council's operations net-zero by 2030. In December 2021 the Council adopted its first [Climate Change Strategy](#). Covering the period 2022 to 2030, the Strategy sets out the following three workstreams:
- **Gravesham Borough Council – the organisation** Focusing on how the council can change its own operations, and those of its employees, wherever possible to reduce the level of carbon emissions its produces.
 - **Gravesham Borough Council – the housing provider** Exploring opportunities to bring the council's current housing stock up to a better level of energy efficiency standard where it is possible to do so; ensuring new council housing is built to a high level of sustainability and ensuring local planning policy reflects the need for the borough to consider energy efficiency in all developments moving forward.
 - **Gravesham Borough Council – the community leader** In its role as a community leader, the Council can work with residents, community groups and partners to educate and support them in making changes which will have a positive impact on the level of carbon emissions in the borough.
- 7.2. In December 2024 the Council published its fifth [Climate Change Annual Report](#), summarising the actions taken in the 2024 calendar year.
- 7.3. During 2024/25 the Council took the opportunity to reflect what had been achieved by the Council and the borough in delivering carbon reduction initiatives since 2019, whilst recognising the increasing challenges in delivering the council's target for decarbonising its own operations and the limited impact this will have on wider borough emissions. The decision was taken to refocus resources and efforts on wider climate actions and their co-benefits to further the interests of the borough as a whole. Consequently, the development of a new Climate Strategy was commenced, with the anticipation that this will be formally adopted by the Council in Summer 2025.

8. Financial Review

8.1. General Fund

- 8.1.1. The revenue account known as the General Fund relates to the day-to-day operational cost of providing the Council's services.
- 8.1.2. In February 2024 the Council set its Budget Requirement for 2024/25 at £14.6m, financed by retained Business Rates, Government Grant funding, Council Tax income and use of Working Balances. To support the budget, the Council agreed an annual increase of £6.57 in the level of Council Tax for the year from that charged in 2023/24. This resulted in a Band D Council Tax amount of £231.03.
- 8.1.3. During the year, the Council regularly reviewed its performance against its Budget Requirement, with these reports available publicly from the Council website. The revised net revenue budget was £13.5m, with this position driven, in the main, through the Council's proactive Balancing the Budget activity and ongoing action to manage volatile areas of expenditure such as homelessness advice and support and utility costs.
- 8.1.4. The final outturn position for the year is shown in the table below, together with how this expenditure was financed.

General Fund Revenue Outturn 2024/25	Original Budget	Outturn	Variance over/(under)
	£'000	£'000	£'000
All Directorate - Salaries	18,777	18,450	(327)
Chief Executive	39	(56)	(95)
Communities and Inclusive Growth	(5,387)	(5,589)	(202)
Corporate Services	2,602	3,545	943
Environment	(1,317)	(1,294)	23
Housing	888	171	(717)
Non-Directorate Specific	504	504	0
Directorate total	16,106	15,731	(375)
Interest & Investment Income	(742)	(1,167)	(425)
Government Grant Funding	(2,645)	(3,076)	(431)
Transfers to/(from) Reserves	(765)	(772)	(7)
Transactions below the line	2,635	2,493	(142)
Budget Requirement	14,589	13,209	(1,380)
Business Rate Income	(4,419)	(3,974)	445
Revenue Support Grant	(120)	(120)	0
Council Tax Income	(8,316)	(8,316)	0
Parish Precepts	(625)	(625)	0
New Homes Bonus	(476)	(476)	0
Services & Funding Guarantee Grants	(597)	(597)	0
Transfers to/(from) the Collection Fund	1,914	1,914	0
Transfers to/(from) Working Balances	(1,950)	(1,950)	0
Budget Shortfall / (Underspend)	0	(935)	(935)

- 8.1.5. The General Fund outturn reflected a favourable variance of £935k compared to the original budget set.
- 8.1.6. Full details, including notes on individual variances within directorates can be found within the Outturn Report as considered by the Cabinet on Monday 23 June 2025. Papers for the committee can be accessed at: www.gravesham.gov.uk/cabinet

8.2. Housing Revenue Account

- 8.2.1. The Housing Revenue Account (HRA) reflects the income and expenditure related to the provision of social housing accommodation by the Council.
- 8.2.2. In February 2024, the Council set the 2024/25 budget on the basis that planned expenditure for the year could be met from anticipated income, with no need to draw on the general reserve to produce a balanced budget position.
- 8.2.3. As with the General Fund, the Council regularly reviewed the performance of the HRA against budget during the year, with these reports also available publicly from the Council website.
- 8.2.4. The final outturn position for the year is shown in the next table.

Housing Revenue Account Outturn 2024/25	Original Budget	Outturn	Variance over/(under)
	£'000	£'000	£'000
Income			
Dwelling Rents	(33,258)	(33,173)	85
Other Rental Income	(8)	(5)	3
Service Charges	(2,429)	(2,099)	330
Non Dwelling Income	(140)	(98)	42
Intensive Management Fund - Income	(492)	(511)	(19)
Other Income	(51)	(601)	(550)
Total Income	(36,378)	(36,487)	(109)
Expenditure			
Supervision and Management	8,209	8,670	461
Repairs and Maintenance	8,874	10,166	1,292
Depreciation	5,331	5,630	299
Intensive Management Fund - Expenditure	491	432	(59)
Capital Financing Costs	13,473	11,589	(1,884)
Total Expenditure	36,378	36,487	109
Net transfers to/(from) Reserves	0		0
Net (Surplus)/Deficit for the year	0	0	0

- 8.2.5. The provision outturn shows a balanced position as was reflected in the original budget. Full details, including notes on individual variances within the table above, can be found within the Outturn Report as considered by the Cabinet on Monday 23 June 2025. Papers for the committee can be accessed at: www.gravesham.gov.uk/cabinet

8.3. Capital Expenditure (General Fund and HRA)

- 8.3.1. Capital Expenditure relates to expenditure to acquire, construct, enhance or replace tangible non-current assets such as land, buildings or major pieces of equipment that will be used to provide services over a number of years in the form of a capital programme to achieve the Council's strategic objectives and priorities.
- 8.3.2. In February 2024 the Council set a capital budget of £56.5m to support capital investment in General Fund projects. Due to delays in Central Government funding decisions and slippage, a reprofiling of the capital programme took place in quarter three, resulting in a revised working budget for the year of £28.9m.

- 8.3.3. Final expenditure for the year was £22.3m, with the largest single capital investment being the provision of £17.7m forward-funding to Rosherville Property Development Limited relating to The Charter development.
- 8.3.4. The Council spend £15.4m on Housing HRA capital schemes against an original budget of £33m, with this underspend primarily due to slippage in the New Build Programme.

8.4. Treasury Management Performance

- 8.4.1. Total investment balances at 31 March 2025 stood at £28.05m, (31 March 2024, £18.89m). During 2024/25 the Council continued to operate a prudent investment strategy whilst also seeking to diversify the investment tools it utilised as a way of maximising returns in what continued to be a difficult investment market. The Council continued to have holdings in Property Funds and Multi-Asset Funds, as well as maintaining shorter-term deposits with the UK banking sector and Money Market Funds.
- 8.4.2. The Council also had £118.6m long-term borrowing as at 31 March 2025 (31 March 2024, £100.7m). This represents a increase of £17.9m in long-term borrowing from 2023/24.
- 8.4.3. The Council achieved an average rate of return of 4.90% on its internally managed cash flow investments (including cash equivalents) for the year (2023/24, 4.93%). The average return on investment on the Hermes and CCLA Property Funds was -2.35% (In 2023/24 the average return on investments was -4.09%. This included the Lothbury Property Fund that terminated on 31 May 2024), with the average return on investment of Multi-Asset Funds being -7.39% (2023/24,-8.09%). The average return on Property and Multi Asset Funds includes capital growth/loss as well as dividend return.
- 8.4.4. The Council continues to be proactive in identifying and implementing new and innovative projects to deliver its Corporate Plan objectives and as furtherance to its activity to secure long-term financial sustainability. These projects may require forward-funding to realise ongoing revenue benefits for the Council. The most appropriate source of any funding will be determined at the point at which the required investment in the project is to be made.

8.5. The Level of Working Balances and Reserves

- 8.5.1. The Council's General Fund working balances stood at £5.33m as at 31 March 2025, while HRA working balances stood at £3.0m (working balances at 31 March 2024 were £6.4m and £3.0m respectively).
- 8.5.2. The Council also holds earmarked reserves, kept for specific types of expenditure in the future. The total amount of earmarked reserves, including revenue grants not yet applied, held as at 31 March 2025 (for General Fund and HRA purposes) is £16.24m (£17.01m at 31 March 2024).

9. Commentary on the Primary Financial Statements for 2024/25

A summary of the Primary Financial Statements is provided below:

9.1. The Comprehensive Income and Expenditure Statement (CIES) (Page 25)

9.1.1. The CIES reports on how the authority has performed during the year and whether its operations have resulted in a surplus or a deficit. The CIES shows a surplus on the provision of services of £15.12m during 2024/25.

Comprehensive Income & Expenditure Statement	2023/24 Actual	Movement during year	2024/25 Actual
	£'000	£'000	£'000
Cost of Services	23,630	(17,423)	6,207
Other Income and Expenditure	(4,421)	(16,902)	(21,323)
(Surplus) or Deficit on Provision of Services	19,209	(34,325)	(15,116)
Other Comprehensive Income and Expenditure	10,632	(35,311)	(24,679)
Total Comprehensive Income and Expenditure	29,841	(69,636)	(39,795)

9.2. The Balance Sheet (Page 26)

9.2.1. The Council's Balance Sheet provides a snapshot of its financial position, showing what it owns and what it owes at the end of the financial year.

9.2.2. During 2024/25, the Council has seen an increase its net worth during the year of £39.8m.

Balance Sheet	31st March 2024	Movement during year	31st March 2025
	£'000	£'000	£'000
Non-current Assets	598,854	52,210	651,064
Current Assets	15,590	14,386	29,976
Current Liabilities	(66,342)	(9,177)	(75,519)
Total Non-Current Assets plus Net Current Assets	548,102	57,419	605,521
Non-Current Liabilities	(104,859)	(17,626)	(122,485)
Total Assets less Liabilities	443,243	39,793	483,036
Financed by:			
Unusable Reserves	(393,351)	(42,891)	(436,242)
Usable Reserves	(49,892)	3,098	(46,794)
Total Net Worth	(443,243)	(39,793)	(483,036)

9.3. The Movement in Reserves Statement (MIRS) (Page 27)

9.3.1. The MIRS shows movements in the level of reserves held between the end of the last financial year and the end of the current financial year. The MIRS is separated between those reserves that are available for use in funding ongoing revenue expenditure (Usable Reserves), and those that are required to be held for accounting purposes (Unusable Reserves).

9.3.2. The MIRS shows that the total reserves of the Council increased during 2024/25 by £39.8m primarily due to a higher level of Unusable Reserves at the end of the year.

NARRATIVE REPORT

Movement in Reserves Statement	Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000
Balance at 31st March 2024	(49,892)	(393,351)	(443,243)
(Increase)/decrease in year	3,098	(42,891)	(39,793)
Balance at 31st March 2025	(46,794)	(436,242)	(483,036)

9.4. The Cash Flow Statement (Page 28)

9.4.1. The Cash Flow Statement sets out the Council's cash receipts and payments during the year for both capital and revenue purposes. It summarises in simple terms sources of financing, and how funds were spent.

9.4.2. During 2024/25 there was a change in the Council's level of cash and cash equivalents, with an increase of £12.3m by year-end.

Cash Flow Statement	2023/24	Movement during year	2024/25
	£'000	£'000	£'000
Net (Surplus) or Deficit on the Provision of Services	19,209	(34,325)	(15,116)
Adjustment to the net (surplus)/deficit on the provision of services	(8,897)	14,839	5,943
Net Cash Flows from Operating Activities	10,312	(19,486)	(9,173)
Net cash flows from investing activities	4,186	27,349	31,535
Net cash flows from financing activities	(8,317)	(26,344)	(34,661)
Net (increase) or decrease in cash or cash equivalents	6,181	(18,481)	(12,299)
Cash and cash equivalents at the end of the reporting period	1,628	12,299	13,927

10. Principal Risks and Uncertainties

10.1. The Council has a long-established process in place to identify the principal risks that may influence or impact on the delivery of services. The process requires judgements to be made on the likelihood and impact of a potential risk and enables the Council to develop and implement appropriate controls to manage or mitigate these risks to reduce the impact on the Council. The Council maintains a Corporate Risk Register which is updated at least annually and reviewed during the year by officers and the Finance & Audit Committee, which is charged with maintaining an overview of the Council's risk and governance framework.

10.2. The next table sets out the identified key risks to the achievement of the Council's strategic priorities in 2024/25 as set out in the approved Corporate Risk Register for the year:

Risk Ref	Risk Description	Inherent Risk	Residual Risk	Target Risk
1	On-going financial viability of the council	20	16	12
2	Changes in national priorities and legislation	20	15	12
3	Organisational capacity/resilience	20	12	9
4	Cyberattack resulting in data breach or corruption of data	16	12	8
5	Investment risk	15	10	9
6	Adoption and delivery of sound Local Plan	16	12	9
7	Implementation of the Elections Act 2022	15	10	5

Risk Heat Map (Residual Risk)

LIKELIHOOD	Very High	5	5,7	2	1
	High	4	3,6	4,8	1
	Medium	3	1	2	3
	Low	2	1	2	3
	Very Low	1	1	2	3
	High Risk	1	2	3	4
	Medium Risk	Negligible	Significant	Serious	Critical
	Low Risk	IMPACT			

10.3. Strategic risks are kept under review and progress in and the effectiveness of management actions to respond to these risks is formally considered every six months.

10.4. The above tables does not include risks that are below the Council's strategic risk tolerance threshold; these risks will be monitored and managed through the operational risk registers of Council departments. Further information on the Council's Risk Management arrangements can be found within the Policies, strategies, open data area of the Council's website: [Policies, strategies and open data – Gravesham Borough Council](#).

11. 2024/25 and Beyond

- 11.1.** The fragility of the financial sustainability of the local government sector has been well reported in recent years. Like other authorities, the sustainability of our financial position and demand for the support and services we provide has been elevated in recent years due to a sustained period of economic uncertainty and more volatility in the income streams available to fund council services. Recent research conducted by the Local Government Association (LGA) found that in 2025/26 local government in England will face a £2.3 billion funding gap, which will rise to £3.9 billion in 2026/27.
- 11.2.** Since 2016 the Council has proactively identified base budget savings of £9.22m within its General Fund, with £4.98m identified in the last three years. This has enabled revenue spending plans to remain within a budget envelope similar to that operated by the council more than a decade ago.
- 11.3.** Whilst there are some signs of improvement in the national economic position, inflation remains volatile, and interest rates remain relatively high in comparison to recent times. The new Government have recognised the erosion of financial resilience within local government and committed to "unlock" new fairer funding for local authorities and bring back multiyear financial settlements but have also been clear that a long-term programme of recovery is needed for change in the sector, and this will take time. The medium-term financial outlook therefore remains uncertain and subject to a high level of volatility, making longer term strategic financial planning increasingly challenging
- 11.4.** The Council has been able to set a General Fund balanced budget for 2025/26 but only through almost exhaustive use of its general reserve to achieve this position. These estimates indicate that the Council will need to deliver £2.54m of base budget reductions to balance the current budget requirement estimated for 2026/27, with a need to deliver a further £0.09m in 2027/28 to close a cumulative financial gap of £2.63m. The Council will also need to implement a plan to return its working balances back to the expected level to restore financial sustainability in the medium to longer term.
- 11.5.** The Housing Revenue Account is also under more intense financial pressure from increasing landlord responsibilities in relation to its buildings and the introduction of the Consumer Standards, intended to protect tenants and drive improvement in the services that social landlords provide. Delivery of additional social housing, a key objective of the Council, is also likely to become more challenging due to changes in the funding streams from which development costs can be funded and borrowing rates remaining elevated.
- 11.6.** The Council has developed a Balancing the Budget programme, providing a multi-faceted plan of activity intended to respond to improving the sustainability of its financial position. Delivery of this programme will be critical to the Council's sustainability in the longer term.

12. Other Useful Information

- 12.1.** As a public sector body, the Council is committed to being open, transparent and accountable in the way it works. Information on the Council's decision-making arrangements, Management Structure, Member Remuneration as well as contractual arrangements and spend data can be found on the Transparency pages of the Council website: www.gravesham.gov.uk/transparency

13. STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

Gravesham Borough 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 Gravesham, that officer is the Director (Corporate Services);
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts. In Gravesham the Council has delegated the appropriate authority to the Finance & Audit Committee to discharge this responsibility.

The Director (Corporate Services) - Responsibilities

The Director (Corporate Services), as designated Section 151 Officer, is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code of Practice').

In preparing the Statement of Accounts, the Director (Corporate Services) has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.

The Director (Corporate Services) has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities, further details of which are contained in the Annual Governance Statement; and
- gained appropriate assurance over the accuracy of the statement of accounts prior to approval.

Certification of Director (Corporate Services)

I hereby certify that the Statement of Accounts presents a true and fair view of the financial position of the Council at the date shown and its income and expenditure for the year ended 31 March 2025.

S Parfitt

Sarah J Parfitt CPFA

Date: 25 February 2026

Certification of Chair of Finance & Audit Committee

I confirm that the adoption process for the 2024/25 Statement of Accounts has been formally completed and that the Financial Review and Statement of Accounts for the year ended 31 March 2025 was considered and approved by Gravesham Borough Council at the meeting of the Finance & Audit Committee on 25 February 2026.

G Larkins

Cllr Gavin Larkins

Date: 25 February 2026

CORE FINANCIAL STATEMENTS

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COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

2023-24		Comprehensive Income & Expenditure Statement		2024-25		
Expenditure	Income	Net Cost		Expenditure	Income	Net Cost
£'000				£'000		
582	(14)	568	Chief Executive's Directorate	568	(48)	520
13,051	(6,451)	6,600	Communities Directorate	14,080	(7,730)	6,350
26,305	(21,624)	4,681	Corporate Services Directorate	23,794	(20,844)	2,950
9,396	(4,006)	5,390	Environment Directorate	9,425	(4,181)	5,244
24,551	(34,226)	(9,675)	Housing - HRA Services	26,793	(37,842)	(11,049)
12,052	0	12,052	HRA Dwelling revaluations (Note 17.3)	(1,154)	0	(1,154)
6,351	(3,191)	3,160	Housing - Other Services	6,642	(3,958)	2,684
854	0	854	Non Directorate Specific	662	0	662
93,142	(69,512)	23,630	Net Cost of Services	80,810	(74,603)	6,207
177	(1,895)	(1,718)	Other Operating Expenditure/(Income) (Note 15.2)	1,393	0	1,393
23,552	(8,145)	15,407	Financing and Investment Income and Expenditure (Note 15.3)	4,502	(6,959)	(2,457)
	(18,110)	(18,110)	Taxation and Non-Specific Grant Income (Note 15.4)		(20,259)	(20,259)
116,871	(97,662)	19,209	(Surplus)/Deficit on the Provision of Services	86,705	(101,821)	(15,116)
		13,312	Surplus or Deficit on revaluation of non-current assets (Note 15.15.1)			(25,447)
		0	Financial Instruments measured at Fair Value			0
		(2,680)	Remeasurements of the net defined benefit liability			768
		<u>10,632</u>	Other Comprehensive Income & Expenditure			<u>(24,679)</u>
		<u>29,841</u>	Total Comprehensive Income & Expenditure			<u>(39,795)</u>

BALANCE SHEET

At 31 March 2024	Balance Sheet	At 31 March 2025	
£'000		£'000	£'000
	Property, Plant and Equipment		
	Operational assets		
418,604	- council dwellings	443,566	
49,874	- other land and buildings	52,956	
5,753	- vehicles, plant and equipment	5,456	
37	- infrastructure assets	36	
2,902	- community assets	3,121	
0	- right of use assets	30	
4,297	- assets under construction	7,801	
3,038	- land and buildings	2,765	
484,505	Total Property, Plant and Equipment	515,731	
763	Intangible Assets	640	
4,746	Heritage assets	4,946	
41,178	Investment Properties	45,588	
32,327	Long Term Debtors	45,842	
35,335	Long term Investments	38,317	135,333
598,854	Total Non-Current Assets	651,064	
37	Inventories	38	
22,349	Short -term Debtors (Gross)	24,980	
(8,424)	Debt Impairment Provision	(8,260)	
1,628	Cash and Cash Equivalents	13,927	
614,444	Total Assets	681,749	
	Current Liabilities:		
(53,533)	Short-term Borrowing	(60,341)	
(12,809)	Short-term Creditors	(15,887)	(76,228)
548,102	Total Assets less Current Liabilities	605,521	
	Long Term Liabilities:		
(835)	Capital Grants Receipts in Advance	(861)	
(1,746)	Provisions	(1,717)	
(1,541)	Liability Related to Defined Benefit Pension Scheme	(1,299)	
(100,737)	Long-term Borrowing	(118,608)	
(104,859)	Total Long-term Liabilities	(122,485)	
443,243	Total Net Assets	483,036	
	Financed by:		
(393,351)	Unusable Reserves	(436,242)	
(49,892)	Usable Reserves	(46,794)	(483,036)
(443,243)	Total Reserves	(483,036)	

MOVEMENT IN RESERVES STATEMENT

Financial Year 2024/25	General Fund Balance	Earmarked Reserves (GF & HRA)	HRA	Major Repairs Reserve	Capital Receipts	Grants and Cont unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	(6,350)	(17,014)	(3,000)	(2,975)	(20,457)	(96)	(49,892)	(393,351)	(443,243)
(Surplus)/Deficit on Provision of Services	(4,050)		(11,066)				(15,116)		(15,116)
Other Comprehensive Expenditure or Income								(24,679)	(24,679)
Total Comprehensive Expenditure and Income	(4,050)		(11,066)				(15,116)	(24,679)	(39,795)
Adjustment between accounting basis and funding basis (Note 14.17)	5,835		11,066	(498)	4,303	(2,494)	18,212	(18,212)	0
Net (increase)/decrease before transfers to Earmarked Reserves	1,785		0	(498)	4,303	(2,494)	3,096	(42,891)	(39,795)
Transfers to/(from) Earmarked Reserves (Note 14.16.3)	(772)	772	0					0	0
(Increase)/Decrease in year	1,013	772	0	(498)	4,303	(2,494)	3,096	(42,891)	(39,795)
Balance at 31 March 2025	(5,335)	(16,242)	(3,000)	(3,473)	(16,154)	(2,590)	(46,794)	(436,242)	(483,036)

Financial Year 2023/24	General Fund Balance	Earmarked Reserves (GF & HRA)	HRA	Major RepAKrs Reserve	Capital Receipts	Grants and Cont unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	(7,819)	(17,679)	(3,000)	(5,835)	(17,170)	(96)	(51,599)	(421,485)	(473,084)
(Surplus)/Deficit on Provision of Services	18,221		988				19,209		19,209
Other Comprehensive Expenditure or Income								10,632	10,632
Total Comprehensive Expenditure and Income	18,221		988				19,209	10,632	29,841
Adjustment between accounting basis and funding basis (Note 15.17)	(15,587)		(1,488)	2,860	(3,287)		(17,502)	17,502	0
Net (increase)/decrease before transfers to Earmarked Reserves	2,634		(500)	2,860	(3,287)	0	1,707	28,134	29,841
Transfers to/(from) Earmarked Reserves (Note 15.16.3)	(1,165)	665	500					0	0
(Increase)/Decrease in year	1,469	665	0	2,860	(3,287)	0	1,707	28,134	29,841
Balance at 31 March 2024	(6,350)	(17,014)	(3,000)	(2,975)	(20,457)	(96)	(49,892)	(393,351)	(443,243)

CASH FLOW STATEMENT

2023/24	Cash Flow Statement	2024/25	
£'000		£'000	£'000
19,209	a) Net (Surplus) or Deficit on the Provision of Services		(15,116)
	b) Adjustment to the net (surplus)/deficit on the provision of services for non-cash movements		
(8,769)	Depreciation	(8,986)	
(10,954)	Movement in valuations	3,616	
(126)	Amortisation of non-current assets	(126)	
62	Movement in impairment provision for bad debts	164	
2,302	Movement in creditors	(1,485)	
9,581	Movement in revenue debtors	16,616	
5	Movement in inventories	1	
(894)	Movement in provisions	29	
1,459	Movement in pension liability	1,010	
(1,047)	Carrying amount of non-current assets sold	(2,432)	
(4,124)	Other non-cash items charged to the net surplus or deficit on the provision of services	(4,178)	4,229
6,704			(10,887)
	c) Adjustment for items in the net (surplus)/deficit on the provision of services that are investing and financing activities		
3,590	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,713	
18	Other Receipts for investing activities	1	1,714
10,312	d) Net Cash Flows from Operating Activities		(9,173)
	e) Investing Activities		
14,327	Purchase of property, plant and equipment, investment property and intangible assets	16,932	
29,451	Purchase of Short Term and Long Term Investments	6,418	
6,659	Other Payments for investing activities	13,517	
(3,590)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,713)	
(42,400)	Proceeds from Short Term and Long Term Investments	(3,436)	
(243)	Capital Grants received in year	(182)	
(18)	Other Receipts for investing activities	(1)	
4,186	Net cash flows from investing activities		31,535
	f) Financing Activities		
(70,173)	Cash Receipts of short and long term borrowing	(89,433)	
(9,416)	Other receipts from financing activities	(14,316)	
71,272	Repayments of short and long term borrowing	69,088	
(8,317)	Net cash flows from financing activities		(34,661)
6,181	g) Net movements in year excluding non-cash items		(12,299)
7,809	h) Cash and cash equivalents at the beginning of the reporting period		1,628
(6,181)	i) Net increase or (decrease) in cash or cash equivalents		12,299
1,628	j) Cash and cash equivalents at the end of the reporting period		13,927

14. ACCOUNTING POLICIES, STANDARDS AND CRITICAL JUDGEMENTS

14.1. General

Local Authorities are required to prepare their annual financial statements by the Accounts & Audit (England) Regulations 2015. The regulations require these statements to be prepared in accordance with 'proper accounting practice'.

Each year CIPFA produces a "Code of Practice on Local Authority Accounting in the United Kingdom" (The Code). The Code has been defined as proper accounting practice for the purpose of preparing the annual financial statements of the council and is based on approved accounting standards, comprising International Accounting Standards (IAS), International Financial Reporting Standards (IFRSs) approved by the International Accounting Standards Board, International Public Sector Accounting Standards (IPSAS) and the Urgent Issues Task Force's (UITF) Abstracts.

The following Accounting Policies set out the general principles used by Gravesham Borough Council to prepare its annual financial statements.

14.2. Accounting Concepts & Qualitative Characteristics

In general, the accounts are prepared on the basis of historical cost modified by the revaluation of land, buildings, vehicles and plant, subject to and in accordance with the fundamental accounting concepts set out below:

Relevance

In accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the accounts are prepared to provide readers with information about the Council's financial performance and position that is useful for assessing the stewardship of public funds.

Reliability

The accounts are prepared on the basis that the financial information contained within them is reliable, i.e. they are free from material error, deliberate or systematic bias, complete within the bounds of materiality and represent faithfully what they intend to represent. Where there is uncertainty in measuring or recognising the existence of assets, liabilities, income and expenditure then caution or prudence has been used as a basis to inform the selection and application of accounting policies and estimation techniques.

Comparability

The accounts are prepared to enable comparison between financial periods. To aid comparability, the Council applies its accounting policies consistently both during the year and between years.

Understandability

Every effort is made to make the accounts as easy to understand as possible. Nevertheless, there is an assumption that the reader has a reasonable knowledge of accounting and local government. Where the use of technical terms is unavoidable, explanations are provided in the Glossary of Terms.

Materiality

Certain information may be excluded from the accounts on the basis that the amounts involved are not material either to the fair presentation of the financial position and transactions of the Council or to the understanding of the accounts.

Accruals

With the exception of the Cash Flow Statement, the accounts are prepared on an accruals basis. The accruals basis of accounting requires the non-cash effect of transactions to be reflected in the accounts for the year in which those effects are experienced and not in the year in which the cash is actually received or paid. Bills for Council Tax and Business Rates are recorded as issued at 31 March and no attempt is made to accrue for bills due but not processed at the year-end. The Council has set a de-minimis level of £2,000 for final accounts accrual adjustments.

Going Concern

The accounts are prepared on the assumption that the Council will continue to operate for the foreseeable future.

Primacy of Legislative Requirements

Where a particular accounting treatment is prescribed by legislation, then that treatment prevails even if it conflicts with one or other of the accounting concepts outlined above. In the unlikely event of this arising, a note to that effect is included in the accounts.

14.3. Accruals of Income and Expenditure

In accordance with IFRS15, revenue is accounted for at the point at which services are delivered to service recipients, not necessarily when cash payments are made or received. In particular:

- Revenue from the provision of goods and services is recognised when the Authority can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Authority.
- Revenue from Council Tax and Business Rates is measured at the full amount receivable, as they are non-contractual, non-exchange transactions. Revenue from non-exchange transactions is recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Council and the amount of revenue can be measured reliably.
- Supplies and services are recorded as expenditure when they are consumed – where there is a gap between the date supplies or services are received and their consumption; they are held on the Balance Sheet.
- 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.

14.4. Estimation Techniques

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

14.5. Cash and Cash Equivalents

Cash and Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Internally managed short-term highly liquid investments of three months or less from the date of acquisition are recognised as cash equivalents.

14.6. Assets Held for Sale (Current Assets)

These are assets that have been declared surplus to the Council's operational requirements, are being actively marketed, and have an estimated sale date within twelve months of the Balance Sheet date. They are reported on the Balance Sheet date at the lower of the carrying amount or the fair value of the asset less the costs to sell the asset. Assets available for sale are not subject to depreciation.

14.7. Property, Plant and Equipment**- Recognition**

All expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis. Expenditure on the acquisition of an asset, or expenditure which adds to, and not merely maintains, the value of an existing asset, should be capitalised, provided that it yields benefits to the authority and the services it provides for a period of more than one year.

In defining capital expenditure, the Council operates a de minimis consideration level of £12,000 for non-current assets. Any expenditure below this level is charged to revenue in the year of acquisition.

- Measurement

Initially the assets are measured at cost, comprising the purchase price plus any costs associated with bringing the asset into use. The measurement of an asset acquired other than through purchase is deemed to be its fair value.

In accordance with The Code, Property Plant and Equipment is further classified as:

- Council Dwellings
- Other Land and Buildings *
- Infrastructure assets
- Vehicles, Plant and Equipment
- Community Assets
- Assets under Construction

Each of these asset classifications are valued on the base recommended by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by The Royal Institution of Chartered Surveyors (RICS), as follows:

- Infrastructure, Community Assets & Assets Under Construction – Depreciated Historical Cost
- Dwellings – current value, determined using the basis of Existing Use Value for Social Housing
- Surplus Assets – fair value, estimated at highest and best use

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- 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 current value because of the specialist nature of an asset, Depreciated Replacement Cost is used as an estimate of current value. Where non-property assets (such as Vehicles, Plant and Equipment) have short useful lives or low values (or both), Depreciated Historical Cost basis is used as a proxy for current value.

*These asset categories are revalued on a five-year rolling cycle. The programme of revaluations is continuing on this cyclical basis although values of those assets falling between scheduled valuation dates are reviewed annually to ensure that any material changes to asset valuations is adjusted in the interim period, as they occur.

- Depreciation

Depreciation is provided for on those Property, Plant and Equipment assets with a finite useful life (which can be determined at the time of acquisition or revaluation) according to the following policy:

- newly acquired assets are not depreciated in the year of acquisition where this does not have a material effect upon the accounts.
- depreciation is calculated using the straight-line method.
- full depreciation is calculated in the year of disposal

The standard useful lives for each category of asset are up to the following number of years:

Asset	Depreciation Methodology
Operational Land	Depreciation is not normally provided for freehold Land. 50 years (usually relating to car parks)
Operational Buildings	Usually 50 years, although this can vary according to the individual asset
Council Dwellings	Suitable components are identified and valued at Beacon level, together with an estimate of each component's useful life which together form the basis of the annual depreciation calculation.
Infrastructure	40 Years
Vehicles, Plant & Equipment	Vehicles & Plant - 10 Years depending on the type of asset IT Equipment - 7 years depending on the nature of the asset Non-IT Equipment - 20 years depending on the nature of the asset

Provision for depreciation is made by allocating the cost (or revalued amount) less estimated residual value of the assets as closely as possible to the periods expected to benefit from their use.

Depreciation is not normally provided for on freehold land and certain Community Assets (whether operational or non-operational) on the basis that such assets do not have a determinable useful life. Depreciation is also not provided for on assets which are not yet available for use (i.e. Assets Under Construction).

- Valuation

The freehold properties which comprise part of the Council's property portfolio have been valued at the direct request of the Council's Assistant Director (Corporate Services) in accordance with CIPFA's accounting arrangements. Valuations are undertaken by suitably qualified internal staff, or external firms as practicable in accordance with the Statements of Asset Valuation Practice and Guidance Notes of the Royal Institution of Chartered Surveyors.

Fixed plant and machinery is included in the valuation of buildings. Operational Properties are valued on open market (existing use) basis, or where this cannot be assessed because there is no market for the subject asset, the Depreciated Replacement Cost.

Council Dwellings are valued on Existing Use Value for Social Housing (EUV-SH).

- Components

The Council's policy is to account for components where the total asset has a gross book value in excess of £1m and where any individual component has a value in excess of £100,000. With regard to HRA dwellings, the major common components are identified within each Beacon type, and the value of each component divided by its useful life provides the annual depreciation charge.

- Impairment

Assets are assessed at each year-end to establish the possibility of impairment. Where indications exist and are estimated to be material, the asset is revalued and if lower than the carrying value, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for as follows:

- Where there is a balance of previous 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 lines in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

- Disposal

Income from the disposal of Property, Plant and Equipment is accounted for on an accruals basis. Such income, following payment of any pooling liability to central government (in respect of housing capital receipts from the sale of dwellings through the Right to Buy (RTB) scheme), is included in the Balance Sheet within Usable Capital Receipts.

When an asset is disposed of or decommissioned, any receipt arising (net of selling costs) is set against the carrying value of the asset in the Comprehensive Income and Expenditure Statement, so comprising a gain or loss on disposal. Any remaining revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Proceeds in excess of £10,000 are categorised as capital receipts. A proportion of sales proceeds relating to HRA disposals is payable to the Government under pooling arrangements. Following the introduction of self-financing, and a revised RTB scheme, some elements of RTB proceeds have to be recycled to deliver new social housing.

Net receipts are credited to the Usable Capital Receipts Reserve to be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance via the Movement in Reserves Statement.

Any amounts written-off following a disposal is not a charge against council tax, as the cost of fixed assets are fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

14.8. Heritage Assets

Separate disclosure of the carrying amounts of the council's heritage assets is required at 'valuation', where that valuation can be made by any method that is appropriate and relevant. There is no requirement for valuations to be carried out or verified by external valuers, nor is there any prescribed minimum period between valuations if the authority can demonstrate that such a process would not add value to users of the accounts. Thus assets identified as Heritage Assets by Gravesham are reflected in the accounts at their insurance valuation, which is reviewed annually.

The initial recognition of the asset is in accordance with our accounting policy on recognising Property, Plant & Equipment (See 14.7). 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 be recognised on the Balance Sheet, and an appropriate disclosure is made instead.

Due to the historic nature of the assets within this category, depreciation is not applied.

14.9. Investment Properties

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

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

Properties are subject to revaluation on an annual basis in accordance with market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

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

Investment properties are not subject to depreciation.

14.10. Revenue Expenditure Funded from Capital under Statute

Revenue expenditure funded from capital under statute (REFCUS) represents expenditure that may be capitalised under statutory provisions but does not result in the creation of non-current assets. The expenditure items are generally outgoing grants, or expenditure on property not owned by the authority. Such expenditure incurred during the year is charged to the relevant service account in the Comprehensive Income and Expenditure Statement. Where the council has determined to meet the cost of the revenue expenditure from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account is made. This reverses out the amounts charged against the General Fund Balance in the Movement in Reserves Statement so there is no impact on the level of Council Tax.

14.11. Government Grants and Contributions

Government grants and contributions are recognised as due to the authority when there is reasonable assurance that;

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

Where conditions have not yet been complied with, the grants and contributions are carried within the Authority's Balance Sheet as creditors. When conditions are satisfied, grant and contribution amounts are released to the individual Service Revenue Accounts within the Comprehensive Income and Expenditure Statement.

Capital grants and contributions are credited to the Taxation and Non-Specific Grant line in the Comprehensive Income & Expenditure Statement where conditions are satisfied. Capital grants that have not yet been used to finance capital expenditure are posted to the Capital Grants Unapplied Reserve; those that have been applied are credited to the Capital Adjustment Account.

14.12. Leases**The Authority as lessee**

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

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

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date

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- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

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

Subsequent measurement

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

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

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

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

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

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

- for low-value items that cost less than £12,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The authority as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

The Council currently has no finance lease arrangements.

Operating Leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

14.13. Repurchase of Borrowing

Gains and losses on the repurchase of or early settlement of borrowing are credited and debited to Financing and Investment Income in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

However, where repurchase has taken place as part of a restructuring of the loan portfolio and therefore;

- old debt is replaced with new debt by means of an exchange of debt instruments between an existing borrower and lender or the terms of an existing liability are modified, and;
- the terms of the loan debt exchanged are not substantially different or the modification of the terms of an existing liability is not substantial,

the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years.

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

Stocks and Commitments

Work-in-progress, representing uncompleted rechargeable jobs as at 31 March annually, is valued at cost including an allocation of overheads.

Long Term contracts are defined as “contracts entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or of a combination of assets or services which together constitute a single project) where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods” The Council makes a disclosure in the notes to the Core Financial Statements in respect of any capital contracts that meet this definition.

14.14. Cost of Management and Support Services

The principles recommended by CIPFA (under the Service Reporting Code of Practice) on accounting for management and support services are followed. The majority of management and administrative expenses, including buildings, are allocated to Services. Costs of Support Services are allocated on the basis of estimated time spent by officers on Services and costs of buildings are apportioned on a floor area basis

14.15. Provisions

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the authority has an obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation. When payments are eventually made, they are charged to the provisions carried in the balance sheet. Any under/over provision is then released/charged to revenue once the obligation has completed.

14.16. Reserves

Amounts set aside for purposes falling outside the definition of provisions are considered as reserves, and transfers to and from them are distinguished from service expenditure disclosed in the Statement of Accounts. Certain items such as the Revaluation Reserve and the Capital Adjustment Account can only be used for specific statutory purposes and thus are not available for discretionary purposes earmarked by the Council, further details of which appear in the Movement in Reserves Statement.

Reserves include earmarked reserves set aside for specific policy purposes and balances which represent resources set aside for purposes such as general contingencies and cash flow management. Statements concerning the purpose and usage of all provisions and specific reserves appear in the notes to the core financial statements.

14.17. Investments

Long-term investments such as those in Property Funds and Multi Asset Funds are classified at Fair Value through Profit and Loss under IFRS 9. The value of these investments on the balance sheet is based on the BID price and Net Asset Value respectively as at 31 March. Short-term are classified at Amortised Cost under IFRS 9 and are shown under current assets at the actual sums lent.

14.18. VAT

VAT, whether of a capital or revenue nature, is included in the Comprehensive Income and Expenditure Statement only to the extent it is unrecoverable. The Council’s partial exemption status is reviewed on an annual basis.

14.19. Employee Benefits

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

Benefits payable during employment:

- a) Short-term employee benefits, such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees.
- b) Benefits earned by current employees but payable twelve months or more after the end of the reporting period e.g. long-service awards

Termination benefits:

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

In the event of notice of termination being served on an employee, the costs of redundancy are accrued to the year that the notice is served, but other costs will be charged to the year they are incurred.

Post-employment benefits:

As part of the terms and conditions of employment of its employees, the Council offers retirement benefits. Although these benefits are not actually payable until employees retire, the commitment that the authority has to make those future payments must be recognised at the time that employees earn their entitlement. The Local Government Pension Scheme is administered by Kent County Council – this is a funded defined benefit final salary scheme, meaning that both the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Under International Accounting Standard 19 (IAS 19), the employer is required to recognise as an asset or liability the surplus/deficit in the pension scheme. The surplus / deficit in the pension scheme is the excess/shortfall of the value of assets when compared to the present value of the scheme liabilities. A pre-requisite of the introduction of IAS 19 was that it did not impact on taxation requirements. Where the contributions paid to the pension scheme do not match the change in the authority's recognised liability for the year, any such variance is dealt with by an equivalent appropriation to or from a pensions reserve. Actuarial gains/losses are shown as movements on the pensions asset/liability account and pensions reserve. There is no impact on the Comprehensive Income and Expenditure Statement. The Balance Sheet shows the net pension asset or liability and an equivalent pension reserve balance.

Contributions to the pension scheme are determined by the Fund's actuary on a triennial basis. The amounts recorded in 2024/25 accounts are based on the contribution rates set following the valuation of the Kent County Council Pension Fund for funding purposes as at 31 March 2022. These rates took effect from 1 April 2023 and cover the three-year period to March 2026.

The pension fund liability or asset is also calculated every three years by the funds actuary, with annual updates in the intervening years. Methods and assumptions consistent with IAS19 are used in the calculations. Assumptions underpinning the

valuations are agreed with the actuary and are summarised in Note 15.23. The estimate of the asset or liability is therefore subject to significant variances based on changes to the assumptions used. When the balance is an asset, it becomes subject to an asset ceiling. IAS 19 allows for an asset ceiling which is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. It is considered unlikely that the Council will be in a position to reach the asset ceiling; where this does happen, direct reference would need to be made to IAS 19. The Council's Pension Fund balance has historically mainly been a liability but moved from liability to asset during 2024/25, before the asset ceiling was applied.

- Service Cost comprising:
 - Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
 - Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. [Note that the treatment of past service costs will depend on the decisions of the authority about how they are allocated to service segments].
 - Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period - taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
- Remeasurements comprising :
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Kent County Council 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 authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-

end. The negative 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.

14.20. Expected Credit Loss Provision

The provision for expected credit losses is calculated having regard to the nature of the debt, its age and the likelihood of recovery. The calculations for each type of debt, i.e. Council Tax, NDR, Rents, Sundry Debtors etc. are based on historical evidence and the methodology and individual percentages applied to calculate the provisions are reviewed regularly.

14.21. Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The amount presented in the Balance Sheet is the outstanding principal repayable, and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund balance to be spread over future years. The authority has a policy of spread in the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

14.22. Financial Assets

Financial assets are classified into the following categories:

- Financial assets at amortised costs
- Financial assets at fair value through other comprehensive income, and
- Financial assets at fair value through profit and loss

The classification is determined by the cash flow and business model characteristics of the financial assets, as set out in The Code, and is determined at the time of initial recognition.

14.23. Financial Assets at Amortised Cost

Financial assets measured at amortised cost are those held with the objective to collect contractual cash flows and where the cash flows are solely payments of principal and interest. This includes most trade receivables, loans receivable and other simple investments.

After initial recognition, these financial assets are measured at amortised cost using the effective interest method, less any impairment. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the life of the financial asset to the gross carrying amount of the financial asset. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Historically the Council has made a number of loans to individuals at less than market rates (soft loans). When soft loans are made a loss is recorded in the CIES for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the principal outstanding.

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

14.24. Financial Assets at Fair Value Through Other Comprehensive Income

Financial assets measured at fair value through other comprehensive income are those held whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the cash flows are solely payments of principal and interest.

14.25. Financial Assets at Fair Value Through Profit and Loss

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or fair value through other comprehensive income. They are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus of Deficit on the Provisions of Services.

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

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

The inputs to the measurement techniques are categorised in accordance with the following three levels

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date
- Level 2 – inputs other than quote prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the assets.

Any gains or losses that arise on derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

14.26. Expected Credit Loss

For all financial assets measured at amortised cost or at fair value through other comprehensive income, the Council recognises expected credit losses on the financial instrument. The Code requires that local authorities shall not recognise a loss allowance for expected credit losses on financial assets where the counterparty for a financial asset is central government or a local authority for which relevant statutory provisions prevent default.

The Council adopts the simplified approach to impairment, in accordance with the Code, and measures the loss allowance for trade receivables, contract assets and lease receivables at an amount equal to lifetime expected credit losses. For other financial assets, the loss allowance is measured at an amount equal to the lifetime

expected credit losses if the credit risk on the financial instrument has increased significantly since initial recognition, otherwise at an amount equal to 12-month expected credit losses.

For financial assets that have become credit impaired since initial recognition, expected credit losses at the reporting date are measured as the difference between the net present value of all the contractual cash flows that are due to the Council in accordance with the contract for the instrument and the net present value of all the cash flows that the Council expects to receive, discounted at the original effective interest rate. Any adjustment is recognised in the Surplus or Deficit on the Provision as an impairment gain or loss.

14.27. Fair Value Measurement of non-financial assets

The authority measures some of its non-financial assets at fair value at each reporting date. Fair value is the price that would be received to sell such an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset, or
- b) In the absence of a principal market, in the most advantageous market for the asset.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy as follows:

- Level 1 – quote prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date
- Level 2 – inputs other than quote prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

14.28. Events after the Balance Sheet Date

Events arising after the Balance Sheet date are reflected in the Statement of Accounts if they provide additional evidence of conditions that existed at the Balance Sheet date and materially affect the amounts to be included. These are known as 'adjusting events'.

Events which arise after the Balance Sheet date and concern conditions which did not exist at that time are detailed in the notes to the core financial statements if they are of such materiality that their disclosure is required for the fair presentation of the financial statements. These are known as 'non-adjusting events'.

Federated Hermes Property Unit Trust (FHPUT)

On 15 August the Federated Hermes Property Unit Trust merged with the L&G Managed Property Fund. The merged fund could only be accessed by pension funds and therefore the Council was not eligible to transfer its investment in the new fund at which point the Council's investment was returned. As at 31 March 2025, the Council's investment in the Hermes Property Fund had a fair value of £2,924k. On termination, the Council received £2,909k.

14.29. Contingent Assets/Liabilities

Any contingent assets as at the Balance Sheet date are disclosed within the accounts by way of a note if the inflow of a receipt or economic benefit is probable.

Contingent liabilities as at the Balance Sheet date are disclosed within the accounts by way of a note if a payment or transfer of economic benefit is possible.

14.30. Council Tax & Business Rate (NDR) Income

The Council is a billing authority and as such is required to bill local residents and businesses for Council Tax and Business Rates. The Council acts as an agent on behalf of the major precepting authorities, Kent County Council, the Kent Police and Crime Commissioner and the Kent and Medway Fire & Rescue Authority for Council Tax, and Kent County Council, Kent Fire & Rescue Service and the Government for Business Rates.

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 Business Rates. 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 business rates collected could be less or more than predicted.

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 business rates that must be included in the authority's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

14.31. Group Accounts

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

In early 2020, Council Members approved formation of a Local Authority Trading Company (LATCO) Rosherville Limited, which is 100% owned by the Council as Shareholder. Three subsidiary companies have subsequently been established to deliver specific services.

In May 2022, the Cabinet approved the formation of the Gravesham Community Investment Partnership (GCIP) with the intention of accelerating the development of affordable housing within the Borough on sites owned by the Council. GCIP is a Limited Liability Partnership equally owned 50:50 by the Council and Hill Investment Partnerships.

Where applicable, the following principles will be followed:

Basis of Consolidation

Group Accounts will be prepared on the basis of a full consolidation of the financial transactions and balances of the Council, incorporating significant or material balances of the LATCO. Any gains and losses arising from the LATCO will be fully reflected in

NOTES TO THE CORE FINANCIAL STATEMENTS

the Comprehensive income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cashflow Statement within the Group column.

Accounting Policies

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

All intra-group transactions and balances are eliminated in full during the preparation of the group accounts, in accordance with the CIPFA code of practice.

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

14.32. Prior Period Adjustments

Material adjustments applicable to prior years arising from changes in accounting policies or standards are reflected by restating the comparable figures in the Statement of Accounts, together with a disclosure note detailing the reasons for such restatement.

15. NOTES TO THE CORE FINANCIAL STATEMENTS

The notes that follow have been provided in support of the four core statements. Some are detailed breakdown of figures presented on the statements whilst others give additional information provided for disclosure purposes.

NOTES TO THE CORE FINANCIAL STATEMENTS

Expenditure and Funding Analysis

Financial Year 2024-25	Total reported out- turn in EFA format (Note 2)	Adjustments to arrive at the net amount chargeable to balances	Net Expenditure chargeable to the General Fund and HRA balances	Adjustments between Funding and Accounting Basis (Note 3)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive	870	(320)	550	(30)	520
Communities	(469)	7,232	6,763	(413)	6,350
Corporate Services	8,464	(5,109)	3,355	(405)	2,950
Environment	4,676	(187)	4,489	755	5,244
Housing - HRA Services	0	(1,139)	(1,139)	(11,064)	(12,203)
Housing - Other Services	1,686	(86)	1,600	1,084	2,684
Non-Directorate Specific	504	0	504	158	662
Net cost of services	15,731	391	16,122	(9,915)	6,207
Other income and expenditure - HRA Services	0	1,137	1,137	0	1,137
Other income and expenditure - Other Services	(13,944)	(1,528)	(15,472)	(6,988)	(22,460)
(Surplus) or deficit	1,787	0	1,787	(16,903)	(15,116)
Opening General Fund and HRA Balance (Note 1)			(26,364)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			1,787		
Closing General Fund and HRA Balance as at 31 March 2024			(24,577)		

The Expenditure and Funding analysis is intended to explain the main adjustments from net expenditure chargeable to the General Fund and HRA to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

15.1.1 Note 1 to the 2024/25 Expenditure and Funding Analysis

Analysis of Balances 2024/25	Opening Balance	(Surplus)/Deficit in Year	Closing Balance as at 31 March
	£'000	£'000	£'000
General Fund	(6,350)	1,015	(5,335)
Earmarked Reserves (General Fund & HRA)	(17,014)	772	(16,242)
Housing Revenue Account	(3,000)	0	(3,000)
Total Balances	(26,364)	1,787	(24,577)

NOTES TO THE CORE FINANCIAL STATEMENTS

15.1.2 Note 1 to the 2023/24 Expenditure and Funding Analysis

Financial Year 2023/24	Total reported out- turn in EFA format (Note 2)	Adjustments to arrive at the net amount chargeable to balances	Net Expenditure chargeable to the General Fund and HRA balances	Adjustments between Funding and Accounting Basis (Note 3)	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Chief Executive	384	214	598	(30)	568
Communities	2,054	3,831	5,885	715	6,600
Corporate Services	7,443	(4,153)	3,290	1,391	4,681
Environment	6,383	(1,586)	4,797	593	5,390
Housing - HRA Services	(500)	1,389	889	1,488	2,377
Housing - Other Services	2,679	(642)	2,037	1,123	3,160
Non-Directorate Specific	651	0	651	203	854
Net cost of services	19,094	(947)	18,147	5,483	23,630
Other income and expenditure - HRA Services	0	(1,390)	(1,390)	0	(1,390)
Other income and expenditure - Other Services	(16,642)	2,019	(14,623)	11,592	(3,031)
(Surplus) or deficit	2,452	(318)	2,134	17,075	19,209
Opening General Fund and HRA Balance (Note 1)			(28,498)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			2,134		
Closing General Fund and HRA Balance as at 31 March 2024			(26,364)		

Analysis of Balances 2023/24	Opening Balance	(Surplus)/Deficit in Year	Closing Balance as at 31 March
	£'000	£'000	£'000
General Fund	(7,819)	1,469	(6,350)
Earmarked Reserves (General Fund & HRA)	(17,679)	665	(17,014)
Housing Revenue Account	(3,000)	0	(3,000)
Total Balances	(28,498)	2,134	(26,364)

NOTES TO THE CORE FINANCIAL STATEMENTS

15.1.3 Note 2 to the 2024/25 Expenditure and Funding Analysis

Reconciliation between out-turn and EFA 2024-25	General Fund as reported at outturn	HRA as reported at outturn	Total out-turn	Adjustments	Total reported out-turn in EFA format
	£'000	£'000	£'000	£'000	£'000
All Directorate - Salaries	18,450		18,450	(18,450)	0
Chief Executive	(56)		(56)	926	870
Communities	(5,589)		(5,589)	5,120	(469)
Corporate Services	3,545		3,545	4,919	8,464
Environment	(1,294)		(1,294)	5,970	4,676
Housing	171	0	171	1,515	1,686
Non-Directorate Specific	504		504	0	504
Directorate total	15,731	0	15,731	0	15,731
Interest & Investment Income	(1,167)		(1,167)	1,167	0
Government Grant Funding	(3,076)		(3,076)	3,076	0
Transfers to/(from) Reserves	(772)	0	(772)	772	0
Transactions below the line	2,493		2,493	(2,493)	0
Other Income and expenditure	0		0	(16,666)	(16,666)
Budget Requirement	13,209	0	13,209	(14,144)	(935)
Business Rate Income	(3,974)		(3,974)	3,974	0
Revenue Support Grant	(120)		(120)	120	0
Council Tax Income	(8,316)		(8,316)	8,316	0
Parish Precepts	(625)		(625)	625	0
New Homes Bonus	(476)		(476)	476	0
Lower Tier Services Grant	(597)		(597)	597	0
Transfers to/(from) the Collection Fund	1,914		1,914	(1,914)	0
Transfers to/(from) Working Balances	(1,950)		(1,950)	1,950	0
Budget Shortfall / (Underspend)	(935)	0	(935)	0	(935)
Reconciliation to EFA					
Directorate total					15,731
Other income and expenditure in outturn				(16,666)	
Less movements in reserves items:					
<i>Transfers to/(from) Reserves (adjusted within outturn presentation)</i>				772	
<i>Use of Working Balances</i>				1,950	
Other income and expenditure in EFA					(13,944)
(Surplus) or deficit in EFA					1,787

NOTES TO THE CORE FINANCIAL STATEMENTS

15.1.4 Note 2 to the 2023/24 Expenditure and Funding Analysis

Reconciliation between out-turn and EFA 2023/24	General Fund as reported at outturn	HRA as reported at outturn	Total out-turn	Adjustments	Total reported out-turn in EFA format
	£'000	£'000	£'000	£'000	£'000
All Directorate - Salaries	18,010		18,010	(18,010)	0
Chief Executive	(478)		(478)	862	384
Communities	(3,099)		(3,099)	5,153	2,054
Corporate Services	2,505		2,505	4,938	7,443
Environment	634		634	5,749	6,383
Housing	1,371	(500)	871	1,308	2,179
Non-Directorate Specific	651		651	0	651
Directorate total	19,594	(500)	19,094	0	19,094
Interest & Investment Income	(2,078)		(2,078)	2,078	0
Government Grant Funding	(2,513)		(2,513)	2,513	0
Transfers to/(from) Reserves	(1,483)	500	(983)	983	0
Transfers to/(from) Balances	500		500	(500)	0
Transactions below the line	(208)		(208)	208	0
Other Income and expenditure	0		0	(19,387)	(19,387)
Budget Requirement	13,812	0	13,812	(14,105)	(293)
Business Rate Income	(3,351)		(3,351)	3,351	0
Revenue Support Grant	(112)		(112)	112	0
Council Tax Income	(7,916)		(7,916)	7,916	0
Parish Precepts	(516)		(516)	516	0
New Homes Bonus	(500)		(500)	500	0
Lower Tier Services Grant	(388)		(388)	388	0
Transfers to/(from) the Collection Fund	940		940	(940)	0
Transfers to/(from) Working Balances	(2,262)		(2,262)	2,262	0
Budget Shortfall / (Underspend)	(293)	0	(293)	0	(293)
Reconciliation to EFA					
Directorate total					19,094
Other income and expenditure in outturn				(19,387)	
Less movements in reserves items:					
<i>Transfers to/(from) Reserves (adjusted within outturn presentation)</i>				983	
<i>Transfers to/(from) Balances</i>				(500)	
<i>Use of Working Balances</i>				2,262	
Other income and expenditure in EFA					(16,642)
(Surplus) or deficit in EFA					2,452

NOTES TO THE CORE FINANCIAL STATEMENTS

15.1.5 Note 3 to the Expenditure and Funding Analysis

Adjustments from General Fund and HRA balances to arrive at the Comprehensive Income and Expenditure Statement 2024/25	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Chief Executive	2	(33)	1	(30)
Communities	(181)	(224)	(8)	(413)
Corporate Services	(168)	(249)	12	(405)
Environment	1,029	(278)	4	755
Housing - HRA Services	(5,221)	(334)	(5,509)	(11,064)
Housing - Other Services	1,130	(51)	5	1,084
Non-Directorate Specific	0	158	0	158
Net cost of services	(3,409)	(1,011)	(5,495)	(9,915)
Other income and expenditure from the funding analysis	(5,869)	(1)	(1,118)	(6,988)
Difference between General Fund & HRA surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(9,278)	(1,012)	(6,613)	(16,903)

Note i – Adjustments for Capital Purposes

This column adjusts the service committees for the statutory adjustments put through in respect of depreciation, amortisation of intangible assets, revenue funding from capital under statute, and other capital charges.

Note ii – Net Charge for Pensions Adjustments

This column adjusts the service committees for the statutory adjustments put through in respect of IAS 19 Employee Benefits pension related income and expenditure.

Note iii – Other Differences

This column adjusts the service committees for various recharges such as accommodation, telephones, staff recharges and IT recharges as when they are reported they only include direct costs.

NOTES TO THE CORE FINANCIAL STATEMENTS

15.1.6 Note 4 to the Expenditure and Funding analysis

2023/24	Summary of revenue recognised from contracts with service recipients within Expenditure & Funding Analysis	2024/25
Income		Income
£'000		£'000
0	Chief Executive	(5)
(6,962)	Communities	(8,242)
(1,199)	Corporate Services	(1,374)
(4,528)	Environment	(582)
(33,182)	Housing - HRA Services	(36,065)
(607)	Housing - Other Services	(2,860)
0	Non-Directorate Specific	0
<u>(46,478)</u>	Revenue recognised within EFA	<u>(49,128)</u>
0	Other income - HRA Services	0
0	Other income - Other Services	0
<u>0</u>	Other income recognised within EFA	<u>0</u>
<u>(46,478)</u>	Total revenue recognised from contracts with service recipients within EFA	<u>(49,128)</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

15.1. Other Operating Expenditure/Income

2023/24	Other Operating Expenditure		2024/25	
Net Expenditure		Expenditure	Income	Net Expenditure
£'000		£'000	£'000	£'000
516	Parish Precepts	625	0	625
47	Levies	49	0	49
0	Payments to the Housing Capital Receipts Pool	0	0	0
(386)	(Gains)/Losses on the disposal of non-current assets	719	0	719
(1,895)	Other capital receipts	0	0	0
(1,718)	Total	1,393	0	1,393

15.2. Financing and Investment Income and Expenditure

2023/24	Financing and Investment Income and Expenditure		2024/25	
Net Expenditure		Expenditure	Income	Net Expenditure
£'000		£'000	£'000	£'000
19,668	Interest Payable and Receivable*	6,689	(2,432)	4,257
(758)	Other Investment Income	0	(731)	(731)
(246)	Pensions Interest cost and return on pension assets	0	(84)	(84)
(372)	Trading Operations (see below)	693	(1,205)	(512)
(3,324)	Investment Properties (inc fair value changes)	0	(5,185)	(5,185)
439	Financial Instruments	0	(202)	(202)
15,407	Total	7,382	(9,839)	(2,457)

- Interest Payable includes a one-off loan extinguishment of £17,898k in 2023/24.

The following (surpluses)/deficits have been realised in relation to Trading Operations carried out during 2024/25:

2023/24	Trading Operations		2024/25	
Net Expenditure		Expenditure	Income	Net Expenditure
£'000		£'000	£'000	£'000
(226)	Industrial Estates	0	(353)	(353)
4	Spotlites Café	189	(204)	(15)
(150)	Trade Refuse Services	504	(648)	(144)
(372)	Total	693	(1,205)	(512)

NOTES TO THE CORE FINANCIAL STATEMENTS

15.3. Taxation and Non-Specific Grant Income

The Borough's funding requirements, including those of the parish councils, are met by a demand on the Collection Fund. These are shown as an expenditure item in the Comprehensive Income and Expenditure Statement of the Collection Fund.

2023/24	Taxation and Non-specific Grant Income	2024/25
£'000		£'000
(8,392)	Council Tax Income	(8,761)
(2,894)	Business Rates Income	(3,362)
(3,514)	Non-Ringfenced Government Grants	(4,269)
(3,310)	Capital Grants & Contributions	(3,867)
(18,110)	Total	(20,259)

15.4. Expenditure and Income analysed by nature

2023/24	Expenditure and Income Analysed by Nature	2024/25		
Total Net Expenditure		General Fund Net Expenditure	HRA Net Expenditure	Total Net Expenditure
£'000		£'000	£'000	£'000
	Expenditure			
23,953	Employee expenses	18,887	6,501	25,388
49,342	Other service expenses	36,508	11,509	48,017
20,288	Depreciation, amortisation, impairment & revaluations	760	4,542	5,302
(386)	(Gains)/losses on disposal of non-current assets	16	703	719
23,111	Interest payments*	4,438	2,167	6,605
563	Precepts & levies	674	0	674
116,871	Total Expenditure	61,283	25,422	86,705
	Income			
(55,103)	Fees and charges and other service income	(17,495)	(38,876)	(56,371)
(11,286)	Income from Council Tax and Business Rates	(12,123)	0	(12,123)
(26,826)	Government grants and contributions	(29,584)	(580)	(30,164)
(4,447)	Interest and investment income	(3,043)	(120)	(3,163)
(97,662)	Total Income	(62,245)	(39,576)	(101,821)
19,209	(Surplus)/Deficit on the Provision of Services	(962)	(14,154)	(15,116)

*Interest payments include a one-off loan extinguishment of £17,898k in 2023/24.

NOTES TO THE CORE FINANCIAL STATEMENTS

15.5.1 Government Grants and Contributions

2023/24	Government Grants and Contributions		2024/25	
Total	(significant items from Expenditure & Income by Nature)	General Fund	HRA	Total
<i>£'000</i>		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
(1,200)	Disabled Facilities Grant	(1,130)		(1,130)
(491)	Homeless Prevention Grant	(515)		(515)
(242)	Housing Benefit Administration Grant	(237)		(237)
(19,204)	Housing Benefit Subsidy	(18,449)		(18,449)
(387)	Lower Tier & Services Grants	(597)		(597)
(501)	New Homes Bonus Grant	(476)		(476)
(649)	NNDR - Multiplier Cap	(1,131)		(1,131)
(1,030)	NNDR - Retail Relief	(395)		(395)
(804)	NNDR - Small Business Rate Relief	(764)		(764)
0	NNDR - Adjustment Receipt	(497)		(497)
0	NNDR - Transitional Arrangement Scheme	(234)		(234)
(352)	Rough Sleeping Initiative	(354)		(354)
0	Contributions from Elections	(202)		(202)
0	UK Shared Prosperity Fund	(615)		(615)
0	Local Plan Support Funding	(368)		(368)
(1,966)	Other Grants and Contributions under £200k	(3,620)	(580)	(4,200)
(26,826)	Total - Significant Items	(29,584)	(580)	(30,164)

The below table shows how government grants and contributions align with the Comprehensive Income and Expenditure Statement:

2023/24	Government Grants and Contributions		2024/25	
Total	Analysed by Nature	General Fund	HRA	Total
<i>£'000</i>		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
(22,980)	Income credited to services	(23,469)	(161)	(23,630)
(3,846)	Income credited taxation & non-specific grant income.	(6,115)	(419)	(6,533)
(26,826)	Total - Significant Items	(29,584)	(580)	(30,163)

15.6. Property Plant and Equipment

Financial Year 2024-25	Property, plant & equipment								Total
	Operational Assets					Non-Op Assets			
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Right of Use Assets	Assets Under Construction	Surplus Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation As at 1 April 2024	418,604	51,349	11,234	2,218	2,903	0	4,444	3,038	493,790
Additions	11,397	805	514	0	219	38	5,079	0	18,052
Revaluation increases/(decreases) recognised in Revaluation Reserve	15,779	2,555	0	0	0	0	0	225	18,559
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	234	188	0	0	0	0	0	(498)	(76)
Derecognition - disposals	(2,448)	0	0	0	0	0	0	0	(2,448)
Assets reclassified	0	0	0	0	0	0	(1,576)	0	(1,576)
Other movements in cost or valuation	(95)	0	0	0	0	0	0	0	(95)
As at 31 March 2025	443,471	54,897	11,748	2,218	3,122	38	7,947	2,765	526,206
Accumulated Depreciation and Impairments As at 1 April 2024	0	(1,475)	(5,481)	(2,181)	(1)	0	(147)	0	(9,285)
Depreciation Charge for year	(5,276)	(2,914)	(795)	(1)	0	(8)	0	0	(8,994)
Accumulated depreciation written out to the Revaluation Reserve	4,322	2,366	0	0	0	0	0	0	6,688
Accumulated depreciation written out to the Surplus/Deficit on the Provision of Services	921	84	0	0	0	0	0	0	1,005
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment written back on disposal	32	0	(16)	0	0	0	0	0	16
Reclassifications	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	95	0	0	0	0	0	0	0	95
As at 31 March 2025	94	(1,939)	(6,292)	(2,182)	(1)	(8)	(147)	0	(10,475)
Net Book Value									
At 31 March 2025	443,565	52,958	5,456	36	3,121	30	7,800	2,765	515,731
At 1 April 2024	418,604	49,874	5,753	37	2,902	0	4,297	3,038	484,505

Revaluations of the Council's assets are carried out on a five yearly cycle as per paragraph 14.7 of the Accounting Policies. For 2024/25, the St George's Shopping Centre was valued externally by Colliers, with other valuations carried out internally by the Council's Estates and Valuation Manager, Tina Kwegan MRICS, and Alan Rhind BSC (Hons) MRICS, the Council's Principal Estates Surveyor, based on a valuation date of 31 March 2025.

Every five years an external valuation of the housing stock is carried out. The most recent full valuation was as at 31 March 2021. Wilks Head & Eve, Chartered Surveyors and Town Planners carried out a valuation of Council Dwellings at 31 March 2021. as a consequence, Council dwellings were assessed to have a market valuation of £1,239.7m.

For the years in between external valuations, a desktop exercise is carried out and a regional adjustment factor of 33% is applied to this valuation to reflect the fact that Local Authority housing is let at sub-market rents and to give a valuation based on Existing Use Value for Social Housing (EUV-SH). After applying the regional adjustment factor, the gross book valuation of Council dwellings is £443.6m as at 31 March 2025.

The methods and significant assumptions applied are in accordance with UK Valuation Standards which require that valuations shall be in accordance with the CIPFA Code. Essentially, current value is interpreted as the amount that would be paid for the asset in its existing use.

NOTES TO THE CORE FINANCIAL STATEMENTS

Property, plant & equipment								
Financial Year 2023/24	Operational Assets				Non-Op Assets			Total
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Assets Under Construction	Surplus Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation As at 1 April 2023	434,057	54,230	10,932	2,218	2,878	11,185	744	516,244
Additions	11,850	292	1,811	0	25	1,886	0	15,864
Revaluation increases/(decreases) recognised in Revaluation Reserve	(19,454)	(2,537)	0	0	0	0	0	(21,991)
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	(13,112)	(636)	0	0	0	0	0	(13,748)
Derecognition - disposals	(975)	0	(1,509)	0	0	0	0	(2,484)
Assets reclassified	6,333	0	0	0	0	(8,627)	2,294	0
Other movements in cost or valuation	(95)	0	0	0	0	0	0	(95)
As at 31 March 2024	418,604	51,349	11,234	2,218	2,903	4,444	3,038	493,790
Accumulated Depreciation and Impairments As at 1 April 2023	(105)	(3,188)	(6,280)	(2,180)	(1)	(147)	0	(11,901)
Depreciation Charge for year	(5,375)	(2,753)	(641)	(1)	0	0	0	(8,770)
Accumulated depreciation written out to the Revaluation Reserve	4,301	3,640	0	0	0	0	0	7,941
Accumulated depreciation written out to the Surplus/Deficit on the Provision of Services	1,060	826	0	0	0	0	0	1,886
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment written back on disposal	24	0	1,440	0	0	0	0	1,464
Reclassifications	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	95	0	0	0	0	0	0	95
As at 31 March 2024	0	(1,475)	(5,481)	(2,181)	(1)	(147)	0	(9,285)
Net Book Value At 31 March 2024	418,604	49,874	5,753	37	2,902	4,297	3,038	484,505
At 1 April 2023	433,952	51,042	4,652	38	2,877	11,038	744	504,343

Further details of the gross book value of Property Plant & Equipment assets and the year of valuations are detailed below:

Property, plant & equipment								
Financial Year 2024/25	Operational Assets				Non-Op Assets			Total
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Assets Under Construction	Other Land & Buildings	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historic Cost	0	0	11,748	2,218	3,122	9,603	1,992	28,683
Valued at Current Value in year:								
2024/25	443,471	39,556	38	0	0	(1,656)	275	481,684
2023/24	0	3,290	0	0	0	0	498	3,788
2022/23	0	3,000	0	0	0	0	0	3,000
2021/22	0	5,839	0	0	0	0	0	5,839
2020/21	0	3,212	0	0	0	0	0	3,212
Total Cost or Valuation	443,471	54,897	11,786	2,218	3,122	7,947	2,765	526,206

NOTES TO THE CORE FINANCIAL STATEMENTS

15.7. Depreciation and Impairment

Service revenue accounts are charged with depreciation during the year to properly reflect the cost of utilising assets in the provision of council services. For 2024/25 the total depreciation charges were £8.986m (£8.77m, 2023/24), including £5.61m within the HRA. A reversing entry takes place as part of the adjustments between accounting and funding basis to ensure that the overall revenue effect is neutral and that no cost falls to the local taxpayer. The HRA depreciation and impairment is disclosed in note 17.3 of the notes to the HRA.

15.8. Heritage Assets

Heritage Assets where the Council holds information on an asset's cost or value are detailed in the table below. Where the Council does not hold information on cost or value, and it is considered that the cost of obtaining this information outweighs the benefit to the reader of the accounts, assets are not included in the Balance Sheet but disclosed in this note. These include assets located within Fort Gardens and various war memorials in the borough.

31st March 2024	Heritage Assets	31st March 2025
£'000		£'000
296	Fort Gardens - Bandstand	311
2,663	Clock Tower	2,796
111	Puji Memorial	111
23	Mayoral Chains	23
183	Civic regalia	183
104	Museum exhibits	104
1,033	Woodlands Park Bunker	1,085
267	Queen Elizabeth II Statue	267
66	Other Miscellaneous Properties	66
<u>4,746</u>	Total	<u>4,946</u>

15.9. Investment Properties

Items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. There are no restrictions on the Authority's ability to realise the value inherent in its Investment Property or on the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement. For 2024/25, valuations conducted internally by the Council's Estates and Valuation Manager, Tina Kwegan MRICS, and Alan Rhind BSC (Hons) MRICS, based on a valuation date of 31 March 2025.

31st March 2024	Investment Properties	31st March 2025
£'000		£'000
0	Additions	1,723
898	Revaluation	2,687
<u>898</u>	Total increase/(decrease) in	<u>4,410</u>
40,280	Balance brought forward at 1 April	41,178
898	Movement in year	4,410
<u>41,178</u>	Balance carried forward at 31 March	<u>45,588</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

The Council acts as a lessor on a portfolio of commercial properties for which rental income for 2024/25 amounted to £4.6m. The net book value of these assets within the Balance Sheet is £75.03m.

Property	Income 2023/24	Income 2024/25	Balance Sheet value
	£'000	£'000	£'000
St Georges Shopping Centre	1,311	1,123	5,900
Network House, Gillingham Business Park	271	271	3,460
Industrial Units, Springhead Enterprise Park	1,353	1,505	22,274
Site at Stuart Road, Gravesend	391	391	7,310
District Shopping Centres	372	396	6,027
Industrial Units, Norfolk Road	431	452	7,150
St John's House, Dartford	165	139	2,355
123-127 High Street Shop, Sittingbourne	71	71	920
35-36 New Road	7	40	396
Miscellaneous Properties	274	210	19,236
Total	4,646	4,597	75,028

15.10. Debtors

Short-term debtors are shown below under the specific categories defined within the code of practice guidance.

31st March 2024	Short term Debtors	31st March 2025
£'000		£'000
4,829	Receivables from related parties	6,781
2,901	Accrued receipts	3,409
3,029	Tenant debtors	2,734
3,006	Council taxpayers	3,428
995	Business ratepayers	1,130
4,863	Sundry debtors	4,395
816	Prepayments	1,081
923	H.M.R.C	725
986	Other receivables	1,295
22,349	Total	24,979

15.11. Cash and Cash Equivalents

The net balance of Cash and Cash Equivalents at the Balance Sheet date is made up of the following elements.

31st March 2024	Cash and Cash Equivalents	31st March 2025
£'000		£'000
148	Cash in Hand/(Overdrawn)	0
1,480	Short Term Deposits	13,927
1,628	Total Cash & Cash Equivalents	13,927
7,809	Balance brought forward at 1 April	1,628
(6,181)	Movement in year	12,299
1,628	Balance carried forward at 31 March	13,927

NOTES TO THE CORE FINANCIAL STATEMENTS

15.12. Creditors

Creditors are shown in the next table under the specific categories defined within the code of practice guidance.

31st March 2024	Short term Creditors	31st March 2025
£'000		£'000
(425)	Central government bodies	(2,134)
(369)	Other local authorities	(775)
(2,043)	Other short term creditors	(3,096)
(5,320)	Accrued payments	(4,481)
(3,169)	Receipts in advance	(2,723)
(791)	Amounts owed to HRA tenants	(1,200)
(138)	Amounts owed to Council tax payers	(164)
(554)	Amounts owed to Business rate payers	(605)
0	Cash in Hand/(Overdrawn)	(709)
(12,809)	Total	(15,887)

15.13. Provisions

31st March 2024	Provisions	Movement	31st March 2025
£'000		£'000	£'000
0	IFRS16 Lease Liability	(24)	(24)
(127)	Municipal Mutual Insurance Company	0	(127)
(1,619)	Business Rates Appeals	53	(1,566)
(1,746)	Total held	29	(1,717)

15.14. Unusable Reserves

Unusable reserves are unrealised gains and losses on assets, and adjustment accounts that absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure. Below is a summary of those reserves.

31st March 2024	Unusable Reserves	31st March 2025
£'000		£'000
(124,589)	Revaluation Reserve (note 15.16.1)	(146,334)
(292,856)	Capital Adjustment Account (note 15.16.2)	(311,106)
17,741	Financial Instruments Adjustment Account (note 15.16.3)	17,337
496	Accumulated Absences Account (note 15.16.4)	517
(1)	Deferred Capital Receipts Reserve	(1)
1,541	Pensions Reserve (Note 15.16.5)	1,299
1,885	Collection Fund Adjustment Account (note 18.5)	768
2,432	Pooled Investment Funds Adjustment Account	1,278
(393,351)	Total Unusable Reserves	(436,242)

NOTES TO THE CORE FINANCIAL STATEMENTS

15.14.1. Revaluation Reserve Account

The Revaluation Reserve Account summarises the net gains or losses arising from asset revaluations during the year. The balance is reduced when assets with previously accumulated gains are:

- Revalued downwards or impaired and the previous gains are lost;
- Used in the provision of services and the gains are consumed through depreciation;
- Disposed of and the gains are realised in the Comprehensive Income and Expenditure Statement, with the Revaluation Reserve values being written off as part of the disposal.

The closing balance on the Revaluation Reserve Account represents the net gain realised on non-current assets from 1 April 2007 onwards.

2023/24	Revaluation Reserve	2024/25
£'000		£'000
(141,661)	Balance at 1 April	(124,589)
(3,772)	Upward revaluation of assets	(27,324)
17,083	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	1,877
13,311	Surplus or Deficit on the revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(25,447)
3,345	Difference between fair value depreciation and historic cost depreciation	3,270
118	Transfers between accounts - change of category	0
298	Accumulated gains on assets sold or scrapped	432
3,761	Amount written off to the Capital Adjustment Account	3,702
(124,589)	Balance at 31 March	(146,334)

NOTES TO THE CORE FINANCIAL STATEMENTS

15.14.2. 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 Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve Account to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Authority 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 April 2007, the date that the Revaluation Reserve Account was created to hold such gains.

2023/24	Capital Adjustment Account	2024/25
£'000		£'000
Sources of Finance		
(1,089)	Capital Receipts	(6,017)
(3,310)	Government grants and contributions (received in year)	(1,373)
0	Government grants and contributions (brought forward)	0
(8,475)	Major Repairs Reserve	(5,018)
(12,874)		(12,408)
Sums set aside from revenue		
(3,784)	Direct revenue contributions	(6,852)
(7,727)	Minimum revenue provision (MRP)	(4,865)
(11,511)	Increase or decrease during year	(11,717)
Removal of items not chargeable to Fund Balances		
8,770	Depreciation charged in the year	8,994
126	Amortisation charged in the year	126
12,079	Revaluation losses - PPE	3,283
(217)	Reversal of impairment losses - HRA	(4,212)
(11)	Reversal of impairment losses - GF	0
(898)	Revaluation (gains)/losses - Investment properties	(2,687)
1,328	Disposals in the year	2,432
1,062	Rosherville Investment - Expected Credit Loss	(222)
2,296	Revenue expenditure met from capital under statute	1,863
24,535	Increase or decrease during year	9,577
150	Total accounting adjustments between funding basis under statute	(14,548)
Write Down of Revaluation Reserve		
(298)	Accumulated Gains on disposed assets	(432)
(3,345)	Revaluation Reserve depreciation	(3,270)
(118)	Transfer between accounts - change of category	0
(3,761)		(3,702)
(3,611)	Increase or decrease during year	(18,250)
(289,245)	Balance brought forward at 1 April	(292,856)
(3,611)	Movement in year	(18,250)
(292,856)	Balance carried forward at 31 March	(311,106)

15.14.3. Financial Instruments Adjustment Account

This account is a balancing account to allow for differences in statutory requirements and proper accounting practices on borrowings and investments. This account represents the differences between costs in relation to financial instruments calculated in accordance with the Code where charges are different to those as calculated in accordance with statutory requirements.

2023/24	Financial Instruments Adjustment Account	2024/25
£'000		£'000
(4)	Private Sector renovation loans	0
17,715	Amortised loan extinguishment premium	(404)
17,711	Total increase/(decrease) in Financial Instruments	(404)
30	Balance brought forward at 1 April	17,741
17,711	Movement in year	(404)
17,741	Balance carried forward at 31 March	17,337

*Interest Payable includes a one-off loan extinguishment of £17,898k in 2023/24.

15.14.4. 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.

15.14.5. Pension Fund 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.

2023/24	Pensions Reserve	2024/25
£'000		£'000
2,964	Charged to Net Cost of Services	3,321
(4,423)	Employer contributions	(4,331)
(2,680)	Actuarial gains and losses	768
(4,139)	Total increase/(decrease) in Pension Reserve	(242)
5,680	Balance brought forward at 1 April	1,541
(4,139)	Movement in year	(242)
1,541	Balance carried forward at 31 March	1,299

NOTES TO THE CORE FINANCIAL STATEMENTS

15.15. Usable Reserves

The Council keeps a number of reserves in the Balance Sheet that are either held for statutory reasons, to comply with proper accounting practice or to voluntarily earmark monies to fund future spending plans.

31st March 2024	Usable Reserves	31st March 2025
£'000		£'000
(20,457)	Capital Receipts Reserve (note 15.16.1)	(16,154)
(15,765)	Earmarked Reserves (note 15.16.3)	(15,032)
(1,249)	Revenue Grants not yet applied	(1,210)
(96)	Capital Grants & Contributions Unapplied	(2,590)
(2,975)	Major Repairs Reserve (note 17.5)	(3,473)
(6,350)	General Fund Balance	(5,335)
(3,000)	Housing Revenue Account Balance	(3,000)
(49,892)	Total Usable Reserves	(46,794)

15.15.1. Capital Receipts Reserve

2023/24	Capital Receipts Reserve	2024/25
£'000		£'000
(3,590)	Cash proceeds from the disposal of non-current assets	(1,713)
(18)	Other capital receipts	(1)
(768)	Transfer from Deferred Capital Receipts	0
1,089	Applied in Capital Financing	6,017
(3,287)	Total (increase)/decrease	4,303
(17,170)	Balance brought forward at 1 April	(20,457)
(3,287)	Movement in year	4,303
(20,457)	Balance carried forward at 31 March	(16,154)

Usable capital receipts are receipts from the disposal of assets that have not yet been used to finance expenditure or repay debt. As indicated in Note 17.7 to the Housing Revenue Account, a proportion of specified housing related capital receipts is ordinarily payable into a Government pool for redistribution. In years when this is payable, the code requires any amount paid to the pool to be disclosed as expenditure in the Comprehensive Income and Expenditure Statement even though the capital receipts themselves have not been recognised as income within the Comprehensive Income and Expenditure Statement with the deficit being made good by an equivalent appropriation from Usable Capital Receipts. During the year the Government extended flexibilities enabling local authorities to retain 100% of the receipts for two years. As a result, no charge has been made to the Comprehensive Income and Expenditure Statement in 2024/25.

NOTES TO THE CORE FINANCIAL STATEMENTS

15.15.2. Grants and Contributions Unapplied

Capital Grants & Contributions Unapplied	Balance at 31st March 2024	Transfer to General Fund Balance	Applied in capital financing	Balance at 31st March 2025
	£'000	£'000	£'000	£'000
CLG - Localised Council Tax Support	(41)	0	0	(41)
Milton Place	0	(1,629)	0	(1,629)
Social Housing Decarbonisation Fund	0	(42)	0	(42)
St Columbas	0	(823)	0	(823)
Land at South of Hever Court Road	(55)	0	0	(55)
Total (increase)/decrease	(96)	(2,494)	0	(2,590)
Balance brought forward at 1 April	(96)			(96)
Movement in year	0			(2,494)
Balance carried forward at 31 March	(96)			(2,590)

NOTES TO THE CORE FINANCIAL STATEMENTS

15.15.3. Earmarked Reserves

Expenditure funded from an earmarked reserve is charged direct to revenue, and not to the reserve, with the equivalent funding being shown as Contributions from Reserves. The following statement shows the expenditure and income in respect of Earmarked Reserves for the year:

31st March 2024	Earmarked Reserves	Transfer from balances	Applied in revenue financing	Transfer between reserves	31st March 2025
£'000		£'000	£'000	£'000	£'000
(571)	Planning Policy Reserve	(356)	0	0	(927)
(1,156)	Asset Enhancement Reserve	(69)	204	0	(1,021)
(28)	Leisure Centres Reserve	0	14	0	(14)
(625)	Corporate Priorities Reserve	0	182	0	(443)
(113)	Elections Reserve	(75)	0	0	(188)
(1,381)	Business Rates Collection Fund Reserve	(580)	881	0	(1,080)
(452)	IT Infrastructure Reserve	(88)	0	0	(540)
(377)	DSO Vehicle Capital Reserve	(132)	105	0	(404)
(526)	Waste Freighter Replacement Reserve	(222)	279	0	(469)
(420)	NNDR Growth Fund Reserve	(334)	229	0	(525)
(1,100)	Investment Interest Equalisation Reserve	(179)	0	521	(758)
(700)	Housing & Commercial Growth Fund	0	0	0	(700)
(771)	Commercial Income Protection Reserve	94	122	0	(555)
(148)	Playgrounds Reserve	(30)	0	0	(178)
(67)	Decriminalisation Reserve	0	5	0	(62)
(1,236)	Enterprise Zone Reserve	(331)	640	0	(927)
(381)	Climate Change Reserve	0	14	0	(367)
(3,458)	Debt Repayment Reserve	179	179	(521)	(3,621)
(13,510)	Sub-total - Specific GF Earmarked Reserves	(2,123)	2,854	0	(12,779)
(1,755)	HRA General Reserve	0	0	0	(1,755)
(500)	HRA Priority Reserve	0	0	0	(500)
(15,265)	Total Specific Earmarked Reserves	(2,123)	2,854	0	(15,034)
(1,249)	Revenue Grants not yet applied	(22)	61	0	(1,210)
(16,514)	Total All Earmarked Reserves	(2,145)	2,915	0	(16,244)
(17,679)	Balance brought forward at 1 April				(17,014)
665	Movement in year				772
(17,014)	Balance carried forward at 31 March				(16,242)

These reserves have been established for the following purposes:-

Planning Policy Reserve – To meet the financial liabilities arising from the development and maintenance of the Gravesham Local Development Scheme.

Asset Enhancement Reserve – To assist in meeting obligations arising from the maintenance or development of the council's assets over the forthcoming financial years.

Leisure Centres Reserve – To contribute to landlord maintenance responsibilities and capital programme works that accrue in relation to Leisure Centres.

Corporate Priorities Reserve - To deliver specific items in line with the Council's Corporate Plan.

Elections Reserve – To assist in meeting the costs associated with the borough election cycle.

NOTES TO THE CORE FINANCIAL STATEMENTS

Business Rates Collection Fund Equalisation Reserve – To smooth the timing differences brought about by the accounting arrangements for business rates.

IT Infrastructure Reserve – To enable the Council to better plan for investment in improving and developing its IT infrastructure and use of digital technology.

DSO Fleet Vehicle Replacement Reserve – To hold annual contributions towards the replacement of DSO vehicles and proceeds from the disposal of redundant vehicles.

Waste Freighter Replacement Reserve – To hold annual contributions to the replacement of waste collection freighters and proceeds from the disposal of redundant vehicles.

NNDR Growth Fund Reserve – To hold growth fund monies for Gravesham generated from retained business rate growth as a result of the Council being part of the Kent Business Rates Pool.

Investment Interest Equalisation Reserve – To meet any obligations arising from the implementation of IFRS9 or shortfalls in budgeted investment income returns.

Housing and Commercial Growth Fund Reserve – To hold funds generated by the Kent & Medway Business Rates Retention Pilot in 2018/19.

Commercial Income Protection Reserve – To meet any maintenance and upkeep requirements of assets purchased under the Council's Commercial Property Acquisition Strategy or to smooth the impact on the General Fund revenue budget of any unplanned void periods.

Playgrounds Reserve – To provide for replacement play equipment within the borough.

Decriminalisation Reserve – To provide replacement equipment and uniforms as and when required in relation to enforcement of car parking regulations.

Enterprise Zone Reserve – To hold the increased Business Rates derived from the North Kent Enterprise Zones, so that this may be directed to infrastructure and services to support enterprise and growth within Gravesham.

Climate Change Reserve – To hold the financial commitment made by the Council in declaring a climate emergency and undertaking to do what is within its powers and resources to make Gravesham Borough Council carbon neutral by 2030.

Debt Repayment Reserve – To hold sums that can be applied to reduce or repay debt liabilities of the Council.

HRA General Reserve – To meet future Housing Revenue Account priorities or mitigate against future funding obligations.

HRA Priority Reserve – To meet the cost of funding statutory or regulatory obligations placed on the Council as a landlord or one-off projects intended to deliver ongoing revenue or capital savings.

Revenue Grants not yet applied – To hold various revenue grants received until such time as they are applied to General Fund revenue expenditure in future years.

NOTES TO THE CORE FINANCIAL STATEMENTS

15.16. Adjustments Between Accounting Basis and Funding Basis under Regulations

Adjustments between Accounting Basis and Funding Basis under regulations - 2024/25	General Fund Balance	HRA	Major Repairs Reserve	Capital Receipts	Grants and Cont unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Adjustments primarily involving the Capital Adjustment Account</i>						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(3,452)	(5,542)				8,994
Charges for impairment of non-current assets		0				0
Revaluation gains/losses on Property, plant and equipment	(135)	1,065				(930)
Movement in the fair value of Investment Properties	2,687					(2,687)
Amortisation of intangible assets	(61)	(65)				126
Capital Grants & Contributions applied	624	749				(1,373)
Revenue expenditure funded from capital under statute (REFCUS)	(1,275)	(588)				1,863
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(16)	(2,416)				2,432
Amounts of non-current assets de-recognised within the Comprehensive Income and Expenditure Statement						0
Expected Credit Loss adjustment - RPD Limited long-term debtor loans	222					(222)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment (MRP)	186	4,679				(4,865)
Capital expenditure charged against the General Fund and HRA balances (Direct Revenue Financing)	2,090	4,761				(6,851)
Amortised loan extinguishment premium	402					(402)
<i>Adjustments primarily involving the Capital Grants Unapplied Account</i>						
Capital Grants & Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	1,629	865			(2,494)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					0	0
<i>Adjustments primarily involving the Capital Receipts Reserve</i>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	1,713		(1,713)		0
Other Capital Receipts	0	0		0		0
Use of the Capital Receipts Reserve to finance new capital expenditure				6,017		(6,017)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals				0		0
Contribution from the Capital Receipts Reserve to finance the payments to the Governments capital receipts pool	0					0
<i>Adjustments primarily involving the Deferred Capital Receipts Reserve</i>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0					0
Transfer from Deferred Capital Receipts Reserve upon the receipt of cash				(1)		1
<i>Adjustments primarily involving the Major Repair Reserve</i>						
Reversal of Major Repairs Allowance credited to the HRA		5,516	(5,516)			0
Use of the Major Repair Reserve to finance new capital expenditure			5,018			(5,018)
<i>Adjustments primarily involving the Financial Instruments Adjustment Account</i>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0					0
Reversal of loan extinguishment premium charged to FIIE	0	2				(2)
<i>Adjustments primarily involving the Pensions Reserve</i>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,450)	(871)				3,321
Employer's pensions contributions and direct payments to pensioners payable in the year	3,126	1,205				(4,331)
<i>Adjustments primarily involving the Collection Fund Adjustment Account</i>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax Income calculated for the year in accordance with statutory requirements	(146)					146
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from Non-domestic Rate Income calculated for the year in accordance with statutory requirements	1,263					(1,263)
<i>Adjustment primarily involving the Accumulated Absences Account</i>						
Amount by which officer 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	(13)	(7)				20
<i>Adjustment primarily involving the Pooled Investment Funds Adjustment Account</i>						
Loss on redemption of Pooled Investment Funds	952					(952)
Reversal of Pooled Investment Movements	202					(202)
(Increase)/Decrease in year	5,835	11,066	(498)	4,303	(2,494)	(18,212)

NOTES TO THE CORE FINANCIAL STATEMENTS

Adjustments between Accounting Basis and Funding Basis under regulations - 2023/24	General Fund Balance	HRA	Major Repairs Reserve	Capital Receipts	Grants and Cont unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Adjustments primarily involving the Capital Adjustment Account</i>						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(3,127)	(5,643)				8,770
Charges for impairment of non-current assets		0				0
Revaluation gains/losses on Property, plant and equipment	201	(12,052)				11,851
Movement in the fair value of Investment Properties	898					(898)
Amortisation of intangible assets	(65)	(61)				126
Capital Grants & Contributions applied	319	2,991				(3,310)
Revenue expenditure funded from capital under statute (REFCUS)	(1,200)	(1,096)				2,296
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(377)	(951)				1,328
Amounts of non-current assets de-recognised within the Comprehensive Income and Expenditure Statement						0
Expected Credit Loss adjustment - RPDL Limited long-term debtor loans	(1,062)					1,062
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment (MRP)	929	6,798				(7,727)
Capital expenditure charged against the General Fund and HRA balances (Direct Revenue Financing)	3,018	766				(3,784)
Amortised loan extinguishment premium	183					(183)
<i>Adjustments primarily involving the Capital Grants Unapplied Account</i>						
Capital Grants & Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0				0	0
Application of grants to capital financing transferred to the Capital Adjustment Account					0	0
<i>Adjustments primarily involving the Capital Receipts Reserve</i>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	1,713		(1,713)		0
Other Capital Receipts	1,895	0		(1,895)		0
Use of the Capital Receipts Reserve to finance new capital expenditure				1,089		(1,089)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals				0		0
Contribution from the Capital Receipts Reserve to finance the payments to the Governments capital receipts pool	0					0
<i>Adjustments primarily involving the Deferred Capital Receipts Reserve</i>						
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0					0
Transfer from Deferred Capital Receipts Reserve upon the receipt of cash				(768)		768
<i>Adjustments primarily involving the Major Repair Reserve</i>						
Reversal of Major Repairs Allowance credited to the HRA		5,615	(5,615)			0
Use of the Major Repair Reserve to finance new capital expenditure			8,475			(8,475)
<i>Adjustments primarily involving the Financial Instruments Adjustment Account</i>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	4					(4)
Reversal of loan extinguishment premium charged to FIIE	(17,898)					17,898
<i>Adjustments primarily involving the Pensions Reserve</i>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(2,270)	(694)				2,964
Employer's pensions contributions and direct payments to pensioners payable in the year	3,280	1,143				(4,423)
<i>Adjustments primarily involving the Collection Fund Adjustment Account</i>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax Income calculated for the year in accordance with statutory requirements	13					(13)
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from Non-domestic Rate Income calculated for the year in accordance with statutory requirements	153					(153)
<i>Adjustment primarily involving the Accumulated Absences Account</i>						
Amount by which officer 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	(42)	(17)				59
<i>Adjustment primarily involving the Pooled Investment Funds Adjustment Account</i>						
Reversal of Pooled Investment Movements	(439)					439
(Increase)/Decrease in year	(15,587)	(1,488)	2,860	(3,287)	0	17,502

NOTES TO THE CORE FINANCIAL STATEMENTS

15.17. 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. Such disclosures enable readers of the accounts to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to operate freely with the Council.

Central Government

Central Government has significant influence over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are separately identified within the Note on Taxation and Specific Grant Income.

Elected Members and Officers

Elected Members and Senior Officers of the Council have significant influence over the Council's financial and operating policies. The key sources used to identify material related party transactions for Senior Officers and Members are Registers of Interests and disclosures of pecuniary interests at Council meetings.

This information is supplemented by the Council requiring Members and Senior Officers to annually declare whether they, close family or anyone in the same household have been involved in any material transactions with the Council. Returns were received from all currently serving Members and Senior Officers for the 2024/25 financial year and the following relationships were considered to be material:

Officer / Member	Nature of Related Party Transaction	Value of Transactions	Outstanding Debt Balance as at 31/03/2025
Cllr. S Mochrie-Cox Cllr. A Williams Cllr. L Rolles	Appointed Council Representative(s) on board of - Gravesham Network Development (CIC)	£94,041	£0
Cllr. S Mochrie-Cox Cllr. J Hart	Appointed Council Representative(s) on board of - Gravesham Community Leisure Ltd (GCLL)	£96,856	£0
Cllr. D Croxton	Appointed Council Representative on board of Citizens Advice Bureau (CAB)	£144,640	£20
Cllr. J Burden Cllr. L Croxton Cllr. K O'Malley	Appointed Council Representative(s) on board of Elizabeth Huggins Cottages Charity	£71,400	£1,925,738
Cllr. L Croxton Cllr. J Wallace Cllr. L Pearton	Appointed Council Representative(s) on board of North Kent Marshes IDB	£48,798	£0

NOTES TO THE CORE FINANCIAL STATEMENTS

Other Public Bodies & Partnership Working

The Chief Legal Officer and Monitoring Officer of Medway Council has been designated as the Monitoring Officer for Gravesham Borough Council. The fee for these services in 2024/25 paid to Medway Council was £14k.

Interest in Companies – Rosherville Limited

On 17 December 2019, the Council established a wholly owned Local Authority Trading Company (LATCo) Holding Company. The LATCo has been registered with Companies House under the name Rosherville Limited and three subsidiaries, Rosherville Servicing Limited, Rosherville Property Development Limited and Rosherville Repairs & Maintenance Limited have been formed. The accounts for these companies can be viewed at Companies House once filed in accordance with statutory requirements.

The Council has also embarked on a joint venture, The Gravesham Community Investment Partnership, collaborating with new investment partner, The Hill Group. The partnership was formally incorporated in January 2023 with each partner holding a 50% interest in the partnership, which has the key objective to provide housing that within the Borough – both Affordable and Social Rent Housing.

Further information on the activity of the companies and its interactions with the Council is disclosed in the Group Accounts Section which commences on page 91.

15.18. Member Allowances

Member allowances (including all payments in relation to remuneration) to the value of £338k were paid during 2024/25 (2023/24 £332k,) in accordance with the Gravesham Borough Council Members' Allowances Scheme.

Further details are published on our website: www.gravesham.gov.uk/MemberAllowances

15.19. Officer Remuneration and Exit Packages

This note provides details of senior officers' remuneration, the number of employees earning above £50k per annum, and exit packages.

"Remuneration" incorporates basic pay, allowances & expenses and exit packages (where payable directly to the employee).

Senior Officers

In the case of senior officers, pension contributions are also disclosed (including pension-based exit packages). These contributions are amounts paid by the authority into the Kent County Council pension fund, but not directly receivable by the employee. Shaded posts fulfil statutory roles.

Senior Officer Remuneration 2024/25	Pay and allowances	Compensation for loss of office	Pension	Total remuneration
	£'000	£'000	£'000	£'000
Chief Executive	149	-	31	180
Director (Communities)	122	-	23	145
Director (Corporate Services)	113	-	22	135
Director (Environment)	95	-	18	113
Director (Housing)	113	-	20	133
Total	592	-	114	706

NOTES TO THE CORE FINANCIAL STATEMENTS

Senior Officer Remuneration 2023/24	Pay and allowances	Compensation for loss of office	Pension	Total remuneration
	£'000	£'000	£'000	£'000
Chief Executive	145	-	29	174
Director (Communities)	107	-	21	128
Director (Corporate Services)	107	-	21	128
Director (Environment)	121	-	0	121
Director (Housing)	107	-	21	128
Total	587	-	92	679

The contribution rate for employer pension was 20.8% in 2024/25 (20.8% in 2023/24). Additionally, a lump sum of £424k, has been paid as a "past service contribution". This amount is not included in the pension contributions for 2024/25 shown in the table above.

Employees earning above £50,000

2023/24	Employees earning above £50,000	2024/25
nos		nos
	Remuneration band	
25	£50,001 - £55,000	28
26	£55,001 - £60,000	19
12	£60,001 - £65,000	27
13	£65,001 - £70,000	8
10	£70,001 - £75,000	9
-	£75,001 - £80,000	5
1	£80,001 - £85,000	2
7	£85,001 - £90,000	3
-	£90,001 - £95,000	1
-	£95,001 - £100,000	3
4	£100,001 - £105,000	-
-	£105,001 - £110,000	1
98	Total	106

The bandings exclude the remuneration of individuals already included within the senior officer tables but do incorporate exit packages directly payable where appropriate.

Exit Packages

The number of exit packages, both by type and banding are shown in the table below. Exit packages include both payments made directly to individuals, and other costs such as payments to Kent County Council in respect of pension benefits e.g., where retirement has been taken early but with preserved pension rights.

Exit packages Cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	nos	nos	nos	nos	nos	nos	£'000	£'000
£1-£20,000	4	-	3	2	7	2	56	19
£20,001-£40,000	-	-	1	1	1	1	21	25
£40,001-£60,000	1	1	-	1	1	2	43	106
£60,001-£80,000	-	1	-	-	-	1	-	69
£80,001-£160,000	1	-	-	-	1	-	151	-
Total	6	2	4	4	10	6	271	219

NOTES TO THE CORE FINANCIAL STATEMENTS

15.20. External Audit Costs

The Council incurred the following fees relating to external audit, grant certification and other services in 2024/25.

2023/24	External Audit Costs	2024/25
£'000		£'000
162	Fees payable with regard to external audit services carried out for the year	192
55	Fees payable for the certification of grant claims and returns for the year	72
(39)	Adjustments for fees across all external audit services relating to prior years*	0
178	Total	264

* Prior year adjustments principally relate to audit services for accounts subject to statutory backstop arrangements

15.21. Construction Contracts (Commitments under Capital Contracts)

The Council has approved expenditure in future years of £177.41m (2023/24, £131.65m) under its capital programme of which £36.45m (2023/24, £56.17m) had been contracted as at 31 March 2025. The split between schemes contracted and not contracted is as follows:

Expenditure approved and contracted at	Commitments under Capital Contracts	Expenditure approved and contracted at
31 Mar 2024		31 Mar 2025
£'000		£'000
6,868	Improvement Programme	0
3,569	Health & safety works	735
3,486	Replacement Programme	0
8,833	New building programme	15,128
0	Other HRA Schemes	710
150	Essential Repairs to Buildings	0
33,220	Rosherville Loan (The Charter)	19,771
0	Disabled Facilities	507
0	Milton Place	1,629
42	Other General Fund Schemes	68
56,168	Total	38,548

15.22. Pension Costs

Participation in the Pension Scheme

Employees of Gravesham Borough Council may participate in the Kent County Council Pension Fund, part of the Local Government Pension Scheme, a defined benefit statutory scheme. The fund is administered by Kent County Council in accordance with the Local Government Pension Scheme Regulations 2007-08 as amended. A formal valuation of the Kent County Council Pension Fund for funding purposes took place as at 31 March 2022, and has been incorporated into the year-end actuary report for IAS19 accounting.

NOTES TO THE CORE FINANCIAL STATEMENTS

As required under the IAS 19 'Employee Benefits' accounting standard, the projected unit credit method of valuation has been used. With this method, where the age profile of the active membership is rising, the current service cost will increase as the members of the scheme approach retirement.

Transactions Relating to Retirement Benefits

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, in accordance with IAS19, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure. This ensures there is no cost to the local taxpayer.

Under IAS19, the Council is required to provide details of assets and future liabilities for pensions payable to Council staff, both past and present.

The following transactions, derived from an Actuarial Valuation for the purposes of IAS19 have been made in the Comprehensive Income and Expenditure Statement during the year:

2023/24	Pension Costs - Transactions relating to retirement benefits	2024/25
<i>£'000</i>		<i>£'000</i>
	<i>Comprehensive Income & Expenditure Statement</i>	
2,860	Current service cost	3,111
76	Past service costs	22
127	Administrative Expenses	136
147	Unfunded benefits	136
3,210		3,405
(246)	Net interest expense	(84)
2,964	<i>Net charge to Comprehensive Income & Expenditure Statement</i>	3,321
1,459	<i>Movement on Pensions Reserve</i>	1,010
4,423	<i>Employer's contributions payable to LGPS</i>	4,331

Assets and Liabilities in Relation to Retirement Benefits

The underlying assets and liabilities for retirement benefits attributable to the Council at 31 March 2025 are as follows:

2023/24	Assets and liabilities relating to retirement benefits	2024/25
<i>£'000</i>		<i>£'000</i>
(144,681)	Present value of the defined benefit obligation	(130,294)
144,323	Fair value of plan assets	147,566
(358)	Net liability arising from defined benefit obligation	17,272
0	Impact of Asset Ceiling	(17,535)
(1,183)	Present value of unfunded liabilities	(1,036)
(1,541)	<i>Total net liability</i>	(1,299)

NOTES TO THE CORE FINANCIAL STATEMENTS

Gravesham Borough Council's net liability on the Kent County Council Pensions Fund has decreased from £1.541m at the previous year-end to £1.299m at 31st March 2025. The change in the pension fund deficit over the year is mainly dependent on asset returns, corporate bond yields and market expectations of financial assumptions and inflation, which when taken together have resulted in a decrease in the pension fund deficit of £0.24m compared to the previous year.

Where the value of the assets is greater than the value of the liabilities, creating a surplus, an asset ceiling calculation is carried out, ensuring compliance with IFRIC 14 regulations. The asset ceiling is the present value of any economic benefit available to the employer in the form of refunds or reduced future employer contributions, and has the effect of limiting the realisable pension surplus in year. The pension surplus in year is therefore not fully realisable.

As a result of the asset ceiling introduction during the year, the initial impact of applying the asset ceiling has been recognised in the financial statements, amounting to £17.535m. This adjustment reflects the portion of the pension scheme surplus that is not considered to be an economic benefit available to the employer.

The liabilities show the underlying commitments that the Council has in the long term to pay retirement benefits. The net pension liability is matched by an equivalent Pensions Reserve of £1.54m. Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Barnett Waddingham, an independent firm of actuaries, has assessed the Fund's liabilities.

IAS19 does not directly impact on the actual level of employer contributions paid to the Kent County Council Fund. Employers' levels of contributions are determined by triennial actuarial valuations which are based on the Fund's actual investment strategy (rather than being based on corporate bond yields).

The movement to the Fund is set out in more detail in this note to the Core Financial Statements. The total liability has an impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Authority remains sound. The deficit on the scheme will be recovered through increased contributions over the remaining life of the employees as assessed by the actuary.

The reconciliation of the present value of the scheme liabilities is shown in the next table:

NOTES TO THE CORE FINANCIAL STATEMENTS

2023/24	Present value of Scheme liabilities (defined benefit obligation and unfunded liabilities)	2024/25
£'000		£'000
(145,976)	Scheme Liabilities brought forward	(145,864)
(2,860)	Current service cost	(3,111)
(7,019)	Interest cost	(7,024)
(1,086)	Contributions from scheme participants	(1,122)
	Remeasurement gains/losses:	
2,069	- actuarial gains/losses arising from changes in demographic assumptions	386
3,002	- actuarial gains/losses arising from changes in financial assumptions	18,387
(76)	Past service cost	(22)
6,460	Benefits paid	6,706
(378)	Experience loss/(gain) on defined benefit obligation	334
(145,864)	<i>Total value of liabilities</i>	(131,330)

The reconciliation of fair value of employer assets is shown below;

2023/24	Fair value of Scheme assets	2024/25
£'000		£'000
140,296	Scheme Assets brought forward	144,323
7,265	Interest income	7,108
	Remeasurement gains/losses:	
(2,013)	- the return on plan assets, excluding the amount included in the net interest expense	(2,340)
0	- other	0
4,276	Contribution from employer	4,195
1,086	Contribution from employees into the scheme	1,122
(6,460)	Benefits paid	(6,706)
(127)	Administrative expenses	(136)
144,323	<i>Total value of assets</i>	147,566

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

NOTES TO THE CORE FINANCIAL STATEMENTS

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

2023/24	Reconciliation of Opening & Closing Surplus / Deficit	2024/25
£'000		£'000
(5,680)	Balance at 1 April	(1,541)
7,265	Interest Income	7,108
4,276	Contribution from employer	4,195
1,086	Contribution from employees into the scheme	1,122
(6,460)	Benefits paid	(6,706)
(127)	Administrative expenses	(136)
(2,860)	Current service cost	(3,111)
(7,019)	Interest cost	(7,024)
(1,086)	Contributions from scheme participants	(1,122)
3,058	Remeasurement gains/losses:	16,433
(76)	Past service cost	(22)
6,460	Benefits paid	6,706
(378)	Experience loss/(gain) on defined benefit obligation	334
(1,541)	Position before impact of asset ceiling	16,236
0	Impact of Asset Ceiling	(17,535)
(1,541)	Balance at 31 March	(1,299)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Kent County Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries, with estimates for the Kent County Council Fund being based on the last full valuation of the scheme (for the purposes of 2024/25 accounts), as at 31 March 2022. The main assumptions used in their calculations are shown in the following tables. Where actual data is available, the actual rate of increase is also noted.

The discount rate employed equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, in accordance with CIPFA guidance.

This disclosure includes an estimate of the impact of the anticipated changes to scheme regulations that will be made to remove age discrimination as a result of the McCloud and Sargeant legal cases. In December 2018 the Court of Appeal ruled against the Government in the McCloud and Sargeant cases, that the underpin protections for those within 10 years of retirement is age discrimination. The underpin was a protection that was put in place when the scheme changed on 1 April 2014 and applied to members who were an active member on 31 March 2012 and were within 10 years of their normal retirement age (usually 65). The Public Service Pensions and Judicial Offices Act 2022, the main purpose of which is to support implementation of the McCloud remedy, gained Royal Assent in March 2022 and revised regulations were published in September 2023. The financial impact of the remedy remains difficult to determine, but it is a future liability for the Fund.

Local Government Pension Scheme Assets consist of the following categories, by proportion of the assets held:

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2023/24		2024/25	
Assumptions used		Assumptions used	
%		%	
	Long term expected return on assets		
	Mortality assumptions (years)		
20.80	Longevity at 65 for current pensioners (men)	20.70	
23.30	Longevity at 65 for current pensioners (women)	23.30	
22.00	Longevity at 65 for future pensioners (men)	22.00	
24.70	Longevity at 65 for future pensioners (women)	24.70	
	Other assumptions		
4.90	Discount rate	5.80	
2.90	Pension increases (CPI)	2.90	
3.90	Salary increases	3.90	

2023/24		Employer asset share - bid value		2024/25	
£'000	%			£'000	%
83,958	58	Equities		84,031	56.94
10,575	7	Gilts		8,747	5.93
20,780	14	Other bonds		21,936	14.87
12,949	9	Property		12,084	8.19
2,298	2	Cash		5,836	3.95
7,292	5	Absolute return		7,537	5.11
6,471	4	Infrastructure		7,395	5.01
144,323	100.00	Total		147,566	100.00

Sensitivity Analysis					
	£,000	£,000	£,000	£,000	£,000
Adjustment to discount rate	+0.5%	+0.1%	+0.0%	-0.1%	-0.5%
Present value of total obligation	122,947	129,575	131,330	133,125	140,745
Projected service cost	1,968	2,254	2,331	2,410	2,755
Adjustment to long term salary increases	+0.5%	+0.1%	+0.0%	-0.1%	-0.5%
Present value of total obligation	132,157	131,493	131,330	131,168	130,533
Projected service cost	2,331	2,331	2,331	2,331	2,331
Adjustment to pension increases and deferred revaluation	+0.5%	+0.1%	+0.0%	-0.1%	-0.5%
Present value of total obligation	140,150	133,011	131,330	129,687	123,481
Projected service cost	2,773	2,414	2,331	2,250	1,952
Adjustment to life expectancy assumptions	+1 Year	Non	-1 Year		
Present value of total obligation	136,488	131,330	126,397		
Projected service cost	2,417	2,331	2,246		

As demonstrated above, the application of IAS 19 Employee Benefits is a technically complex area of the Statement of Accounts, both in scenarios where an authority has a net pension asset, and in some cases where there is a net liability. To help practitioners, the International Accounting Standards Board (IASB) issued an interpretation to support the paragraph 64 of IAS 19: 'IFRIC14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'.

Historically, local authorities such as Gravesham have reported significant net pension liabilities on their balance sheets, and therefore the impact of IFRIC 14 could reasonably be assumed to be minimal. However, recent market fluctuations have meant that, for some authorities, net pension liabilities have significantly reduced (Gravesham's has fallen from £66.9m in 2022/23 to £1.3m in 2024/25) and in some cases the balance reversed so there is

NOTES TO THE CORE FINANCIAL STATEMENTS

a net pension asset. When the balance is an asset, it becomes subject to an asset ceiling which IAS 19 allows for. During the financial year an asset ceiling was introduced in accordance with the requirements of IFRIC 14. The asset ceiling limits the recognition of a surplus in the pension scheme to the extent that it is recoverable through refunds or reductions in future contributions. As a result of this change, the initial impact of applying the asset ceiling has been recognised in the financial statements, amounting to £17.535m This adjustment reflects the portion of the pension scheme surplus that is not considered to be an economic benefit available to the employer.

An objective of the scheme is to keep employers' contributions at as constant a rate as possible and funding levels are monitored on an annual basis. The Fund is valued once every three years and the valuation as at 31 March 2022 disclosed a net deficit of £66.89m on Gravesham Borough Council's share of the fund, an increase of £7.32m from the 2019 valuation deficit of £59.56m. The last actuarial valuation took place on 31 March 2022 and the change in contribution rates as a result of that valuation took effect from 1 April 2023. The primary rate increased from 15.8% to 20.8%, but the secondary rate has fallen to a fixed annual amount of £192,410 per year for the 3 year valuation period.

15.23. Capital Expenditure and Capital Financing

In addition to utilising revenue funds in providing services to the public, the Council spends money procuring and maintaining the assets it needs to provide those services. The table below shows the total amounts incurred for the year together with the sources of finance and the authority's reduced borrowing requirement.

2023/24	Capital Expenditure and Financing	2024/25
£'000		£'000
163,587	<i>Opening Capital Financing Requirement</i>	164,134
(2,172)	<i>Adjustment to 2023/24 Opening Balance*</i>	0
<u>161,415</u>	<i>Restated Opening Capital Financing Requirement</i>	<u>164,134</u>
	Capital Investment	
15,864	Property, Plant and Equipment	16,358
0	Heritage Assets	0
238	Intangible Assets	83
0	Investment Properties	1,723
2,050	Equity Holding in Rosherville Group	6,199
6,656	Long Term Debtor	13,332
2,296	Revenue Expenditure Funded from Capital under statute	1,863
<u>27,104</u>		<u>39,558</u>
	Sources of Finance	
(1,089)	Capital Receipts	(6,017)
(3,310)	Government grants and contributions (received in year)	(1,373)
0	Government grants and contributions (brought forward)	0
(8,475)	Application of Reserves	(5,018)
<u>(12,874)</u>		<u>(12,408)</u>
	Sums set aside from revenue	
(3,784)	Direct revenue contributions	(6,851)
(7,727)	Minimum revenue provision (MRP)	(4,865)
<u>(11,511)</u>		<u>(11,716)</u>
<u>164,134</u>	<i>Closing Capital Financing Requirement</i>	<u>179,568</u>
	Explanation of movements in year	
2,719	<i>Total increase/(decrease) in underlying need to borrowing (unsupported by Government financial assistance)</i>	15,434
<u>2,719</u>	Increase/(Decrease) in Capital Financing Requirement	<u>15,434</u>

NOTES TO THE CORE FINANCIAL STATEMENTS

*The Council's Treasury Management Consultants, Link, undertook a review of the Council's historic reported Capital Financing Requirement and Minimum Revenue Charge. Some discrepancies were identified in previously reported Capital Expenditure and Financing note and therefore an adjustment to the opening balance in 2023/24 has been shown above to bring this note in line with the Balance Sheet.

15.24. Contingent Assets and Liabilities

There were no contingent assets or liabilities held by the Council as at the end of 2024/25.

Virgin Media Limited v NTL Pension Trustees II Limited

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal. The Local Government Pension Scheme (LGPS) is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the LGPS actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, Gravesham Borough Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

NOTES TO THE CORE FINANCIAL STATEMENTS

15.25. Financial Instruments and Financial Risks

(a) 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.

The following categories of financial instrument are carried in the balance sheet.

Financial Assets	Non-Current				Current			
	Investments		Debtors		Investments		Debtors	
	31 March 2024	31 March 2025						
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through Profit and Loss	17,295	14,079	0	0	0	0	0	0
Amortised Cost								
Principal	0	0	32,327	45,872	0	0	12,965	11,335
Cash & Cash Equivalents (CCE)	0	0	0	0	1,628	13,927	0	0
Amortised Cost Total	0	0	32,327	45,872	1,628	13,927	12,965	11,335
Fair Value through Other Comprehensive Income	18,040	24,238	0	0	0	0	0	0
Total Financial Assets	35,335	38,317	32,327	45,872	1,628	13,927	12,965	11,335
Non-Financial Assets	0	0	0	0	0	0	960	2,607
Total	35,335	38,317	32,327	45,872	1,628	13,927	13,925	13,942

Financial Liabilities	Non-Current Borrowings		Current Borrowings		Current Creditors	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost						
Principal	100,737	118,608	51,754	57,525	12,168	11,749
Loans Accrued Interest	0	0	1,779	2,816	0	0
Cash and Cash Equivalent (Bank Overdrawn)*	0	0	0	709	0	0
Total Financial Liabilities	100,737	118,608	53,533	61,050	12,168	11,749
Non-Financial Liabilities	0	0	0	0	328	453
Total	100,737	118,608	53,533	61,050	12,496	12,202

*In 2024/25 the cash and cash equivalent balance included an overdrawn bank position. Therefore, the cash and cash equivalent balance is split between financial assets and financial liabilities.

31 March 2024		Borrowings	31 March 2025	
Long Term	Current		Long Term	Current
£'000	£'000		£'000	£'000
94,737	10,336	PWLB	112,608	11,009
6,000	21,400	Other Market Loans	6,000	0
0	20,017	Temporary Loans	0	46,516
100,737	51,754	Total Borrowings	118,608	57,525

NOTES TO THE CORE FINANCIAL STATEMENTS

Items of income, expense, gains or losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

Surplus or (Deficit) on the provision of Services	2023/24				2024/25		
	Other Comprehensive Income & Expenditure	Total			Surplus or (Deficit) on the provision of Services	Other Comprehensive Income & Expenditure	Total
£'000	£'000	£'000		£'000	£'000	£'000	
			Net gains/losses on:				
			Financial Asset measured at fair value through profit or loss				
439	0	439		202		202	
439	0	439	Total new (gain)/losses	202	0	202	
			Interest Income:				
			Financial Asset measured at amortised cost				
(1,400)	0	(1,400)		(608)		(608)	
			Financial Asset measured at fair value through profit and loss				
(758)	0	(758)		(679)		(679)	
(2,158)	0	(2,158)	Total interest income	(1,287)	0	(1,287)	
5,458	0	5,458	Total interest expense	2,143	0	2,143	
17,898	0	17,898	Total loan extinguishment expense	0	0	0	

NOTES TO THE CORE FINANCIAL STATEMENTS

Fair Value of Financial Assets

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring Fair Value Measurements	Input level in Fair Value Hierarchy	Valuation technique used to measure Fair Value	Fair Value	
			31 March 2024	31 March 2025
			£'000	£'000
Fair value through Profit and Loss				
Lothbury Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	3,824	452
Hermes Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,859	2,924
CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,731	1,764
JP Morgan Multi Asset Income Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	4,523	4,583
Jupiter Distribution and Growth Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,603	2,616
Aberdeen Diversified Income Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,736	1,719
			17,276	14,058

The Council holds units within three property funds and three multi asset funds, the fair value has been calculated using quoted share prices. There was a downward movement of £3,218k of the Fair Value of the units held in these funds between 31 March 2024 and 31 March 2025. This was a combination of a net increase in valuation in five funds of £154k and the redemption of units in the Lothbury Property Fund. The Lothbury Property Fund terminated on 30 May 2024, from which time all investors have been treated equally with fund issuing monthly capital distributions in line with the number of units held in the fund as and when assets are sold. As at 31 March 2025, the Council's remaining investment in the fund had a fair value of £452k. It is anticipated that the remaining investment will be redeemed during 2025/26.

Except for financial assets carried at fair value (described in the above table), all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating the present value of cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB new borrowing (certainty rate) discount rates have been applied to provide the fair value;
- For loans from other local authorities, an appropriate margin above the applicable gilt has been applied based on market evidence on the 31 March 2025;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;

NOTES TO THE CORE FINANCIAL STATEMENTS

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

31 March 2024			31 March 2025		
Carrying Amount	Fair Value		Fair Value Hierarchy Level	Carrying Amount	Fair Value
£'000	£'000			£'000	£'000
105,073	105,073	PWLB	2	123,617	121,514
27,400	27,400	Market Loans	2	6,000	5,754
20,017	20,017	Temporary Loans		46,516	46,516
12,168	12,168	Short Term Creditors		11,749	11,749
164,658	164,658	Total		187,882	185,533

The fair value of the liabilities is lower than the carrying amount as at 31 March 2025 because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £122m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

31 March 2024			31 March 2025		
Carrying Amount	Fair Value		Carrying Amount	Fair Value	
£'000	£'000		£'000	£'000	
15,989	18,040	Equity in Rosherville Group	24,238	24,238	
7,809	1,628	Cash and Cash Equivalents	13,927	13,927	
1,541	4,452	Long-term debtors	2,289	2,289	
25,207	27,875	Long-term debtors (Rosherville Group)	43,583	44,191	
12,448	12,965	Short-term debtors	11,335	11,335	
62,994	64,960	Total	95,372	95,980	

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

The long-term debtor in the Rosherville Group can be broken down as £40.449m loans, £3.974m capitalised interest and a credit of £840k expected credit loss. The capitalised interest rate differs for each loan issued to the Rosherville Group. The interest rate applied is based on 100/65th of the prevailing interest rate for an equivalent duration PWLB loan on the day the loan issued. The loans have a lower fair value than the amortised cost due to the fact that the loans were made in the past when interest rates, were much lower than they were on 31 March 2025.

Nature and Extent of Risks Arising from Financial Instruments

The Council’s activities expose it to a variety of financial risks. Risk management is carried out by the central treasury team, under policies approved by the Council in the Annual Treasury Management Strategy.

Credit risk

Credit risk is the possibility that other parties might fail to pay amounts due to the Council. A credit risk arises from deposits with banks and financial institutions (counterparties), as well as credit exposure to the Council’s customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody’s, and Standard & Poor’s Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

This Council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all those three agencies mentioned above forming the core element. However, it does not rely solely on the current ratings of counterparties but also uses the following overlays:

- Credit watches and credit outlooks from credit rating agencies,
- CDS spreads to give early warning of likely changes in credit ratings,
- Sovereign ratings to select counterparties from only the most creditworthy countries.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority’s maximum exposure to credit risk in relation to its investments in financial institutions of £13.9m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority’s deposits, but there was no evidence at the 31 March 2025 that this was likely to crystallise.

	Credit Rating	Balance at 31 March 2025	Historic Experience of Default	Estimated maximum exposure to default at 31 March 2025
		£'000	%	£'000
Deposits with Banks and Financial Institutions				
Blaenau Gwent County Borough Council	AAA	3,000	0.001%	29.51
Lancashire County Council	AAA	7,000	0.001%	68.85
Aberdeen MMF	AAA	3,927	0.000%	4.29
Total		13,927		4.29

Collateral – During the reporting period the Council held no collateral as security.

Liquidity, Refinancing and Maturity risk

Liquidity risks arise when then possibility that the Council might not have funds available to meet its commitments to make payments. 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, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The maturity analysis of financial liabilities, excluding sums due from customers and finance leases, is as follows:

31 March 2024		Maturity Profile		31 March 2025	
£'000	%			£'000	%
51,754	33.94%	Less than 1 year		57,525	32.66%
11,009	7.22%	1 - 2 years		33,879	19.24%
43,634	28.61%	2 - 5 years		31,961	18.15%
6,631	4.35%	5 - 10 years		14,631	8.31%
39,463	25.88%	5 - 10 years		38,136	21.65%
152,491	100.00%	Total		176,132	100.01%

Market rate risk

Market rate risks arise when there is a possibility that financial loss may arise for the Council as a result of changes in interest rates and stock market movements.

Interest rate risk

All borrowings held by the Council are at a fixed interest rate and therefore movements in interest rates do not expose the Council to a risk in respect of these. The Council does however remain exposed to such risk in respect of the interest earned on its investments.

Price risk

The Council holds investment units within two actively managed property funds and three multi asset funds that have been classified as Fair Value through Profit and Loss. It also holds a residual investment in the Lothbury Property Fund which terminated on 31 May 2025. The fund has made distributions throughout the year as assets have been sold and the Council has recognised a loss of £952k on the units which have been repaid. For all other externally managed funds the Council has chosen to use the 5 year statutory override as allowed by CIPFA, therefore any gains or losses on prices will be taken to the Pooled Investment Funds Adjustment Account.

The Council does not generally invest in equity shares but does have shareholdings to the value of £18.040m in the Council's wholly owned trading company, Rosherville Ltd and it's subsidiary companies. The authority is consequently exposed to losses arising from movements in the prices of these shares.

As the shareholdings have arisen on the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by disinvesting its portfolio. The Council works closely with Rosherville Ltd and its subsidiary companies to understand and monitor factors that might cause a fall in the value of specific shareholdings.

The £18.040m shares are all classified at fair value through other comprehensive income, meaning that all movements in price will impact on other comprehensive income and expenditure. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £902k gain or loss being recognised in other comprehensive income and expenditure for 2024/25.

The Council holds only minimal investments in UK Government bonds and therefore is not exposed to any significant gains or losses arising from movements in the price of these bonds. As at 31 March 2025, these bonds were valued at cost at £413.

15.26. Leasing

In 2024/25 the International Financial Reporting Standard (IFRS) 16 Leases standard was adopted as required by the CIPFA Code of Practice for Local Authority Accounting in the United Kingdom. The requirements of the IFRS reporting standards impact significantly on the Council's leasing arrangements. The Council has undertaken a detailed review of the leases operated by the Council for both Vehicles Plant and Equipment and for Land and Property as both lessee and lessor. The existing lease registers satisfy the requirements of IFRS both in representing this document and for future assessment and management of the lease portfolio.

As part of the disclosure requirements of IFRS16, the council is obliged to recognise Right-of-Use assets and bring them onto the balance sheet as at 1 April 2024. The council has exempted leases that are:

- Of low value items that cost less than £12,000 when new.
- Short-term, meaning a term of 12 months or shorter (or ending within 12 months of IFRS16 implementation date).

IFRS 16 has been applied to 2024/25 but no adjustment has been made to prior year figures.

Additional disclosure

In May 2016, the Council acquired a long leasehold interest in Network House, Gillingham, for a one-off payment of £3.3m for a period of 114 years. The asset in question was acquired under a finance lease albeit that the minimum lease liabilities were discharged at the inception of the lease. Nominal headlease payments to the freeholder (currently c.£30 per annum) are linked to the receipt of rental income and are accounted for as part of the direct costs of managing investment properties. By accounting for the Network House lease as if it had been a freehold acquisition, the Council has effectively met the key accounting requirements of recognition, valuation and classification.

NOTES TO THE CORE FINANCIAL STATEMENTS

Right-of-Use Assets

2023/24	Land and property	Vehicles, plant and equipment	2024/25
£'000		£'000	£'000
0 Balance at start of year	0	0	0
0 Additions to right-of-use assets	0	38	38
0 Depreciation charge for the year	0	(8)	(8)
0 Derecognition of right-of-use assets	0	0	0
0 Balance at end of the year	0	30	30

Maturity analysis of lease liabilities	Land and property	Vehicles, plant and equipment	Total
	£'000	£'000	£'000
Amount payable next year 2025/26	0	(7)	(7)
Amounts payable 2-5 years	0	(24)	(24)
Amount payable 6+	0	0	0
Total	0	(31)	(31)

Disclosure as a Lessor

The Council acts as a lessor on a portfolio of commercial properties for which rental income for 2024/25 amounted to £4.6m. The net book value of these assets within the Balance Sheet is £75.03m.

The future cash receipts expected over the full life of the leases are as follows:

Land and Property Leases - Next year, 2 to 5 years and 6 plus years	Land and property
	£'000
Amounts receivable next year 2025/26	3,966
Amounts receivable 2-5 years	12,703
Amounts receivable 6+	474,650
Total	491,320

15.27. Accounting Standards that have been issued but have not yet been adopted

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

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

NOTES TO THE CORE FINANCIAL STATEMENTS

- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

15.28. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The items in the Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as shown in the next table:

Item	Uncertainties	Effect if Actual Result Differs from Assumptions
Property Valuations	<p>Revaluations of property, plant and equipment, investment property and surplus assets are conducted on a rolling five-year programme using comparable recent market transactions, depreciated replacement costs, indices, and data from third parties such as Land Registry and Valuation Office Agency.</p> <p>Every five years an external valuation of the housing stock is carried out. The most recent full valuation was as at 31 March 2021. Wilks Head & Eve, Chartered Surveyors and Town Planners carried out a valuation of Council Dwellings at 31 March 2021. as a consequence, Council dwellings were assessed to have a market valuation of £1,239.7m. Where revaluations are not conducted in any particular year, indexation is applied in intervening years.</p> <p>For the years in between external valuations, a desktop exercise is carried out and a regional adjustment factor of 33% is applied to this valuation to reflect the fact that Local Authority housing is let at sub-market rents and to give a valuation based on Existing Use Value for Social Housing (EUV-SH). After applying the regional</p>	<p>PPE carrying value as at 31 March 2025 is £515.70m, and Investment Property is £45.59m. A 1% movement in the valuation of PPE and IP would therefore change the balance sheet carrying value by £5.61m.</p>

NOTES TO THE CORE FINANCIAL STATEMENTS

	adjustment factor, the gross book valuation of Council dwellings is £443.6m as at 31 March 2025.	
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgments 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 actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	<p>A 0.5% decrease in the discount rate would result in an increase in the present value of total obligation of £131.33m, to £140.75m</p> <p>A 1-year reduction in life expectancy assumptions would result in a £4.93m decrease in the pension liability, to £126.40m.</p>
Property, Plant and Equipment	– Assets are depreciated over useful lives that are dependent on critical judgements and 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 will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. Similarly, if funding levels were reduced leading to service delivery reductions or the closure of facilities, this could result in the impairment of assets due to obsolescence. The Authority has determined that the level of uncertainty at this time is not sufficient to indicate this course of action.</p>

St Georges Shopping Centre - Following external audit challenge and further external advice on the appropriate accounting treatment, it was determined that the transaction between the Council and Aviva Investors is that of a loan arrangement rather than a finance lease. The transaction was terminated in October 2023. The Council's judgement is that during the period that the transaction was in place, only those direct entries which flow through its records and are explicitly inside its accounting boundary are reflected within the financial statements.

GROUP FINANCIAL STATEMENTS

GROUP COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT

		Comprehensive Income & Expenditure Statement			
		2023/24	2024/25		
		Total Group	Total Group		Net Cost
Expenditure	Income	Net Cost	Expenditure	Income	Net Cost
<i>£'000</i>					
582	(14)	568	568	(48)	520
13,051	(6,451)	6,600	14,080	(7,730)	6,350
26,309	(21,624)	4,685	23,799	(20,828)	2,970
9,431	(4,044)	5,387	9,415	(4,181)	5,234
24,582	(34,255)	(9,673)	26,751	(37,899)	(11,148)
12,052	0	12,052	(1,154)	0	(1,154)
6,367	(3,191)	3,176	6,755	(3,955)	2,800
854	0	854	662	0	662
93,228	(69,579)	23,649	80,875	(74,641)	6,235
177	(1,895)	(1,718)	1,393	0	1,393
23,552	(8,157)	15,395	7,382	(9,848)	(2,466)
6	(18,110)	(18,104)	0	(20,259)	(20,259)
116,963	(97,741)	19,222	(Surplus)/Deficit on the Provision of Services		(15,097)
		13,312	Surplus or Deficit on revaluation of non-current assets		(25,447)
		0	Financial Instruments measured at Fair Value		0
		(2,680)	Remeasurements of the net defined benefit liability		768
		<u>10,632</u>	Other Comprehensive Income & Expenditure		<u>(24,679)</u>
		29,854	Total Comprehensive Income & Expenditure		(39,776)

GROUP BALANCE SHEET

At 31 March 2024	Group Balance Sheet		At 31 March 2025	
Group		Gravesham Borough Council	Council	Group
£'000	Notes	£'000	£'000	£'000
	16.1			
	Property, Plant and Equipment			
	Operational assets			
418,604	- council dwellings	443,566		443,566
49,874	- other land and buildings	52,956		52,956
5,753	- vehicles, plant and equipment	5,456		5,456
37	- infrastructure assets	36		36
2,902	- community assets	3,121		3,121
0	- right of use assets	30		30
50,593	- assets under construction	7,801		72,242
3,038	- land and buildings	2,765		2,765
530,801	Total Property, Plant and Equipment		515,731	580,172
763	Intangible Assets	640		640
4,746	Heritage assets	4,946		4,946
41,178	Investment Properties	45,588		45,588
3,390	Long Term Debtors	45,842		2,259
17,295	Long term Investments	38,317		14,078
598,174	Total Non-Current Assets		135,333	67,511
37	Inventories	38		38
22,377	Short -term Debtors (Gross)	24,980		25,091
(8,424)	Debt Impairment Provision	(8,260)		(8,260)
2,336	Cash and Cash Equivalents	13,927		14,633
0	Investments	0		0
0	Assets Held For Sale	0		0
614,500	Total Assets		30,685	31,503
	Current Liabilities:			
(53,533)	Short-term Borrowing	(60,341)		(60,341)
(12,880)	Short-term Creditors	(15,887)		(16,355)
548,087	Total Assets less Current Liabilities		(76,228)	(76,696)
	Long Term Liabilities:			
(835)	Capital Grants Receipts in Advance	(861)		(861)
(1,746)	Provisions	(1,717)		(1,717)
(1,541)	Liability Related to Defined Benefit Pension Scheme	(1,299)		(1,299)
(100,737)	Long-term Borrowing	(118,608)		(115,473)
(104,859)	Total Long-term Liabilities		(122,485)	(119,350)
443,228	Total Net Assets		483,036	483,140
	Financed by:			
(393,352)	Unusable Reserves	(436,242)		(436,242)
(49,892)	Usable Reserves	(46,794)		(46,794)
16	Capital and Reserves (Group)			(104)
(443,228)	Total Reserves		(483,036)	(483,140)

*Funding was not yet been provided during 2024-25 in relation to Gravesham Borough Council's investment in the Gravesham Community Investment Partnership (GCIP) so has therefore not been eliminated through the consolidation process.

GROUP MOVEMENT IN RESERVES STATEMENT

Financial Year 2024/25	General Fund Balance	Earmarked Reserves (GF & HRA)	HRA	Major Repairs Reserve	Capital Receipts	Grants and Cont unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of the reserves of subsidiaries, associates and joint ventures	Total Usable Reserves (Group)	Total Unusable Reserves (Group)	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024	(6,350)	(17,014)	(3,000)	(2,975)	(20,457)	(96)	(49,892)	(393,351)	(443,243)	16	(49,876)	(393,351)	(443,227)
(Surplus)/Deficit on Provision of Services	(4,050)		(11,066)				(15,116)		(15,116)	0	(15,116)		(15,116)
Other Comprehensive Expenditure or Income								(24,679)	(24,679)	19	19	(24,679)	(24,660)
Total Comprehensive Expenditure and Income	(4,050)	0	(11,066)	0	0	0	(15,116)	(24,679)	(39,795)	19	(15,097)	(24,679)	(39,776)
Adjustment between accounting basis and funding basis (Note 14.17)	5,835	0	11,066	(498)	4,303	(2,494)	18,212	(18,212)	0	0	18,212	(18,212)	0
Net (increase)/decrease before transfers to Earmarked Reserves	1,785		0	(498)	4,303	(2,494)	3,096	(42,891)	(39,795)	19	3,115	(42,891)	(39,776)
Transfers to/(from) Earmarked Reserves (Note 14.16.3)	(772)	772	0					0	0	(139)	(139)		(139)
Adjustments between group accounts and authority accounts										0	139		(139)
(Increase)/Decrease in year	1,013	772	0	(498)	4,303	(2,494)	3,096	(42,891)	(39,795)	(120)	3,115	(43,030)	(39,915)
Balance at 31 March 2025	(5,335)	(16,242)	(3,000)	(3,473)	(16,154)	(2,590)	(46,794)	(436,242)	(483,036)	(104)	(46,761)	(436,381)	(483,140)

Financial Year 2023/24	General Fund Balance	Earmarked Reserves (GF & HRA)	HRA	Major RepAKrs Reserve	Capital Receipts	Grants and Cont unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Authority's share of the reserves of subsidiaries, associates and joint ventures	Total Usable Reserves (Group)	Total Unusable Reserves (Group)	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023	(7,819)	(17,679)	(3,000)	(5,835)	(17,170)	(96)	(51,599)	(421,485)	(473,084)	42	(51,557)	(421,485)	(473,042)
(Surplus)/Deficit on Provision of Services	18,221		988				19,209		19,209	0	19,209	0	19,209
Other Comprehensive Expenditure or Income								10,632	10,632	(26)	(26)	10,632	10,606
Total Comprehensive Expenditure and Income	18,221	0	988	0	0	0	19,209	10,632	29,841	(26)	19,183	10,632	29,815
Adjustment between accounting basis and funding basis (Note 14.17)	(15,587)		(1,488)	2,860	(3,287)		(17,502)	17,502	0	0	(17,502)	17,502	0
Net (increase)/decrease before transfers to Earmarked Reserves	2,634		(500)	2,860	(3,287)	0	1,707	28,134	29,841	(26)	1,681	28,134	29,815
Transfers to/(from) Earmarked Reserves (Note 14.16.3)	(1,165)	665	500					0	0	0	0	0	0
Adjustments between group accounts and authority accounts													0
(Increase)/Decrease in year	1,469	665	0	2,860	(3,287)	0	1,707	28,134	29,841	(26)	1,681	28,134	29,815
Balance at 31 March 2024	(6,350)	(17,014)	(3,000)	(2,975)	(20,457)	(96)	(49,892)	(393,351)	(443,243)	16	(49,876)	(393,351)	(443,227)

GROUP CASH FLOW STATEMENT

At 31 March 2024	Group Cash Flow Statement	At 31 March 2025		
Group		Gravesham Borough Council		Group
£'000		£'000	£'000	£'000
19,183	a) Net (Surplus) or Deficit on the Provision of Services		(15,116)	(15,097)
	b) Adjustment to the net (surplus)/deficit on the provision of services for non-cash movements			
(8,769)	Depreciation	(8,986)		(8,986)
(10,954)	Movement in valuations	3,616		3,616
(126)	Amortisation of non-current assets	(126)		(126)
0	Impairment reversals (including writing out depreciation)	0		0
62	Movement in impairment provision for bad debts	164		162
2,263	Movement in creditors	(1,485)		(8,087)
(19,362)	Movement in revenue debtors	16,616		5,187
5	Movement in inventories	1		1
(894)	Movement in provisions	29		42
1,459	Movement in pension liability	1,010		1,010
(1,047)	Carrying amount of non-current assets sold	(2,432)		(2,432)
0	Carrying amounts of non-current assets de-recognised	0		0
(4,124)	Other non-cash items charged to the net surplus or deficit on the provision of services	(4,178)		(4,178)
(41,487)			4,229	(13,791)
	c) Adjustment for items in the net (surplus)/deficit on the provision of services that are investing and financing activities			
0	Proceeds from short term and long term investments			
3,590	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,713		1,713
18	Other Receipts for investing activities	1		1
3,608	d) Net Cash Flows from Operating Activities		1,714	1,714
	e) Investing Activities			
20,216	Purchase of property, plant and equipment, investment property and intangible assets	16,932		35,057
27,401	Purchase of Short Term and Long Term Investments	6,418		6,296
6,659	Other Payments for investing activities	13,517		13,517
(3,590)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,713)		(1,713)
(42,400)	Proceeds from Short Term and Long Term Investments	(3,436)		(3,436)
(243)	Capital Grants received in year	(182)		(182)
(18)	Other Receipts for investing activities	(1)		(1)
8,025	Net cash flows from investing activities		31,535	49,538
	f) Financing Activities			
(44,965)	Cash Receipts of short and long term borrowing	(89,433)		(89,433)
(9,416)	Other receipts from financing activities	(14,316)		(14,316)
71,272	Repayments of short and long term borrowing	69,088		69,088
0	Other payments for financing activities	0		0
16,891	Net cash flows from financing activities		(34,661)	(34,661)
6,219	g) Net movements in year excluding non-cash items		(12,299)	(12,297)
8,555	h) Cash and cash equivalents at the beginning of the reporting period		1,628	2,336
(6,219)	i) Net increase or (decrease) in cash or cash equivalents		12,299	12,297
2,336	j) Cash and cash equivalents at the end of the reporting period		13,927	14,633

16. NOTES TO THE GROUP FINANCIAL STATEMENTS

The notes that follow have been provided in support of the core statements. Some are detailed breakdown of figures presented on the statements whilst others give additional information provided for disclosure purposes.

Introduction

The CIPFA Code of Practice requires that where an authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the council's financial activities and the resources employed in carrying out those activities.

The Rosherville Group commenced activity in 2020/21, consisting of Rosherville Limited (Holding Company), Rosherville Servicing Limited and Rosherville Property and Development Limited. In April 2022, Rosherville Repairs and Maintenance Limited was incorporated into the group. For the purposes of group accounting, these have been consolidated into an overall Rosherville Group position, which then forms consideration for consolidation in Group Accounts. In April 2025, Rosherville Repairs and Maintenance (non-teckal) Ltd was incorporated into the group for which there was no trading activity in 24-25.

In May 2022, the Cabinet approved the formation of the Gravesham Community Investment Partnership (GCIP) with the intention of accelerating the development of affordable housing within the Borough on sites owned by the Council. Subsequently, The Hill Group were selected as the Council's preferred partner to bring forward such initiatives. GCIP commenced activity in February 2023.

Group Core Statements have been prepared for the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement, and Cash Flow Statements.

The following Notes to Groups Accounts have been prepared giving consideration to both qualitative and quantitative information, to aid the understanding of the Group position to readers of the accounts.

NOTES TO THE GROUP FINANCIAL STATEMENTS

16.1. Group Property Plant and Equipment

Financial Year 2024-25	Group Property, plant & equipment											Group Total
	Gravesham Borough Council											
	Operational Assets					Non-Op Assets			Subsidiary PPE			
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Right of use Assets	Assets Under Construction	Surplus Assets	GBC Total	Assets Under Construction	Other Land & Buildings	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation	418,604	51,349	11,234	2,218	2,903	0	4,444	3,038	493,790	44,276	2,020	540,086
As at 1 April 2024												
Additions	11,397	805	514	0	219	38	5,079	0	18,052	18,146	0	36,198
Revaluation increases/(decreases) recognised in Revaluation Reserve	15,779	2,555	0	0	0	0	0	225	18,559	0	0	18,559
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	234	188	0	0	0	0	0	(498)	(76)	0	0	(76)
Derecognition - disposals	(2,448)	0	0	0	0	0	0	0	(2,448)	0	0	(2,448)
Assets reclassified	0	0	0	0	0	0	(1,576)	0	(1,576)	0	0	(1,576)
Other movements in cost or valuation	(95)	0	0	0	0	0	0	0	(95)	0	0	(95)
As at 31 March 2024	443,471	54,897	11,748	2,218	3,122	38	7,947	2,765	526,206	62,421	2,020	590,647
Accumulated Depreciation and Impairments												
As at 1 April 2024												
Depreciation Charge for year	(5,276)	(2,914)	(795)	(1)	0	(8)	0	0	(8,994)	0	0	(8,994)
Accumulated depreciation written out to the Revaluation Reserve	4,322	2,366	0	0	0	0	0	0	6,688	0	0	6,688
Accumulated depreciation written out to the Surplus/Deficit on the Provision of Services	921	84	0	0	0	0	0	0	1,005	0	0	1,005
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment written back on disposal	32	0	(16)	0	0	0	0	0	16	0	0	16
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	95	0	0	0	0	0	0	0	95	0	0	95
As at 31 March 2024	94	(1,939)	(6,292)	(2,182)	(1)	(8)	(147)	0	(10,475)	0	0	(10,475)
Net Book Value												
At 31 March 2025	443,565	52,958	5,456	36	3,121	30	7,800	2,765	515,731	62,421	2,020	580,172
At 1 April 2024	418,604	49,874	5,753	37	2,902	0	4,297	3,038	484,505	5,889	0	490,394

NOTES TO THE GROUP FINANCIAL STATEMENTS

Group Property, plant & equipment											
Gravesham Borough Council											
Financial Year 2023-24	Operational Assets					Non-Op Assets			Subsidiary PPE		Group
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Assets Under Construction	Surplus Assets	GBC Total	Assets Under Construction	Other Land & Buildings	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation As at 1 April 2023	434,057	54,230	10,932	2,218	2,878	11,185	744	516,244	38,387	2,020	556,651
Additions	11,850	292	1,811	0	25	1,886	0	15,864	5,889	0	21,753
Revaluation increases/(decreases) recognised in Revaluation Reserve	(19,454)	(2,537)	0	0	0	0	0	(21,991)	0	0	(21,991)
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	(13,112)	(636)	0	0	0	0	0	(13,748)	0	0	(13,748)
Derecognition - disposals	(975)	0	(1,509)	0	0	0	0	(2,484)	0	0	(2,484)
Assets reclassified	6,333	0	0	0	0	(8,627)	2,294	0	0	0	0
Other movements in cost or valuation	(95)	0	0	0	0	0	0	(95)	0	0	(95)
As at 31 March 2024	418,604	51,349	11,234	2,218	2,903	4,444	3,038	493,790	44,276	2,020	540,086
Accumulated Depreciation and Impairments As at 1 April 2023	(105)	(3,188)	(6,280)	(2,180)	(1)	(147)	0	(11,901)	0	0	(11,901)
Depreciation Charge for year	(5,375)	(2,753)	(641)	(1)	0	0	0	(8,770)	0	0	(8,770)
Accumulated depreciation written out to the Revaluation Reserve	4,301	3,640	0	0	0	0	0	7,941	0	0	7,941
Accumulated depreciation written out to the Surplus/Deficit on the Provision of Services	1,060	826	0	0	0	0	0	1,886	0	0	1,886
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment written back on disposal	24	0	1,440	0	0	0	0	1,464	0	0	1,464
Reclassifications	0	0	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	95	0	0	0	0	0	0	95	0	0	95
As at 31 March 2024	0	(1,475)	(5,481)	(2,181)	(1)	(147)	0	(9,285)	0	0	(9,285)
Net Book Value											
At 31 March 2024	418,604	49,874	5,753	37	2,902	4,297	3,038	484,505	44,276	2,020	530,801
At 1 April 2023	433,952	51,042	4,652	38	2,877	11,038	744	504,343	37,123	2,020	543,486

16.2. Group Long term Debtors

Group 31st March 2024	Group Long term Debtors	GBC 31st March 2025	Group 31st March 2025
		£'000	£'000
0	Intergroup capitalised interest	3,975	0
0	Loan interest in subsidiary interests	39,609	0
2,260	Other entities and individuals	2,258	2,258
2,260	Total	45,841	2,258

As the most notable movement from 2024/25 from the Council's perspective relates to a long-term debtor with the Rosherville Group, the adjusted group position removes this.

NOTES TO THE GROUP FINANCIAL STATEMENTS

16.3. Group Long term Investments

Group 31st March 2024	Group Long term Investments	GBC 31st March 2025	Group 31st March 2025
£'000		£'000	£'000
0	Additions	6,199	0
(439)	Revaluation	(3,419)	(3,217)
(439)	Total increase/(decrease) in	2,780	(3,217)
17,734	Balance brought forward at 1 April	35,335	17,295
(439)	Movement in year	2,982	(3,217)
17,295	Balance carried forward at 31 March	38,317	14,078

Additions of £6.20m in the Council's accounts relates to investment in the Rosherville Group. As this in an inter-group transaction, it has been removed upon consolidation into Group accounts.

16.4. Group Usable Reserves

Group 31st March 2024	Group Usable Reserves	GBC 31st March 2025	Group 31st March 2025
£'000		£'000	£'000
(20,457)	Capital Receipts Reserve	(16,154)	(16,154)
(15,765)	Earmarked Reserves	(15,032)	(15,032)
(1,249)	Revenue Grants not yet applied	(1,210)	(1,210)
(96)	Capital Grants & Contributions Unapplied	(2,590)	(2,590)
(2,975)	Major Repairs Reserve	(3,473)	(3,473)
(6,350)	General Fund Balance	(5,335)	(5,335)
(3,000)	Housing Revenue Account Balance	(3,000)	(3,000)
16	Authority's share of the reserves of subsidiaries, associates and joint ventures	0	(104)
(49,877)	Total Usable Reserves	(46,794)	(46,898)

Supplementary Financial Statements

HOUSING REVENUE ACCOUNT

17. HOUSING REVENUE ACCOUNT

The **Housing Revenue Account (HRA)** is a statutory account that local authorities in England are required to maintain. It records all income and expenditure related to the provision of social housing by the council.

2023/24	Housing Revenue Account Income and Expenditure Statement	2024/25
<i>£'000</i>		<i>£'000</i>
	Expenditure	
9,313	Repairs and maintenance	10,870
9,357	Supervision & management	9,876
74	Rents, rates, taxes and other charges	76
	Depreciation of assets	
5,375	- dwellings	5,276
268	- non-dwellings	266
61	Amortisation of Intangible assets	65
0	Impairment/revaluation of non-current assets	91
12,052	Impairment/Impairment Reversals of Council dwellings	(1,154)
103	Provision for bad & doubtful debts	273
36,603		25,639
	Income	
(30,245)	Dwelling rents	(33,465)
(133)	Non-dwelling rents	(104)
(2,363)	Charges for service & facilities	(2,099)
(487)	Contribution towards expenditure (Supporting people)	(511)
(998)	Other income	(1,663)
(34,226)		(37,842)
2,377	Net cost of HRA Services as included in the Comprehensive Income & Expenditure Statement	(12,203)
(763)	Gain or loss on the sale of HRA non-current assets	703
0	Other capital receipts	0
2,515	Interest payable and similar charges	2,191
(80)	Interest and investment income	(120)
(2,991)	Capital Grants and Contributions	(1,614)
(71)	Net pension interest	(24)
987	(Surplus)/deficit for the year on HRA Services	(11,067)

The HRA Income and Expenditure Account shows the Income and Expenditure on HRA services included in the whole authority Income and Expenditure Account.

In 2024/25 individual expenditure and income figures have been categorised consistent with those used in Budget Monitoring and Outturn Reporting.

This reconciliation statement summarises the differences between the outturn on the HRA Income and Expenditure Accounts and the HRA Balance.

HOUSING REVENUE ACCOUNT

2023/24	Movement on the Housing Revenue Account Statement	2024/25
<i>£'000</i>		<i>£'000</i>
(3,000)	Balance brought forward at 1 April	(3,000)
987	(Surplus) or Deficit for the Year on the HRA Income & Expenditure	(11,066)
(1,487)	Adjustments between accounting basis and funding basis under statute	11,066
(500)	Net (increase) or decrease before transfers to or from reserves	0
500	Transfer to/(from) earmarked reserves	0
0	Total (increase)/decrease	0
(3,000)	Balance carried forward at 31 March	(3,000)

NOTES TO THE HOUSING REVENUE ACCOUNT

The notes that follow have been provided in support of the Housing Revenue Account. Some are detailed breakdown of figures presented on the statements whilst others give additional information provided for disclosure purposes.

17.1 General

The Housing Revenue Account (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 on which rents are raised, is shown in the movement on the Housing Revenue Account Statement.

17.2 Housing Stock

As at 31 March 2025, the Council had 5,642 dwellings (31 March 2024, 5,675). This represents a net decrease of 33 properties in Council housing stock since 2023/24 and comprises of the sale of 14 properties under the Right-to-buy scheme, property conversions from 4 units to 2, 26 properties demolished, and 9 properties added to the housing stock through the Council's New Build and Acquisitions programme.

A profile of the age and type of dwellings held is set out below:

HRA Housing stock					Total HRA assets as at 31 March 2025
	Pre 1919	1919-44	1945-64	Post 1964	
Flats					
- 0 bedroom	0	0	39	48	87
- 1 bedroom	0	20	379	1,237	1,636
- 2 bedrooms	0	2	149	361	512
- 3 bedrooms	0	0	96	225	321
- 4 bedrooms	0	0	0	1	1
Houses & bungalows					
- 0 bedroom	0	0	0	0	0
- 1 bedroom	0	18	67	116	201
- 2 bedrooms	16	143	336	213	708
- 3 bedrooms	4	749	925	280	1,958
- 4 bedrooms	0	88	87	17	192
- 5 bedrooms	0	24	2	0	26
Total	20	1,044	2,080	2,498	5,642

17.3 HRA Non-Current Assets

HOUSING REVENUE ACCOUNT

The opening and closing Balance Sheet values for HRA non-current assets are shown below:

HRA Non-current assets							
Financial Year 2023/24	Operational Assets			Non-Op Assets			Total HRA assets
	Council Dwellings	Other Land & Buildings	Assets Under Construction	HRA Non Op Land & Build	Vehicles, Plant & Equipment	Intangible assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
As at 1 April 2023	434,057	7,451	7,428	400	582	882	450,800
Additions	11,850	2	1,608	0	0	165	13,625
Revaluation increases/decreases recognised in Revaluation Reserve	(19,454)	0	0	0	0	0	(19,454)
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	(13,112)	0	0	0	0	0	(13,112)
Derecognition - Disposals	(975)	0	0	0	0	0	(975)
Assets reclassified	6,333	0	(6,333)	0	0	0	0
Other movements in cost or valuation	(95)	1	0	0	0	0	(94)
As at 31 March 2024	418,604	7,454	2,703	400	582	1,047	430,790
Accumulated Depreciation and Impairments							
As at 1 April 2023	(105)	(226)	(147)	(350)	(287)	(456)	(1,571)
Depreciation/Amortisation Charge for year	(5,375)	(240)	0	0	(28)	(61)	(5,704)
Accumulated depreciation written out to the Revaluation Reserve	4,301	0	0	0	0	0	4,301
Accumulated depreciation written out to the (Surplus)/Deficit on the Provision of Services	1,060	0	0	0	0	0	1,060
Accumulated depreciation and impairment written out on disposal	24	0	0	0	0	0	24
Other movements in depreciation and impairment	95	0	0	0	0	0	95
As at 31 March 2024	0	(466)	(147)	(350)	(315)	(517)	(1,795)
Net Book Value							
At 31 March 2024	418,604	6,988	2,556	50	267	530	428,995
At 1 April 2023	433,952	7,225	7,281	50	295	426	449,229

HOUSING REVENUE ACCOUNT

HRA Non-current assets							
Financial Year 2024/25	Operational Assets			Non-Op Assets			Total HRA assets
	Council Dwellings	Other Land & Buildings	Assets Under Construction	HRA Non Op Land & Build	Vehicles, Plant & Equipment	Intangible assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
As at 1 April 2024	418,604	7,454	2,703	400	582	1,047	430,790
Additions	9,741	0	5,039	0	0	46	14,826
Revaluation increases/decreases recognised in Revaluation Reserve	15,779	220	0	225	0	0	16,224
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	234	(164)	0	0	0	0	70
Derecognition - Disposals	(2,448)	0	0	0	0	0	(2,448)
Assets reclassified	0	0	80	0	0	0	80
Other movements in cost or valuation	(95)	1	0	0	0	(80)	(174)
As at 31 March 2025	441,815	7,511	7,822	625	582	1,013	459,368
Accumulated Depreciation and Impairments							
As at 1 April 2024	0	(466)	(147)	(350)	(315)	(517)	(1,795)
Depreciation/Amortisation Charge for year	(5,276)	(240)	0	0	(26)	(65)	(5,607)
Accumulated depreciation written out to the Revaluation Reserve	4,322	45	0	0	0	0	4,367
Accumulated depreciation written out to the (Surplus)/Deficit on the Provision of Services	920	73	0	0	0	0	993
Accumulated depreciation and impairment written out on disposal	32	0	0	0	0	0	32
Other movements in depreciation and impairment	95	0	0	0	0	0	95
As at 31 March 2025	93	(588)	(147)	(350)	(341)	(582)	(1,915)
Net Book Value							
At 31 March 2025	441,908	6,923	7,675	275	241	431	457,453
At 1 April 2024	418,604	6,988	2,556	50	267	530	428,995

The total net book value of HRA non-current assets as at 31 March 2025 is £457.45m (£429.00m at 31st March 2024).

For 2024/25, depreciation and amortisation charged to the HRA was £5.61m. Depreciation in respect of Council dwellings in 2024/25 was £5.23m (2023/24, £5.38m) and is a real charge to the HRA.

HOUSING REVENUE ACCOUNT

17.4 Vacant Possession Value of HRA Dwellings

Every five years an external valuation of the housing stock is carried out. The most recent full valuation was as at 31 March 2021. For the years in between external valuations, a desktop exercise is carried out, as a consequence, Council dwellings were assessed to have a market valuation of £1,270.9m. A regional adjustment factor of 33% is applied to this valuation to reflect the fact that Local Authority housing is let at sub-market rents and to give a valuation based on Existing Use Value for Social Housing (EUV-SH). After applying the Regional adjustment factor, the valuation of Council dwellings is £441.8m as at 31 March 2025.

17.5 Major Repairs Reserve

This reserve provides resources for capital investment on the Council's housing stock and is funded by depreciation charges on non-current tangible assets. Amortisation on non-tangible assets has not been transferred into the MRR.

2023/24	Major Repairs Reserve	2024/25
£'000		£'000
	Amount transferred in year	
(5,375)	- Dwellings	(5,276)
(240)	- Non-dwellings	(240)
8,475	Amount utilised in capital financing	5,018
<u>2,860</u>	Total (increase)/decrease	<u>(498)</u>
(5,835)	Balance brought forward at 1 April	(2,975)
2,860	Movement in year	(498)
<u>(2,975)</u>	Balance carried forward at 31 March	<u>(3,473)</u>

17.6 Financing of HRA Capital Expenditure

Capital expenditure of £15.41m (2023/24, £14.72m) on HRA assets was financed as follows

2023/24	HRA Financing of capital expenditure	2024/25
£'000		£'000
	Capital expenditure	
11,850	Dwellings	9,741
1,775	Non-dwellings	5,039
	Intangible	46
1,096	Revenue Expenditure Funded from Capital under statute	588
<u>14,721</u>	Total	<u>15,414</u>
	Financed by	
(861)	Capital receipts	(4,118)
(2,991)	Grants and Contributions	(749)
(8,475)	Major Repairs Reserve	(5,018)
(766)	Funded from revenue	(4,762)
(1,628)	External Borrowing	(767)
<u>(14,721)</u>	Total	<u>(15,414)</u>

HOUSING REVENUE ACCOUNT

17.7 Capital Receipts

Capital receipts are sums received in respect of the disposal of any interest in an asset. The use of capital receipts is restricted by a general requirement to pool a proportion of these.

An analysis of the total HRA capital receipts received during 2024/25 is shown in the next table:

2023/24	HRA Capital receipts	2024/25
£'000		£'000
	Receipts for the year	
(1,713)	Sale of Council Dwellings	(1,713)
0	Repaid Discounts	0
<u>(1,713)</u>	Total	<u>(1,713)</u>
	Use of receipts	
0	Paid to Housing Capital Receipts Pool	0
147	Capital financing - HRA schemes	46
1,459	Transfer to Earmarked Reserves	1,659
<u>1,606</u>	Total	<u>1,705</u>
(1,656)	Balance brought forward	(1,763)
<u>(1,763)</u>	Total unapplied capital receipts held	<u>(1,771)</u>

17.8 Movement on Pensions Reserve

In accordance with Accounting Policy 14.23, the Net Cost of Services has been adjusted to reflect the cost of pensions in accordance with IAS 19 'Employee Benefits'. The adjustment is £334k in respect of current and past service cost for 2024/25. However, this was reversed out to the Pensions Reserve so that there was no impact on the HRA.

17.9 Dwelling Rents

This item includes all rent rebates granted by the Council to HRA tenants but excluding rental income in respect of empty properties. To comply with the Government's policy on rent restructuring and the Intensive Housing Management Programme, the Council has 'un-pooled' charges for services that were previously included as part of the tenants' rents.

HOUSING REVENUE ACCOUNT

17.10 Rent and Service Charge Arrears

At the end of the year, arrears as a proportion of gross rent and service charge income for current and former tenants had decreased to 3.00% (2023/24, 4.9%). The arrears for current tenants and former tenants are shown in the table below together with the amounts written off and provided for during the year, for bad and doubtful debts.

2023/24	HRA Rent and service charges arrears	2024/25
£'000		£'000
1,687	Current tenant arrears	1,435
(791)	Rents paid in advance	(1,200)
1,315	Former tenant arrears	1,253
<u>2,211</u>	Total	<u>1,488</u>
(1,468)	Provision for bad debts	(1,415)
(244)	Rent arrears written off	(250)

17.11 Charges for Services and Facilities

The total income accounted for during the year is set out below:

2023/24	HRA Charges for services	2024/25
£'000		£'000
(1,727)	Service charges - tenants	(1,489)
(572)	Service charges - leaseholders	(610)
(64)	Service charges - leaseholders (contribution to capital works)	0
(487)	Support charges	(511)
<u>(2,850)</u>	Total	<u>(2,610)</u>

17.12 HRA Interest payable & Investment Income

This item is the HRA's share of income derived from investments and interest on notional cash balances.

The interest payable is on the loan taken out by the HRA for self-financing.

17.13 Further Information

The Authority is required to provide tenants with further information about housing activities, and copies of this information are available at: [Housing Services Annual Report - Policies, strategies and open data – Gravesham Borough Council](#).

COLLECTION FUND

18. COLLECTION FUND STATEMENT

The Collection Fund statement reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing Council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2023/24			2024/25		
Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
£'000	£'000	£'000	£'000	£'000	£'000
Income					
Income from Council Tax and Business Rates					
0	(74,565)	(74,565)	0	(79,137)	(79,137)
0	(181)	(181)	0	0	0
(24,387)	0	(24,387)	(27,405)	0	(27,405)
(24,387)	(74,746)	(99,133)	(27,405)	(79,137)	(106,542)
Contribution for previous year's deficit:					
(888)	(52)	(940)	(1,880)	(34)	(1,914)
(200)	(328)	(528)	(423)	(219)	(642)
0	(51)	(51)	0	(35)	(35)
(22)	(19)	(41)	(47)	(12)	(59)
(1,110)	0	(1,110)	(2,350)	0	(2,350)
(26,607)	(75,196)	(101,803)	(32,105)	(79,437)	(111,542)
Expenditure					
Precepts, Demands and Shares					
13,138	0	13,138	14,582	0	14,582
10,555	8,431	18,986	11,665	8,941	20,606
2,375	54,107	56,482	2,625	57,981	60,606
0	8,575	8,575	0	9,220	9,220
264	3,079	3,343	292	3,236	3,528
26,332	74,192	100,524	29,164	79,378	108,542
Apportionment of previous year's surplus:					
		0			0
		0			0
		0			0
		0			0
		0			0
		0			0
26,332	74,192	100,524	29,164	79,378	108,542
Charges to Collection Fund					
565	0	565	345	0	345
55	0	55	0	0	0
2	0	2	2	0	2
(3,247)		(3,247)	(912)		(912)
0	27	27	0	30	30
273	877	1,150	421	1,328	1,749
0	0	0	(773)	0	(773)
2,236	0	2,236	640	0	640
91	0	91	92	0	92
(25)	904	879	(185)	1,358	1,173
(300)	(100)	(400)	(3,127)	1,300	(1,827)
5,000	600	5,600	4,577	500	5,077
(123)	0	(123)	0	0	0
4,577	500	5,077	1,450	1,800	3,250

NOTES TO THE COLLECTION FUND

The notes that follow have been provided in support of the Collection Fund. Some are detailed breakdown of figures presented on the statements whilst others give additional information provided for disclosure purposes.

18.1 General

This account represents the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Business Rates, Council Tax and the distribution to the major preceptors and the General Fund. The account is consolidated with other accounts of the Council.

18.2 Council Tax

The Council's tax base (i.e. the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, converted to an equivalent number of Band D dwellings) for 2024/25 was approved on 15 January 2024 as follows:

Band	2023/24			2024/25		
	<i>Estimated Number of properties (Net of exemptions, discounts & reliefs) (a)</i>	<i>Multipliers (b)</i>	<i>Band D equivalents properties (a x b)</i>	<i>Estimated Number of properties (Net of exemptions, discounts & reliefs) (c)</i>	<i>Multipliers (d)</i>	<i>Band D equivalents properties (c x d)</i>
A with disabled relief	5.00	5 / 9	2.78	5.00	5 / 9	2.78
A	2,213.54	6 / 9	1,475.70	2,223.32	6 / 9	1,482.22
B	5,224.90	7 / 9	4,063.81	5,219.86	7 / 9	4,059.90
C	12,193.27	8 / 9	10,838.47	12,289.75	8 / 9	10,924.22
D	9,408.40	9 / 9	9,408.40	9,947.27	9 / 9	9,947.27
E	4,289.66	11 / 9	5,242.94	4,346.50	11 / 9	5,312.39
F	1,954.28	13 / 9	2,822.83	1,976.38	13 / 9	2,854.78
G	1,003.19	15 / 9	1,672.00	1,001.50	15 / 9	1,669.17
H	93.00	18 / 9	186.00	98.75	18 / 9	197.50
Tax Base before Council Tax Support			35,712.93			36,450.23
Estimated Collection Rate			98.75%			98.75%
Council Tax Base			35,266.50			35,994.62

The tax rate per Band D property, excluding Parish Council precepts, was £2,187.91 (2023/24, £2,089.14).

COLLECTION FUND

18.3 Income from Business Ratepayers

The Council collects Business Rates from businesses in the borough, based on local rateable values multiplied by a national uniform rate (multiplier). On the 1 April 2013, a system of locally retained business rates was introduced by the government, replacing the former central pooling method of redistribution. The total non-domestic rateable value for the borough at 31 March 2025 was £76.1m (31 March 2024 £76.0m). The respective multipliers for 2024/25 were 54.6p (non-domestic rating multiplier) and 49.9p (small business non-domestic rating multiplier) per £ of rateable value.

18.4 Collection Fund Surplus/Deficit

The Council is required to estimate by 15 January the amount of the surplus/deficit on the Collection Fund for the financial year in respect of Council Tax, and with effect from this financial year, Business Rates. The estimated surplus/deficit on each fund is shared the following year between the relevant preceptors in proportion to the value of their respective precepts. Each of the major preceptors' shares of the surplus/deficit are shown in the table below:

Collection Fund Surplus/deficit 2024/25						
	Gravesham Borough Council	Kent County Council	Kent Police & Crime Commissioner	Kent Fire & Rescue Service	Central Government	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax						
(Surplus)/deficit brought forward	57	365	58	20	-	500
(Surplus)/deficit for year	146	950	151	53	-	1,300
(Surplus)/deficit carried forward	203	1,315	209	73	-	1,800
Business Rates						
(Surplus)/deficit brought forward	1,831	412	-	46	2,288	4,577
(Surplus)/deficit for year	(1,251)	(282)	-	(31)	(1,563)	(3,127)
(Surplus)/deficit carried forward	580	130	-	15	725	1,450

Collection Fund Surplus/deficit 2023/24						
	Gravesham Borough Council	Kent County Council	Kent Police & Crime Com- missioner	Kent Fire & Rescue Service	Central Government	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Council Tax						
(Surplus)/deficit brought forward	69	438	68	25	-	600
(Surplus)/deficit for year	(12)	(73)	(10)	(5)	-	(100)
(Surplus)/deficit carried forward	57	365	58	20	-	500
Business Rates						
(Surplus)/deficit brought forward	2,000	450	-	50	2,500	5,000
(Surplus)/deficit for year	(169)	(38)	-	(4)	(212)	(423)
(Surplus)/deficit carried forward	1,831	412	-	46	2,288	4,577

COLLECTION FUND

18.5 Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and ratepayers compared with the statutory arrangements for paying amounts across to the General Fund from the Collection Fund.

2023/24	Collection Fund Adjustment Account	2024/25
<i>£'000</i>		<i>£'000</i>
(13)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements.	146
(153)	Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from Non-domestic Rate Income calculated for the year in accordance with statutory requirements	(1,263)
<u>(166)</u>	Total increase/(decrease) in Collection Fund Adjustment Account	<u>(1,117)</u>
2,051	Balance brought forward at 1 April	1,885
(166)	Movement in year	(1,117)
<u>1,885</u>	Balance carried forward at 31 March	<u>768</u>

19 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GRAVESHAM BOROUGH COUNCIL

Report on the audit of the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of Gravesham Borough Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement, the Group Comprehensive Income and Expenditure Statement, the Group Balance Sheet, the Group Movement in Reserve Statement, the Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Income and Expenditure Account and notes to the financial statements, including material accounting policy information, and Accounting Policies, Standards and Critical Judgements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

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

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

We have been unable to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's and Group's financial statements for the year ended 31 March 2025 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence over the corresponding figures or whether there was any consequential effect on the Authority and Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2025 for the same reason.

Furthermore, in our auditor's report for the year end 31 March 2020 we modified our opinion due to the following matter:

St George's Shopping Centre

The financial statements for the year ended 31 March 2020 included a liability for the financing of the regeneration of the St George's Shopping Centre and associated properties, which was included at an amount of £24.5 million as at 31 March 2020 and £24.1 million as at 31 March 2019. We disagreed with the Authority's judgement to include in the liability amount only direct entries flowing through its records and we were unable to obtain sufficient appropriate audit evidence in respect of the amortised cost of the liability recognised in the financial statements. In addition, we were also unable to conclude on the reasonableness of the Authority's accounting treatment for an embedded prepayment option. Consequently, we were unable to determine whether any adjustments to the financial statements were necessary in respect of this matter.

During the year ended 31 March 2024, the Authority exited the arrangements in respect of this liability (£25.8 million as at 31 March 2023) and we determined that the associated adjustments could impact all the primary statements and related disclosures.

Our opinion on the current financial statements, for the year ended 31 March 2025, is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures, as well as the effect on:

- the current period balance accounted for in the Financial Instruments Adjustment Account of £17.3 million as at 31 March 2025; and
- the current period on the General Fund as at 31 March 2025 in respect of the amortisation of the balance held in the Financial Instruments Adjustment Account, following the derecognition of the financial instrument.

We have concluded that the possible effects of these matters on the financial statements could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2025 by the backstop date.

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

Because of the significant of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASACC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

Opinion on other matters required by the Code of Audit Practice

The Director (Corporate Services) is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's and group's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or

INDEPENDENT AUDITOR'S REPORT

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

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

Responsibilities of the Authority and the Director (Corporate Services)

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director (Corporate Services). The Director (Corporate Services) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the Director (Corporate Services) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter except:

On 16 July 2024 we identified a significant weakness in the Authority's arrangements for financial sustainability for the years ended 31 March 2021, 31 March 2022 and 31 March 2023. This was in relation to the Authority's financial position becoming significantly more challenging due to increased demands and complexity of service provision, along with the impact of inflation and the cost-of-living crisis, combined with workforce pressures. A failure to properly develop and risk assess savings schemes with appropriate contingencies will further intensify this pressure.

We recommended the Council should continue focus on delivery of the 'Balancing the Budget' initiative. This includes embedding measures that prioritise structural reform over short-term fixes and rebuilding reserves. It should incorporate the development of a pipeline of multi-year recurrent savings, income generation and service transformation aligned with strategic priorities and compatible with local government reform (LGR).

On the 25 February 2026 audit we identified a significant weakness in the Authority's governance arrangements. For the year ended 31 March 2025, the Authority's arrangements to rebuild assurance post-backstop were noted to require improvement to ensure that the Council is able to fulfil its statutory financial reporting obligations. This includes strengthening the Councils year-end statement of accounts preparation, addressing skills and capacity gaps within the finance team, and ensuring that Councils financial statements are supported by sufficiently evidenced working papers that meet current auditing standards.

We recommended that the Authority should urgently strengthen its arrangements to produce accurate and compliant year-end financial statements and the arrangements to service the audit process. This improvement will be supported by implementing the control recommendations set out in our 2024-25 Audit Findings Report as well as addressing skills and capacity gaps within the finance team.

Responsibilities of the Authority

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for Gravesham Borough Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Parris Williams

Parris Williams, Key Audit Partner for and on behalf of Grant Thornton UK LLP, Local Auditor
London
26 February 2026

20 GLOSSARY OF TERMS

Accounting Period

The financial year (twelve-month period) commencing 1 April and ending 31 March (of the following year).

Accounting Policies

The principles and practises that must be applied to financial statements by a Local Authority to meet the requirements of Central Government, external audit and other accounting bodies.

Accrual

An adjustment for either income that relates to a given period, but which is not yet reflected in the accounts or expenses that have been incurred within a given period but not recorded in the accounts to date.

Actuarial Gains and Losses

A professional assessment of the increases or decreases in the projected obligations of a defined benefit pension scheme as a result of a (periodic) re-evaluation of the assumptions made in the previous assessment.

Asset Ceiling

The present value of any economic benefits available in the form of refunds relating to the pension plan or reductions in future contributions to the plan.

Budget

An estimate of expenditure and income for a set period of time.

Capital Adjustment Account

This account provides a balancing mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

Capital Expenditure

Expenditure on acquiring fixed and tangible assets (such as land, buildings and equipment) that will be used beyond 31 March or expenditure that adds value or maintains existing fixed assets.

Capital Financing

Funds used to pay for capital expenditure.

Capital Receipts

A receipt of money from the sale of fixed or tangible assets that yield benefit to the Council. Capital receipts are used to repay the debt on assets financed from loan or to finance new capital expenditure, subject to compliance with statutory requirements.

Cash and cash equivalents

Internally managed short-term highly liquid investments (of three months or less from the date of acquisition) are recognised as cash equivalents, being easily convertible into a specified amount of cash.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The principal accounting body dealing with local government finance.

Collection Fund

The Fund in which all the income collected from Council Tax and Business Rates is paid into. The funds that the Council needs to run its services (as set out in its budget) are paid out of the Collection Fund.

Community Assets

Assets that the Council intends to hold in perpetuity, that furthers the social wellbeing and interests of the local community and that may have restrictions placed on their disposal (such as parks and historic buildings).

Contingent Asset

A potential asset for the Council that is dependent on the outcome of a decision or action outside of the Council's control. Typically, a contingent asset is related to a legal action involving the authority, the outcome of which is uncertain at the time of preparing the balance sheet.

Contingent Liability

A potential liability for the Council that is dependent on the outcome of a decision or action outside of the Council's control. Typically, a contingent liability is related to a legal action involving the authority, the outcome of which is uncertain at the time of preparing the balance sheet.

Creditors

Individuals and organisations that are owed amounts by the Council where payments for goods and services pertaining to the financial year have not been made by 31 March.

Current Assets

A current asset is one that is held as at 31 March of the relevant financial year but expected to be consumed or realised by 31 March the following year.

Current Liabilities

A current liability is one that is held as outstanding as at 31 March of the relevant financial year but expected to be paid or discharged by 31 March the following year.

Debtors

Individuals and organisations that owe amounts to the Authority for goods and services pertaining to the financial year, but which have not been received by 31 March.

De Minimis

The Council applies a de-minimis or minimum value of £12,000 for the acquisition, creation or enhancement of fixed assets before this expenditure is treated as capital. Any expenditure below this level is treated as an operational expense in the financial year during which it has been incurred.

Depreciation/Amortisation

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed or tangible asset.

Equity in Rosherville

This refers to the interest the Council has in the Rosherville Group for which it is the sole shareholder.

Fair Value

The best estimate of the potential market price of a good, service, or asset.

Financial Instrument

Monetary contracts between parties that can be created, traded, modified and settled. Examples would include investments in shares and equity instruments, bonds and loans.

General Fund

An account providing details of expenditure on day-to-day operational costs of council services excluding those shown in the Collection Fund and those shown in the Housing Revenue Account, which are recorded separately.

Housing Benefits

A system of financial assistance to individuals towards certain housing costs administered by local authorities and subsidised by central government.

Housing Revenue Account (HRA)

An account that is kept entirely separate from the General Fund and which includes income and expenditure arising from the provision of housing by the Council as a landlord.

Impairment

Impairment is where the book value (or carrying value) of an asset exceeds the amount that could be recovered through use or sale of the asset.

International Financial Reporting Standards (IFRS)

The standards that have been produced and adopted to govern accounting and the move to more globally recognised practices.

Investments

Investments fall into two categories :

Short-term investments where the duration between the Balance Sheet date and the date the Council intends to redeem the investment is less than one year; and

Long-term investments where the duration between the Balance Sheet date and the date the Council intends to redeem the investment is more than one year.

LATCo

LATCo stands in general for "Local Authority Trading Company" in the Council's accounts, relates to the Rosherville Group of companies for which the Council is 100% shareholder.

Lease

A legal contract that allows the use of an asset through a formal rental agreement for a specified period of time at a specified cost. Leases fall into two categories :

A **finance lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An **operating lease** is any other lease that is not a finance lease.

Liabilities

Those amounts which will become payable by the authority either in the short or long term.

Minimum Revenue Provision

MRP is a charge those councils that are not debt-free are required to make in their accounts for the repayment of debt and which is needed to finance their capital programme.

Net Asset Value

The value of a fund's assets less the value of its liabilities. The measure is often used as a measurement to assist in identifying whether a fund is overvalued or undervalued.

GLOSSARY OF TERMS

Non-Current Assets

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year

Non-Domestic Rate

Amounts payable to local authorities by organisations or businesses from non-domestic properties.

Outturn

The actual results for the financial year specified.

Overheads

Management and administrative costs (including those of buildings) - the majority of which are allocated across council services to reflect the true cost of services.

Pooled Investment

An investment that uses funds from a number of individual investors, which are then combined into a single investment fund.

Precept

The requests made by precepting authorities to billing authorities, e.g. Gravesham Borough Council. The major precepting authorities are Kent County Council, Kent Police and Crime Commissioner and the Kent and Medway Fire and Rescue Authority. These precepts are shown in the Collection Fund.

Parish Councils are local precepting authorities, e.g. Vigo Parish Council, who raise money by means of a precept on the relevant billing authority's General Fund.

Property, Plant & Equipment

All assets with physical substance that are used in the production or supply of goods and services that are expected to be used beyond 31 March of the relevant financial year.

Public Works Loan Board

Central Government Agency which lends money to local authorities usually at interest rates which are more favourable than those found elsewhere.

Rateable Value

The VOA gives a rateable value (RV) to each non-domestic property, and this is used to calculate a property's business rates.

Reserve

A sum that has been set aside for use in future and earmarked for spending only on a specific purpose in order to prevent the funds from being used on other items of general expenditure.

Revaluation Reserve

This account is the accumulation of net surpluses that have arisen from the revaluation of fixed and tangible assets and is required under fair value accounting to deal with the current values of these assets.

Revenue Expenditure

The costs related to the day-to-day running of services such as salaries and energy costs.

Revenue Support Grant

A grant paid by Central Government to aid Local Authority services in general as opposed to specific grants which may only be used for a specific purpose. These are credited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement. (The Council may

GLOSSARY OF TERMS

also receive other non-specific grants, and these are shown with the Revenue Support Grant in the "Taxation and Non-Specific Grant Income" line in the Comprehensive Income and Expenditure Statement.)

Section 151 Officer

Section 151 of the Local Government Act 1972 requires the Council to appoint an officer responsible for the proper administration of the Council's financial affairs. The Director (Corporate Services) is the Council's Section 151 Officer.

Soft Loans

Loans made by the authority below prevailing interest rates (i.e. interest free or low interest loans) and include loans made to local voluntary sector organisations that undertake activities that the authority considers benefits the local population.

Virement

An approved transfer of funds from one part of a budget to another, usually to meet a planned overspend in one section of a budget and which can be met by a planned underspend in another section of the budget.

Valuation Office Agency (VOA)

The government agency responsible for valuations and property advice for business and residential properties.

Working Balances

The revenue reserves of an authority made up of the accumulated surplus of income over expenditure on the General Fund or the Housing Revenue Account which may be utilised to provide for unforeseen circumstances or to ensure that payments can be made pending the receipt of income and may be used to reduce the Council Tax.