
FINANCIAL REVIEW

and

STATEMENT OF ACCOUNTS

for the year ending

31 March 2026

SARAH PARFITT FCPFA

Director – Corporate Services

TABLE OF CONTENTS

Narrative Report		**4**
1	Introduction from the Director (Corporate Services)	4
2	The Borough of Gravesham	6
3	Gravesham Borough Council	7
4	Our Strategy and Business Model	9
5	Key Performance Indicators – Our Performance in 2025/26	11
6	Group Entities	16
7	Climate Change	17
8	Financial Review	18
9	Commentary on the Primary Financial Statements for 2025/26	22
10	Principal Risks and Uncertainties	24
11	2026/27 and Beyond	25
12	Other Useful Information	25
13	**Statement of Responsibilities for the Statement of Accounts**	**26**
14	**Core Financial Statements**	**27**
	Comprehensive Income and Expenditure Statement	
	Balance Sheet	
	Movement in Reserves Statement	
	Cash Flow Statement	
	Accounting Policies and Disclosures	
15	**Notes to the Core Financial Statements**	**50**

TABLE OF CONTENTS

16	**Group Financial Statements**	**95**
	Group Comprehensive Income and Expenditure Statement	
	Group Balance Sheet	
	Group Movement in Reserves Statement	
	Group Cash Flow Statement	
	Notes to the Group Financial Statements	
	Supplementary Single Entity Financial Statements	
17	**Housing Revenue Account**	**104**
	HRA Income and Expenditure Statement	
	Movement on the HRA Statement	
	Notes to the Housing Revenue Account	
18	**Collection Fund**	**112**
	Collection Fund Income and Expenditure Account	
	Notes to the Collection Fund	
19	**Independent Auditors Report**	**116**
20	**Glossary of Terms**	**117**

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 2026. 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 2025/26;
- 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 Rosherville Limited, its wholly owned Local Authority Trading Company, 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. The year was framed by the need for robust financial governance to manage the Council's financial resilience while progressing its Corporate Plan priorities. All of this took place against a backdrop of ongoing service demand and cost pressures, alongside fundamental reform of the way local government will be funded and structured in the future.

1.6. The Council was able to set a balanced budget for 2025/26 despite significant cost pressures, albeit through continued reliance on reserves. During the year, the Council continued to address housing affordability and wider inequalities within the borough. Elevated levels of demand for homelessness support were a feature of the year with the council supporting more than 200 households in temporary accommodation at any one time. The cost-of-living environment and health inequalities remained significant challenges, requiring targeted intervention and partnership working. Council activity focused on supporting vulnerable residents, enabling housing delivery and maintaining resilient communities while balancing its own financial constraints.

1.7. Capital investment also continued in programmes designed to improve the borough's physical environment, including projects to improve environmental quality and town centre appearance, bring forward improved leisure facilities and progress improvements to both council and private housing stock in the borough. In addition, the council continued its work to increase housing supply in the borough.

1.8. The implementation of Fair Funding from 2026/27 is expected to benefit the Council, moving it from a position of being historically under-funded to one where its relative deprivation and council tax-raising capacity to other councils is recognised. This, alongside the council's proactive programme to balance its budget over the last ten years and deliver £10.1m of base budget reductions, places the council in an improved position where it can begin to build back its financial resilience from 2026/27 whilst maintaining the services valued by its communities. This will be important as the authority approaches the expected announcement on the design of Local Government Reorganisation in Kent in July 2026.

Sarah J Parfitt FCPFA

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. Gravesham has a striking urban-rural split; the rural area to the south 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 of 110,671, Gravesham presents as having the third highest population density in Kent at approximately 1,118 persons per km^2.

2.3. The borough's demographic is relatively young and notably diverse. Census 2021 recorded that 31.7% of residents are of an ethnicity other than 'white British'. Advancing that diverse position, in 2025/26 22.9% of all school pupils did not have English as their first language, the highest figure in Kent, and 49.5% of pupils identified as being of a minority ethnic background.

2.4. Life expectancy in Gravesham reveals an average of 79.2 years for men, below national averages (79.7). Conversely, women, at 83.7 years, are slightly ahead of the national position (83.5). The Index of Multiple Deprivation identifies Gravesham as the 97th most deprived local authority area in England (out of 296), with six '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 and 4,500 active enterprises, supporting 34,400 jobs. Since 2019, the volume of active enterprises in the borough has risen by 13.6%, the fourth highest rate in Kent. Similarly, the latest annual business growth rate (births vs deaths) at 1.24 is the borough's highest since 2015/16, a position strengthened in the borough by a much-improved 3-year business survival rate. Traditionally an outlier for job density rates, Gravesham's latest outturn (0.63) represents an increase of 10.5% from 2020, at a time comparable national and local averages have reduced.

2.6. For employees, the latest Annual Survey of Hours and Earnings present the average full-time weekly earnings for Gravesham residents at £859.00, the third highest figure across Kent's twelve districts. In terms of workplace earnings for jobs located in the borough, Gravesham is recorded as having the highest full-time weekly salary in Kent (£778.10), £57.20 higher than the Kent district average.

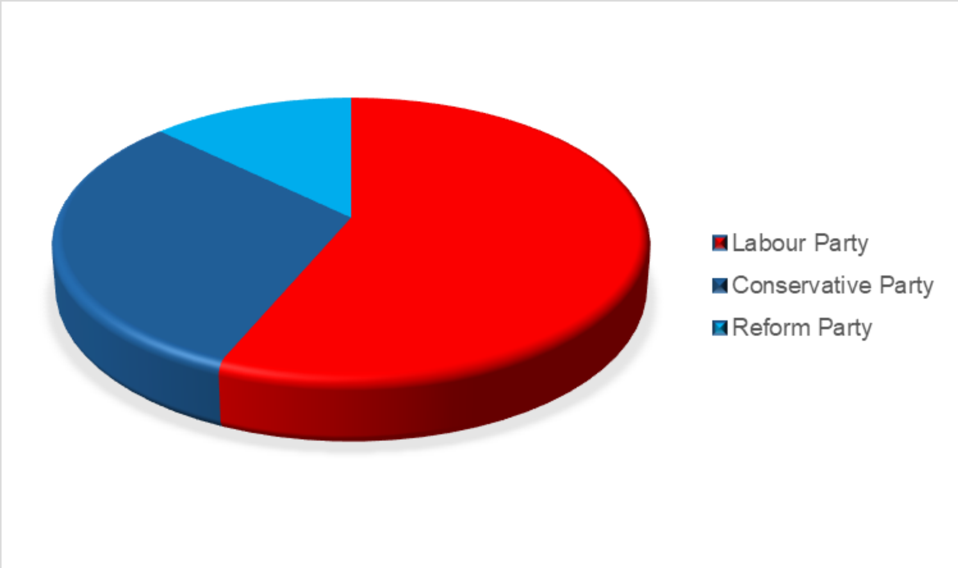
2.7. Despite these recent positive outturns, economic challenges remain. Gravesham's largest employment sectors are typically lower value in terms of productivity, with the latest recorded GVA per hour worked (£34.01) below all comparative peer averages. Gravesham posts the highest percentage of businesses in Kent in Construction (23.3%) and Transport and Storage (9.8%) sectors - both within the top 20% of authorities nationally. Conversely, the borough has one of the lowest figures nationally for jobs in the higher-value knowledge economy (7.2%). Over 5,400 employees (15.7%) work within public administration and education.

2.8. Economic inactivity in the borough has fluctuated significantly in recent years. Traditionally an area of strength, a post-Covid low of 13.2% was recorded in 2023/24. However latest rolling 12-month data identified 30.9% of working age residents as economically inactive, a situation in part explained by 4.3% of residents claiming unemployment benefits.

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. As at 31 March 2026, the Council was composed of three political groups with the Labour Party being the ruling majority party.



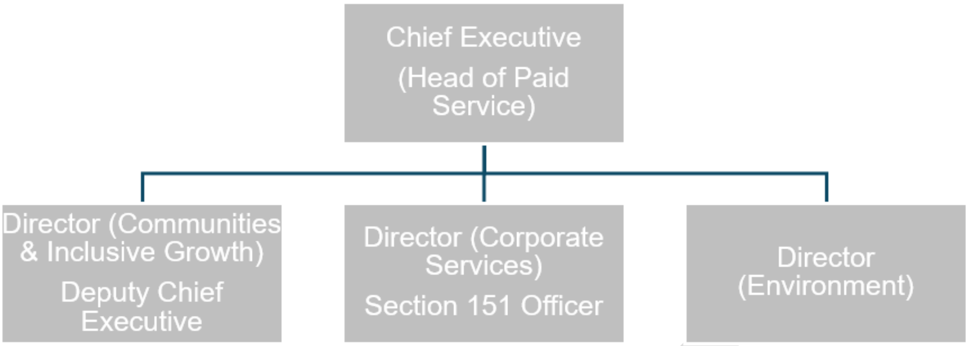
3.3. The Council has adopted the Leader and Cabinet model as its political management structure. The Leader of the Council has appointed five Members to their Cabinet, with each holding their own specific portfolio of responsibility at 31 March 2026:

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

In addition, Councillor Lenny Rolles holds a Special Cabinet Advisor position.

3.4. The decision-making processes of the Council are set out in the Constitution, with decisions taken primarily by Cabinet or individual Cabinet Members, who are held to account by the Overview Scrutiny Committee chaired by the Leader of the Opposition.

3.5. Supporting the Elected Members in service delivery is an organisational structure led by the Council's Management Team.



3.6. Up until August 2025, the Management Team also included the Director (Housing). From August, responsibility for housing functions were shared across the other members of the Council's Management Team.

3.7. Management Team meetings are also attended by the Council's Deputy Monitoring Officer to ensure that the key statutory officers are represented.

3.8. In March 2025 the Council employed 518 people across two main sites: the Civic Centre in Gravesend and the Brookvale Depot in Northfleet. By March 2026 this position had increased to 551.

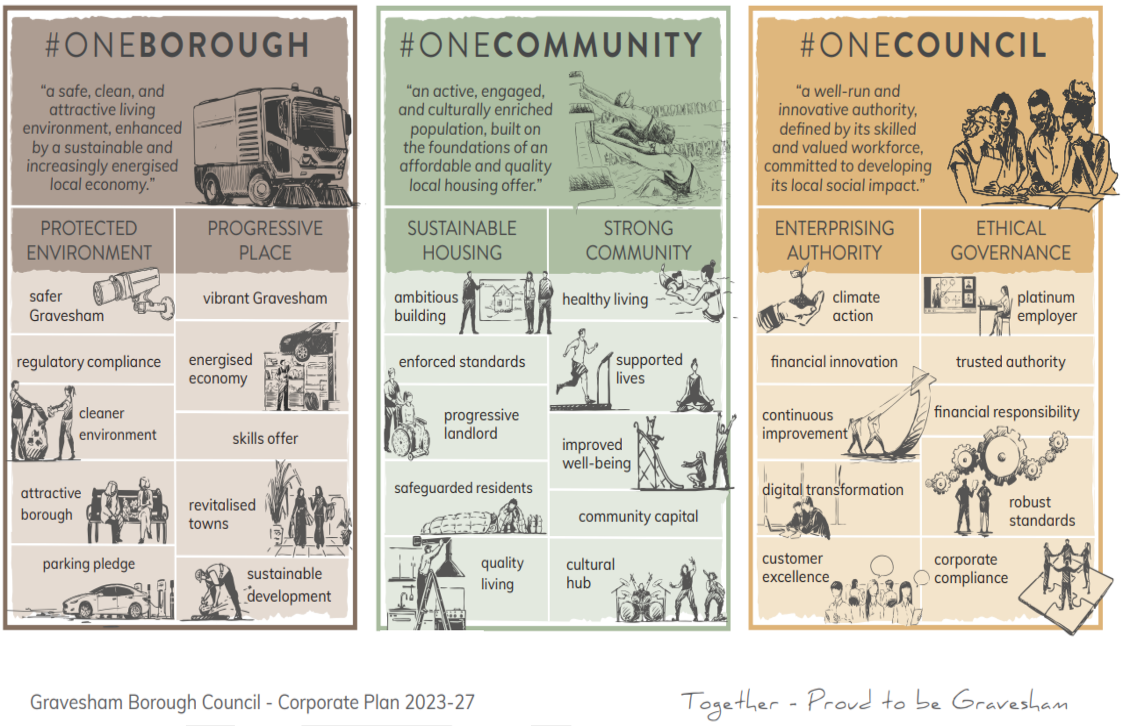
3.9. The 2025/26 Annual Governance Statement was approved by the Finance & Audit Committee in July 2026: Agenda for Finance and Audit Committee on Tuesday, 14 July 2026, 7.30 pm – Gravesham Borough Council.

3.10. 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 annal financial statements of the Council and reporting each year on their judgements on the Council's arrangements for securing Value for Money.

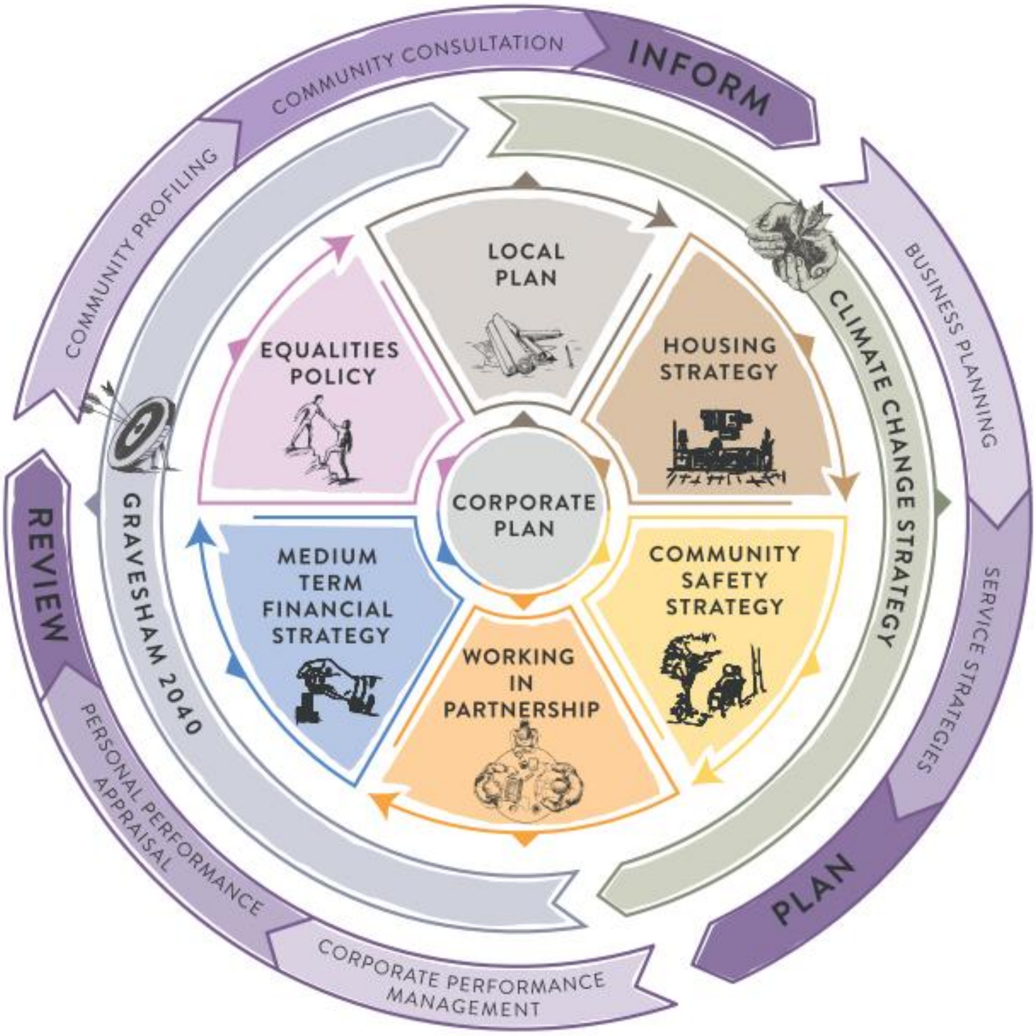
4. Our Strategy and Business Model

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:



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'*.


INFORM
COMMUNITY CONSULTATION
COMMUNITY PROFILING
BUSINESS PLANNING
SERVICE STRATEGIES
PLAN
CORPORATE PERFORMANCE MANAGEMENT
PERSONAL PERFORMANCE APPRAISAL
REVIEW
GRAVESHAM 2040
CLIMATE CHANGE STRATEGY
LOCAL PLAN
HOUSING STRATEGY
COMMUNITY SAFETY STRATEGY
WORKING IN PARTNERSHIP
MEDIUM TERM FINANCIAL STRATEGY
EQUALITIES POLICY
CORPORATE PLAN

5. Our Performance in 2025/26

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 2025/26 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 series of projects and initiatives that aim to improve household recycling and boost a sense of civic pride in the borough were delivered in 2025/26:

Rural services: planning activity was undertaken by the Council's Waste Team to design and introduce a new service delivery model for narrow access properties. Formally rolled out in April 2026, the project has enabled an additional 385 rural properties to have recycling and food waste, in-line with the Separation of Waste (England) Regulations 2025. On an operational basis, the impact has seen tangible improvements to service efficiency and environmental performance.

Street Champions: the Gravesham Street Champions is a network of residents who have volunteered to improve the environment in their local area. Street Champions litter pick and report environmental crimes, alongside distributing information and leaflets to neighbours who need assistance in managing their waste responsibly. This successful community initiative has gone from strength to strength in the last year with an additional 170 new volunteers joining, bringing our total number of Street Champions to 855. Collectively, in 2025/26 our Street Champions collected 4,655 sacks of litter during 2,378 individual litter picks.

Food waste: the Council has been performing as one of the top 50 district authorities for the percentage of household waste that is collected separately as food waste, averaging over 7.8% since the Corporate Plan was adopted. During 2025/26 a campaign was delivered in partnership with Kent County Council to encourage food waste recycling. Between the start of the food waste campaign in June 2025 and March 2026, an additional 516.1 tonnes of food waste (+23.2%) was collected year-on-year, increasing the level of food waste collected to 9% in 2025/26.

Collectively, these projects help in our ambition to provide a clean and attractive borough. In evidencing the impact of our efforts, the council's rate of recycling household waste in 2025/26 increased to 41.0% - a second successive rise in this Corporate Plan period.

Progressive Place

As local place shapers, we are committed to influencing positive, community-led regeneration to deliver a progressive place; securing better opportunities, greater prosperity and improving overall quality of life for local people. An essential part of our activity relates to our efforts with government and partner agencies to raise the profile of the borough. During this Corporate Plan period, the authority has been able to secure and distribute a variety of grant funding opportunities, with developments in 2025/26 including:

Pride in Place: this is a £5 billion national scheme designed to support communities across the country by investing in local high streets, public spaces, and community facilities. The £1.5m awarded to Gravesham is to be directed towards projects that are backed by the local community and deliver visible improvements for residents, including; bringing vacant town centre properties back into use and initiatives to tackle litter and graffiti, improved local parks, or creating new opportunities for people to come together.

UK Shared Prosperity fund: in 2024/25, the council was provided with an allocation of £65,000 through the UK Shared Prosperity Funding (UKSPF), with the aim of supporting town centre business owners to improve the look, feel and appearance of their premises. Following a successful first year, a further £65,000 from UKSPF was allocated to extend the scheme in Gravesham, with a view to widening the boundary of the project to gather more of the independent traders and businesses on the fringes of the town centre, with two further activation grants awarded to help promote activity and footfall during twilight hours in Gravesend town centre.

Creating opportunities: at the heart of our efforts to revitalise the borough is a commitment to support the development of a sustainable local economy. In understanding the borough's deep-rooted socio-economic challenges, improving Gravesham's baseline resident skill level is a key local priority. To that end, working in partnership with the Lower Thames Crossing team, a temporary Skills Hub was launched. The hub hosts a combination of Skills Bootcamps for 19-year-olds to trial working in construction and rail, as well as provision for ex-offenders.

Latest outturns identify that the percentage of residents with NVQ Level 3+ qualification totalled 62.5% in 2025/26, an annual rise of 7%.

#onecommunity

Sustainable Housing

Tenancy Management: The collection of Tenant Satisfaction Measures (TSM) is an annual requirement by the Regulator of Social Housing. Key highlights from the 2025/26 TSM survey included:

- Improvements in all 12 TSM measures in the last year, with satisfaction increases in relation to how antisocial behaviour matters were handled and satisfaction in respect of well-maintained homes.
- 82% of tenants felt their home was safe.
- 81% of tenants felt they were treated fairly and with respect.
- 80% of tenants reported satisfaction with completed repairs.
- Crucially, overall satisfaction increased from 71% in 2024/25 to 76% in 2025/26, an increase of 5%.

Housing Support: Outside of our direct tenant offer, the council's Corporate Plan also committed to delivering a housing service that provides for our most vulnerable residents. In 2025/26 the authority's Rough Sleeping Team developed an innovative and highly effective partnership-based model that addresses the root causes of rough sleeping, with a strong focus on mental health and systemic prevention. Working in close partnership with NHS mental health services, the Rough Sleeping Team has successfully embedded a dedicated psychiatrist and a mental health nurse within the service. This integrated approach ensures that people who are rough sleeping, living in temporary or supported accommodation, or at risk of homelessness due to mental ill-health can access timely, specialist mental health support in a familiar and trusted environment. This removes traditional barriers such as missed appointments, long waiting times, and disengagement caused by trauma, anxiety, or past negative experiences with services.

From a peak at the start of 2024/25, latest outturns present that the number of rough sleepers in the borough has fallen to 18 at the end of the 2025/26 year, a reduction of 44%.

Strong Community

In order to advance local health outcomes, the council is committed to addressing the root causes of health inequality through the provision of a modern, affordable and accessible leisure offer. Essential to that ambition is the delivery of our new Cascades leisure centre.

New Leisure Centre: in 2025/26 the council signed a pre-construction contract with Willmott Dixon which allows initial works to begin on the site of its new Cascades Leisure Centre while the existing leisure centre continues to operate. The pre-construction phase is a significant milestone in the project, enabling early engagement with a construction partner to help with the planning of logistics and site set up works, alongside the development of the technical design of the leisure centre with completion expected in December 2028. It also follows confirmation of £20million from the government's Local Regeneration Fund to support a 'hub and spoke' model to improve health, wellbeing, employment and skills across the borough. £17million of the funding will be used to help replace the ageing Cascades Leisure Centre with a new, £42.9million low-carbon building that can host regional events alongside an improved family-fun offer. The remaining £3million will be used to deliver a range of initiatives within the borough's urban areas to improve public spaces, create new workspaces for small businesses, and accommodate new community uses.

Positive Leisure Offer: alongside general provision, the authority has developed a targeted programme of activity designed to address health inequality in the borough. The positive impact of our programme has been acknowledged through various industry awards in 2025/26, including:

- **Kent Lawn Tennis Association Awards**
  Park Venue of the Year (Winner)
- **iESE Public Sector Transformation Awards**
  Transformation in Health & Social Care: *Health & Well-being in Gravesham* (Gold Winner)
- **Kent and Medway Health Watch Awards**
  Recognition for excellence in inclusivity and equal access to services: *Breaking Barriers - Women in Water* (Winner)

#onecouncil

Enterprising Authority

In adopting our Corporate Plan, the council pledged to delivering a well-run and innovative authority that is open to peer challenge and measured by industry best practice.

LGA Peer Challenge Programme: our commitment to the programme provides a key part of our learning. The programme supports continuous improvement by providing effective insight, guidance and challenge, as well as assurance to local leaders and residents. The Council welcomed an onsite Corporate Peer Challenge in May 2025 which involved interviews and focus groups with a number of officers, members and key partners and focused on providing robust, strategic and credible challenge to the core corporate functions of the authority alongside consideration of the Council's approach to the new Housing Consumer Standards. The report of the Peer Challenge Team produced a report which sets out their findings and six key recommendations of the council, for which the authority has developed an appropriate action plan for delivery: Local Government Association Peer Challenge - Policies, strategies and open data – Gravesham Borough Council

Performance Monitoring and Data Insight: Beyond external accreditation, our efforts to develop a best practice authority include the recognition of the importance of an effective Performance Management Framework (PMF). Through timely and accurate reporting of qualitative and quantitate data, the adopted PMF enables effective evaluation of achievement against our adopted Corporate Plan objectives.

At the heart of our commitment to delivering on our Best Value Duty is the principle of benchmarking the council's performance outputs and outcomes against other relevant peer authorities. This enables an understanding of our own levels of performance in core frontline services and also prompts specific targeted activity where good practice is identified in specific areas. The Annual Comparison Report developed in 2025/26 identified that Gravesham Borough Council performs ahead of the average position recorded by peer authorities in the majority of comparable PMF indicators: Kent districts (60.5.%), CIPFA 'Nearest Neighbours' (60.5%) and national districts (61.1%).

Ethical Governance

In developing our Corporate Plan, the council identified that creating positive outcomes for our community can only be realised from a platform of strong leadership and good governance.

Financial Governance: An essential part of the council's governance architecture is our budgeting process; one that is integrated throughout the authority, inclusive of relevant financial risks and considerate of the ambitions of our operations over the medium and longer term.

During 2025/26, Full Council approved the 2026/27 budget for both General Fund and HRA Services, with greater clarity on the longer term funding of local government delivered by the multi-year settlement and the implementation of Fair Funding. After a decade of sustained pressures on its budget the council are now in a position where, through a positive outcome from the settlement and the delivery of £10.1m of base budget reductions since 2016, it was able to present a balanced budget position for 2026/27 with no contribution from reserves required. Furthermore, current projections indicate that the council will also be able to start to build back its general reserve during 2026/27 and 2027/28 and return its total

Working Balances to the recommended level of £5.25m, building resilience back to support the council's longer-term financial sustainability. This being achieved whilst the council continues to deliver those services and key investment projects, such as the delivery of new housing and a new sustainable Leisure Facility, that are important to the community, as reflected in the authority's adopted Corporate Plan 2023/27: *Together - Proud to be Gravesham*.

5.4. Gravesham Borough Council operates a Performance Management Framework (PMF), allowing us to evaluate delivery against adopted corporate objectives, measure our progress against our national and regional peers and, through a regular reporting programme, provide accountability to residents and stakeholders in the use of resources. Key performance outcomes in 2025/26 were:

#oneborough		
Ref.	Performance Indicator	Outturn
PI 5	Total environmental protection cases completed	1,358
PI 6	% of household waste recycled	41.0%
PI 19	% of *Major* planning applications processed on time	85.7%
PI 20	% of *Minor* planning applications processed on time	93.7%

#onecommunity		
Ref.	Performance Indicator	Outturn
PI 28	Overall housing tenant survey satisfaction score (%)	71.0%
PI 38	% of council homes meeting the Decent Homes Standard	93.0%
PI 39	Total leisure centre attendees	710,233
PI 41	Total individuals supported through a public health programme	2,574

#onecouncil		
Ref.	Performance Indicator	Outturn
PI 50	Total co2 emissions from council assets (kt)	1.892
PI 52	Average yield generated by property investment activity	6.6%
PI 60	Average processing time for new Housing Benefit claims (days)	22.0
PI 62	Average processing time for new CTRS claims (days)	29.2

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 Services

6.2. Rosherville Services is the Council's Local Authority Trading Company (LATCo) consisting of Rosherville Limited and its subsidiary companies Rosherville Servicing Limited, Rosherville Property Development Limited and Rosherville Repairs & Maintenance Limited.

6.3. The Accounts and filing history for Rosherville Services can be viewed at Companies House once filed in accordance with statutory requirements.

Gravesham Community Investment Partnership (GCIP)

6.4. The Gravesham Community Investment Partnership (GCIP) is a Limited Liability Partnership with Gravesham Borough Council and Hill Investment Partnerships Limited being equal partners in the entity. Its purpose is to accelerate the development of affordable housing within the Borough on sites owned by the Council.

6.5. The Accounts and filing history for GCIP LLP can be viewed at Companies House once filed in accordance with statutory requirements.

6.6. To produce the consolidated group position, analysis has been undertaken to identify transactions between the council and both Rosherville Services and GCIP and remove them for purposes of a consolidated Group position so that only external transactions for the Group as a whole are presented.

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, adopting its first Climate Change Strategy in 2021.

7.2. During 2025 the Council consulted on and adopted a revised Climate Change Strategy. Whilst acknowledging the scale of carbon reduction initiatives delivered by 2019, the challenges in delivering the council's target for decarbonising its own operations were also recognised alongside the reducing impact this would have on wider borough emission. The new strategy supports the refocusing of council resources and efforts on wider climate actions and their co benefits to further the interests of the borough as a whole. Covering the period 2025 to 2030, the Strategy sets out the following seven priority areas for action:

- ***Transport & Movement***
- ***Buildings and Energy Efficiency***
- ***Low Carbon Business & Industry***
- ***Waste Production & Resource Consumption***
- ***Land Use & Biodiversity***
- ***Community Engagement & Green Skills***
- ***Council Assets & Fleet***

7.3. In December 2025 the Council published its sixth Climate Change Annual Report, summarising the actions taken in the 2025 calendar year, including:

- Continued improvements to council-owned housing stock
- Offering practical and financial support to residents to improve their homes and local environments, including engagement with schools and local groups.
- Increasing opportunities for household recycling
- Working with local businesses to share good practice, develop workforce skills and adapt working practices to support environmental sustainability
- Progressing work around Biodiversity, with the publication of the council's Biodiversity Duty - First Consideration Report, integration of green infrastructure across the council's property estate and projects to encourage community involvement in creating improved habitats
- Continuing to decarbonise the council's own operations, including moving fuelling of its fleet to Hydrotreated Vegetable Oil (HVO).

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 2025 the Council set its Budget Requirement for 2025/26 at £16.31m, financed by Council Tax, retained Business Rates, Government Grant funding and use of Working Balances. To support the budget, the Council agreed an annual increase of £6.93 in the level of Council Tax for the year from that charged in 2025/26. This resulted in a Band D Council Tax amount of £237.96.

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 £15.37m, with this position driven, in the main, through the Council's proactive Balancing the Budget activity and ongoing action to manage inflationary pressures and 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 2025/26	Original Budget	Outturn	Variance over/(under)
	£'000	*£'000*	*£'000*
All Directorate - Salaries	19,695	19,549	(146)
Chief Executive	(61)	(23)	38
Communities	(5,833)	(5,258)	575
Corporate Services	3,158	3,668	510
Environment	(1,362)	(2,324)	(961)
Housing	(269)	(511)	(241)
Non-Directorate Specific	405	405	0
Directorate total	15,732	15,507	(225)
Interest & Investment Income	(646)	(1,198)	(552)
Government Grant Funding	(2,772)	(3,038)	(266)
Transfers to/(from) Reserves	(1,791)	(1,416)	375
Transfers to/(from) Balances	0	0	0
Transactions below the line	6,730	6,261	(469)
Budget Requirement	17,253	16,115	(1,138)
Business Rate Income	(4,245)	(3,962)	283
Revenue Support Grant	(157)	(159)	(2)
Council Tax Income	(8,434)	(8,434)	0
Parish Precepts	(670)	(670)	0
New Homes Bonus	(255)	(255)	0
Lower Tier & Services Grants	(543)	(543)	0
Transfers to/(from) the Collection Fund	(141)	(141)	0
Transfers to/(from) Working Balances	(2,808)	(2,808)	0
Budget Shortfall / (Underspend)	0	(857)	(857)

8.1.5. The General Fund outturn reflected a favourable variance of £857k 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 22 June 2026. Papers for the committee can be accessed at: http://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 2025, the Council set the 2025/26 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 2025/26	Original Budget	Outturn	Variance over/(under)
	£'000	*£'000*	*£'000*
Income			
Dwelling Rents	(33,524)	(33,279)	245
Other Rental Income	(4)	(6)	(2)
Service Charges	(2,567)	(2,113)	454
Non Dwelling Income	(146)	(127)	19
Intensive Management Fund - Income	(511)	(507)	4
Other Income	(51)	(655)	(604)
Total Income	(36,803)	(36,687)	116
Expenditure			
Supervision and Management	9,765	9,740	(25)
Repairs and Maintenance	10,202	9,948	(254)
Depreciation	5,659	6,050	391
Intensive Management Fund - Expenditure	511	488	(23)
Capital Financing Costs	10,666	10,353	(313)
Total Expenditure	36,803	36,579	(224)
Net transfers to/(from) Reserves	0	108	108
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 22 June 2026. Papers for the committee can be accessed at: http://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 2025 the Council set a General Fund Capital Programme original budget for 2025/26 of £32.3m. Approved adjustments totalling £3.2m increased the working budget to £35.5m. The approved adjustments include project slippage from 2024/25 along with projects supported by external grant funding that was received in the year but were not known at budget setting.

8.3.3. Final expenditure for the year was £30.5m, with the largest single capital investment being the provision of £22.8m forward-funding to Rosherville Property Development Limited relating to The Charter development.

8.3.4. The Council spend £20.6m on Housing HRA capital schemes against an original budget of £27.3m, focusing on works to maintain the Council's existing housing stock and invest in new social housing. The underspend in the year was primarily due to slippage in the New Build Programme.

8.4. Treasury Management Performance

8.4.1. Total investment balances at 31 March 2026 stood at £12.82m, (31 March 2025, £28.05m). During 2025/26 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 £105.2m long-term borrowing as at 31 March 2026 (31 March 2025, £118.6m). This represents a decrease of £13.4m in long-term borrowing from 2024/25 and is reflective of the Council's proactive approach of utilising cash balances and maximising short-term borrowing given the high prevailing interest rates.

8.4.3. The Council achieved an average rate of return of 4.06% on its internally managed cash flow investments (including cash equivalents) for the year (2024/25, 4.90%).

8.4.4. The average return on investment on the CCLA Property Fund was -5.81%. During 2025/26 the Hermes Property Fund was terminated, resulting in a small capital growth of £25k from the original investment sum. The Council also continued to receive disbursements from the Lothbury Property Fund which terminated during 2024/25.

8.4.5. The average return on investment from Multi-Asset Funds was -2.40% (2024/25, -7.39%).

8.4.6. The average return on Property and Multi Asset Funds includes capital growth/loss as well as dividend return.

8.4.7. 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 £3.4m as at 31 March 2026, while HRA working balances stood at £3.0m (working balances at 31 March 2025 were £5.3m and £3.0m respectively).

8.5.2. The Council also holds earmarked reserves, kept for specific types of future expenditure that is planned or expected. The total amount of earmarked reserves, including revenue grants not yet applied, held as at 31 March 2026 (for General Fund and HRA purposes) is £15.4m (£16.2m at 31 March 2025).

9. Commentary on the Primary Financial Statements for 2025/26

A summary of the Primary Financial Statements is provided below:

9.1. The Comprehensive Income and Expenditure Statement (CIES) (Page 29)

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 £29.22m during 2025/26.

Comprehensive Income & Expenditure Statement	2024/25 Actual	Movement during year	2025/26 Actual
	£'000	*£'000*	*£'000*
Cost of Services	6,207	6,826	13,033
Other Income and Expenditure	(21,323)	(1,510)	(22,833)
(Surplus) or Deficit on Provision of Services	(15,116)	5,316	(9,800)
Other Comprehensive Income and Expenditure	(24,679)	5,258	(19,421)
Total Comprehensive Income and Expenditure	(39,795)	10,574	(29,221)

9.2. The Balance Sheet (Page 30)

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 2025/26, the Council has seen an increase its net worth of £29.22m.

Balance Sheet	31st March 2025	Movement during year	31st March 2026
	£'000	*£'000*	*£'000*
Non-current Assets	651,064	56,350	707,414
Current Assets	30,685	(12,414)	18,271
Current Liabilities	(76,228)	(48,402)	(124,630)
Total Non-Current Assets plus Net Current Assets	605,521	(4,466)	601,055
Non-Current Liabilities	(122,485)	33,686	(88,799)
Total Assets less Liabilities	483,036	29,220	512,256
Financed by:			
Unusable Reserves	(436,242)	(41,111)	(477,353)
Usable Reserves	(46,794)	11,892	(34,902)
Total Net Worth	(483,036)	(29,219)	(512,255)

9.3. The Movement in Reserves Statement (MIRS) (Page 31)

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) and provides an understanding of the council's financial sustainability.

9.3.2. The MIRS shows that the total reserves of the Council increased during 2025/26 by £29.22m primarily due to a higher level of Unusable Reserves at the end of the year.

Movement in Reserves Statement	Usable Reserves	Unusable Reserves	Total Reserves
	£'000	*£'000*	*£'000*
Balance at 31st March 2025	(46,794)	(436,242)	(483,036)
(Increase)/decrease in year	11,892	(41,111)	(29,221)
Balance at 31st March 2026	(34,902)	(477,353)	(512,255)

9.4. The Cash Flow Statement (Page 32)

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, how funds were spent and how the Council's cash position changed during the year. A positive net cash flow indicates increased liquidity; a negative net cash flow indicates the Council's use of its cash resources to support investment or service activity.

9.4.2. During 2025/26 the Council's level of cash and cash equivalents decreased by £11.97m.

Cash Flow Statement	2024/25	Movement during year	2025/26
	£'000	*£'000*	*£'000*
Net (Surplus) or Deficit on the Provision of Services	(15,116)	5,316	(9,800)
Adjustment to the net (surplus)/deficit on the provision of services	5,943	(6,043)	(100)
Net Cash Flows from Operating Activities	(9,173)	(727)	(9,900)
Net cash flows from investing activities	28,467	5,789	34,256
Net cash flows from financing activities	(34,661)	22,278	(12,383)
Net (increase) or decrease in cash or cash equivalents	12,299	(24,272)	(11,973)
Cash and cash equivalents at the end of the reporting period	13,927	(11,973)	1,954

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 Corporate Risk Register for 2025/26 set out the key risks to the achievement of the Council's strategic priorities as being:

1. **Ongoing Financial Viability of the Council**
2. **Changes to national and regional priorities and legislative change**
3. **Organisational capacity/resilience**
4. **Cyber Security Threats**
5. **Investment Risk**
6. **Adoption and delivery of a sound Local Plan**
7. **STG Building Control – Licensing of Surveyors**

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. Risks that are identified but fall below the Council's strategic risk tolerance threshold are monitored and managed through the operational risk registers of Council departments.

10.4. 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. 2026/27 and Beyond

11.1. Looking forward to 2026/27, the financial outlook of the council provides an improving picture of financial stability with the council able to balance its budget for the full term of its financial planning horizon and start to build back its financial resilience whilst maintaining the services valued by its communities.

11.2. There will be, however, significant legislative and structural changes affecting how local government services are delivered in the coming months and years and the size and scale of the communities served by the individual local authorities in Kent. The council will continue to review and adapt its operating model to ensure it remains resilient, financially sustainable, and responsive to the needs of its communities. This will include strengthening partnerships with other public sector organisations, engaging closely with residents and stakeholders, and embracing innovation to improve service delivery. Through this proactive approach, the council aims to navigate these changes effectively whilst maintaining a strong focus on delivering high-quality, accessible services for all.

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;
- gained appropriate assurance over the accuracy of the statement of accounts prior to approval; and
- obtained appropriate assurances from managers across the Council to support the accuracy and completeness of financial statements.

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 2026.

Sarah Parfitt

Sarah J Parfitt FCPFA Date:

Certification of Chair of Finance & Audit Committee

I confirm that the adoption process for the 2025/26 Statement of Accounts has been formally completed and that the Financial Review and Statement of Accounts for the year ended 31 March 2026 was considered and approved by Gravesham Borough Council at the meeting of the Finance & Audit Committee on xx xxx 2026.

Cllr Gavin Larkins Date:

CORE FINANCIAL STATEMENTS

Index to Core Financial Statements

	Core Financial Statements – Explanatory Narrative	29
	Comprehensive Income and Expenditure Account	29
	Balance Sheet	30
	Movement in Reserves Statement	31
	Cash Flow Statement	32

Index to Notes to the Core Financial Statements

15.1	Expenditure and Funding Analysis	51
15.2	Other Operating Expenditure/Income	57
15.3	Financing and Investment Income and Expenditure	57
15.4	Taxation and Non-Specific Grant Income	58
15.5	Expenditure and Income analysed by nature	58
15.6	Property Plant and Equipment	60
15.7	Depreciation and Impairment	61
15.8	Heritage Assets	61
15.9	Investment Properties	62
15.10	Debtors	63
15.11	Cash and Cash Equivalents	63
15.12	Creditors	63
15.13	Provisions	64
15.14	Unusable Reserves	64
15.15	Usable Reserves	68
15.16	Adjustments Between Accounting Basis and Funding Basis under Regulations	73
15.17	Related Party Transactions	74
15.18	Member Allowances	75
15.19	Officer Remuneration and Exit Packages	75
15.20	External Audit Costs	77
15.21	Construction Contracts (Commitments under Capital Contracts)	77
15.22	Pension Costs	78
15.23	Capital Expenditure and Capital Financing	84
15.24	Contingent Assets and Liabilities	84
15.25	Financial Instruments and Financial Risks	85
15.26	Leasing	91
15.27	Accounting Standards that have been issued but have not yet been adopted	92
15.28	Assumptions made about the future and other major sources of estimation uncertainty	93

CORE FINANCIAL STATEMENTS AND DISCLOSURES - INTRODUCTION

The core financial statements present a complete and compliant picture of the Council's financial performance and financial position for the year ending 31 March 2026. They have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and International Financial Reporting Standards (IFRS). The statements provide insight into how the Council has used public resources over the year, as well as its financial resilience and capacity to deliver services in the future.

2024/25			Comprehensive Income & Expenditure Statement	2025/26		
Expenditure	Income	Net Cost		Expenditure	Income	Net Cost
£'000				*£'000*	*£'000*	*£'000*
568	(48)	520	Chief Executive's Directorate	395	(9)	386
14,080	(7,730)	6,350	Communities Directorate	13,406	(6,998)	6,408
23,794	(20,844)	2,950	Corporate Services Directorate	21,935	(17,170)	4,765
9,425	(4,181)	5,244	Enviroment Directorate	9,929	(5,121)	4,808
26,793	(37,842)	(11,049)	Housing - HRA Services	29,715	(38,234)	(8,519)
(1,154)	0	(1,154)	HRA Dwelling revaluations (Note 17.3)	2,444	0	2,444
6,642	(3,958)	2,684	Housing - Other Services	7,059	(4,962)	2,097
662	0	662	Non Directorate Specific	644	0	644
80,810	(74,603)	6,207	Net Cost of Services	85,527	(72,494)	13,033
1,393	0	1,393	Other Operating Expenditure/(Income) (Note 15.2)	(678)	0	(678)
4,502	(6,959)	(2,457)	Financing and Investment Income and Expenditure (Note 15.3)	8,841	(9,931)	(1,090)
	(20,259)	(20,259)	Taxation and Non-Specific Grant Income (Note 15.4)		(21,065)	(21,065)
86,705	(101,821)	(15,116)	(Surplus)/Deficit on the Provision of Services	93,690	(103,490)	(9,800)
		(25,447)	Surplus or Deficit on revaluation of non-current assets (Note 15.14.1)			(26,916)
		0	Financial Instruments measured at Fair Value			0
		768	Remeasurements of the net defined benefit liability			3,475
		0	Fair Value Movements on FVOCI			4,020
		(24,679)	Other Comprehensive Income & Expenditure			(19,421)
		(39,795)	Total Comprehensive Income & Expenditure			(29,221)

BALANCE SHEET

At 31 March 2025	Balance Sheet	Notes	At 31 March 2026	
£'000		Notes	*£'000*	*£'000*
	Property, Plant and Equipment	15.6		
	Operational assets			
443,566	- council dwellings		452,370	
52,956	- other land and buildings		71,640	
5,456	- vehicles, plant and equipment		5,906	
36	- infrastructure assets		34	
3,121	- community assets		3,594	
30	- right of use assets		30	
7,801	- assets under construction		18,504	
2,765	- land and buildings		2,770	
515,731	Total Property, Plant and Equipment			554,848
640	Intangible Assets		560	
4,946	Heritage assets	15.8	3,946	
45,588	Investment Properties	15.9	45,457	
45,842	Long Term Debtors	15.25	63,364	
38,317	Long term Investments	15.25	39,239	152,566
651,064	Total Non-Current Assets			707,414
38	Inventories		42	
24,980	Short -term Debtors (Gross)	15.10	24,342	
(8,260)	Debt Impairment Provision		(8,067)	
13,927	Cash and Cash Equivalents	15.11	1,954	
0	Investments	15.25	0	
0	Assets Held For Sale		0	18,271
681,749	Total Assets			725,685
	Current Liabilities:			
(60,341)	Short-term Borrowing	15.25	(96,011)	
(15,887)	Short-term Creditors	15.12	(28,619)	(124,630)
605,521	Total Assets less Current Liabilities			601,055
	Long Term Liabilities:			
(861)	Capital Grants Receipts in Advance		(225)	
(1,717)	Provisions	15.13	(451)	
(1,299)	Liability Related to Defined Benefit Pension Scheme	15.22	(1,602)	
(118,608)	Long-term Borrowing	15.25	(86,521)	
(122,485)	Total Long-term Liabilities			(88,799)
483,036	Total Net Assets			512,256
	Financed by:			
(436,242)	Unusable Reserves	15.14	(477,353)	
(46,794)	Usable Reserves	15.15	(34,902)	(512,255)
(483,036)	Total Reserves			(512,255)

MOVEMENT IN RESERVES STATEMENT

Financial Year 2025/26	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 2025	(5,335)	(16,242)	(3,000)	(3,473)	(16,154)	(2,590)	(46,794)	(436,242)	(483,036)
(Surplus)/Deficit on Provision of Services	4,117		(14,319)				(10,202)		(10,202)
Other Comprehensive Expenditure or Income								(19,421)	(19,421)
Total Comprehensive Expenditure and Income	4,117		(14,319)				(10,202)	(19,421)	(29,623)
Adjustment between accounting basis and funding basis (Note 15.16)	6,318		7,763	3,132	3,744	0	20,957	(20,957)	0
Net (increase)/decrease before transfers to Earmarked Reserves	10,435		(6,556)	3,132	3,744	0	10,755	(40,378)	(29,623)
Transfers to/(from) Earmarked Reserves (Note 15.15.3)	(8,485)	822	6,556			2,242	1,135	(733)	402
(Increase)/Decrease in year	1,950	822	0	3,132	3,744	2,242	11,890	(41,111)	(29,221)
Balance at 31 March 2026	(3,383)	(15,420)	(3,000)	(341)	(12,410)	(348)	(34,902)	(477,353)	(512,255)

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 15.16)	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 15.15.3)	(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)

CASH FLOW STATEMENT

2024/25	Cash Flow Statement	2025/26	
£'000		*£'000*	*£'000*
(15,116)	**a) Net (Surplus) or Deficit on the Provision of Services**		(10,202)
	b) Adjustment to the net (surplus)/deficit on the provision of services for non-cash movements		
(8,986)	Depreciation	(7,790)	
3,616	Movement in valuations	(3,322)	
(126)	Amortisation of non-current assets	(132)	
	Impairment reversals (including writing out depreciation)		
164	Movement in impairment provision for bad debts	194	
(1,485)	Movement in creditors	750	
16,616	Movement in revenue debtors	13,347	
1	Movement in inventories	4	
29	Movement in provisions	1,265	
1,010	Movement in pension liability	2,936	
(2,432)	Carrying amount of non-current assets sold	(1,939)	
(4,178)	Other non-cash items charged to the net surplus or deficit on the provision of services	(8,763)	(3,450)
(10,887)			(13,652)
	c) Adjustment for items in the net (surplus)/deficit on the provision of services that are investing and financing activities		
1,713	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,504	
1	Other Receipts for investing activities	248	3,752
(9,173)	**d) Net Cash Flows from Operating Activities**		(9,900)
	e) Investing Activities		
13,864	Purchase of property, plant and equipment, investment property and intangible assets	20,053	
6,418	Purchase of Short Term and Long Term Investments	73	
13,517	Other Payments for investing activities	18,192	
(1,713)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,504)	
(3,436)	Proceeds from Short Term and Long Term Investments	(73)	
(182)	Capital Grants received in year	(237)	
(1)	Other Receipts for investing activities	(248)	
28,467	Net cash flows from investing activities		34,256
	f) Financing Activities		
(89,433)	Cash Receipts of short and long term borrowing	(63,125)	
(14,316)	Other receipts from financing activities	(14,316)	
69,088	Repayments of short and long term borrowing	65,058	
(34,661)	Net cash flows from financing activities		(12,383)
(12,299)	**g) Net movements in year excluding non-cash items**		11,973
1,628	**h) Cash and cash equivalents at the beginning of the reporting period**		13,927
12,299	**i) Net increase or (decrease) in cash or cash equivalents**		(11,973)
13,927	**j) Cash and cash equivalents at the end of the reporting period**		1,954

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’.

This Statement of Accounts have been prepared in accordance with:

- The CIPFA/LASAAC Code of Practice on Local Authority Accounting in the UK 2025/26 (“the Code”)
- The Local Authorities (Capital Finance and Accounting) Regulations 2003, as amended
- Applicable International Financial Reporting Standards (IFRS), as interpreted for the public sector
- The Accounts and Audit Regulations 2015

The accounts are intended to present a true and fair view of the Council’s financial position and transactions. With the exception of the Cash Flow Statement, they follow the accruals basis of accounting and are presented on the assumption of going concern, reflecting the continued statutory provision of services.

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 Polices, 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
- 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. Assets will be reviewed for impairment when appropriate.

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
- 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
An exemption will be applied:

- 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.

14.14. 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.

14.15. 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

14.16. 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.

14.17. 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.

14.18. 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.

14.19. 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.

14.20. 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 2025/26 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 2025/26, 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.

14.21. 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.

14.22. 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.

14.23. 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.

14.24. 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 that 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.

14.25. 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.

14.26. 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.

14.27. 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.

14.28. 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.

14.29. 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’.

14.30. 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.

14.31. 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.

14.32. 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 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.

14.33. 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.

15.1. Expenditure and Funding Analysis

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.

Financial Year 2025/26	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	920	(498)	422	(36)	386
Communities	2	4,885	4,887	1,521	6,408
Corporate Services	8,921	(3,519)	5,402	(637)	4,765
Environment	4,218	481	4,699	109	4,808
Housing - HRA Services	(108)	1,796	1,688	(7,763)	(6,075)
Housing - Other Services	1,041	(192)	849	1,248	2,097
Non-Directorate Specific	405	(0)	405	239	644
Net cost of services	15,399	2,953	18,352	(5,319)	13,033
Other income and expenditure - HRA Services	0	(1,661)	(1,661)	0	(1,661)
Other income and expenditure - Other Services	(12,626)	(1,291)	(13,917)	(7,255)	(21,172)
(Surplus) or deficit	2,773	1	2,774	(12,574)	(9,800)
Opening General Fund and HRA Balance (Note 1)			(24,577)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			2,774		
Closing General Fund and HRA Balance as at 31 March 2026			(21,803)		

15.1.1 Note 1 to the 2025/26 Expenditure and Funding Analysis

Analysis of Balances 2025/26	Opening Balance	(Surplus)/Deficit in Year	Closing Balance as at 31 March
	£'000	£'000	£'000
General Fund	(5,335)	1,952	(3,383)
Earmarked Reserves (General Fund & HRA)	(16,242)	822	(15,420)
Housing Revenue Account	(3,000)	0	(3,000)
Total Balances	(24,577)	2,774	(21,803)

15.1.2 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)

15.1.3 Note 2 to the 2025/26 Expenditure and Funding Analysis

Reconciliation between out-turn and EFA 2025/26	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	19,549		19,549	(19,549)	0
Chief Executive	(23)		(23)	943	920
Communities	(5,258)		(5,258)	5,260	2
Corporate Services	3,668		3,668	5,253	8,921
Environment	(2,324)		(2,324)	6,541	4,218
Housing	(511)	(108)	(619)	1,552	933
Non-Directorate Specific	405		405	0	405
Directorate total	15,507	(108)	15,399	0	15,399
Interest & Investment Income	(1,198)		(1,198)	1,198	0
Government Grant Funding	(3,038)		(3,038)	3,038	0
Transfers to/(from) Reserves	(1,416)	108	(1,308)	1,308	0
Transfers to/(from) Balances	0		0	0	0
Transactions below the line	6,261		6,261	(6,261)	0
Other Income and expenditure	0		0	(16,256)	(16,256)
Budget Requirement	16,115	0	16,115	(16,972)	(857)
Business Rate Income	(3,962)		(3,962)	3,962	0
Revenue Support Grant	(159)		(159)	159	0
Council Tax Income	(8,434)		(8,434)	8,434	0
Parish Precepts	(670)		(670)	670	0
New Homes Bonus	(255)		(255)	255	0
Lower Tier Services Grant	(543)		(543)	543	0
Transfers to/(from) the Collection Fund	(141)		(141)	141	0
Transfers to/(from) Working Balances	(2,808)		(2,808)	2,808	0
Budget Shortfall / (Underspend)	(857)	0	(857)	0	(857)
Reconciliation to EFA					
Directorate total					15,399
Other income and expenditure in outturn				(16,256)	
Less movements in reserves items:					
Transfers to/(from) Reserves (adjusted within outturn presentation)				822	
Transfers to/(from) Balances				0	
Use of Working Balances				2,808	
Other income and expenditure in EFA					(12,626)
(Surplus) or deficit in EFA					2,773

15.1.4 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
Transfers to/(from) Balances	0		0	0	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:		
Transfers to/(from) Reserves (adjusted within outturn presentation)	772	
Transfers to/(from) Balances	0	
Use of Working Balances	1,950	
Other income and expenditure in EFA		(13,944)
(Surplus) or deficit in EFA		1,787

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 2025/26	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Chief Executive	2	(40)	2	(36)
Communities	1,717	(199)	3	1,521
Corporate Services	515	(1,151)	(1)	(637)
Environment	944	(848)	13	109
Housing - HRA Services	(975)	(870)	(5,918)	(7,763)
Housing - Other Services	1,312	(67)	3	1,248
Non-Directorate Specific	0	239	0	239
Net cost of services	3,515	(2,936)	(5,898)	(5,319)
Other income and expenditure from the funding analysis	(6,148)	0	(1,509)	(7,657)
Difference between General Fund & HRA surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(2,633)	(2,936)	(7,407)	(12,976)

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. (Includes: Accruals, Collection Fund timing differences, Employee Benefit Accruals and Other statutory adjustments as specified by legislation.

15.1.6 Note 4 to the Expenditure and Funding analysis

2024/25 Income	Summary of revenue recognised from contracts with service recipients within Expenditure & Funding Analysis	2025/26 Income
£'000		*£'000*
(5)	Chief Executive	(9)
(8,242)	Communities	(4,441)
(1,374)	Corporate Services	(866)
(582)	Enviroment	(3,560)
(36,065)	Housing - HRA Services	(36,127)
(2,860)	Housing - Other Services	(905)
0	Non-Directorate Specific	0
(49,128)	Revenue recognised within EFA	(45,908)
0	Other income - HRA Services	0
0	Other income - Other Services	0
0	Other income recognised within EFA	0
(49,128)	Total revenue recognised from contracts with service recipients within EFA	(45,908)

15.2. Other Operating Expenditure/Income

2024/25 Net Expenditure	Other Operating Expenditure	2025/26 Expenditure	2025/26 Income	2025/26 Net Expenditure
£'000		*£'000*	*£'000*	*£'000*
625	Parish Precepts	670	0	670
49	Levies	46	0	46
719	(Gains)/Losses on the disposal of non-current assets	(1,394)	0	(1,394)
1,393	Total	(678)	0	(678)

15.3. Financing and Investment Income and Expenditure

2024/25 Net Expenditure	Financing and Investment Income and Expenditure	2025/26 Expenditure	2025/26 Income	2025/26 Net Expenditure
£'000		*£'000*	*£'000*	*£'000*
4,257	Interest Payable and Receivable	7,831	(3,894)	3,937
(731)	Other Investment Income	0	(691)	(691)
(84)	Pensions Interest cost and return on pension assets	0	(1,332)	(1,332)
(512)	Trading Operations (see below)	608	(1,216)	(608)
(5,185)	Investment Properties (inc fair value changes)	0	(2,319)	(2,319)
(202)	Financial Instruments	0	(479)	(479)
(2,457)	Total	8,439	(9,931)	(1,492)

The following (surpluses)/deficits have been realised in relation to Trading Operations carried out during 2025/26:

2024/25 Net Expenditure	Trading Operations	2025/26 Expenditure	2025/26 Income	2025/26 Net Expenditure
£'000		*£'000*	*£'000*	*£'000*
(353)	Industrial Estates	0	(366)	(366)
(15)	Spotlites Café	192	(193)	(1)
(144)	Trade Refuse Services	416	(657)	(241)
(512)	Total	608	(1,216)	(608)

15.4. 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.

2024/25	Taxation and Non-specific Grant Income	2025/26
£'000		*£'000*
(8,761)	Council Tax Income	(8,993)
(3,362)	Business Rates Income	(4,794)
(4,269)	Non-Ringfenced Government Grants	(4,040)
(3,867)	Capital Grants & Contributions	(3,238)
(20,259)	Total	(21,065)

15.5. Expenditure and Income analysed by nature

2024/25 Total Net Expenditure	Expenditure and Income Analysed by Nature	2025/26 General Fund Net Expenditure	HRA Net Expenditure	Total Net Expenditure
£'000		£'000	*£'000*	*£'000*
	Expenditure			
25,388	Employee expenses	19,326	7,008	26,333
48,017	Other service expenses	35,318	13,160	48,478
5,302	Depreciation, amortisation, impairment & revaluations	2,389	8,694	11,082
719	(Gains)/losses on disposal of non-current assets	215	(1,609)	(1,394)
6,605	Interest payments	5,045	1,878	6,923
674	Precepts & levies	716	0	716
86,705	Total Expenditure	63,008	29,130	92,138
	Income			
(56,371)	Fees and charges and other service income	(17,946)	(38,115)	(56,061)
(12,123)	Income from Council Tax and Business Rates	(13,787)	0	(13,787)
(30,164)	Government grants and contributions	(25,410)	(2,094)	(27,504)
(3,163)	Interest and investment income	(4,586)	0	(4,586)
(101,821)	Total Income	(61,729)	(40,209)	(101,938)
(15,116)	(Surplus)/Deficit on the Provision of Services	1,279	(11,078)	(9,800)

15.5.1 Government Grants and Contributions

2024/25 Total	Government Grants and Contributions (significant items from Expenditure & Income by Nature)	2025/26 General Fund	2025/26 HRA	2025/26 Total
£'000		£'000	£'000	£'000
(1,130)	Disabled Facilities Grant	(1,312)		(1,312)
(515)	Homeless Prevention Grant	(912)		(912)
(237)	Housing Benefit Administration Grant	(241)		(241)
(18,449)	Housing Benefit Subsidy	(15,168)		(15,168)
(597)	Lower Tier & Services Grants	(398)		(398)
(476)	New Homes Bonus Grant	(255)		(255)
(1,131)	NNDR - Multiplier Cap	(1,212)		(1,212)
(395)	NNDR - Retail Relief	(402)		(402)
(764)	NNDR - Small Business Rate Relief	(869)		(869)
(497)	NNDR - Adjustment Receipt	(267)		(267)
(234)	NNDR - Transitional Arrangement Scheme	0		0
0	NNDR - Section 31	(232)		(232)
(354)	Rough Sleeping Initiative	(200)		(200)
(202)	Contributions from Elections	0		0
(615)	UK Shared Prosperity Fund	0		0
(368)	Local Plan Support Funding	0		0
0	Extended Producer Responsibility	(1,413)		(1,413)
(4,200)	Other Grants and Contributions under £200k	(2,529)	(2,094)	(4,623)
(30,164)	Total - Significant Items	(25,410)	(2,094)	(27,504)

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

2024/25 Total	Government Grants and Contributions Analysed by Nature	2025/26 General Fund	2025/26 HRA	2025/26 Total
£'000		£'000	£'000	£'000
(23,630)	Income credited to services	(18,132)	(2,094)	(20,226)
(6,533)	Income credited taxation & non-specific grant income.	(7,278)	0	(7,278)
(30,163)	Total	(25,410)	(2,094)	(27,504)

15.6. Property Plant and Equipment

Revaluations of the Council's assets are carried out on a five yearly cycle as per paragraph 14.7 of the Accounting Policies. For 2025/26, valuations were carried out by Wilks Head & Eve based on a valuation date of 31 March 2026.

Every five years an external valuation of the housing stock is carried out. The most recent full valuation was as at 31 March 2026 and was conducted by Wilks Head & Eve.

Due to changes in the Code, the Council has introduced the use of indexation for asset valuations from 2025/26. Indexation is a tool used to apply an inflationary increase to assets in the years between professional valuations based on relative changes in valuations using indices based on a range of factors, including inflation, local cost pressures and, for some assets, the scarcity of resources for replacing the assets. The purpose of applying indexation to asset values is to ensure the value of an asset is kept materially up to date for movements in variables. Indexation is an approximation of market changes; it is not a valuation of a specific asset.

Property, plant & equipment

	Operational Assets						Non-Op Assets		
Financial Year 2025/26	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Right of Use Assets	Assets Under Construction	Surplus Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation **As at 1 April 2025**	441,815	54,897	11,748	2,218	3,122	38	9,603	2,765	526,206
Additions	11,617	883	1,249	0	709	0	10,704	0	25,162
Revaluation increases/(decreases) recognised in Revaluation Reserve	2,423	17,483	0	0	(236)	0	0	0	19,670
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	(3,485)	(918)	0	0		0	0	4	(4,399)
Derecognition - disposals	(1,751)	(244)	0	0	0	0	0	0	(1,995)
Assets reclassified	1,656	0	0	0	0	0	(1,656)	0	0
As at 31 March 2026	452,275	72,101	12,997	2,218	3,595	38	18,651	2,769	564,644
Accumulated Depreciation and Impairments **As at 1 April 2025**	94	(1,939)	(6,292)	(2,182)	(1)	(8)	(147)	0	(10,475)
Depreciation Charge for year	(5,687)	(1,376)	(800)	(1)	0	0	0	0	(7,864)
Accumulated depreciation written out to the Revaluation Reserve	4,618	2,658	0	0	0	0	0	0	7,276
Accumulated depreciation written out to the Surplus/Deficit on the Provision of Services	1,042	167	0	0	0	0	0	0	1,209
Accumulated depreciation and impairment written back on disposal	27	29	0	0	0	0	0	0	56
As at 31 March 2026	94	(461)	(7,092)	(2,183)	(1)	(8)	(147)	0	(9,798)
Net Book Value									
At 31 March 2026	452,369	71,640	5,905	35	3,594	30	18,504	2,769	554,846
At 1 April 2025	441,909	52,958	5,456	36	3,121	30	9,456	2,765	515,731
Nature of Asset Holding									
Owned	452,369	71,640	5,905	35	3,594	30	18,504	2,769	554,846
Finance Lease	0	0	0	0	0	0	0	0	0
Total	452,369	71,640	5,905	35	3,594	30	18,504	2,769	554,846

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

Property, plant & equipment								
	Operational Assets					Non-Op Assets		
Financial Year 2025/26	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Assets Under Construction	Other Land & Buildings	Total
	£'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:								
2025/26	10,460	17,204	1,249	0	473	9,048	4	38,438
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	453,931	72,101	13,035	2,218	3,595	16,995	2,769	564,644

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 2025/26 the total depreciation charges were £7.8m (£9.0m, 2024/25), including £5.6m 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 2025	Heritage Assets	31st March 2026
£'000		*£'000*
311	Fort Gardens - Bandstand	311
2,796	Clock Tower	2,796
111	Puji Memorial	111
23	Mayoral Chains	23
183	Civic regalia	183
104	Museum exhibits	104
1,085	Woodlands Park Bunker	85
267	Queen Elizabeth II Statue	267
66	Other Miscellaneous Properties	66
4,946	Total	3,946

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 2025/26, valuations were conducted by Wilks Head & Eve based on a valuation date of 31 March 2026.

31st March 2025	Investment Properties	31st March 2026
£'000		*£'000*
1,723	Additions	0
2,687	Revaluation	(132)
4,410	Total increase/(decrease) in	(132)
41,178	Balance brought forward at 1 April	45,588
4,410	Movement in year	(132)
45,588	Balance carried forward at 31 March	45,456

The Council acts as a lessor on a portfolio of commercial properties for which rental income for 2025/26 amounted to £4.5m. The net book value of these assets within the Balance Sheet is £82.7m.

Property	Income 2024/25	Income 2025/26	Balance Sheet value
	£'000	£'000	£'000
St Georges Shopping Centre	1,123	1,048	5,900
Network House, Gillingham Business Park	271	248	3,616
Industrial Units, Springhead Enterprise Park	1,505	1,476	23,151
Site at Stuart Road, Gravesend	391	391	6,546
District Shopping Centres	396	408	6,027
Industrial Units, Norfolk Road	452	469	7,432
St John's House, Dartford	139	148	1,916
123-127 High Street Shop, Sittingbourne	71	71	868
35-36 New Road	40	40	496
Miscellaneous Properties	210	235	26,772
Total	4,597	4,534	82,722

15.10. Debtors

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

31st March 2025	Short term Debtors	31st March 2026
£'000		*£'000*
6,781	Receivables from related parties	5,721
3,409	Accrued receipts	3,607
2,734	Tenant debtors	1,587
3,428	Council taxpayers	4,029
1,130	Business ratepayers	1,370
4,395	Sundry debtors	4,026
1,081	Prepayments	917
725	H.M.R.C	1,059
1,295	Other receivables	2,025
24,979	Total	24,342

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 2025	Cash and Cash Equivalents	31st March 2026
£'000		*£'000*
0	Cash in Hand/(Overdrawn)	331
13,927	Short Term Deposits	1,623
13,927	Total Cash & Cash Equivalents	1,954
1,628	Balance brought forward at 1 April	13,927
12,299	Movement in year	(11,973)
13,927	Balance carried forward at 31 March	1,954

15.12. Creditors

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

31st March 2025	Short term Creditors	31st March 2026
£'000		*£'000*
(2,134)	Central government bodies	(2,427)
(775)	Other local authorities	(888)
(3,096)	Other short term creditors	(2,361)
(4,481)	Accrued payments	(6,272)
(2,723)	Receipts in advnace	(13,912)
(1,200)	Amounts owed to HRA tenants	(1,389)
(164)	Amounts owed to Council tax payers	(375)
(605)	Amounts owed to Business rate payers	(994)
(709)	Cash in Hand/(Overdrawn)	0
(15,887)	Total	(28,619)

15.13. Provisions

Provisions are recognised where the Council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. Provisions are determined to be short- or long-term dependent on when settlement is expected and are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation. Provisions are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Where some or all the payment required to settle a provision is expected to be recovered from a third party, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

All provisions are reviewed annually to ensure they are at an appropriate level.

31st March 2025	Provisions	Movement	31st March 2026
£'000		*£'000*	*£'000*
(24)	IFRS16 Lease Liability	8	(16)
(127)	Municipal Mutual Insurance Company	0	(127)
(1,566)	Business Rates Appeals	1,258	(308)
(1,717)	Total held	1,266	(451)

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 2025	Unusable Reserves	31st March 2026
£'000		*£'000*
(146,334)	Revaluation Reserve (note 15.14.1)	(167,951)
(311,106)	Capital Adjustment Account (note 15.14.2)	(332,499)
17,337	Financial Instruments Adjustment Account (note 15.14.3)	16,935
517	Accumulated Absences Account (note 15.14.4)	559
(1)	Deferred Capital Receipts Reserve	0
1,299	Pensions Reserve (Note 15.14.5)	1,602
768	Collection Fund Adjustment Account (note 18.5)	(738)
1,278	Pooled Investment Funds Adjustment Account	4,739
(436,242)	Total Unusable Reserves	(477,353)

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.

202425	Revaluation Reserve	2025/26
£'000		£'000
(124,589)	Balance at 1 April	(146,334)
(27,324)	Upward revaluation of assets	(43,159)
1,877	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	16,243
(25,447)	**Surplus or Deficit on the revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services**	(26,916)
3,270	Difference between fair value depreciation and historic cost depreciation	3,946
0	Transfers between accounts - change of category	0
432	Accumulated gains on assets sold or scrapped	1,353
3,702	**Amount written off to the Capital Adjustment Account**	5,299
(146,334)	Balance at 31 March	(167,951)

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.

2024/25	Capital Adjustment Account	2025/26
£'000		*£'000*
	Sources of Finance	
(6,017)	Capital Receipts	(7,327)
(1,373)	Government grants and contributions (received in year)	(4,529)
0	Government grants and contributions (brought forward)	(2,382)
(5,018)	Major Repairs Reserve	(9,072)
(12,408)		(23,310)
	Sums set aside from revenue	
(6,852)	Direct revenue contributions	(4,992)
(4,865)	Minimum revenue provision (MRP)	(5,821)
(11,717)	Increase or decrease during year	(10,813)
	Removal of items not chargeable to Fund Balances	
8,994	Depreciation charged in the year	7,872
126	Amortisation charged in the year	132
3,283	Revaluation losses - PPE	4,834
(4,212)	Reversal of impairment losses - HRA	(1,640)
0	Reversal of impairment losses - GF	0
(2,687)	Revaluation (gains)/losses - Investment properties	509
2,432	Disposals in the year	1,939
(222)	Rosherville Investment - Expected Credit Loss	663
1,863	Revenue expenditure met from capital under statute	2,987
9,577	Increase or decrease during year	17,296
(14,548)	Total accounting adjustments between funding basis under statue	(16,827)
	Write Down of Revaluation Reserve	
(432)	Accumulated Gains on disposed assets	(620)
(3,270)	Revaluation Reserve depreciation	(3,946)
0	Transfer between accounts - change of category	0
(3,702)		(4,566)
(18,250)	**Increase or decrease during year**	(21,393)
(292,856)	Balance brought forward at 1 April	(311,106)
(18,250)	Movement in year	(21,393)
(311,106)	**Balance carried forward at 31 March**	(332,499)

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.

2024/25	Financial Instruments Adjustment Account	2025/26
£'000		£'000
0	Private Sector renovation loans	0
(404)	Amortised loan extinguishment premium	(402)
0	Total increase/(decrease) in Financial Instruments	(402)
17,741	Balance brought forward at 1 April	17,337
(404)	Movement in year	(402)
17,337	Balance carried forward at 31 March	16,935

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.

2024/25	Pensions Reserve	2025/26
£'000		£'000
3,321	Charged to Net Cost of Services	2,425
0	Interest Charged on Asset Ceiling	(1,022)
(4,331)	Employer contributions	(4,575)
768	Acturial gains and losses	3,475
(242)	Total increase/(decrease) in Pension Reserve	303
1,541	Balance brought forward at 1 April	1,299
(242)	Movement in year	303
1,299	Balance carried forward at 31 March	1,602

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 2025	Usable Reserves	31st March 2026
£'000		£'000
(16,154)	Capital Receipts Reserve (note 15.15.1)	(12,410)
(15,032)	Earmarked Reserves (note 15.15.3)	(14,370)
(1,210)	Revenue Grants not yet applied (note 15.15.3)	(1,050)
(2,590)	Capital Grants & Contributions Unapplied (note 15.5.2)	(348)
(3,473)	Major Repairs Reserve (note 17.5)	(341)
(5,335)	General Fund Balance	(3,383)
(3,000)	Housing Revenue Account Balance	(3,000)
(46,794)	Total Usable Reserves	(34,902)

15.15.1. Capital Receipts Reserve

2024/25	Capital Receipts Reserve	2025/26
£'000		£'000
(1,713)	Cash proceeds from the disposal of non-current assets	(3,504)
(1)	Other capital receipts	(79)
0	Transfer from Deferred Capital Receipts	0
6,017	Applied in Capital Financing	7,327
4,303	Total (increase)/decrease	3,744
(20,457)	Balance brought forward at 1 April	(16,154)
4,303	Movement in year	3,744
(16,154)	Balance carried forward at 31 March	(12,410)

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 make 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 2025/26.

15.15.2. Grants and Contributions Unapplied

The Council will, from time to time, hold capital grants and contributions to meet future capital expenditure.

Capital Grants & Contributions Unapplied	Balance at 31st March 2025	Transfer to General Fund Balance	Applied in capital financing	Balance at 31st March 2026
	£'000	£'000	£'000	£'000
CLG - Localised Council Tax Support	(41)	0	41	0
Milton Place	(1,629)	0	1629	0
Social Housing Decarbonisation Fund	(42)	0	42	0
St Columbas	(823)	0	501	(322)
Land at South of Hever Court Road	(55)	0	55	0
PEEPs	0	(26)	0	(26)
Total (increase)/decrease	(2,590)	(26)	2268	(348)
Balance brought forward at 1 April	(96)			(2,590)
Movement in year	(2,494)			2,242
Balance carried forward at 31 March	(2,590)			(348)

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 2025	Earmarked Reserves	Transfer from balances	Applied in revenue financing	Transfer between reserves	31st March 2026
£'000		£'000	£'000	£'000	£'000
(927)	Planning Policy Reserve	0	261	0	(666)
(1,021)	Asset Enhancement Reserve	(99)	624	0	(496)
(14)	Leisure Centres Reserve	0	14	0	0
(443)	Corporate Priorities Reserve	(350)	233	0	(560)
(188)	Elections Reserve	0	0	0	(188)
(1,080)	Business Rates Collection Fund Reserve	(580)	1,036	0	(624)
(540)	IT Infrastructure Reserve	(44)	318	0	(266)
(404)	DSO Vehicle Capital Reserve	(262)	100	0	(566)
(469)	Waste Freighter Replacement Reserve	(973)	387	0	(1,055)
(525)	NNDR Growth Fund Reserve	(506)	175	0	(856)
(400)	Investment Interest Equalisation Reserve	0	100	0	(300)
(700)	Housing & Commercial Growth Fund	0	0	0	(700)
(555)	Commercial Income Protection Reserve	(18)	20	0	(553)
(178)	Playgrounds Reserve	(38)	93	0	(123)
(62)	Decriminalisation Reserve	(81)	0	0	(143)
(927)	Enterprise Zone Reserve	(671)	773	0	(825)
(367)	Climate Change Reserve	(4)	168	0	(203)
(3,979)	Debt Repayment Reserve	0	0	0	(3,979)
(12,779)	Sub-total - Specfic GF Earmarked Reserves	(3,626)	4,302	0	(12,103)
(1,755)	HRA General Reserve	0	0	0	(1,755)
(500)	HRA Priority Reserve	0	93	0	(407)
0	Rose Street Reserve	(107)	0	0	(107)
(15,034)	Total Specific Earmarked Reserves	(3,733)	4,395	0	(14,372)
(1,210)	Revenue Grants not yet applied	0	160	0	(1,050)
(16,244)	Total All Earmarked Reserves	(3,733)	4,555	0	(15,422)
(17,014)	Balance brought forward at 1 April				(16,242)
772	Movement in year				822
(16,242)	Balance carried forward at 31 March				(15,420)

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.

Business Rates Collection Fund Equalisation Reserve – To smooth the timing differences bought 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.

Rose Street Reserve – To hold sums related to works and insurance sums relating to fire-damaged properties at Rose Street, Gravesend.

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.

15.16. Adjustments Between Accounting Basis and Funding Basis under regulations

Adjustments between Accounting Basis and Funding Basis under regulations - 2025/26	General Fund Balance	HRA	Major Repairs Reserve	Capital Receipts	Grants and Cont unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments primarily involving the Capital Adjustment Account						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement						
Charges for depreciation of non-current assets	(1,906)	(5,967)				7,873
Charges for impairment of non-current assets						0
Revaluation gains/losses on Property, plant and equipment	0	(2,644)				2,644
Movement in the fair value of Investment Properties	(132)					132
Amortisation of intangible assets	(48)	(83)				131
Capital Grants & Contributions applied	1,308	1,904				(3,212)
Revenue expenditure funded from capital under statute (REFCUS)	(1,439)	(1,549)				2,988
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	(215)	(1,724)				1,939
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	(663)					663
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement						
Statutory provision for the financing of capital investment (MRP)	1,431	4,390				(5,821)
Capital expenditure charged against the General Fund and HRA balances (Direct Revenue Financing)	3,142	3,289				(6,431)
Amortised loan extinguishment premium	402					(402)
Adjustments primarily involving the Capital Grants Unapplied Account						
Capital Grants & Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0	26			(26)	0
Application of grants to capital financing transferred to the Capital Adjustment Account					0	0
Adjustments primarily involving the Capital Receipts Reserve						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	249	3,333		(3,582)		0
Other Capital Receipts	0	0		0		0
Use of the Capital Receipts Reserve to finance new capital expenditure				7,327		(7,327)
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
Adjustments primarily involving the Deferred Capital Receipts Reserve						
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				0		0
Adjustments primarily involving the Major Repair Reserve						
Reversal of Major Repairs Allowance credited to the HRA		5,939	(5,940)			1
Use of the Major Repair Reserve to finance new capital expenditure			9,072			(9,072)
Adjustments primarily involving the Financial Instruments Adjustment Account						
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	0				0
Adjustments primarily involving the Pensions Reserve						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(1,144)	(241)				1,385
Employer's pensions contributions and direct payments to pensioners payable in the year	3,210	1,111				(4,321)
Adjustments primarily involving the Collection Fund Adjustment Account						
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	108					(108)
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	1,397					(1,397)
Adjustment primarily involving the Accumulated Absences Account						
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	(21)	(21)				42
Adjustment primarily involving the Pooled Investment Funds Adjustment Account						
Loss on redemption of Pooled Investment Funds	80					(80)
Reversal of Pooled Investment Movements	479					(479)
(Increase)/Decrease in year	6,238	7,763	3,132	3,744	(26)	(20,851)

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 2025/26 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 31/03/2026
Cllr. S Mochrie-Cox Cllr. A Williams	Appointed Council Representative(s) on board of - **Gravesham Network Development** (CIC)	£15,254	£0
Cllr. S Mochrie-Cox Cllr. J Hart	Appointed Council Representative(s) on board of - **Gravesham Community Leisure Ltd** (GCLL)	£8,940	£0
Cllr. D Croxton	Appointed Council Representative on board of **Citizens Advice Bureau** (CAB)	£136,941	£0
	CAB Use of Premises	£11,000	£0
Cllr. J Burden Cllr. L Croxton Cllr. K O'Malley	Appointed Council Representative(s) on board of **Elizabeth Huggins Cottages Charity**	£71,400	£0
Clr. L Croxton Cllr. J Wallace Cllr. L Pearton	Appointed Council Representative(s) on board of **North Kent Marshes IDB**	£45,634	£0
Cllr. J Burden Cllr. S Mochrie-Cox	Appointed Council Representative(s) on board of **STG Building Control Partnership**	£119,161	£0
Cllr. J Wallace Cllr G Larkins Cllr A Ridgers	Appointed Council Representative(s) on board of **Henry Pinnocks Charity**	£1,367,131	£0

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 2025/26 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 96.

15.18. Member Allowances

Member allowances (including all payments in relation to remuneration) to the value of £351k were paid during 2025/26 (2024/25 £338k,) 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 2025/26	Pay and allowances	Compensation for loss of office	Pension	Total remuneration
	£'000	£'000	£'000	£'000
Chief Executive	153	-	31	184
Director (Communities)	127	-	23	150
Director (Corporate Services)	116	-	21	137
Director (Environment)	107	-	21	128
Director (Housing)	48	-	9	57
Total	551	-	105	656

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 (Housing & Operations)	95	-	18	113
Director (Planning & Development)	113	-	20	133
Total	592	-	114	706

The contribution rate for employer pension was 20.8% in 2025/26 (20.8% in 2024/25). Additionally, a lump sum of £271k, has been paid as a “past service contribution”. This amount is not included in the pension contributions for 2025/26 shown in the table above.

Employees earning above £50,000

2024/25	Employees earning above £50,000	2025/26
nos		nos
	Remuneration band	
28	£50,001 - £55,000	34
19	£55,001 - £60,000	20
27	£60,001 - £65,000	25
8	£65,001 - £70,000	14
9	£70,001 - £75,000	5
5	£75,001 - £80,000	8
2	£80,001 - £85,000	1
3	£85,001 - £90,000	1
1	£90,001 - £95,000	5
3	£95,001 - £100,000	-
-	£100,001 - £105,000	2
1	£105,001 - £110,000	3
-	£110,001 - £115,000	1
106	Total	119

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	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	
Cost band (including special payments)	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
	nos	nos	nos	nos	nos	nos	£'000	£'000
£1-£20,000	-	1	2	1	2	2	19	19
£20,001-£40,000	-	2	1	-	1	2	25	54
£40,001-£60,000	1	-	1	-	2	-	106	-
£60,001-£80,000	1	-	-	-	1	-	69	-
£80,001-£160,000	-	1	-	-	-	1	-	152
Total	2	4	4	1	6	5	219	225

15.20. External Audit Costs

The Council incurred the following fees relating to external audit, grant certification and other services in 2025/26.

2024/25	External Audit Costs	2025/26
£'000		*£'000*
192	Fees payable with regard to external audit services carried out for the year	191
72	Fees payable for the certification of grant claims and returns for the year	64
0	Adjustments for fees across all external audit services relating to prior years*	0
264	Total	255

15.21. Construction Contracts (Commitments under Capital Contracts)

The Council has approved expenditure in future years of £207.31m (2024/25, £177.41m) under its capital programme of which £37.95m (2024/25, £38.55m) had been contracted as at 31 March 2026. The split between schemes contracted and not contracted is as follows:

Expenditure approved and contracted at 31 Mar 2025	Commitments under Capital Contracts	Expenditure approved and contracted at 31 Mar 2026
£'000		*£'000*
735	Health & safety works	252
15,128	New building programme	33,461
710	Other HRA Schemes	2,591
19,771	Rosherville Loan (The Charter)	0
507	Disabled Facilities	0
1,629	Milton Place	0
68	Other General Fund Schemes	1,643
38,548	Total	37,947

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 2025 and has been incorporated into the year-end actuary report for IAS19 accounting.

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:

2024/25	Pension Costs - Transactions relating to retirement benefits	2025/26
£'000		*£'000*
	Comprehensive Income & Expenditure Statement	
3,111	Current service cost	2,352
22	Past service costs	103
136	Administrative Expenses	154
136	Unfunded benefits	126
3,405		2,735
(84)	Net interest expense	(310)
3,321	*Net charge to Comprehensive Income & Expenditure Statement*	2,425
1,010	*Movement on Pensions Reserve*	2,150
4,331	*Employer's contributions payable to LGPS*	4,575

Assets and Liabilities in Relation to Retirement Benefits

The underlying assets and liabilities for retirement benefits attributable to the Council at 31 March 2026 are as follows:

2024/25	Assets and liabilities relating to retirement benefits	2025/26
£'000		£'000
(130,294)	Present value of the defined benefit obligation	(132,756)
147,566	Fair value of plan assets	162,733
17,272	Net liability arising from defined benefit obligation	29,977
(17,535)	Impact of Asset Ceiling	(30,713)
(1,036)	Present value of unfunded liabilities	(866)
(1,299)	*Total net liability*	(1,602)

Gravesham Borough Council's net liability on the Kent County Council Pensions Fund has increased from £1.299m at the previous year-end to £1.602m at 31st March 2026. 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 an increase in the pension fund deficit of £0.303m 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.

The updated impact of applying the asset ceiling has been recognised in the financial statements, along with the interest on the impact of the asset ceiling amounting to a total £30.713m. 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 £1.602m. 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:

2024/25	Present value of Scheme liabilities (defined benefit obligation and unfunded liabilities)	2025/26
£'000		£'000
(145,864)	Scheme Liabilities brought forward	(131,330)
(3,111)	Current service cost	(2,352)
(7,024)	Interest cost	(7,207)
(1,122)	Contributions from scheme participants	(1,207)
0	Remeasurement gains/losses:	
386	- actuarial gains/losses arising from changes in demographic assumptions	(1,898)
18,387	- actuarial gains/losses arising from changes in financial assumptions	4,973
(22)	Past service cost	(103)
6,706	Benefits paid	7,781
334	Experience loss/(gain) on defined benefit obligation	(2,279)
(131,330)	*Total value of liabilities*	(133,622)

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

2024/25	Fair value of Scheme assets	2025/26
£'000		£'000
144,323	Scheme Assets brought forward	147,566
7,108	Interest income	8,539
0	Remeasurement gains/losses:	
(2,340)	- the return on plan assets, excluding the amount included in the net interest expense	8,035
0	- other	872
4,195	Contribution from employer	4,449
1,122	Contribution from employees into the scheme	1,207
(6,706)	Benefits paid	(7,781)
(136)	Administrative expenses	(154)
147,566	*Total value of assets*	162,733

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.

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

2024/25	Reconciliation of Opening & Closing Surplus / Deficit	2025/26
£'000		£'000
(1,541)	Balance at 1 April	(1,299)
7,108	Interest Income	8,539
4,195	Contribution from employer	4,449
1,122	Contribution from employees into the scheme	1,207
(6,706)	Benefits paid	(7,781)
(136)	Administrative expenses	(154)
(3,111)	Current service cost	(2,352)
(7,024)	Interest cost	(7,207)
(1,122)	Contributions from scheme participants	(1,207)
16,433	Remeasurement gains/losses:	11,982
(22)	Past service cost	(103)
6,706	Benefits paid	7,781
334	Experience loss/(gain) on defined benefit obligation	(2,279)
16,236	**Position before impact of asset ceiling**	11,576
(17,535)	Impact of Asset Ceiling	(12,156)
0	Interest on impact of asset ceiling	(1,022)
(1,299)	*Balance at 31 March*	(1,602)

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 2025/26 accounts), as at 31 March 2025. 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:

2024/25 Assumptions used		2025/26 Assumptions used
%		%
	Long term expected return on assets	
	Mortality assumptions (years)	
20.70	Longevity at 65 for current pensioners (men)	21.60
23.30	Longevity at 65 for current pensioners (women)	23.90
22.00	Longevity at 65 for future pensioners (men)	23.20
24.70	Longevity at 65 for future pensioners (women)	25.60
	Other assumptions	
5.80	Discount rate	6.10
2.90	Pension increases (CPI)	2.90
3.90	Salary increases	3.90

2024/25		Employer asset share - bid value	2025/26	
£'000	%		£'000	%
84,031	56.94	Equities	95,392	58.62
8,747	5.93	Gilts	8,978	5.52
21,936	14.87	Other bonds	22,726	13.97
12,084	8.19	Property	15,898	9.77
5,836	3.95	Cash	4,487	2.76
7,537	5.11	Absolute return	8,123	4.99
7,395	5.01	Infrastructure	7,130	4.38
147,566	100.00	Total	162,734	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	125,389	131,900	133,622	135,383	142,852
Projected service cost	2,011	2,299	2,376	2,457	2,804
Adjustment to long term salary increases	**+0.5%**	**+0.1%**	**+0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	134,098	133,716	133,622	133,528	133,158
Projected service cost	2,376	2,376	2,376	2,376	2,376
Adjustment to pension increases and deferred revaluation	**+0.5%**	**+0.1%**	**+0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	141,970	135,396	133,622	132,337	126,634
Projected service cost	2,837	2,463	2,376	2,293	1,983
Adjustment to life expectancy assumptions	**+1 Year**	**Non**	**-1 Year**		
Present value of total obligation	138,904	133,622	128,574		
Projected service cost	2,457	2,299	2,298		

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 £1.6m in 2025/26) and in some cases the balance reversed so there is a net pension asset. When the balance is an asset, it becomes subject to an asset ceiling which IAS 19 allows for. During 2024/25 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. The updated impact of applying the asset ceiling has been recognised in the financial statements, along with the interest on the impact of the asset ceiling amounting to a total £30.713m. 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 2025 disclosed a net surplus of £3.54m on Gravesham Borough Council's share of the fund, an increase of £2.7m from the 2022 valuation surplus of £0.84m. The last actuarial valuation took place on 31 March 2025 and the change in contribution rates as a result of that valuation took effect from 1 April 2026. The primary rate decreased from 20.8% to 17%, but the secondary rate has changed from a fixed annual amount to an additional 1.4%. The total employer contribution rate is therefore 18.4%.

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.

2024/25	Capital Expenditure and Financing	2025/26
£'000		*£'000*
164,134	*Opening Capital Financing Requirement*	179,568
	Capital Investment	
16,358	Property, Plant and Equipment	25,162
0	Heritage Assets	0
83	Intangible Assets	52
1,723	Investment Properties	0
6,199	Equity Holding in Rosherville Group	7,970
13,332	Long Term Debtor	18,192
1,863	Revenue Expenditure Funded from Capital under statute	2,988
39,558		54,364
	Sources of Finance	
(6,017)	Capital Receipts	(7,327)
(1,373)	Government grants and contributions (received in year)	(4,529)
0	Government grants and contributions (brought forward)	(2,382)
(5,018)	Application of Reserves	(9,072)
(12,408)		(23,310)
	Sums set aside from revenue	
(6,851)	Direct revenue contributions	(4,992)
(4,865)	Minimum revenue provision (MRP)	(5,821)
(11,716)		(10,813)
179,568	*Closing Capital Financing Requirement*	199,809
	Explanation of movements in year	
15,434	*Total increase/(decrease) in underlying need to borrowing* (unsupported by Government financial assistance)	20,241
15,434	**Increase/(Decrease) in Capital Financing Requirement**	20,241

15.24. Contingent Assets and Liabilities

No contingent assets have been identified by the Council as at the end of 2025/26.

The Council is acting as defendant in a number of legal actions where there is uncertainty on whether the council has committed any wrongdoing and therefore it is uncertain whether any settlement would be needed, or where the measurement of any settlement cannot be reliably measured or estimated. As such the council is disclosing this contingent liability in its 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 2025	31 March 2026	31 March 2025	31 March 2026	31 March 2025	31 March 2026	31 March 2025	31 March 2026
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Fair Value through Profit and Loss	14,079	11,197	0	0	0	0	0	*0*
Amortised Cost	0	0	0	0	0	0	0	0
Principal	0	0	45,872	63,394	0	0	11,335	11,713
Cash & Cash Equivalents (CCE)	0	0	0	0	13,927	1,954	0	0
Amortised Cost Total	14,079	11,197	45,872	63,394	13,927	1,954	11,335	11,713
Fair Value through Other Comprehensive Income	24,238	28,042	0	0	0	0	0	0
Total Financial Assets	38,317	39,239	45,872	63,394	13,927	1,954	11,335	11,713
Non-Financial Assets	0	0	0	0	0	0	2,607	3,306
Total	38,317	39,239	45,872	63,394	13,927	1,954	13,942	15,019

Financial Liabilities	Non-Current Borrowings		Current Borrowings		Current Creditors	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026	31 March 2025	31 March 2026
	£'000	*£'000*	*£'000*	*£'000*	*£'000*	*£'000*
Amortised Cost	0	0	0	0	0	0
Principal	118,608	86,521	57,525	92,846	11,749	27,247
Cash at Bank Overdrawn	0	0	709	0	0	0
Loans Accrued Interest	0	0	2,816	3,165	0	0
Total Financial Liabilities	118,608	86,521	61,050	96,011	11,749	27,247
Non-Financial Liabilities	0	0	0	0	0	116
Total	118,608	86,521	61,050	96,011	11,749	27,363

*In 2025/26 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 2025		Borrowings	31 March 2026	
Long Term	Current		Long Term	Current
£'000	*£'000*		*£'000*	*£'000*
112,608	11,009	PWLB	83,521	42,327
6,000	0	Other Market Loans	3,000	3,000
0	46,516	Temporary Loans	0	47,519
118,608	57,525	Total Borrowings	86,521	92,846

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:

2024/25 Surplus or (Deficit) on the provision of Services	2024/25 Other Comprehensive Income & Expenditure	2024/25 Total		2025/26 Surplus or (Deficit) on the provision of Services	2025/26 Other Comprehensive Income & Expenditure	2025/26 Total
£'000	*£'000*	*£'000*		*£'000*	*£'000*	*£'000*
			Net gains/losses on:			
202	0	202	Financial Asset measured at fair value through profit or loss	(494)	0	(494)
0	0	0	Financial Assets measured at fair value through other comprehensive income	0	4,020	4,020
202	0	202	Total new (gain)/losses	(494)	4,020	3,526
			Interest Income:			
(608)	0	(608)	Financial Asset measured at amortised cost	(667)	0	(667)
(679)	0	(679)	Financial Asset measured at fair value through profit and loss	(531)	0	(531)
(1,287)	0	(1,287)	Total interest income	(1,198)	0	(1,198)
2,143	0	2,143	Total interest expense	7,829	0	7,829
17,898	0	17,898	Total loan extinguishment expense	0	0	0

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 2025	31 March 2026
			£'000	*£'000*
Fair value through Profit and Loss				
Lothbury Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	452	73
Hermes Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,924	-
CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,764	1,764
JP Morgan Multi Asset Income Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	4,583	4,841
Jupiter Distribution and Growth Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,616	2,836
Aberdeen Diversified Income Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,719	1,735
			14,058	11,249

The Council holds units within two property funds and three multi asset funds, the fair value has been calculated using quoted share prices. There was a net downward movement of £2,809k of the Fair Value of the units held in these funds between 31 March 2025 and 31 March 2026. This was a combination of a net increase in valuation in three funds of £494k and the redemption of units in the Lothbury and Hermes Property Funds. The Lothbury Property Fund terminated on 30 May 2024, from which time all investors have been treated equally with funds issuing capital distributions in line with the number of units held in the fund as and when assets are sold. As at 31 March 2026, the Council's remaining investment in the fund had a fair value of £73k. The remaining investment has been redeemed during 2026/27. The Hermes Property Fund merged with L&G Managed Property Fund on 15 August 2025. The Council was unable to transfer its investment into the newly merged fund and therefore on merger, the Council's investment was repaid.

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 2026;
- 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;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

31 March 2025 Carrying Amount	31 March 2025 Fair Value		Fair Value Hierarchy Level	31 March 2026 Carrying Amount	31 March 2026 Fair Value
£'000	*£'000*			*£'000*	*£'000*
123,617	121,514	PWLB	2	125,848	122,642
6,000	5,754	Market Loans	2	6,000	5,904
46,516	46,516	Temporary Loans		47,519	47,519
11,749	11,749	Short Term Creditors		27,247	27,247
187,882	185,533	**Total**		206,614	203,312

The fair value of the liabilities is lower than the carrying amount as at 31 March 2026 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 2026) arising from a commitment to pay interest to lenders above current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £123m 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 2025 Carrying Amount	31 March 2025 Fair Value		31 March 2026 Carrying Amount	31 March 2026 Fair Value
£'000	*£'000*		*£'000*	*£'000*
24,238	24,238	Equity in Rosherville Group	28,042	28,042
13,927	13,927	Cash and Cash Equivalents	1,954	1,954
2,289	2,289	Long-term debtors	2,289	2,289
43,583	44,191	Long-term debtors (Rosherville Group)	61,014	61,722
11,335	11,335	Short-term debtors	11,713	11,713
95,372	95,980	Total	105,012	105,720

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 £55.250m loans, £7.266m capitalised interest and a credit of £1.502m 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 was issued. This rate is reviewed and amended on a quarterly basis if necessary. 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 2026.

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 2026 that this was likely to crystallise.

	Credit Rating	Balance at 31 March 2026	Historic Experience of Default	Estimated maximum exposure to default at 31 March 2026
		£'000	%	£
Deposits with Banks and Financial Institutions				
Lloyds Bank	AA-	5,052	0.000%	5.54
Insight Liquidity Sterling MMF	AAA	910	0.000%	0.75
Aberdeen MMF	AAA	5,330	0.000%	4.38
Invesco MMF	AAA	7,270	0.000%	5.98
Total		18,562		5.98

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 2025		Maturity Profile	31 March 2026	
£'000	%		£'000	%
57,525	32.66%	Less than 1 year	92,846	51.76%
33,879	19.24%	1 - 2 years	16,412	9.15%
31,961	18.15%	2 - 5 years	26,667	14.87%
14,631	8.31%	5 - 10 years	6,631	3.70%
38,136	21.65%	5 - 10 years	36,810	20.52%
176,132	100.01%	**Total**	179,366	100.00%

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 2024. The fund has made distributions throughout the year as assets have been sold and the Council has recognised a further loss of £105k on the units which have been repaid in 2025/26. 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 £32.208m 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 it's subsidiary companies to understand and monitor factors that might cause a fall in the value of specific shareholdings.

The £28.042m 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 £1.402m gain or loss being recognised in other comprehensive income and expenditure for 2026/27.

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 2026, these bonds were valued at cost at £413.

15.26. Leasing

In 2025/26 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 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 2025. 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 2025/26, but no adjustment has been made to prior year figures.

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.£30k 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.

Right-of-Use Assets

2024/25		Land and property	Vehicles, plant and equipment	2025/26
£'000			£'000	£'000
0	Balance at start of year	0	30	30
38	Additions to right-of-use assets	0	0	0
(8)	Depreciation charge for the year	0	(8)	(8)
0	Derecognition of right-of-use assets	0	0	0
30	Balance at end of the year	0	22	22

Maturity analysis of lease liabilities	Land and property	Vehicles, plant and equipment	Total
	£'000	*£'000*	*£'000*
Amount payable next year 2026/27	0	(8)	(8)
Amounts payable 2-5 years	0	(16)	(16)
Amount payable 6+	0	0	0
Total	0	(24)	(24)

Disclosure as a Lessor

The Council acts as a lessor on a portfolio of commercial properties for which rental income for 2025/26 amounted to £4.5m. The net book value of these assets within the Balance Sheet is £82.7m.

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 2026/27	4,284
Amounts receivable 2-5 years	15,364
Amounts receivable 6+	476,306
Total	494,954

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:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024

- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

The Council does not expect any of the above standards, when adopted, to have a material impact on the Council's financial statements.

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 2026 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	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. Every five years an external valuation of the housing stock is carried out. The most recent full valuation was as at 31 March 2026.	PPE carrying value as at 31 March 2026 is £554.85m, and Investment Property is £45.46m. A 1% movement in the valuation of PPE and IP would therefore change the balance sheet carrying value by £6m.
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.	A 0.5% decrease in the discount rate would result in an increase in the present value of total obligation of £133.62m, to £135.38m A 1-year reduction in life expectancy assumptions would result in a £5.05m decrease in the pension liability, to £128.57m.
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.	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.

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

This account summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accruals basis.

2024/25 Total Group			Comprehensive Income & Expenditure Statement	2025/26 Total Group		
Expenditure	Income	Net Cost		Expenditure	Income	Net Cost
£'000						
568	(48)	520	Chief Executive's Directorate	395	(9)	386
14,080	(7,730)	6,350	Communities Directorate	13,406	(6,998)	6,408
23,799	(20,828)	2,970	Corporate Services Directorate	21,972	(17,170)	4,765
9,415	(4,181)	5,234	Enviroment Directorate	9,942	(5,057)	4,885
26,751	(37,899)	(11,148)	Housing - HRA Services	29,860	(38,246)	(8,386)
(1,154)	0	(1,154)	HRA Dwelling revaluations	2,444	0	2,444
6,755	(3,955)	2,800	Housing - Other Services	7,195	(4,974)	2,221
662	0	662	Non Directorate Specific	644	0	644
80,875	(74,641)	6,235	Net Cost of Services	85,858	(72,454)	13,367
1,393	0	1,393	Other Operating Expenditure/(Income)	-678	0	(678)
7,382	(9,848)	(2,466)	Financing and Investment Income and Expenditure	8,841	(9,931)	(1,090)
0	(20,259)	(20,259)	Taxation and Non-Specific Grant Income	0	(21,065)	(21,065)
89,650	(104,747)	(15,097)	(Surplus)/Deficit on the Provision of Services			(9,466)
		25,447	Surplus or Deficit on revaluation of non-current assets			(26,916)
		0	Financial Instruments measured at Fair Value			0
		(768)	Remeasurements of the net defined benefit liability			3,475
		24,679	Other Comprehensive Income & Expenditure			(23,441)
		9,582	Total Comprehensive Income & Expenditure			(32,907)

GROUP BALANCE SHEET

At 31 March 2025 Group	Group Balance Sheet	Notes	At 31 March 2026 Gravesham Borough Council		Group
£'000			£'000	£'000	£'000
	Property, Plant and Equipment	16.1			
	Operational assets				
443,567	- council dwellings		452,370		452,370
52,956	- other land and buildings		71,640		73,660
5,456	- vehicles, plant and equipment		5,906		5,906
36	- infrastructure assets		34		34
3,121	- community assets		3,594		3,594
30	- right of use assets		30		30
72,242	- assets under construction		18,504		80,925
2,765	- land and buildings		2,770		2,770
580,173	Total Property, Plant and Equipment			554,848	619,289
640	Intangible Assets		560		560
4,946	Heritage assets		3,946		3,946
45,588	Investment Properties		45,457		45,457
2,259	Long Term Debtors	16.2	63,364		2,350
14,078	Long term Investments	16.3	39,239		10,993
647,684	Total Non-Current Assets			152,566	63,306
38	Inventories		42		42
25,091	Short -term Debtors (Gross)		24,342		24,423
(8,260)	Debt Impairment Provision		(8,067)		(8,065)
14,633	Cash and Cash Equivalents		1,954		2,660
0	Investments		0		0
0	Assets Held For Sale		0		0
679,187	Total Assets			18,271	19,061
	Current Liabilities:				
(60,341)	Short-term Borrowing		(96,011)		(96,011)
(16,355)	Short-term Creditors		(28,619)		(28,723)
602,491	Total Assets less Current Liabilities			(124,630)	(124,734)
	Long Term Liabilities:				
(861)	Capital Grants Receipts in Advance		(225)		(225)
(1,717)	Provisions		(451)		(451)
(1,299)	Liability Related to Defined Benefit Pension Scheme		(1,602)		(1,602)
(115,473)	Long-term Borrowing		(86,521)		(25,507)
(119,350)	Total Long-term Liabilities			(88,799)	(27,785)
483,141	Total Net Assets			512,256	549,137
	Financed by:				
(436,242)	Unusable Reserves		(477,353)		(477,353)
(46,794)	Usable Reserves	16.4	(34,902)		(34,902)
(104)	Capital and Reserves (Group)				(36,882)
(483,141)	Total Reserves			(512,256)	(549,137)

GROUP MOVEMENT IN RESERVES STATEMENT

Financial Year 2025/26	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 2025	(5,335)	(16,242)	(3,000)	(3,473)	(16,154)	(2,590)	(46,794)	(436,242)	(483,036)	(104)	(46,898)	(436,242)	(483,140)
(Surplus)/Deficit on Provision of Services	4,519	0	(14,319)	0	0	0	(9,800)	0	(9,800)	334	(9,466)	0	(9,466)
Other Comprehensive Expenditure or Income	0	0	0	0	0	0	0	(19,421)	(19,421)	0	0	(23,441)	(23,441)
Total Comprehensive Expenditure and Income	4,519	0	(14,319)	0	0	0	(9,800)	(19,421)	(29,221)	334	(9,466)	(23,441)	(32,907)
Adjustment between accounting basis and funding basis (Note 14.17)	6,238	0	7,763	3,132	3,744	(26)	20,851	(20,851)	0	0	20,851	(20,851)	0
Net (increase)/decrease before transfers to Earmarked Reserves	10,757	0	(6,556)	3,132	3,744	(26)	11,051	(40,272)	(29,221)	334	11,385	(44,292)	(32,907)
Transfers to/(from) Earmarked Reserves (Note 14.16.3)	(8,807)	822	6,556	0	0	2,268	839	(839)	0	0	839	(839)	0
Adjustments between group accounts and authority accounts	1,950	822	0	3,132	3,744	2,242	11,890	(41,111)	(29,221)	(50,919)	(39,029)	71,752	32,724
(Increase)/Decrease in year	0	0	0	0	0	0	0	0	0	(50,585)	(26,805)	26,622	(183)
Balance at 31 March 2026	(3,383)	(15,420)	(3,000)	(341)	(12,410)	(348)	(34,902)	(477,353)	(512,255)	(36,882)	(71,784)	(477,353)	(549,137)

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	0	139	(139)	0
(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)

GROUP CASH FLOW STATEMENT

At 31 March 2025 Group	Group Cash Flow Statement	At 31 March 2026 Gravesham Borough Council		Group
£'000		*£'000*	*£'000*	*£'000*
(15,097)	**a) Net (Surplus) or Deficit on the Provision of Services**		(10,202)	(9,868)
	b) Adjustment to the net (surplus)/deficit on the provision of services for non-cash movements			
(8,986)	Depreciation	(7,790)		(7,790)
3,616	Movement in valuations	(3,322)		(3,322)
(126)	Amortisation of non-current assets	(132)		(132)
0	Impairment reversals (including writing out depreciation)	0		0
162	Movement in impairment provision for bad debts	194		192
(6,675)	Movement in creditors	750		(5,852)
5,187	Movement in revenue debtors	13,347		5,187
1	Movement in inventories	4		4
42	Movement in provisions	1,265		1,278
1,010	Movement in pension liability	2,936		2,936
(2,432)	Carrying amount of non-current assets sold	(1,939)		(1,939)
0	Carrying amounts of non-current assets de-recognised	0		0
(4,178)	Other non-cash items charged to the net surplus or deficit on the provision of services	(8,763)		(8,763)
(12,379)			(3,450)	(18,201)
	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			
1,713	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,504		3,504
1	Other Receipts for investing activities	248		248
1,714	**d) Net Cash Flows from Operating Activities**		3,752	3,752
	e) Investing Activities			
31,989	Purchase of property, plant and equipment, investment property and intangible assets	20,053		38,178
6,296	Purchase of Short Term and Long Term Investments	73		(49)
13,517	Other Payments for investing activities	18,192		18,192
(1,713)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,504)		(3,504)
(3,436)	Proceeds from Short Term and Long Term Investments	(73)		(73)
(182)	Capital Grants received in year	(237)		(237)
(1)	Other Receipts for investing activities	(248)		(248)
46,470	Net cash flows from investing activities		34,256	52,259
	f) Financing Activities			
(89,433)	Cash Receipts of short and long term borrowing	(63,125)		(63,125)
(14,316)	Other receipts from financing activities	(14,316)		(14,316)
69,088	Repayments of short and long term borrowing	65,058		65,058
0	Other payments for financing activities	0		
(34,661)	Net cash flows from financing activities		(12,383)	(12,383)
(13,953)	**g) Net movements in year excluding non-cash items**		11,973	15,558
2,336	**h) Cash and cash equivalents at the beginning of the reporting period**		13,927	16,289
13,953	**i) Net increase or (decrease) in cash or cash equivalents**		(11,973)	(15,558)
16,289	**j) Cash and cash equivalents at the end of the reporting period**		1,954	730

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.

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.

16.1 Group Property Plant and Equipment

Group Property, plant & equipment

	Gravesham Borough Council									Group		
	Operational Assets						Non-Op Assets			Subsidiary PPE		
Financial Year 2025/26	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	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation As at 1 April 2025	441,815	54,897	11,748	2,218	3,122	38	9,603	2,765	526,206	62,422	2,020	590,648
Additions	11,617	883	1,249	0	709	0	10,704	0	25,162	1	0	25,163
Revaluation increases/(decreases) recognised in Revaluation Reserve	2,423	17,483	0	0	(236)	0	0	0	19,670	0	0	19,670
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	(3,485)	(918)	0	0	0	0	0	4	(4,399)	0	0	(4,399)
Derecognition - disposals	(1,751)	(244)	0	0	0	0	0	0	(1,995)	0	0	(1,995)
Assets reclassified	1,656	0	0	0	0	0	(1,656)	0	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0	0	0	0
As at 31 March 2026	452,275	72,101	12,997	2,218	3,595	38	18,651	2,769	564,644	62,424	2,020	629,087
Accumulated Depreciation and Impairments As at 1 April 2025	94	(1,939)	(6,292)	(2,182)	(1)	(8)	(147)	0	(10,475)	0	0	(10,475)
Depreciation Charge for year	(5,687)	(1,376)	(800)	(1)	0	0	0	0	(7,864)	0	0	(7,864)
Accumulated depreciation written out to the Revaluation Reserve	4,618	2,658	0	0	0	0	0	0	7,276	0	0	7,276
Accumulated depreciation written out to the Surplus/Deficit on the Provision of Services	1,042	167	0	0	0	0	0	0	1,209	0	0	1,209
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	27	29	0	0	0	0	0	0	56	0	0	56
Reclassifications	0	0	0	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	0	0	0	0	0	0	0	0	0	0	0	0
As at 31 March 2026	94	(461)	(7,092)	(2,183)	(1)	(8)	(147)	0	(9,798)	0	0	(9,798)
Net Book Value												
At 31 March 2026	452,369	71,640	5,905	35	3,594	30	18,504	2,769	554,846	62,424	2,020	619,289
At 1 April 2025	441,909	52,958	5,456	36	3,121	30	9,456	2,765	515,731	62,422	2,020	580,173

16.2 Group Long term Debtors

Group 31st March 2025	Group Long term Debtors	GBC 31st March 2026	Group 31st March 2026
£'000		£'000	£'000
0	Intergroup capitalised interest	7,266	0
0	Loan interest in subsidairy interests	53,748	0
2,258	Other entities and individuals	2,350	2,350
2,258	Total	63,364	2,350

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

16.3 Group Long term Investments

Group 31st March 2025	Group Long term Investments	GBC 31st March 2026	Group 31st March 2026
£'000		*£'000*	*£'000*
0	Additions	7,897	0
(3,217)	Revaluation	(3,287)	(3,085)
(3,217)	Total increase/(decrease) in	4,610	(3,085)
17,295	Balance brought forward at 1 April	38,317	14,078
(3,217)	Movement in year	922	(3,085)
14,078	Balance carried forward at 31 March	39,239	10,993

16.4 Group Usable Reserves

Group 31st March 2025	Group Usable Reserves	GBC 31st March 2026	Group 31st March 2026
£'000		£'000	£'000
(16,154)	Capital Receipts Reserve	(12,410)	(12,410)
(15,032)	Earmarked Reserves	(14,370)	(14,370)
(1,210)	Revenue Grants not yet applied	(1,050)	(1,050)
(2,590)	Capital Grants & Contributions Unapplied	(348)	(348)
(3,473)	Major Repairs Reserve	(341)	(341)
(5,335)	General Fund Balance	(3,383)	(3,383)
(3,000)	Housing Revenue Account Balance	(3,000)	(3,000)
(104)	Authority’s share of the reserves of subsidiaries, associates and joint ventures	0	(36,882)
(46,898)	Total Usable Reserves	(34,902)	(71,784)

Supplementary Financial Statements

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.

2024/25	Housing Revenue Account Income and Expenditure Statement	2025/26
£'000		*£'000*
	Expenditure	
10,870	Repairs and maintenance	10,337
9,876	Supervision & management	12,938
76	Rents, rates, taxes and other charges	58
0	Depreciation of assets	
5,276	- dwellings	5,687
266	- non-dwellings	280
65	Amortisation of Intangible assets	83
91	Impairment/revaluation of non-current assets	200
(1,154)	Impairment/Impairment Reversals of Council dwellings	2,444
273	Provision for bad & doubtful debts	133
25,639		32,160
	Income	
(33,465)	Dwelling rents	(33,413)
(104)	Non-dwelling rents	(133)
(2,099)	Charges for service & facilities	(2,113)
(511)	Contribution towards expenditure (Supporting people)	(507)
(1,663)	Other income	(2,068)
(37,842)		(38,234)
(12,203)	**Net cost of HRA Services as included in the Comprehensive Income & Expenditure Statement**	(6,074)
703	Gain or loss on the sale of HRA non-current assets	(1,609)
0	Other capital receipts	0
2,191	Interest payable and similar charges	2,264
(120)	Interest and investment income	0
(1,614)	Capital Grants and Contributions	(1,930)
(24)	Net pension interest	(386)
(11,067)	**(Surplus)/deficit for the year on HRA Services**	(7,735)

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

In 2025/26 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.

Movement on the Housing Revenue Account Statement

2024/25 £'000		2025/26 £'000
(3,000)	Balance brought forward at 1 April	(3,000)
(11,066)	(Surplus) or Deficit for the Year on the HRA Income & Expenditure	(14,319)
11,066	Adjustments between accounting basis and funding basis under statute	7,763
0	**Net (increase) or decrease before transfers to or from reserves**	(6,556)
0	Transfer to/(from) earmarked reserves	6,556
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.

The HRA reflects a statutory obligation to account separately for council housing provision, with the respective Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, grants, and other income. The account does not reflect all the transactions required by statute to be charged or credited to the HRA for the year. The Movement on the HRA Statement gives details of the additional transactions which are required by statute.

17.2 Housing Stock

As at 31 March 2026, the Council had 5,618 dwellings (31 March 2025, 5,642). This represents a net decrease of 24 properties in Council housing stock since 2024/25 and comprises of the sale of 20 properties under the Right-to-buy scheme, 1 disposal, 6 properties scheduled for demolition, and 3 properties added to the housing stock through the Council's Acquisitions programme.

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

HRA Housing stock	Pre 1919	1919-44	1945-64	Post 1964	Total HRA assets as at 31 March 2026
Flats					
- 0 bedroom	0	0	39	48	87
- 1 bedroom	0	15	378	1,235	1,628
- 2 bedrooms	0	2	148	361	511
- 3 bedrooms	0	0	95	225	320
- 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	15	144	335	212	706
- 3 bedrooms	4	744	916	280	1,944
- 4 bedrooms	0	88	88	18	194
- 5 bedrooms	0	24	2	0	26
Total	19	1,035	2,068	2,496	5,618

17.3 HRA Non-Current Assets

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

HRA Non-current assets	Operational Assets			Non-Op Assets			
Financial Year 2024/25	Council Dwellings	Other Land & Buildings	Assets Under Construction	HRA Non Op Land & Build	Vehicles, Plant & Equipment	Intangible assets	**Total HRA assets**
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation As at 1 April 2025	441,815	7,511	7,822	625	599	1,013	459,385
Additions	11,617	0	7,333	0	102	0	19,052
Revaluation increases/decreases recognised in Revaluation Reserve	2,423	3,172	0	0	0	0	5,595
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	(3,485)	(220)	0	0	0	0	(3,705)
Derecognition - Disposals	(1,751)	0	0	0	0	0	(1,751)
Assets reclassified	1,656	0	(1,656)	0	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0
As at 31 March 2026	452,275	10,463	13,499	625	701	1,013	478,576
Accumulated Depreciation and Impairments As at 1 April 2025	93	(588)	(147)	(350)	(341)	(582)	(1,915)
Depreciation/Amortisation Charge for year	(5,687)	(253)	0	0	(27)	(83)	(6,050)
Accumulated depreciation written out to the Revaluation Reserve	4,618	266	0	0	0	0	4,884
Accumulated depreciation written out to the (Surplus)/Deficit on the Provision of Services	1,041	19	0	0	0	0	1,060
Accumulated depreciation and impairment written out on disposal	27	0	0	0	0	0	27
Other movements in depreciation and impairment	0	0	0	0	0	0	0
As at 31 March 2026	92	(556)	(147)	(350)	(368)	(665)	(1,994)

Net Book Value							
At 31 March 2026	452,367	9,908	13,352	275	332	348	476,582
At 1 April 2025	441,908	6,923	7,675	275	258	431	457,470

Nature of Asset Holding							
Owned	452,367	9,908	13,352	275	332	348	476,582
Finance Lease							
Total	452,367	9,908	13,352	275	332	348	476,582

HRA Non-current assets

Financial Year 2024/25	Operational Assets: Council Dwellings	Operational Assets: Other Land & Buildings	Assets Under Construction	Non-Op Assets: HRA Non Op Land & Build	Vehicles, Plant & Equipment	Intangible assets	**Total HRA 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 2026 is £476.58m (£457.45m at 31st March 2025).

For 2025/26, depreciation and amortisation charged to the HRA was £6.05m. Depreciation in respect of Council dwellings in 2025/26 was £5.69m (2024/25, £5.28m) and is a real charge to the HRA.

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 2026. 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 2026.

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.

2024/25	Major Repairs Reserve	2025/26
£'000		*£'000*
	Amount transferred in year	
(5,276)	- Dwellings	(5,688)
(240)	- Non-dwellings	(252)
5,018	Amount utilised in capital financing	9,072
(498)	Total (increase)/decrease	3,132
(2,975)	Balance brought forward at 1 April	(3,473)
(498)	Movement in year	3,132
(3,473)	Balance carried forward at 31 March	(341)

17.6 Financing of HRA Capital Expenditure

Capital expenditure of £20.59m (2024/25, £15.41m) on HRA assets was financed as follows

2024/25	HRA Financing of capital expenditure	2025/26
£'000		*£'000*
	Capital expenditure	
9,741	Dwellings	11,617
5,039	Non-dwellings	7,427
46	Intangible	0
588	Revenue Expenditure Funded from Capital under statute	1,549
15,414	Total	20,593
	Financed by	
(4,118)	Capital receipts	(5,794)
(749)	Grants and Contributions	(2,439)
(5,018)	Major Repairs Reserve	(9,072)
(4,762)	Funded from revenue	(3,289)
(767)	External Borrowing	0
(15,414)	Total	(20,593)

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 2025/26 is shown in the next table:

2024/25	HRA Capital receipts	2025/26
£'000		*£'000*
	Receipts for the year	
(1,713)	Sale of Council Dwellings	(3,333)
0	Repaid Discounts	(57)
(1,713)	Total	(3,390)
	Use of receipts	
0	Paid to Housing Capital Receipts Pool	0
46	Capital financing - HRA schemes	94
1,659	Transfer to Earmarked Reserves	2,906
1,705	Total	3,000
(1,763)	Balance brought forward	(1,771)
(1,771)	Total unapplied capital receipts held	(2,161)

17.8 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.

17.9 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 2.28% (2024/25, 3.00%). 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.

2024/25	HRA Rent and service charges arrears	2025/26
£'000		*£'000*
1,435	Current tenant arrears	1,653
(1,200)	Rents paid in advance	(1,389)
1,253	Former tenant arrears	1,224
1,637	Total	1,488
(1,415)	Provision for bad debts	(1,395)
(250)	Rent arrears written off	(249)

17.10 Charges for Services and Facilities

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

2024/25	HRA Charges for services	2025/26
£'000		*£'000*
(1,489)	Service charges - tenants	(1,589)
(610)	Service charges - leaseholders	(466)
0	Service charges - leaseholders (contribution to capital works)	0
(511)	Support charges	(507)
(2,610)	Total	(2,562)

17.11 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.

17.12 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.

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 National Non-Domestic Rates (NNDR).

	2024/25				2025/26	
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	(79,137)	(79,137)	Council Tax Income	0	(83,157)	(83,157)
(27,405)	0	(27,405)	Business Rates Income	(28,931)	0	(28,931)
(27,405)	(79,137)	(106,542)	Total Council Tax/Business Rates	(28,931)	(83,157)	(112,088)
			Contribution for previous year's deficit:			
(1,880)	(34)	(1,914)	Gravesham Borough Council	(580)	(220)	(800)
(423)	(219)	(642)	Kent County Council	(130)	(1,424)	(1,554)
0	(35)	(35)	Kent Police & Crime Commissioner	0	(226)	(226)
(47)	(12)	(59)	Kent Fire & Rescue Service	(15)	(80)	(95)
(2,350)	0	(2,350)	Central Government	(725)	0	(725)
(32,105)	(79,437)	(111,542)	Total Income	(30,381)	(85,107)	(115,488)
			Expenditure			
			Precepts, Demands and Shares			
14,582	0	14,582	Central Government	14,513	0	14,513
11,665	8,941	20,606	Gravesham Borough Council	11,610	9,104	20,714
2,625	57,981	60,606	Kent County Council	2,613	59,941	62,554
0	9,220	9,220	Kent Police & Crime Commissioner	0	9,575	9,575
292	3,236	3,528	Kent Fire & Rescue Service	290	3,362	3,652
29,164	79,378	108,542		29,026	81,982	111,008
			Charges to Collection Fund			
345	0	345	Disregarded Amounts - Enterprise Zone	479	0	479
0	0	0	Disregarded Amounts - Enterprise Zone Qualifying Relief	0	0	0
2	0	2	Disregarded Amounts - Renewable Energy	2	0	2
(912)	0	(912)	Transitional Protection	(175)	0	(175)
0	30	30	Amounts written off	0	0	0
421	1,328	1,749	Allowance for Debt Impairment	90	1,885	1,975
(773)	0	(773)	Charges to Appeals' Provision	(2,050)	0	(2,050)
640	0	640	Increase (-) /Decrease in Provision for Appeals	(1,095)	0	(1,095)
92	0	92	Cost of Collection	92	0	92
(185)	1,358	1,173	Total Charges	(2,657)	1,885	(772)
(3,126)	1,299	(1,827)	(Surplus) / Deficit arising during the year	(4,013)	(1,239)	(5,252)
4,577	500	5,077	(Surplus) / Deficit b/fwd 1st April	1,451	1,799	3,250
0	0	0	Adustment to brought forward balance re Deferrals	0	0	0
1,451	1,799	3,250	(Surplus) / Deficit c/fwd 31st March	(2,562)	560	(2,002)

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

The Collection Fund is a statutory account that records the collection and distribution of Council Tax and National Non-Domestic Rates (NNDR).

The Council acts as a billing authority, collecting taxes on behalf of Kent County Council, Kent Police and Crime Commissioner, Kent & Medway Fire & Rescue Authority and Central Government (for NNDR).

The Collection Fund shows amounts billed and collected, reports any surplus or deficit and the resultant distribution to preceptors.

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 2025/26 was approved on 15 January 2025 as follows:

	2024/25			2025/26		
Band	*Estimated Number of properties (Net of exemptions, discounts & reliefs) (a)*	*Multi-pliers (b)*	*Band D equivalents properties (a x b)*	*Estimated Number of properties (Net of exemptions, discounts & reliefs) (c)*	*Multi-pliers (d)*	*Band D equivalents properties (c x d)*
A with disabled relief	5.00	5 / 9	2.78	4.99	5 / 9	2.78
A	2,223.32	6 / 9	1,482.22	2,133.58	6 / 9	1,422.39
B	5,219.86	7 / 9	4,059.90	5,202.22	7 / 9	4,046.17
C	12,289.75	8 / 9	10,924.22	12,315.18	8 / 9	10,946.82
D	9,947.27	9 / 9	9,947.27	9,728.28	9 / 9	9,728.28
E	4,346.50	11 / 9	5,312.39	4,362.80	11 / 9	5,332.31
F	1,976.38	13 / 9	2,854.78	1,983.50	13 / 9	2,865.06
G	1,001.50	15 / 9	1,669.17	1,026.53	15 / 9	1,710.89
H	98.75	18 / 9	197.50	102.00	18 / 9	204.00
Tax Base before Council Tax Support			36,450.23			36,258.70
Estimated Collection Rate			98.75%			97.75%
Council Tax Base			35,994.62			35,442.89

The tax rate per Band D property, excluding Parish Council precepts, was £2,294.16 (2024/25, £2,187.91).

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 2026 was £76.2m (31 March 2025 £76.1m). The respective multipliers for 2025/26 were 55.5p (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. 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 2025/26	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	203	1,315	209	73	0	1,800
(Surplus)/deficit for year	(141)	(905)	(144)	(50)	0	(1,240)
(Surplus)/deficit carried forward	62	410	65	23	0	560
Business Rates						
(Surplus)/deficit brought forward	580	130	0	15	725	1,450
(Surplus)/deficit for year	(1,605)	(361)	0	(41)	(2,006)	(4,012)
(Surplus)/deficit carried forward	(1,025)	(231)	0	(26)	(1,281)	(2,562)

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

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.

2024/25	Collection Fund Adjustment Account	2025/26
£'000		£'000
146	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	(108)
(1,263)	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	(1,397)
(1,117)	Total increase/(decrease) in Collection Fund Adjustment Account	(1,505)
1,886	Balance brought forward at 1 April	768
(1,117)	Movement in year	(1,505)
768	Balance carried forward at 31 March	(738)

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

TO BE INSERTED ONCE AUDIT FINALISED

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 (IAS 19)
A limit placed on recognising a pension surplus where the employer cannot access economic benefits (refunds or reductions in future contributions).

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

Budget Requirement
The amount the Council needs to raise to fund its services, after taking account of grants and income.

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 Grants
Funding received for capital projects, subject to conditions on how it must be spent.

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).

Componentisation
Splitting an asset (e.g., a dwelling) into significant parts with different useful lives for depreciation.

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.

Defined Benefit Pension Scheme
A pension scheme that guarantees benefits based on salary and length of service

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

Earmarked Reserves
Amounts set aside for specific purposes or future liabilities.

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

Existing Use Value (EUV)
The current value of an asset based on its continuing use.

Existing Use Value – Social Housing (EUV-SH)
The current value of council dwellings adjusted to reflect social housing rent levels.

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.

Intangible Assets
Non-physical assets such as software.

International Financial Reporting Standards (IFRS)
The standards that have been produced and adopted to govern accounting and the move to more globally recognised practices.

GLOSSARY OF TERMS

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.

Leases (IFRS 16)
Contracts where the Council obtains the right to use an asset in exchange for payments.

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

Minimum Revenue Provision
This 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.

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 Rates
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 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.)

Right-of-Use (RoU) Asset
An asset recognised under IFRS 16 representing the Council's right to use a leased asset.

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.

Service Reporting (Segment Analysis)
Reporting financial performance by service area or directorate.

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.

Usable Reserves
Reserves available to fund future expenditure.

Unusable Reserves
Technical reserves used to store accounting adjustments that cannot be used to fund services.

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.