

Gravesham Borough Council

# FINANCIAL STATEMENT

2021/22



*Delivering a Gravesham to be proud of*



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**FINANCIAL REVIEW**

**and**

**STATEMENT OF ACCOUNTS**

**for the year ending**

**31 March 2022**

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**SARAH PARFITT CPFA**

**Director – Corporate Services**

## NARRATIVE REPORT

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## **1. Introduction from the Director (Corporate Services)**

- 1.1.** I am pleased to present Gravesham Borough Council's annual Statement of Accounts for the year ending 31 March 2022. 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 2021/22;
  - 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.** I would like to thank the officers involved in closing the accounts and producing the high-quality financial statements that form a significant part of this document. This year is the second year that the Council is presenting its accounts including the financial information for its wholly owned company, Rosherville Limited and its subsidiary companies, Rosherville Property Development Limited and Rosherville Servicing Limited.
- 1.3.** 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.
- 1.4.** During 2021/22 the Council continued to operate under the shadow of COVID-19 and provide ongoing support to residents and the local business community, though focus did shift during the year to recovery and progressing the delivery of the commitments made within the Corporate Plan. Key regeneration projects continued in the year alongside work to deliver much-needed affordable homes and address those issues of importance to our borough, such as the impact of environmental crime, providing employment and training opportunities and providing financial support schemes to local businesses.
- 1.5.** The council was able to manage expenditure pressures during 2021/22 but it is increasingly apparent that the COVID-19 pandemic, the economic environment, demand for council services, and suppression of revenue income streams will create financial pressures for the council going forwards.
- 1.6.** Whilst remaining focused on realising its ambitions for the Borough, the Council will need to look to plan how it intends to restore financial sustainability in the medium term.

*S J Parfitt*

Sarah J Parfitt CPFA

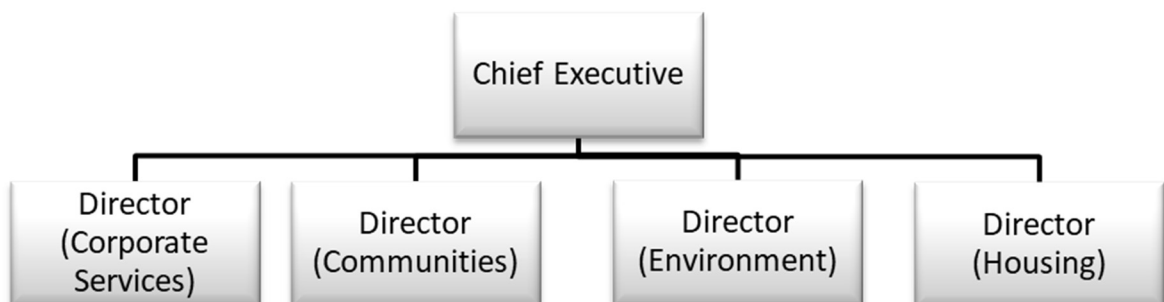
Director (Corporate Services) and Chief Financial Officer

## **2. The Borough of Gravesham**

- 2.1.** Gravesham is located on the south bank of the River Thames in the north of Kent approximately 32km (20 miles) east of London. Covering an area of 105km<sup>2</sup> (40 miles<sup>2</sup>) it stretches from the River Thames in the north to the crest of the North Downs in the south. The borough has a striking urban-rural split; the rural area to the south of the borough and to the east of Gravesend makes up 78% of the whole borough and is largely constituted of Green Belt land.
- 2.2.** As at mid-2020 Gravesham had a population of 106,900, the lowest figure across the 12 Kent districts and representing a growth rate of 6.7% in the last 10 years. Despite the comparatively small resident population, Gravesham presents the third highest population density in Kent (10.8 persons per hectare (p/h), behind only Dartford (15.5 p/h) and Thanet (13.7 p/h). When considering the defined urban area of the borough, a figure of 37.4 p/h represents the most densely populated equivalent area in Kent.
- 2.3.** The population of the borough is extremely diverse with a vibrant mix of people; 14% of the borough's population were born outside of the UK and 23% of residents are of an ethnicity other than 'white British'. Supporting that position, as at January 2021 23.4% of all school pupils did not have English as their first language, the highest figure in Kent, with 42.7% of pupils identified as 'non-white British'.
- 2.4.** Figures for life expectancy in the borough reveal an average age of 80.2 years for men, slightly ahead of the national (79.4) average. For women, at 83.3 years life expectancy in Gravesham was similarly ahead of the national average (83.1). The latest Index of Multiple Deprivation study identified Gravesham as the 119th most deprived local authority area in England, with two 'lower super output areas' classified as being within the top-10% of equivalent areas in the country.
- 2.5.** In terms of the local economy, The Annual Survey of Hours and Earnings 2021 presents that the average full-time weekly earnings for residents in the borough was £614.90, representing the seventh highest figure across Kent districts and £17.00 below the Kent average.
- 2.6.** Gravesham has the lowest proportion of employees in the 'knowledge economy' (Publishing, Scientific Research and Development and Higher Education) in Kent at 8.5% of all employees, within the lowest 20% nationally. Equally, in terms of productivity the borough presents the 11<sup>th</sup> lowest level of GVA/head in Kent at £16,944, significantly below the district average (£24,877).
- 2.7.** As at March 2022, across Kent districts Gravesham had the third highest rate of people claiming unemployment benefits (Job Seeker's Allowance or Universal Credit) at 4.7%. Gravesham's outturn is higher than the county and national averages (3.8% and 4.2% respectively). In line most other Kent districts, proportionately the largest level of unemployment in population age groups is within the 18-24 category, of which 7.2% are unemployed, the third highest rate in Kent and ahead of the county average (5.3%).

### 3. Gravesham Borough Council

- 3.1. Gravesham Borough Council 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 44 elected Members, working on behalf of the 18 Wards within the borough.
- 3.2. As at the end of 2021/22, the political composition of the Council was Labour Group – 22, Conservative Group – 20 and Independents – 2.
- 3.3. The Council has adopted the Leader and Cabinet model as its political management structure. The Leader of the Council has responsibility for the appointment of Members of the Cabinet and the new political administration has appointed seven members to Cabinet, each with their own specific portfolio of responsibility.
- 3.4. The decision-making processes of the Council are set out in the Constitution, with decisions taken primarily by Cabinet or the individual Cabinet Members held to account by the Overview Scrutiny Committee which is chaired by the Leader of the Opposition.
- 3.5. Supporting the Elected Members is an organisational structure led by the Council's Management Team. Alongside the s151 Officer (Director – Corporate Services), Management Team meetings are also attended by the Council's Deputy Monitoring Officer to ensure that the key statutory officers are represented at the most senior level of the Council.



- 3.6. During the year there were changes made to the responsibilities of Directors and Assistant Directors which saw Housing functions transferred from the Housing and Operations Directorate into a designated Housing Directorate, and Planning & Development Services amalgamated with Operational Services within the Environment directorate.
- 3.7. In April 2021 the Council employed 544 people across two main sites: the Civic Centre in Gravesend and the Brookvale Depot in Northfleet. By March 2022 this had increased by 2.8% to 559 due, in the main, to the council's involvement in the Kickstart Scheme.
- 3.8. The 2021/22 Annual Governance Statement was reported to the Finance & Audit Committee in July 2022: [\(Public Pack\)Agenda Document for Finance and Audit Committee, 19/07/2022 19:30 \(gravesham.gov.uk\)](#)

## 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. The Corporate Plan establishes a vision for the borough and, to that end, the future strategic direction of the Council. The plan is developed in full consideration of: the manifesto pledges of the administration; socio-economic intelligence outlining community need in the borough; consultation with residents; businesses and key stakeholders and the government’s legislative programme.
- 4.3. The [Corporate Plan 2019-23: Delivering a Gravesham to be proud of](#), was adopted by Full Council in October 2019 and established three corporate objectives, each with its own portfolio of activities and initiatives:

<b>#1 People</b>	<b>protected environment quality living</b>	<i>A proud community; where residents can call a safe, clean and attractive borough their home.</i>
<b>#2 Place</b>	<b>vibrant economy connected community</b>	<i>A dynamic borough; defined by a vibrant and productive local economy taking advantage of growth in the area, supported by its strong and active community.</i>
<b>#3 Progress</b>	<b>entrepreneurial authority strong leadership</b>	<i>An entrepreneurial authority; commercial in outlook and committed to continuous service improvement, underpinned by a skilled workforce and strong governance environment.</i>



4.4. 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. In doing so, the Council has adopted an ongoing method of engaging all stakeholders: staff; Members; partners and residents; in order to inform, plan, review and ultimately deliver continuous improvement in council services; *the 'Golden Thread'*.



## 5. Our Performance in 2021/22

- 5.1. In working towards its Corporate Plan objectives and associated policy commitments, and in seeking to meet the significant challenges presented to council services by the COVID-19 pandemic, throughout 2020/21 the Council continued to design targeted projects and interventions that deliver positive outcomes for local residents.
- 5.2. Initiatives delivered in the last year to realise our vision for the borough include:

### **#1 People**

#### *protected environment*

- Environmental crime - including fly tipping and litter – identified by local residents as a key priority for the authority to address, the Cabinet made the decision in early 2020 to create a new Environmental Enforcement Team to deal exclusively with environmental crime and litter offences. In line with community expectations, enforcement action is now actively taken using all available legislative enforcement powers, including Community Protection Warnings and Notices, fixed penalty notices and in some circumstances court prosecutions. This resulted in a fourfold increase in the total number of enforcement activities undertaken in the borough during 2021/22 compared to 2019/20.

#### *quality living*

- As a landlord, the Council is responsible for carrying out a range of repairs in our tenants' homes to ensure they are kept in good condition. During 2021/22 the Council continued to respond to tenants to make homes safer and better, with:
  - over 25,000 repairs completed, some 2,000 more than the previous year.
  - a customer satisfaction rate of 98%.

During 2021/22, 100% of emergency repairs were completed on time, with 89% of non-emergency works completed within the 28-day timescale.

### **#2 Place**

#### *Vibrant economy*

- In February 2021 the Council announced its innovative economic stimulus package to help the local business community plan for COVID-19 recovery in the short, medium and into the longer term. During 2021/22 the scheme provided:
  - Over £2.1m of grant support, primarily to businesses outside the business rates system that were not eligible for Local Restrictions Support Grants (LRSB) and Restart Grants.
  - Over £770k of grant support to businesses that had not benefited from other Covid grants and/or were of strategic importance to the Borough's economy.
  - Over £136k of financial support to community organisations whose trading operations had been impacted.
  - Over £63k of form of Licence Holder Grants to taxi drivers, licensed premises and Members' Clubs.

### *connected community*

- In December 2021 the Council opened the St George's Creative Hub within Gravesend Town Centre, offering gallery space, a range of activities linked with an active cultural programme and co-working space for creative businesses.

### **#3 Progress**

#### *entrepreneurial authority*

- The council's Corporate Plan established a clear direction of travel in the Council becoming an entrepreneurial local authority. Following the launch of its Local Authority Trading Company, Rosherville Limited in 2019/20, and establishment of two subsidiary companies in 2021-22, approval was obtained during 2021/22 to form a third subsidiary, Rosherville Repairs & Maintenance.

#### *strong leadership*

- During 2021/22 the council continued to make improvements to accessibility to council services, including implementation of a new telephony system and digitisation of council services.

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- 5.3. The Council operates a Performance Management Framework (PMF), allowing it to evaluate delivery against its adopted corporate objectives and, through a regular reporting programme, provide accountability to residents and stakeholders in the use of its resources. Key performance outcomes during 2021/22 were:

<b># 1 PEOPLE</b>		
Ref	Performance Indicator	Outturn
PI 8	% of household waste recycled	42.4%
PI 15	Gross number of affordable homes delivered	230
PI 23	Average processing time for Housing Benefit claims	16.4 days
PI 26	Total number of reported corporate complaints	249
<b># 2 PLACE</b>		
Ref	Performance Indicator	Outturn
PI 28	% rate of vacant town centre retail properties	10.7%
PI 33	% rate of resident unemployment	4.7%
PI 35	% of 'Major' planning applications processed on time	90%
PI 36	% of 'Non-Major' planning applications processed on time	96.4%
<b># 3 PROGRESS</b>		
Ref	Performance Indicator	Outturn
PI 45	Total rental income from property investments	£1,474,300
PI 48	% of income from commercial activity in relation to net revenue spend	19.8%
PI 49	% of posts involved in shared service arrangements	5.4%
PI 52	% of workforce IT-enabled for remote working	100%

- 5.4. Further details of the Council's performance arrangements and reporting products can be found at: [www.gravesham.gov.uk/performance](http://www.gravesham.gov.uk/performance).

### **Rosherville Limited**

- 5.5.** In December 2019 Full Council approved the formation of a Local Authority Trading Company (LATCo). Rosherville Limited. During 2020/21 Rosherville Servicing Limited and Rosherville Property Development Limited were formed as subsidiary companies of Rosherville Limited.
- 5.6.** The Accounts and filing history for Rosherville Limited and its subsidiaries can be viewed at Companies House once filed in accordance with statutory requirements.
- 5.7.** In accordance with requirements of the CIPFA Code of Practice, Group Accounts are presented in the Council's 2021/22 Statement of Accounts.
- 5.8.** As the majority of the Rosherville Group's financial activity has been with the Council, analysis has been undertaken to identify these transactions, and remove them for purposes of a consolidated Group position so that only external transactions for the Group as a whole are presented.
- 5.9.** The most notable items (when comparing the single-entity accounts of the Council to those of the Group) to draw readers' attention to are:
  - £19,188k recorded in capital additions relating to The Charter development.
  - The removal of transactions within Long-Term Debtors and Long-Term Investments reflecting the Council's investment in the Rosherville Group and forward funding passed from the Council to the Rosherville Group anticipated for repayment.

## 6. Impact of COVID-19

- 6.1. The COVID-19 pandemic continued to impact the Council, local residents and the business community during 2021/22, with national restrictions still in place, albeit the tone of activity did shift during the year from response to recovery.
- 6.2. The financial effects of the COVID-19 pandemic on the financial statements of the council were very much prevalent during the year, particularly in relation to movements relating to the Collection Fund and the treatment of S31 grants and reliefs awarded, and how these are accounted for between financial years.
- 6.3. The Council received support from the Government in relation to the COVID-19 pandemic during 2021/22 of £609k through un-ringfenced grant, and loss of income compensation of £669k.

## 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.
- 7.2. In December 2021 the Council adopted its first [Climate Change Strategy](#). Covering the period 2022 to 2030, the Strategy was intended to clearly articulate the actions that need to be taken by the council in order to meet its council's net zero ambitions.
- 7.3. The Strategy recognises that the Council cannot effect changes to reduce emissions levels by itself; there are some areas of change for which the council has full control and others for which the council will need to work with others to instigate change. To reflect this, the Strategy sets out the following three workstreams:
  - **Gravesham Borough Council – the organisation** Focusing on how the council can change its own operations, and those of its employees, wherever possible to reduce the level of carbon emissions its produces.
  - **Gravesham Borough Council – the housing provider** Exploring opportunities to bring the council's current housing stock up to a better level of energy efficiency standard where it is possible to do so; ensuring new council housing is built to a high level of sustainability and ensuring local planning policy reflects the need for the borough to consider energy efficiency in all developments moving forward.
  - **Gravesham Borough Council – the community leader** In its role as a community leader, the Council can work with residents, community groups and partners to educate and support them in making changes which will have a positive impact on the level of carbon emissions in the borough.
- 7.4. In December 2021 the Council published its second [Climate Change Annual Report](#), summarising the actions taken in the 2021 calendar year.

## 8. Financial Review

### 8.1. General Fund

- 8.2.** The revenue account known as the General Fund relates to the day-to-day operational cost of providing the Council's services.
- 8.3.** In February 2021 the Council set its Budget Requirement for 2021/22 at £6.4m, financed by retained Business Rates, Government Grant funding and Council Tax income. To support the budget, the Council agreed an increase of 2.38% in the level of Council Tax from that charged in 2020/21. This resulted in a Band D Council Tax amount of £213.03.
- 8.4.** The calculated budget requirement for the year was heavily affected by movements relating to the Collection Fund and the treatment of S31 grants and reliefs awarded during the COVID-19 pandemic, and how these are accounted for between financial years. As demonstrated in the table below, this resulted in a lower budget requirement than usual in 2021/22 of £6.4m (£11.5m in 2020/21), but with a corresponding significantly higher transfer to the Collection Fund of £5.2m (zero in 2020/21).
- 8.5.** During the year, the Council regularly reviewed its performance against its Budget Requirement, with these reports available publicly from the Council website. The final outturn position for the year is shown in the table below, together with how this expenditure was financed.

General Fund Revenue Outturn 2021/22	Original Budget	Outturn	Variance over/(under)
	£'000	£'000	£'000
All Directorate - Salaries	15,404	15,126	(278)
Chief Executive	(360)	(392)	(32)
Communities	(1,888)	1,300	3,188
Corporate Services	1,690	(1,912)	(3,602)
Environment	620	694	74
Housing	38	145	107
Non-Directorate Specific	889	792	(97)
<b>Directorate total</b>	<b>16,393</b>	<b>15,753</b>	<b>(640)</b>
Interest & Investment Income	(772)	(822)	(50)
Government Grant Funding	(2,828)	(3,272)	(444)
Transfers to/(from) Reserves	(5,129)	(3,682)	1,447
Transfers to/(from) Balances	311	311	0
Transactions below the line	(1,555)	(1,580)	(25)
<b>Budget Requirement</b>	<b>6,420</b>	<b>6,708</b>	<b>288</b>
Business Rate Income	(3,566)	(3,553)	13
Council Tax Income	(7,333)	(7,333)	0
Parish Precepts	(403)	(403)	0
New Homes Bonus	(311)	(311)	0
Lower Tier Services Grant	(126)	(126)	0
Transfers to/(from) the Collection Fund	5,221	5,215	(6)
Transfers to/(from) Working Balances	98	98	0
<b>Budget Shortfall / (Underspend)</b>	<b>0</b>	<b>295</b>	<b>295</b>

- 8.5.1.** The outturn position for the year presented above differs from that reported as the provisional outturn in June 2022, principally due to a change in the accounting treatment of the St George's Shopping Centre transaction. At the time of preparing the

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original draft outturn report, the Council was not aware of the outcome of the external auditor's challenge of the accounting treatment of the St Georges Shopping Centre transaction that formed part of the 2018/19 audited accounts, and which would also impact subsequent years.

- 8.5.2. Full details, including notes on individual variances within directorates can be found within the Outturn Report as considered by the Cabinet on Monday 27 June 2022. Papers for the committee can be accessed at: [www.gravesham.gov.uk/cabinet](http://www.gravesham.gov.uk/cabinet)

### 8.6. Housing Revenue Account

- 8.6.1. The Housing Revenue Account (HRA) reflects the income and expenditure related to the provision of housing accommodation by the Council.
- 8.6.2. In February 2021, the Council set the 2021/22 budget on the basis that the HRA would produce a balanced position at year-end, with planned expenditure being met by anticipated income in the year and a draw of £330k from the General Reserve, principally to fund the approved capital programme for the year.
- 8.6.3. 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.
- 8.6.4. The final outturn position for the year is shown in the next table.

Housing Revenue Account Outturn 2021/22	Original Budget	Outturn	Variance over/(under)
	£'000	£'000	£'000
<b>Income</b>			
Dwelling Rents	(26,273)	(26,425)	(152)
Other Rental Income	(15)	(3)	12
Service Charges	(1,783)	(1,968)	(185)
Non Dwelling Income	(140)	(133)	7
Intensive Management Fund - Income	(522)	(480)	42
Other Income	(110)	(20)	90
<b>Total Income</b>	<b>(28,843)</b>	<b>(29,029)</b>	<b>(186)</b>
<b>Expenditure</b>			
Supervision and Management	5,997	6,522	525
Repairs and Maintenance	7,812	7,708	(104)
Depreciation	6,948	8,768	1,820
Intensive Management Fund - Expenditure	589	546	(43)
Capital Financing Costs	7,794	7,519	(275)
<b>Total Expenditure</b>	<b>29,140</b>	<b>31,063</b>	<b>1,923</b>
Net transfers to/(from) Reserves	(297)	(2,034)	(1,737)
<b>Net (Surplus)/Deficit for the year</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 8.6.5. The difference between the Original Budget and final outturn was mainly due to increased depreciation charges (which is a real charge to the HRA and used as a funding source for future capital works).



8.6.6. 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 27 June 2022. Papers for the committee can be accessed at: [www.gravesham.gov.uk/cabinet](http://www.gravesham.gov.uk/cabinet)

### **8.7. Capital Expenditure (General Fund and HRA)**

8.7.1. 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.

8.7.2. In 2021/22 the Council spent £16.7m on General Fund capital schemes, with the largest single capital investment being the provision of forward-funding to Rosherville Property Development Limited relating to The Charter development.

8.7.3. For Housing capital schemes, expenditure was £17.5m and included works to replace roofs, windows and doors on properties within the Council's housing stock as well as furtherance of the New Build and Acquisition programme to increase the supply of social housing for the residents of Gravesham. Additionally, there was expenditure of £1.1m on Disabled Facilities Grants.

### **8.8. Treasury Management Performance**

8.8.1. Total investment balances as at 31 March 2022 stood at £53.29m, (31 March 2021, £40.54m). During 2021/22 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.

8.8.2. The Council also had £110.29m long-term borrowing as at 31 March 2022 (31 March 2021, £99.25m). This represents an increase of £11.04m in long-term borrowing from 2020/21.

8.8.3. The Council achieved an average rate of return of 0.28% on its internally managed cash flow investments (including cash equivalents) for the year (2020/21, 0.36%). The average return on investment on Property Funds was 19.97% (2020/21, 1.63%), with the average return on investment of Multi-Asset Funds being -3.49% (2020/21, -4.16%). The average return on Property and Multi Asset Funds includes capital growth/loss as well as dividend return.

8.8.4. The Council continues to be proactive in identifying and implementing new and innovative projects to deliver its Corporate Plan objectives and as furtherance to its activity to secure long-term financial sustainability. These projects may require forward-funding to realise ongoing revenue benefits for the Council. The most appropriate source of any funding will be determined at the point at which the required investment in the project is to be made.

### **8.9. The Level of Working Balances and Reserves**

8.9.1. The Council's General Fund working balances stood at £9.37m as at 31 March 2022, while HRA working balances stood at £3.00m (working balances at 31 March 2021 were £9.26m and £3.00m respectively).

8.9.2. The Council also holds earmarked reserves, kept for specific types of expenditure in the future. The total amount of earmarked reserves, including revenue grants not yet

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applied, held as at 31 March 2022 (for General Fund and HRA purposes) is £16.13m (£21.84 at 31 March 2021). This reduction in the level of reserves was primarily due to the drawing down of sums placed into reserves during 2020/21 to finance expected Collection Fund deficits in 2021/22 due to the COVID-19 pandemic.

## 9. Commentary on the Primary Financial Statements for 2021/22

A summary of the Primary Financial Statements is provided below:

### 9.1. The Comprehensive Income and Expenditure Statement (CIES) (Page 47)

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 £0.17m during 2021/22.

Comprehensive Income & Expenditure Statement	2020/21 Actual	Movement during year	2021/22 Actual
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost of Services	(10,604)	32,711	22,107
Other Income and Expenditure	(11,931)	(10,342)	(22,273)
(Surplus) or Deficit on Provision of Services	(22,535)	22,369	(166)
Other Comprehensive Income and Expenditure	(65,248)	41,367	(23,881)
<b>Total Comprehensive Income and Expenditure</b>	<b>(87,783)</b>	<b>63,736</b>	<b>(24,047)</b>

### 9.2. The Balance Sheet (Page 48)

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 2021/22, the Council has seen a greater increase in the value of its assets than its liabilities, resulting in an increase in its net worth during the year of £24.05m.

Balance Sheet	31st March 2021	Movement during year	31st March 2022
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Non-current Assets	537,217	34,414	571,631
Current Assets	40,223	5,241	45,464
Current Liabilities	(32,296)	(4,444)	(36,740)
Total Non-Current Assets plus Net Current Assets	545,144	35,211	580,355
Non-Current Liabilities	(171,901)	(11,164)	(183,065)
<b>Total Assets less Liabilities</b>	<b>373,243</b>	<b>24,047</b>	<b>397,290</b>
Financed by:			
Unusable Reserves	(327,105)	(28,909)	(356,014)
Usable Reserves	(46,138)	4,862	(41,276)
<b>Total Net Worth</b>	<b>(373,243)</b>	<b>(24,047)</b>	<b>(397,290)</b>

**9.3. The Movement in Reserves Statement (MIRS) (Page 49)**

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

9.3.2. The MIRS shows that the total reserves of the Council increased during 2021/22 by £24.05m primarily due to the increase in the 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 2021	(46,138)	(327,105)	(373,243)
(Increase)/decrease in year	4,862	(28,909)	(24,047)
<b>Balance at 31st March 2022</b>	<b>(41,276)</b>	<b>(356,014)</b>	<b>(397,290)</b>

**9.4. The Cash Flow Statement (Page 50)**

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

9.4.2. During 2021/22, there was a change in the Council's level of cash and cash equivalents, with an increase of £0.72m by year-end.

Cash Flow Statement	2020/21	Movement during year	2021/22
	£'000	£'000	£'000
Net (Surplus) or Deficit on the Provision of Services	(22,535)	22,369	(166)
Adjustment to the net (surplus)/deficit on the provision of services	10,085	(29,395)	(19,310)
Net Cash Flows from Operating Activities	(12,450)	(7,026)	(19,476)
Net cash flows from investing activities	12,249	26,215	38,464
Net cash flows from financing activities	(612)	(19,094)	(19,706)
Net (increase) or decrease in cash or cash equivalents	(813)	95	(718)
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5,351</b>	<b>718</b>	<b>6,069</b>

## 10. Principal Risks and Uncertainties

10.1.1. 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.

10.1.2. The next table sets out the identified key risks to the achievement of the Council's strategic priorities in 2021/22:

<b>Key risks to the achievement of the Council's strategic priorities in 2021/22</b>			
<b>Risk</b>	<b>Assessed Risk Score</b>	<b>Mitigating Actions</b>	<b>Target Risk Score for year end</b>
<b>Ongoing financial viability of the Council</b>	12	<p>Continued review reserves and working balance to assess financial sustainability and appropriateness as a means to manage cash flow, future requirements and unexpected events.</p> <p>Continuation of the Council's financial strategy objectives and the core principles that underpin these.</p> <p>Development of a new Medium Term Financial Strategy once the outcomes of the Fair Funding Review and Retained Business Rates Scheme design are known.</p> <p>Continued maintenance of the Medium Term Financial Plan and in-year modelling. Continuation of the programme of development for the council's Financial Management System.</p> <p>Monitoring of performance measures to assess compliance with budget monitoring arrangements.</p> <p>Proactive response to central government consultations on funding for local government.</p>	12

## NARRATIVE REPORT

Key risks to the achievement of the Council's strategic priorities in 2021/22			
Risk	Assessed Risk Score	Mitigating Actions	Target Risk Score for year end
<b>Changes in national priorities and legislative change</b>	15	<p>Circulation of in-house monthly policy briefings and timely legislative updates.</p> <p>Proactive arrangements with partner agencies and key stakeholders to respond to consultations and policy papers from central government and react to changes in delivery.</p> <p>Business Continuity Plans to be reviewed and updated to ensure they remain fit for purpose. Member Induction Programme developed to support all Members elected to the Council, alongside a training and development plan for all Members.</p> <p>Foster effective working practices between departments to enable information sharing and coordination of responses on behalf of the Council, including regular updates to Members.</p>	15
<b>Organisational capacity/resilience</b>	15	<p>Oversight by the Council's Management Team on staff resourcing levels and deployment, apprenticeship opportunities, shared services and use of technology in service delivery. Implement actions to deliver the IIP Action Plan, including:</p> <ul style="list-style-type: none"> <li>• annual staff appraisals to identify training needs and support workforce development.</li> <li>• Maintenance of the Joint Staff forum to provide a two-way communication channel with staff and staff representatives, including Trade Unions.</li> <li>• Promotion of access to support services for staff.</li> </ul> <p>Ensure effective use of operational buildings used to deliver council services. Ongoing maintenance of Business Continuity plans to ensure that they remain fit for purpose. Develop information for local businesses or organisations on the importance of their own resilience.</p>	15

## NARRATIVE REPORT

Key risks to the achievement of the Council's strategic priorities in 2021/22			
Risk	Assessed Risk Score	Mitigating Actions	Target Risk Score for year end
<b>Universal Credit</b>	12	<p>Continued liaison with key agencies such as Citizens Advice and Job Centre Plus.</p> <p>Signposting of customers to the CAB Help to Claim Service, JCP and GOV.UK as and when appropriate.</p> <p>Continued briefing of staff and Members.</p>	12
<b>Cyberattack resulting in data breach or corruption of data</b>	12	<p>Maintain and enhance existing security control arrangements.</p> <p>Implement enhancements to offsite back up arrangements for recovery site.</p> <p>Continue to be proactively engage with professional advice and support organisations such as the Kent Warning, Advice and Reporting Points (WARP) Group, the National Cyber Security Centre, the Kent Resilience Team and the LGA Cyber Technical Advisory Group.</p> <p>Update departmental business continuity plans and the IT disaster recovery to take account of changes in storage infrastructure .</p>	12
<b>Investment Risk</b>	10	<p>Continue to maintain the Treasury Management Strategy Statement, Capital Strategy and Property Acquisition Strategy. Continue to provide and develop quarterly monitoring of treasury and commercial investment activity to report and review performance of the diversified investment portfolio.</p> <p>Maintain the commercial income protection reserve.</p> <p>Continue the close working relationship between Financial Services and Property Services to enable early identification of any risks or opportunities from the council's commercial property portfolio.</p> <p>Ensure that ongoing advice and support is sought from the council's Treasury and Economic advisors and other experts as required.</p>	10

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



## **11. 2022/23 and Beyond**

- 11.1.** The financial environment within which the Council operates will remain challenging. Due to the pandemic, there have been delays in announcements by Central Government with regards to decisions on the final design of long-term funding arrangements for local government. However, the Council has placed itself in a strong position with its current financial plans and focus will remain on ensuring these are sustainable and robust within this challenging environment, and that both revenue and capital resources are aligned with key policy priorities.

## **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](http://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) 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; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities, further details of which are contained in the Annual Governance Statement.

### **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 2022.

***S J Parfitt***

Sarah J Parfitt CPFA

Date: 10 December 2024

### **Certification of Chair of Finance & Audit Committee**

I confirm that the adoption process for the 2021/22 Statement of Accounts has been formally completed and that the Financial Review and Statement of Accounts for the year ended 31 March 2022 was considered and approved by Gravesham Borough Council at the meeting of the Finance & Audit Committee on 10 December 2024.

***G Larkins***

Cllr Gavin Larkins

Date: 10 December 2024

### ACCOUNTING POLICIES, STANDARDS AND CRITICAL JUDGEMENTS

#### 13.1. General

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

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

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

#### 13.2. Accounting Concepts & Qualitative Characteristics

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

##### Relevance

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

##### Reliability

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

##### Comparability

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

##### Understandability

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

##### Materiality

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

##### Accruals

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

### **Going Concern**

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

### **Primacy of Legislative Requirements**

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

### **13.3. Revenue Recognition**

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.

### **13.4. 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.

### **13.5. 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. Available for sale assets are shown in the Balance Sheet at fair value, and all other investments are shown at their nominal value. Internally managed short-term highly liquid investments of three months or less from the date of acquisition are recognised as cash equivalents.

### **13.6. 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.

### **13.7. 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

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- 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.

### **13.8. Intangible Assets**

Intangible assets are non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the local authority through custody or legal rights.

Intangible assets are measured at cost and are not subject to revaluations, they are amortised over their economic lives on a straight-line basis, typically over a period of 5 years.

### **13.9. 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

### **13.10. 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. The fair value of these assets can be attributed in three ways.

- Level 1 - Quoted prices in active markets for identical assets/liabilities that the authority can access at the measurement date.



- Level 2 - Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.
- Level 3 - Unobservable inputs for the asset or liability.

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.

### **13.11. Charges to Revenue for Non-Current Assets**

General Fund service revenue accounts, central support services and trading accounts are charged with the following amounts in relation the use of assets during the year;

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses used by the service (where these exceed accumulated gains held in the Revaluation Reserve)
- amortisation of intangible fixed assets used by the relevant service

### **13.12. 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.

### **13.13. 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.

### 13.14. Leases

Rentals payable under operating leases are charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the term of the lease.

Finance leases are accounted for when the risks and rewards relating to the leased asset are substantially transferred to the council, with rentals payable being apportioned between;

- a charge for the acquisition of the interest in the asset, with a liability in the Balance Sheet at the start of the lease, written down as leasing payments are due, and;
- a finance charge against Net Operating Expenditure in the authority's Comprehensive Income and Expenditure Statement as the leasing payments are due.

Assets recognised by way of finance leases are treated in the same way as Property, Plant and Equipment assets, with the only notable exception being that depreciation is charged over the term of the lease where this is shorter than asset's estimated useful life. Finance leases are recognised within the Balance Sheet at fair value (at the date of the lease's inception).

### 13.15. 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. In the case of the Housing Revenue Account, in accordance with Local Authority Accounting Panel (LAAP) Bulletin 26 the amount chargeable to the HRA is amortised over a maximum period of 10 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.

**13.16. Debtors and Creditors**

The accounts of the Council are maintained on an accruals basis i.e. sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year, with the exception set out above (policy 2).

Debts due to the Council are recorded as they become due and the Debtors section of the Balance Sheet represents the amounts due during the year which remain unpaid at the year-end, from which a sum is deducted as an expected credit loss provision.

Interest payable is accrued to 31 March annually on all loans outstanding at that date. Interest on short-term investments due, but not received as at 31 March is also accrued where this is material.

Instalments of interest on Housing Act advances and deferred payments are brought into account on the day they fall due for payment, irrespective of the period to which they relate.

Housing Revenue Account gross rent income is brought into account for the full year irrespective of debit and collection dates.

**13.17. Stocks and Long Term Contracts**

Vehicle fuel, and Woodville bar & catering stocks are valued at cost price.

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.

**13.18. 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 with the following exceptions:

- the apportionment basis is derived from the estimated percentage allocations of the entire service across other services to whom activities relate
- costs are allocated based on the original budget set rather than the actual outturn for the year.

These exceptions are made in order to speed up the preparation of the accounts, the impact of which is not considered to be material.

**13.19. 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.

**13.20. 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.

### **13.21. 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.

### **13.22. 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 2020/21 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 2019. These rates took effect from 1 April 2020.

- 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.

### **13.23. 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.

### **13.24. 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.

### **13.25. 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.

### **13.26. 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.

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

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

**13.27. 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.

**13.28. 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 or liabilities 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 or liability, either directly or indirectly
- Level 3 – unobservable inputs for the assets or liability.

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.

**13.29. 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.

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

Inputs to the valuation techniques in respect of assets and liabilities 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 or liabilities 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 or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

### **13.31. 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'.

### **St Georges Shopping Centre Transaction**

The 2021/22 Statement of Accounts incorporates a transaction undertaken in 2018/19 relating to the St George's Shopping Centre and other associated land holdings in Gravesend town centre. During the 2019/20 audit process the external auditor



challenged the treatment of the transaction as a finance lease, which was a continuation of the audited accounting treatment applied during 2018/19. Following a protracted period of assessment and discussion with the external auditor, it was accepted in Summer 2023 that the accounting treatment to be applied should be that of a loan arrangement. To this effect the Council restated its relevant financial statements and notes as part of the 2019/20 Statement of Accounts, and has since applied this revised approach subsequently.

As a result of ongoing financial challenges and affordability surrounding the Shopping Centre transaction, the Council re-assessed its loan contract with Aviva. The outcome of this has been that in October 2023, the Council exited the arrangement with Aviva, financing its withdrawal by taking out new PWLB loans.

### **Lothbury Property Fund**

The Council submitted a redemption request to the Lothbury Property Trust in June 2023 to withdraw its investment in the fund. In late 2022 and early 2023 all property funds saw an increase in the level of redemptions, largely due to defined benefit pension funds wishing to exit funds due to the economic climate. The level of redemption request to the Lothbury Fund was a significant proportion of its total fund size and as a result, Lothbury Property Fund suspended redemptions in the fund for a period of 12 months. The Lothbury Property Fund commenced with a planned asset sale and began considering alternative options for the fund going forward. At an EGM on 28 March 2024, a vote was passed to further extend the termination date by a maximum of 60 days to allow the final stages of the merger to be completed and enable those wishing to roll their investment to the new merged fund. The Council indicated that it wished to transfer its unitholding in the Lothbury Property Fund to the new merged fund however, the merger was not able to be progressed following material uncertainty on the valuation of a number of Purpose Built Student Accommodation assets within the portfolio and as a result the fund terminated on 30 May 2024. On termination, all investors are treated equally and Lothbury are issuing monthly capital distributions in line with the number of units held in the fund as and when assets are sold. Investors are also receiving dividend income on a quarterly basis from the assets that remain in the portfolio until such time as they are all sold.

### **13.32. 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.

### **13.33. 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.

Accordingly, the debtors and creditors in the Balance Sheet only show the amount owed by and to taxpayers in respect of Council Tax and Business Rates for the element relating to Gravesham Borough Council. Amounts relating to major precepting authorities will be shown as net debtors or creditors on the Balance Sheet.

The amount shown in the Comprehensive Income and Expenditure Statement as the demand on the Collection Fund includes the accrued amount of Council Tax and Business Rates collected as well as amounts from previous year's estimates. This adjustment is subsequently reversed within the Movement in Reserves Statement to the Collection Fund Adjustment Account.

### **13.34. 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. Two subsidiary companies have also been established to deliver specific services.

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.

Where significant or material intra-group charges occur, they will be removed during consolidation of the accounts.

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

### **13.35. 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.

### **13.36. 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.

- Definition of a Business: Amendments to IFRS 3 Business Combinations

- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

None of the above standards, when adopted, are expected to have a material impact on the Council's financial statements. The planned adoption of IFRS 16 Leases has now been deferred to 2024-25, with an implementation date of April 2024.

### 14.37 Critical Judgments in applying Accounting Policies

In applying the accounting policies, the Council has had to make certain judgments about complex transactions or those involving uncertainty about future events.

The critical judgments made in the Statement of Accounts are:

- **Future Funding for Local Government** – there remains a high degree of uncertainty around future levels of funding for local government. The Council forecasts its financial standing through its Medium Term Financial Plan and set out proposals to manage its future financial position within its Medium Term Financial Strategy. The Council is of the view that the level of uncertainty is not yet significant enough in terms of impact to warrant an impairment of assets due to the need to close facilities and reduce levels of service provision.
- **Group Accounting** - The Council has a management agreement with Gravesham Community Leisure Limited (GCLL), an Independent Prudential Society that operates the leisure centres owned by the Authority. Whilst the Council has an interest in GCLL and the entity is delivering a service of its own, it does not have exposure to the risk of a potential loss. Within the contractual agreement between the Council and GCLL, there are clauses relating to “profit sharing” which do not accrue any liability on the Council if operating income achieved is below the set targets. The contract also specifically indemnifies the Council against any losses in the event of the termination of the agreement and the winding up of the GCLL. It is therefore assessed that there is no group relationship.
- The Council has an interest in Rosherville Limited and its subsidiary companies which are 100% owned by the Council. Accounting Policies for the preparation of Group Accounts are set out at 14.34. For the purposes of group accounting, these have been consolidated into an overall Rosherville Group position.
- **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. However, 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 during 2020 after the preparation of 2019/20 draft accounts, the Council sought external advice on the appropriate accounting treatment of the transaction and determined that the transaction between the Council and Aviva Investors is that of a loan arrangement rather than a finance lease. The Council's judgement is that only those direct entries which flow through its records and are explicitly inside its accounting boundary are reflected within the financial statements.



## CORE FINANCIAL STATEMENTS

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

The items in the Authority's Balance Sheet at 31 March 2022 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
<b>Property Valuations</b>	<p>Revaluations of property, plant and equipment, investment property and surplus assets are estimations of asset values using comparable recent market transactions, depreciated replacement costs, indices, and data from third parties such as Land Registry and Valuation Office Agency.</p> <p>The valuation of the Council's social housing stock has been based on the most up to date Land Registry house prices indices information at the date of the valuation. Given the small number of sales of valuations available each year for most of the beacons it is considered that using the Land Registry indices information provides a better overall indication of the overall change in value of the Council's Housing Stock.</p>	<p>PPE carrying value as at 31 March 2022 is £481.8m, and Investment Property is £44.7m. A 1% movement in the valuation of PPE and IP would therefore change the balance sheet carrying value by £5.27m.</p>
<b>Pensions Liability</b>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.</p>	<p>A 0.1% decrease in the discount rate would result in an increase in the liability of £3.83m.</p> <p>A 1-year reduction in life expectancy assumptions would result in a £8.99m decrease in the pension liability.</p>

# **CORE FINANCIAL STATEMENTS**

## CORE FINANCIAL STATEMENTS

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**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

		<b>Comprehensive Income &amp; Expenditure Statement</b>			
2020/21		2021/22			
Expenditure	Income	Expenditure	Income	Net Cost	Net Cost
£'000	£'000	£'000	£'000	£'000	£'000
522	(12)				603
8,944	(4,823)	628	(25)		5,246
32,126	(28,104)	13,334	(8,088)		3,203
1,981	(680)	28,948	(25,745)		5,990
21,955	(28,973)	9,356	(3,366)		(4,452)
(18,139)	0	26,173	(30,625)		8,969
9,795	(6,060)	8,969	0		1,395
864	0	4,331	(2,936)		1,153
		1,153	0		
<b>58,048</b>	<b>(68,652)</b>	<b>92,892</b>	<b>(70,785)</b>	<b>22,107</b>	
139	(70)	(1,270)	(83)	(1,353)	
6,299	(3,702)	(2,034)	(3,788)	(5,822)	
	(14,597)		(15,098)	(15,098)	
<b>64,486</b>	<b>(87,021)</b>	<b>89,588</b>	<b>(89,754)</b>	<b>(166)</b>	
	(70,174)			(14,859)	
	0			0	
	4,926			(9,022)	
	<u>(65,248)</u>			<u>(23,881)</u>	
	<b>(87,783)</b>			<b>(24,047)</b>	



## BALANCE SHEET

At 31 March 2021	Balance Sheet		At 31 March 2022	
£'000		Notes	£'000	£'000
	Property, Plant and Equipment	15.6		
	Operational assets			
409,090	- council dwellings		413,896	
42,899	- other land and buildings		50,379	
3,805	- vehicles, plant and equipment		4,379	
1,057	- infrastructure assets		911	
2,877	- community assets		2,877	
10,050	- assets under construction		9,122	
246	- land and buildings		246	
470,024	Total Property, Plant and Equipment			481,810
245	Intangible Assets		298	
3,666	Heritage assets	15.8	3,778	
38,070	Investment Properties	15.9	44,677	
2,573	Long Term Debtors		11,793	
22,639	Long term Investments		29,275	89,821
537,217	Total Non-Current Assets			571,631
19	Inventories		29	
27,294	Short -term Debtors (Gross)	15.10	21,565	
(8,441)	Debt Impairment Provision		(9,199)	
5,351	Cash and Cash Equivalents	15.11	6,069	
16,000	Investments		27,000	45,464
577,440	Total Assets			617,095
	Current Liabilities:			
(7,221)	Short-term Borrowing	15.26	(7,854)	
(25,075)	Short-term Creditors	15.12	(28,886)	(36,740)
545,144	Total Assets less Current Liabilities			580,355
	Long Term Liabilities:			
(577)	Capital Grants Receipts in Advance	15.13	(1,656)	
(1,717)	Provisions	15.14	(1,230)	
(70,360)	Liability Related to Defined Benefit Pension Scheme	15.23	(66,886)	
(99,247)	Long-term Borrowing		(113,293)	
(171,901)	Total Long-term Liabilities			(183,065)
373,243	Total Net Assets			397,290
	Financed by:			
(327,105)	Unusable Reserves	15.15	(356,014)	
(46,138)	Usable Reserves	15.16	(41,276)	(397,290)
(373,243)	Total Reserves			(397,290)

## MOVEMENT IN RESERVES STATEMENT

Financial Year 2021/22	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
<b>Balance at 31 March 2021</b>	(9,258)	(21,842)	(3,000)	(155)	(11,744)	(139)	(46,138)	(327,105)	(373,243)
(Surplus)/Deficit on Provision of Services	(4,955)		4,789				(166)		(166)
Other Comprehensive Expenditure or Income								(23,881)	(23,881)
<b>Total Comprehensive Expenditure and Income</b>	(4,955)		4,789				(166)	(23,881)	(24,047)
Adjustment between accounting basis and funding basis (Note 15.17)	8,522		(2,755)	(443)	(339)	43	5,028	(5,028)	0
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>	3,567		2,034	(443)	(339)	43	4,862	(28,909)	(24,047)
Transfers to/(from) Earmarked Reserves (Note 15.16.3)	(3,681)	5,715	(2,034)				0		0
<b>(Increase)/Decrease in year</b>	(114)	5,715	0	(443)	(339)	43	4,862	(28,909)	(24,047)
<b>Balance at 31 March 2022</b>	(9,372)	(16,127)	(3,000)	(598)	(12,083)	(96)	(41,276)	(356,014)	(397,290)

Financial Year 2020/21	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
<b>Balance at 31 March 2020</b>	(8,935)	(14,944)	(3,000)	(936)	(12,625)	(147)	(40,587)	(244,873)	(285,460)
(Surplus)/Deficit on Provision of Services	672		(23,207)				(22,535)		(22,535)
Other Comprehensive Expenditure or Income								(65,248)	(65,248)
<b>Total Comprehensive Expenditure and Income</b>	672		(23,207)				(22,535)	(65,248)	(87,783)
Adjustment between accounting basis and funding basis (Note 15.17)	(8,168)		23,482	781	881	8	16,984	(16,984)	0
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>	(7,496)		275	781	881	8	(5,551)	(82,232)	(87,783)
Transfers to/(from) Earmarked Reserves (Note 15.16.3)	7,173	(6,898)	(275)				0		0
<b>(Increase)/Decrease in year</b>	(323)	(6,898)	0	781	881	8	(5,551)	(82,232)	(87,783)
<b>Balance at 31 March 2021</b>	(9,258)	(21,842)	(3,000)	(155)	(11,744)	(139)	(46,138)	(327,105)	(373,243)

## CASH FLOW STATEMENT

2020/21	Cash Flow Statement	2021/22	
£'000		£'000	£'000
(22,535)	<b>a) Net (Surplus) or Deficit on the Provision of Services</b>		(166)
	<b>b) Adjustment to the net (surplus)/deficit on the provision of services for non-cash movements</b>		
(9,260)	Depreciation	(11,472)	
17,642	Movement in valuations	(2,084)	
(95)	Amortisation of non-current assets	(74)	
0	Impairment reversals (including writing out depreciation)		
(528)	Movement in impairment provision for bad debts	(758)	
(14,269)	Movement in creditors	(5,628)	
18,564	Movement in revenue debtors	1,354	
(19)	Movement in inventories	10	
(69)	Movement in provisions	487	
(2,763)	Movement in pension liability	(5,548)	
(1,820)	Carrying amount of non-current assets sold	(2,470)	
0	Carrying amounts of non-current assets de-recognised	(4)	
(49)	Other non-cash items charged to the net surplus or deficit on the provision of services	1,760	(24,427)
(15,201)			(24,593)
	<b>c) Adjustment for items in the net (surplus)/deficit on the provision of services that are investing and financing activities</b>		
2,635	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,709	
116	Other Receipts for investing activities	408	5,117
(12,450)	<b>d) Net Cash Flows from Operating Activities</b>		(19,476)
	<b>e) Investing Activities</b>		
15,797	Purchase of property, plant and equipment, investment property and intangible assets	19,563	
16,471	Purchase of Short Term and Long Term Investments	21,020	
2,232	Other Payments for investing activities	9,227	
(2,635)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,709)	
(19,500)	Proceeds from Short Term and Long Term Investments	(5,000)	
(116)	Capital Grants received in year	(1,552)	
0	Other Receipts for investing activities	(85)	
12,249	Net cash flows from investing activities		38,464
	<b>f) Financing Activities</b>		
(15,891)	Cash Receipts of short and long term borrowing	4,858	
(7,805)	Other receipts from financing activities	(5,026)	
23,084	Repayments of short and long term borrowing	(19,538)	
(612)	Net cash flows from financing activities		(19,706)
(813)	<b>g) Net movements in year excluding non-cash items</b>		(718)
4,538	<b>h) Cash and cash equivalents at the beginning of the reporting period</b>		5,351
813	<b>i) Net increase or (decrease) in cash or cash equivalents</b>		718
5,351	<b>j) Cash and cash equivalents at the end of the reporting period</b>		6,069

**14. NOTES TO THE CORE FINANCIAL STATEMENTS**

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

## NOTES TO THE CORE FINANCIAL STATEMENTS

### 14.1. Expenditure and Funding Analysis

Financial Year 2021/22	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	112	414	526	77	603
Communities	6,389	1,844	8,233	(2,987)	5,246
Corporate Services	1,222	1,338	2,560	643	3,203
Environment	5,687	(1,727)	3,960	2,030	5,990
Housing - HRA Services	2,034	(272)	1,762	2,755	4,517
Housing - Other Services	1,551	(1,624)	(73)	1,468	1,395
Non-Directorate Specific	792	(1)	791	362	1,153
<b>Net cost of services</b>	<b>17,787</b>	<b>(28)</b>	<b>17,759</b>	<b>4,348</b>	<b>22,107</b>
Other income and expenditure - HRA Services	0	272	272	0	272
Other income and expenditure - Other Services	(12,186)	(244)	(12,430)	(10,115)	(22,545)
<b>(Surplus) or deficit</b>	<b>5,601</b>	<b>0</b>	<b>5,601</b>	<b>(5,767)</b>	<b>(166)</b>
Opening General Fund and HRA Balance (Note 1)			(34,100)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			5,601		
<b>Closing General Fund and HRA Balance as at 31 March 2022</b>			<b>(28,499)</b>		

### 15.1.1 Note 1 to the 2021/22 Expenditure and Funding Analysis

Analysis of Balances 2021/22	Opening Balance	(Surplus)/Deficit in Year	Closing Balance as at 31 March
	£'000	£'000	£'000
General Fund	(9,258)	(114)	(9,372)
Earmarked Reserves (General Fund & HRA)	(21,842)	5,715	(16,127)
Housing Revenue Account	(3,000)	0	(3,000)
<b>Total Balances</b>	<b>(34,100)</b>	<b>5,601</b>	<b>(28,499)</b>

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.

## NOTES TO THE CORE FINANCIAL STATEMENTS

Financial Year 2020/21	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	43	432	475	35	510
Communities	882	2,244	3,126	995	4,121
Corporate Services	1,886	1,918	3,804	218	4,022
Environment	1,725	(568)	1,157	144	1,301
Housing - HRA Services	275	(1,950)	(1,675)	(23,482)	(25,157)
Housing - Other Services	4,911	(2,616)	2,295	1,440	3,735
Non-Directorate Specific	777	0	777	87	864
<b>Net cost of services</b>	<b>10,499</b>	<b>(540)</b>	<b>9,959</b>	<b>(20,563)</b>	<b>(10,604)</b>
Other income and expenditure - HRA Services	0	1,950	1,950	0	1,950
Other income and expenditure - Other Services	(17,720)	(1,409)	(19,129)	5,248	(13,881)
Other movements	0	(1)	(1)	0	0
<b>(Surplus) or deficit</b>	<b>(7,221)</b>	<b>0</b>	<b>(7,221)</b>	<b>(15,315)</b>	<b>(22,535)</b>
Opening General Fund and HRA Balance (Note 1)			(26,879)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			(7,221)		
<b>Closing General Fund and HRA Balance as at 31 March 2021</b>			<b>(34,100)</b>		

### 15.1.1 Note 1 to the 2020/21 Expenditure and Funding Analysis

Analysis of Balances 2020/21	Opening Balance	(Surplus)/Deficit in Year	Closing Balance as at 31 March
	£'000	£'000	£'000
General Fund	(8,935)	(323)	(9,258)
Earmarked Reserves (General Fund & HRA)	(14,944)	(6,898)	(21,842)
Housing Revenue Account	(3,000)	0	(3,000)
<b>Total Balances</b>	<b>(26,879)</b>	<b>(7,221)</b>	<b>(34,100)</b>

## NOTES TO THE CORE STATEMENTS

### 15.1.2 Note 2 to the 2021/22 Expenditure and Funding Analysis

Reconciliation between out-turn and EFA 2021/22	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	15,126		15,126	(15,126)	0
Chief Executive	(392)		(392)	504	112
Communities	1,300		1,300	5,089	6,389
Corporate Services	(1,912)		(1,912)	3,134	1,222
Environment	694		694	4,993	5,687
Housing	145	2,034	2,179	1,406	3,585
Non-Directorate Specific	792		792	0	792
<b>Directorate total</b>	<b>15,753</b>	<b>2,034</b>	<b>17,787</b>	<b>0</b>	<b>17,787</b>
Interest & Investment Income	(822)		(822)	822	0
Government Grant Funding	(3,272)		(3,272)	3,272	0
Transfers to/(from) Reserves	(3,682)	(2,034)	(5,716)	5,716	0
Transfers to/(from) Balances	311		311	(311)	0
Transactions below the line	(1,580)		(1,580)	1,580	0
Other income and expenditure	0		0	(17,492)	(17,492)
<b>Budget Requirement</b>	<b>6,708</b>	<b>0</b>	<b>6,708</b>	<b>(6,413)</b>	<b>295</b>
Business Rate Income	(3,553)		(3,553)	3,553	0
Council Tax Income	(7,333)		(7,333)	7,333	0
Parish Precepts	(403)		(403)	403	0
New Homes Bonus	(311)		(311)	311	0
Lower Tier Services Grant	(126)		(126)	126	0
Transfers to/(from) the Collection Fund	5,215		5,215	(5,215)	0
Transfer to Working Balances	98		98	(98)	0
<b>Budget Shortfall / (Underspend)</b>	<b>295</b>	<b>0</b>	<b>295</b>	<b>0</b>	<b>295</b>
<b>Reconciliation to EFA</b>					
<b>Directorate total</b>					<b>17,787</b>
Other income and expenditure in outturn				(17,492)	
Less movements in reserves items:					
<i>Transfers to/(from) Reserves (adjusted within outturn presentation)</i>				5,715	
<i>Transfers to/(from) Balances</i>				(311)	
<i>Use of Working Balances</i>				(98)	
Other income and expenditure in EFA					(12,186)
<b>(Surplus) or deficit in EFA</b>					<b>5,601</b>

## NOTES TO THE CORE STATEMENTS

### 15.1.2 Note 2 to the 2020/21 Expenditure and Funding Analysis

Reconciliation between out-turn and EFA 2020/21	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	14,717		14,717	(14,717)	0
Chief Executive	(446)		(446)	489	43
Communities	(3,928)		(3,928)	4,810	882
Corporate Services	(967)		(967)	2,853	1,886
Environment	(137)		(137)	1,862	1,725
Housing	208	275	483	4,703	5,186
Non-Directorate Specific	777		777	0	777
<b>Directorate total</b>	<b>10,224</b>	<b>275</b>	<b>10,499</b>	<b>0</b>	<b>10,499</b>
Interest & Investment Income	(806)		(806)	806	0
Government Grant Funding	(5,843)		(5,843)	5,843	0
Transfers to/(from) Reserves	7,173	(275)	6,898	(6,898)	0
Transfers to/(from) Balances	603		603	(603)	0
Transactions below the line	1,102		1,102	(1,102)	0
Other income and expenditure	0		0	(9,949)	(9,949)
<b>Budget Requirement</b>	<b>12,453</b>	<b>0</b>	<b>12,453</b>	<b>(11,903)</b>	<b>550</b>
Business Rate Income	(4,014)		(4,014)	4,014	0
Council Tax Income	(7,188)		(7,188)	7,188	0
Parish Precepts	(368)		(368)	368	0
New Homes Bonus	(603)		(603)	603	0
Transfers to/(from) the Collection Fund	0		0	0	0
Transfers to/(from) Working Balances	270		270	(270)	0
<b>Budget Shortfall / (Underspend)</b>	<b>550</b>	<b>0</b>	<b>550</b>	<b>0</b>	<b>550</b>
<b>Reconciliation to EFA</b>					
<b>Directorate total</b>					<b>10,499</b>
Other income and expenditure in outturn				(9,949)	
Less movements in reserves items:					
<i>Transfers to/(from) Reserves (adjusted within outturn presentation)</i>				(6,898)	
<i>Transfers to/(from) Balances</i>				(603)	
<i>Use of Working Balances</i>				(270)	
Other income and expenditure in EFA					(17,720)
<b>(Surplus) or deficit in EFA</b>					<b>(7,221)</b>



## NOTES TO THE CORE STATEMENTS

### 15.1.3 Note 3 to the Expenditure and Funding Analysis

Adjustments from General Fund and HRA balances to arrive at the Comprehensive Income and Expenditure Statement 2021/22	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Chief Executive	2	75	0	77
Communities	(3,895)	908	0	(2,987)
Corporate Services	56	587	0	643
Environment	1,129	901	0	2,030
Housing - HRA Services	10,079	1,431	(8,755)	2,755
Housing - Other Services	1,258	210	0	1,468
Non-Directorate Specific	0	362	0	362
<b>Net cost of services</b>	<b>8,629</b>	<b>4,474</b>	<b>(8,755)</b>	<b>4,348</b>
Other income and expenditure from the funding analysis	(4,750)	1,075	(6,440)	(10,115)
Difference between General Fund & HRA surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	3,879	5,549	(15,195)	(5,767)

Adjustments from General Fund and HRA balances to arrive at the Comprehensive Income and Expenditure Statement 2020/21	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Chief Executive	2	33	0	35
Communities	708	287	0	995
Corporate Services	30	188	0	218
Environment	32	112	0	144
Housing - HRA Services	(17,261)	630	(6,851)	(23,482)
Housing - Other Services	1,115	325	0	1,440
Non-Directorate Specific	0	87	0	87
<b>Net cost of services</b>	<b>(15,374)</b>	<b>1,662</b>	<b>(6,851)</b>	<b>(20,563)</b>
Other income and expenditure from the funding analysis	49	1,101	4,098	5,248
Difference between General Fund & HRA surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(15,325)	2,763	(2,753)	(15,315)

## NOTES TO THE CORE STATEMENTS

### 15.1.4 Note 4 to the Expenditure and Funding analysis

2020/21	Summary of revenue recognised from contracts with service recipients within Expenditure & Funding Analysis	2021/22
Income		Income
£'000		£'000
0	Chief Executive	0
(5,820)	Communities	(6,408)
(879)	Corporate Services	(1,338)
(662)	Environment	(551)
(28,634)	Housing - HRA Services	(29,128)
(2,715)	Housing - Other Services	(3,109)
0	Non-Directorate Specific	0
<b>(38,710)</b>	<b>Revenue recognised within EFA</b>	<b>(40,534)</b>
0	Other income - HRA Services	0
0	Other income - Other Services	0
<b>0</b>	<b>Other income recognised within EFA</b>	<b>0</b>
<b>(38,710)</b>	<b>Total revenue recognised from contracts with service recipients within EFA</b>	<b>(40,534)</b>

## NOTES TO THE CORE STATEMENTS

### 14.2. Other Operating Expenditure/Income

2020/21	Other Operating Expenditure		2021/22	
Net Expenditure		Expenditure	Income	Net Expenditure
£'000		£'000	£'000	£'000
368	Parish Precepts	403	0	403
44	Levies	43	0	43
522	Payments to the Housing Capital Receipts Pool	523	0	523
(795)	(Gains)/Losses on the disposal of non-current assets	(2,239)	0	(2,239)
(70)	Other capital receipts	0	(83)	(83)
69	<b>Total</b>	<b>(1,270)</b>	<b>(83)</b>	<b>(1,353)</b>

### 14.3. Financing and Investment Income and Expenditure

2020/21	Financing and Investment Income and Expenditure		2021/22	
Net Expenditure		Expenditure	Income	Net Expenditure
£'000		£'000	£'000	£'000
3,919	Interest Payable and Receivable	3,931	(105)	3,826
(718)	Other Investment Income	0	(729)	(729)
1,430	Pensions Interest cost and return on pension assets	1,484	0	1,484
(164)	Trading Operations (see below)	662	(921)	(259)
(688)	Investment Properties (inc fair value changes)	(6,495)	(2,033)	(8,528)
(1,182)	Financial Instruments	(1,616)	0	(1,616)
2,597	<b>Total</b>	<b>(2,034)</b>	<b>(3,788)</b>	<b>(5,822)</b>

The following (surpluses)/deficits have been realised in relation to Trading Operations carried out during 2021/22:

2020/21	Trading Operations		2021/22	
Net Expenditure		Expenditure	Income	Net Expenditure
£'000		£'000	£'000	£'000
(159)	Industrial Estates	60	(319)	(259)
153	Spotlites Café	148	(78)	70
(158)	Trade Refuse Services	454	(524)	(70)
(164)	<b>Total</b>	<b>662</b>	<b>(921)</b>	<b>(259)</b>

## NOTES TO THE CORE STATEMENTS

### 14.4. 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.

2020/21	Taxation and Non-specific Grant Income	2021/22
£'000		£'000
(7,425)	Council Tax Income	(7,733)
1,564	Business Rates Income	(2,923)
(8,666)	Non-Ringfenced Government Grants	(3,967)
(70)	Capital Grants & Contributions	(475)
(14,597)	Total	(15,098)

The movement within Business Rates Income primarily relates to collection fund accounting timing arrangements whereby, deficits arising in 2020/21 were repayable in 2021/22. Within Non-Ringfenced Government Grants, the reduction in 2021/22 largely relates to reduced Covid-19 support grants received in that year compared to 2020/21.

### 14.5. Expenditure and Income analysed by nature

2020/21	Expenditure and Income Analysed by Nature	2021/22		
Total Net Expenditure		General Fund Net Expenditure	HRA Net Expenditure	Total Net Expenditure
£'000		£'000	£'000	£'000
	Expenditure			
21,524	Employee expenses	19,351	6,613	25,964
45,666	Other service expenses	38,936	8,519	47,455
522	Payments to Housing Capital Receipts Pool	523	0	523
(8,311)	Depreciation, amortisation, impairment & revaluations	(5,628)	17,652	12,024
(795)	(Gains)/losses on disposal of non-current assets	32	(2,271)	(2,239)
5,468	Interest payments	2,819	2,596	5,415
412	Precepts & levies	446	0	446
0	Net Support service recharges	(2,349)	2,349	0
64,486	Total Expenditure	54,130	35,458	89,588
	Income			
(42,291)	Fees and charges and other service income	(15,045)	(30,667)	(45,712)
(5,861)	Income from Council Tax and Business Rates	(10,656)	0	(10,656)
(38,032)	Government grants and contributions	(32,552)	0	(32,552)
(837)	Interest and investment income	(823)	(11)	(834)
(87,021)	Total Income	(59,076)	(30,678)	(89,754)
(22,535)	(Surplus)/Deficit on the Provision of Services	(4,946)	4,780	(166)

## NOTES TO THE CORE STATEMENTS

### 15.5.1 Government Grants and Contributions

2020/21	Government Grants and Contributions (significant items from Expenditure & Income by Nature)	General Fund	2021/22 HRA	Total
Total		£'000	£'000	£'000
		£'000	£'000	£'000
(638)	Disabled Facilities Grant	(1,138)	0	(1,138)
(301)	Discretionary Housing Payment Grant	(252)	0	(252)
(280)	Housing Benefit Administration Grant	(270)	0	(270)
(23,170)	Housing Benefit Subsidy	(20,389)	0	(20,389)
(1,169)	MHCLG - Covid-19 Additional Restrictions Grant	(2,786)	0	(2,786)
(1,787)	MHCLG - Covid-19 LA Support Grant	(609)	0	(609)
(674)	MHCLG - Covid-19 SBR Grants	0	0	0
(1,009)	MHCLG - Sales Fees & Charges Compensation	(277)	0	(277)
(379)	New Burdens - Covid-19 Business Support Grants	(131)	0	(131)
(603)	New Homes Bonus Grant	(311)	0	(311)
0	NNDR - Covid-19 Additional Relief Fund	(1,763)	0	(1,763)
(877)	NNDR - Retail Relief	(918)	0	(918)
(4,656)	NNDR - Small Business Rate Relief	(290)	0	(290)
(290)	Rough Sleeping Initiative	(469)	0	(469)
(2,199)	Other Grants and Contributions under £200k	(2,949)	0	(2,949)
<b>(38,032)</b>	<b>Total - Significant Items</b>	<b>(32,552)</b>	<b>0</b>	<b>(32,552)</b>

## NOTES TO THE CORE STATEMENTS

### 14.6. Property Plant and Equipment

Financial Year 2021/22	Property, plant & equipment							Total
	Operational Assets					Non-Op Assets		
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Assets Under Construction	Surplus Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation As at 1 April 2021</b>	409,090	44,413	9,748	2,218	2,878	10,050	246	478,643
Additions	12,204	1,399	1,276	0	0	4,786	0	19,665
Revaluation increases/(decreases) recognised in Revaluation Reserve	(176)	6,569	0	0	0	0	0	6,393
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	(10,441)	272	0	0	0	0	0	(10,169)
Derecognition - disposals	(2,490)	(35)	(8)	0	0	0	0	(2,533)
Assets reclassified	5,709	0	0	0	0	(5,709)	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0
<b>As at 31 March 2022</b>	<b>413,896</b>	<b>52,618</b>	<b>11,016</b>	<b>2,218</b>	<b>2,878</b>	<b>9,127</b>	<b>246</b>	<b>491,999</b>
<b>Accumulated Depreciation and Impairments As at 1 April 2021</b>	0	(1,514)	(5,943)	(1,161)	(1)	0	0	(8,619)
Depreciation Charge for year	(8,580)	(2,048)	(698)	(146)	0	0	0	(11,472)
Accumulated depreciation written out to the Revaluation Reserve	7,055	1,316	0	0	0	0	0	8,371
Accumulated depreciation written out to the Surplus/Deficit on the Provision of Services	1,472	0	0	0	0	0	0	1,472
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment written back on disposal	52	7	4	0	0	0	0	63
Reclassifications	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	1	0	0	0	0	(5)	0	(4)
<b>As at 31 March 2022</b>	<b>0</b>	<b>(2,239)</b>	<b>(6,637)</b>	<b>(1,307)</b>	<b>(1)</b>	<b>(5)</b>	<b>0</b>	<b>(10,189)</b>
<b>Net Book Value</b>								
At 31 March 2022	413,896	50,379	4,379	911	2,877	9,122	246	481,810
At 1 April 2021	409,090	42,899	3,805	1,057	2,877	10,050	246	470,024

Revaluations of the Council's assets are carried out on a five yearly cycle as per paragraph 14.7 of the Accounting Policies. For 2021/22, valuations were carried out internally by the Council's Estates and Valuation Manager, Tina Kwegan MRICS, and the Council's Service Manager (Property and Regulatory Services), Elizabeth Thornton, BSc (Hons) MRICS, based on a valuation date of 31 March 2022.

Wilks Head & Eve, Chartered Surveyors and Town Planners carried out a valuation of Council Dwellings at 31 March 2022.

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

## NOTES TO THE CORE STATEMENTS

Property, plant & equipment								
Financial Year 2020/21	Operational Assets					Non-Op Assets		Total
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Assets Under Construction	Surplus Assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation As at 1 April 2020</b>	320,814	47,899	8,960	2,218	2,878	4,321	246	387,336
Additions	5,624	2,048	760	0	0	7,385	0	15,817
Revaluation increases/(decreases) recognised in Revaluation Reserve	61,206	(2,599)	0	0	0	0	0	58,607
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	21,699	(357)	0	0	0	0	0	21,342
Derecognition - disposals	(1,908)	(2,019)	0	0	0	0	0	(3,927)
Assets reclassified	1,656	(29)	29	0	0	(1,656)	0	0
Other movements in cost or valuation	(1)	(530)	(1)	0	0	0	0	(532)
<b>As at 31 March 2021</b>	<b>409,090</b>	<b>44,413</b>	<b>9,748</b>	<b>2,218</b>	<b>2,878</b>	<b>10,050</b>	<b>246</b>	<b>478,643</b>
<b>Accumulated Depreciation and Impairments As at 1 April 2020</b>	(1)	(1,711)	(5,290)	(1,014)	(1)	0	0	(8,017)
Depreciation Charge for year	(6,728)	(1,748)	(637)	(147)	0	0	0	(9,260)
Accumulated depreciation written out to the Revaluation Reserve	10,249	1,344	0	0	0	0	0	11,593
Accumulated depreciation written out to the Surplus/Deficit on the Provision of Services	(3,560)	8	0	0	0	0	0	(3,552)
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment written back on disposal	40	47	0	0	0	0	0	87
Reclassifications	0	16	(16)	0	0	0	0	0
Other movements in depreciation and impairment		530	0	0	0	0	0	530
<b>As at 31 March 2021</b>	<b>0</b>	<b>(1,514)</b>	<b>(5,943)</b>	<b>(1,161)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>(8,619)</b>
<b>Net Book Value</b>								
At 31 March 2021	409,090	42,899	3,805	1,057	2,877	10,050	246	470,024
At 1 April 2020	320,813	46,188	3,670	1,204	2,877	4,321	246	379,319

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

Property, plant & equipment								
Financial Year 2021/22	Operational Assets					Non-Op Assets		Total
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Assets Under Construction	Other Land & Buildings	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historic Cost	0	0	11,016	2,218	2,878	9,127	196	25,435
Valued at Current Value in year:								
2021/22	413,896	31,399	0	0	0	0	0	445,295
2020/21	0	11,024	0	0	0	0	0	11,024
2019/20	0	6,567	0	0	0	0	0	6,567
2018/19	0	1,017	0	0	0	0	50	1,067
2017/18	0	2,081	0	0	0	0	0	2,081
<b>Total Cost or Valuation</b>	<b>413,896</b>	<b>52,088</b>	<b>11,016</b>	<b>2,218</b>	<b>2,878</b>	<b>9,127</b>	<b>246</b>	<b>491,469</b>

## NOTES TO THE CORE STATEMENTS

### 14.7. 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 2021/22 the total depreciation charges were £11.47m (£9.26m, 2020/21), including £8.79m within the HRA. A reversing entry ensures 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.

### 14.8. 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 the Fort Gardens Tunnels and various war memorials in the borough.

31st March 2021	Heritage Assets	31st March 2022
£'000		£'000
227	Fort Gardens - Bandstand	234
2,039	Clock Tower	2,100
85	Puji Memorial	88
23	Mayoral Chains	22
182	Civic regalia	182
96	Museum exhibits	99
791	Woodlands Park Bunker	815
210	Queen Elizabeth II Statue	216
13	Other Miscellaneous Properties	22
<u>3,666</u>	Total	<u>3,778</u>

### 14.9. 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 2021/22, valuations were carried out internally by the Council's Estates and Valuation Manager, Tina Kwegan MRICS, on behalf of the Council's Service Manager (Property and Regulatory Services).

31st March 2021	Investment Properties	31st March 2022
£'000		£'000
(1,330)	Revaluation	6,607
<u>(1,330)</u>	Total increase/(decrease) in	<u>6,607</u>
39,400	Balance brought forward at 1 April	38,070
(1,330)	Movement in year	6,607
<u>38,070</u>	Balance carried forward at 31 March	<u>44,677</u>



## NOTES TO THE CORE STATEMENTS

### 14.10. Debtors

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

31st March 2021	Short term Debtors	Movement	31st March 2022
£'000		£'000	£'000
5,090	Central government bodies	(4,687)	404
4,382	Other local authorities	(308)	4,074
17,822	Other entities and individuals	(735)	17,087
<u>27,294</u>	Total		<u>21,565</u>

The movement within Central government bodies is largely due to collection fund arrangements arising from the Covid-19 pandemic whereby amounts due at the end of 2020/21 have largely been settled in 2021/22.

### 14.11. 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 2021	Cash and Cash Equivalents	Movement	31st March 2022
£'000		£'000	£'000
102	Cash in Hand/(Overdrawn)	602	704
5,249	Short Term Deposits	116	5,365
<u>5,351</u>	Total Cash & Cash Equivalents	<u>718</u>	<u>6,069</u>
4,538	Balance brought forward at 1 April		5,351
813	Movement in year		718
<u>5,351</u>	Balance carried forward at 31 March		<u>6,069</u>

The net movement between 2020/21 and 2021/22 is due to increased funds being held in highly liquid Money Market Funds and a larger balance being held in the Council's bank account on 31 March 2022 to facilitate payments being made on 1 April 2022. The Cash in Hand Figure of £704k as at 31 March 2022, includes £145k held in a separate bank account specifically for the use of the Heritage Quarter Capital project.

### 14.12. Creditors

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

31st March 2021	Short term Creditors	31st March 2022
£'000		£'000
(7,649)	Central government bodies	(13,061)
(124)	Other local authorities	(645)
(17,302)	Other entities and individuals	(15,180)
<u>(25,075)</u>	Total	<u>(28,886)</u>

The movement within Central government bodies largely relates to various Covid-19 support grants due for repayment by the Council at the end of 2021/22.

## NOTES TO THE CORE STATEMENTS

### 14.13. Capital Grants and Contributions Received in Advance

Capital Grants and Contributions received in advance	Balance at 31st March 2021	Receipts	Recognised as Income	Balance at 31st March 2022
	£'000	£'000	£'000	£'000
S106 Bluewater Gravesend Town Centre Improvement	(189)	0	151	(38)
S106 Capital Contribution Whitehill Road Open Space	(52)	0	0	(52)
S106 Springhead Leisure Contribution	(150)	0	0	(150)
S106 Land at Dover Road	(50)	0	0	(50)
S106 Coldharbour Road	(92)	(92)	0	(184)
S106 St Andrew's Landscape Improvements	0	(285)	0	(285)
S106 Social Housing Decarbonisation Fund	0	(824)	0	(824)
Other Small Grants and Contributions	(44)	(29)	0	(73)
<b>Total Capital Grants and Contributions received in advance</b>	<b>(577)</b>	<b>(1,230)</b>	<b>151</b>	<b>(1,656)</b>

### 14.14. Provisions

31st March 2021	Provisions	Movement	31st March 2022
£'000		£'000	£'000
(127)	Municipal Mutual Insurance Company	0	(127)
(1,590)	Business Rates Appeals	486	(1,103)
<b>(1,717)</b>	<b>Total held</b>	<b>486</b>	<b>(1,230)</b>

### 14.15. 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 2021	Unusable Reserves	31st March 2022
£'000		£'000
(113,197)	Revaluation Reserve (note 15.15.1)	(124,349)
(290,572)	Capital Adjustment Account (note 15.15.2)	(298,435)
39	Financial Instruments Adjustment Account (note 15.15.3)	34
379	Accumulated Absences Account (note 15.15.4)	413
(33)	Deferred Capital Receipts Reserve	(27)
70,360	Pensions Reserve (Note 15.23)	66,886
5,340	Collection Fund Adjustment Account (note 18.5)	501
579	Pooled Investment Funds Adjustment Account	(1,037)
<b>(327,105)</b>	<b>Total Unusable Reserves</b>	<b>(356,014)</b>

## NOTES TO THE CORE STATEMENTS

### 14.15.1. 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.

2020/21	Revaluation Reserve	2021/22
£'000		£'000
(46,340)	Balance at 1 April	(113,197)
(74,393)	Upward revaluation of assets	(18,090)
4,220	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	3,231
(70,173)	<b>Surplus or Deficit on the revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	(14,859)
1,701	Difference between fair value depreciation and historic cost depreciation	3,079
0	Historic HRA valuation adjustment	
1,615	Accumulated gains on assets sold or scrapped	628
3,316	<b>Amount written off to the Capital Adjustment Account</b>	3,707
(113,197)	Balance at 31 March	(124,349)

## NOTES TO THE CORE STATEMENTS

### 14.15.2. 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.

2020/21	Capital Adjustment Account	2021/22
£'000		£'000
	<b>Sources of Finance</b>	
(3,070)	Capital Receipts	(3,939)
(70)	Government grants and contributions (received in year)	(886)
(8)	Government grants and contributions (brought forward)	(42)
(7,637)	Major Repairs Reserve	(8,324)
(10,785)		(13,191)
	<b>Sums set aside from revenue</b>	
(2,660)	Direct revenue contributions	(2,753)
(6,005)	Minimum revenue provision (MRP)	(5,499)
(8,665)	Increase or decrease during year	(8,252)
	<b>Removal of items not chargeable to Fund Balances</b>	
9,260	Depreciation charged in the year	11,473
95	Amortisation charged in the year	74
2,606	Revaluation losses - PPE	10,195
(20,421)	Reversal of impairment losses - HRA	(1,499)
0	Reversal of impairment losses - GF	(6)
1,330	Revaluation (gains)/losses - Investment properties	(6,607)
3,860	Disposals in the year	2,470
(2,020)	Rosherville Investment	0
882	Revenue expenditure met from capital under statute	1,187
(4,408)	Increase or decrease during year	17,287
(23,858)	Total accounting adjustments between funding basis under statute	(4,156)
	<b>Write Down of Revaluation Reserve</b>	
(1,615)	Accumulated Gains on disposed assets	(628)
(1,701)	Revaluation Reserve depreciation	(3,079)
(3,316)		(3,707)
(27,174)	<b>Increase or decrease during year</b>	(7,863)
(263,398)	Balance brought forward at 1 April	(290,572)
(27,174)	Movement in year	(7,863)
(290,572)	<b>Balance carried forward at 31 March</b>	(298,435)

## NOTES TO THE CORE STATEMENTS

### 14.15.3. 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.

2020/21	Financial Instruments Adjustment Account	2021/22
£'000		£'000
(11)	Private Sector renovation loans	(5)
(11)	Total increase/(decrease) in Financial Instruments	(5)
50	Balance brought forward at 1 April	39
(11)	Movement in year	(5)
39	Balance carried forward at 31 March	34

### 14.15.4. 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.

2020/21	Accumulated Absences Account	2021/22
£'000		£'000
359	Reversal of accrual from preceding year	380
(339)	Amount accrued at the end of the current year	(346)
20	Total increase/(decrease) in Accumulated Absences Account	34
359	Balance brought forward at 1 April	379
20	Movement in year	34
379	Balance carried forward at 31 March	413

## NOTES TO THE CORE STATEMENTS

### 14.16. 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 2021	Usable Reserves	31st March 2022
£'000		£'000
(11,744)	Capital Receipts Reserve	(12,083)
(19,348)	Earmarked Reserves	(14,404)
(2,494)	Revenue Grants not yet applied	(1,723)
(139)	Capital Grants & Contributions Unapplied	(96)
(155)	Major Repairs Reserve	(598)
(9,258)	General Fund Balance	(9,372)
(3,000)	Housing Revenue Account Balance	(3,000)
<b>(46,138)</b>	<b>Total Usable Reserves</b>	<b>(41,276)</b>

#### 14.16.1. Capital Receipts Reserve

2020/21	Capital Receipts Reserve	2021/22
£'000		£'000
(2,635)	Cash proceeds from the disposal of non-current assets	(4,709)
(70)	Other capital receipts	(85)
(7)	Transfer from Deferred Capital Receipts	(7)
523	Payment to Housing Capital Receipts Pool (Note 17.7)	523
3,070	Applied in Capital Financing	3,939
<b>881</b>	<b>Total (increase)/decrease</b>	<b>(339)</b>
(12,625)	Balance brought forward at 1 April	(11,744)
881	Movement in year	(339)
<b>(11,744)</b>	<b>Balance carried forward at 31 March</b>	<b>(12,083)</b>

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 payable into a Government pool for redistribution. 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. The deficit is made good by an equivalent appropriation from Usable Capital Receipts.

## NOTES TO THE CORE STATEMENTS

### 14.16.2. Grants and Contributions Unapplied

Capital Grants & Contributions Unapplied	Balance at 31st March 2021	Transfer to General Fund Balance	Applied in capital financing	Balance at 31st March 2022
	£'000	£'000	£'000	£'000
CLG - Localised Council Tax Support	(84)	0	43	(41)
Land at South of Hever Court Road	(55)	0	0	(55)
<b>Total (increase)/decrease</b>	<b>(139)</b>	<b>0</b>	<b>43</b>	<b>(96)</b>
Balance brought forward at 1 April	(147)			(139)
Movement in year	8			43
<b>Balance carried forward at 31 March</b>	<b>(139)</b>			<b>(96)</b>

## NOTES TO THE CORE STATEMENTS

### 14.16.3. 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 2021	Earmarked Reserves	Transfer from balances	Applied in revenue financing	Transfer between reserves	31st March 2022
£'000		£'000	£'000	£'000	£'000
(465)	Planning Policy Reserve	(200)	65	0	(600)
(1,163)	Asset Enhancement Reserve	(100)	286	0	(977)
(1,657)	Leisure Centres Reserve	(358)	1,968	0	(47)
(535)	Corporate Priorities Reserve	0	31	(83)	(587)
(123)	Town Pier Pontoon Reserve	(12)	0	0	(135)
(74)	Elections Reserve	(63)	0	0	(137)
(5,075)	Business Rates Collection Fund Reserve	(1,519)	4,406	0	(2,188)
(371)	IT Infrastructure Reserve	(100)	219	0	(252)
(474)	DSO Vehicle Capital Reserve	(132)	165	0	(441)
(1,223)	Waste Freighter Replacement Reserve	(221)	412	0	(1,032)
(375)	NNDR Growth Fund Reserve	(308)	173	0	(510)
(140)	Lower Thames Crossing Reserve	0	0	0	(140)
(240)	Woodville Repairs Reserve	(58)	57	0	(241)
(500)	Investment Interest Equalisation Reserve	0	0	0	(500)
(700)	Housing & Commercial Growth Fund	0	0	0	(700)
(1,240)	St George's Income Protection Reserve	0	1,240	0	0
(1,147)	Commercial Income Protection Reserve	0	486	0	(661)
(83)	Service Review Reserve	0	0	83	0
(136)	Playgrounds Reserve	(69)	0	0	(205)
(228)	Decriminalisation Reserve	(41)	0	0	(269)
(151)	Enterprise Zone Reserve	(375)	353	0	(173)
(485)	Climate Change Reserve	0	62	0	(423)
0	Debt Repayment Reserve	(3,458)	0	0	(3,458)
(16,585)	<b>Sub-total - Specific GF Earmarked Reserves</b>	<b>(7,014)</b>	<b>9,923</b>	<b>0</b>	<b>(13,676)</b>
(2,763)	HRA General Reserve	0	2,035	0	(728)
(19,348)	<b>Total Specific Earmarked Reserves</b>	<b>(7,014)</b>	<b>11,958</b>	<b>0</b>	<b>(14,404)</b>
(2,494)	Revenue Grants not yet applied	(69)	840	0	(1,723)
(21,842)	<b>Total All Earmarked Reserves</b>	<b>(7,083)</b>	<b>12,798</b>	<b>0</b>	<b>(16,127)</b>
(14,944)	Balance brought forward at 1 April				(21,842)
(6,898)	Movement in year				5,715
(21,842)	<b>Balance carried forward at 31 March</b>				<b>(16,127)</b>

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.



## NOTES TO THE CORE STATEMENTS

**Leisure Centres Reserve** – To contribute to major infrastructure liabilities that may accrue in relation to Leisure Centres.

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

**Town Pier Pontoon Reserve** – To assist with the ongoing maintenance costs in respect of the town pier pontoon.

**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.

**Lower Thames Crossing Reserve** – To provide for any costs incurred by the Authority in relation to assessing/seeking mitigation of any potential environmental or other impacts on the borough and its residents of the Secretary of State's preferred route for a new Lower Thames Crossing.

**Woodville Repairs Reserve** – To assist with the on-going maintenance costs in respect of The Woodville.

**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 monies generated from the 2018/19 Kent & Medway Business Rates Pilot to be directed towards driving future growth in Gravesham.

**St George's Shopping Centre Income Protection Reserve** – To negate any impact on the General Fund revenue budget from lost rental income, void periods and non-recoverable service charges, particularly during the early phase of the projects' construction and re-enlivening works.

**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.

**Service Review Reserve** – To provide funding for one-off costs associated with the Service Review work strand of the Medium-Term Financial Strategy.

## NOTES TO THE CORE STATEMENTS

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

**Decriminalisation Reserve** – To provide replacement equipment and uniforms as and when required.

**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 recognise 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.

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

## NOTES TO THE CORE STATEMENTS

### 14.17. Adjustments Between Accounting Basis and Funding Basis under Regulations

Adjustments between Accounting Basis and Funding Basis under regulations - 2021/22	General Fund Balance	HRA	Major Repairs Reserve	Capital Receipts	Grants and Cont unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Adjustments primarily involving the Capital Adjustment Account</i>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation of non-current assets	(2,687)	(8,786)				11,473
Charges for impairment of non-current assets	0	0				0
Revaluation gains/losses on Property, plant and equipment	176	(8,866)				8,690
Movement in the fair value of Investment Properties	6,607					(6,607)
Amortisation of intangible assets	(75)	0				75
Capital Grants & Contributions applied	475	0				(475)
Revenue expenditure funded from capital under statute (REFCUS)	(1,163)	(24)				1,187
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	(32)	(2,438)				2,470
Amounts of non-current assets de-recognised within the Comprehensive Income and Expenditure Statement						0
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Statutory provision for the financing of capital investment (MRP)	581	4,918				(5,499)
Capital expenditure charged against the General Fund and HRA balances (Direct Revenue Financing)	2,798	366				(3,164)
<i>Adjustments primarily involving the Capital Grants Unapplied Account</i>						
Capital Grants & Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0				0	0
Application of grants to capital financing transferred to the Capital Adjustment Account					43	(43)
<i>Adjustments primarily involving the Capital Receipts Reserve</i>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	4,709		(4,709)		0
Other Capital Receipts	41	42		(83)		0
Reversal of Prior-Year Financing				(1)		1
Use of the Capital Receipts Reserve to finance new capital expenditure				3,939		(3,939)
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	(522)			522		0
<i>Adjustments primarily involving the Deferred Capital Receipts Reserve</i>						
Transfer from Deferred Capital Receipts Reserve upon the receipt of cash				(7)		7
<i>Adjustments primarily involving the Major Repair Reserve</i>						
Reversal of Major Repairs Allowance credited to the HRA		8,769	(8,769)			0
Reversal of Prior-Year Major Repairs Reserve financing			(3)			3
Use of the Major Repair Reserve to finance new capital expenditure			8,329			(8,329)
<i>Adjustments primarily involving the Financial Instruments Adjustment Account</i>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	5					(5)
<i>Adjustments primarily involving the Pensions Reserve</i>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(7,027)	(2,596)				9,623
Employer's pensions contributions and direct payments to pensioners payable in the year	2,910	1,165				(4,075)
<i>Adjustments primarily involving the Collection Fund Adjustment Account</i>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax Income calculated for the year in accordance with statutory requirements	26					(26)
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	4,813					(4,813)
<i>Adjustment primarily involving the Accumulated Absences Account</i>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(20)	(14)				34
<i>Adjustment primarily involving the Pooled Investment Funds Adjustment Account</i>						
Reversal of Pooled Investment Movements	1,616					(1,616)
<b>(Increase)/Decrease in year</b>	<b>8,522</b>	<b>(2,755)</b>	<b>(443)</b>	<b>(339)</b>	<b>43</b>	<b>(5,028)</b>

## NOTES TO THE CORE STATEMENTS

Adjustments between Accounting Basis and Funding Basis under regulations - 2020/21	General Fund Balance	HRA	Major Repairs Reserve	Capital Receipts	Grants and Cont unapplied	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Adjustments primarily involving the Capital Adjustment Account</i>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Charges for depreciation of non-current assets	(2,369)	(6,891)				9,260
Charges for impairment of non-current assets	0	0				0
Revaluation gains/losses on Property, plant and equipment	(358)	18,173				(17,815)
Movement in the fair value of Investment Properties	(1,330)					1,330
Amortisation of intangible assets	(79)	(16)				95
Capital Grants & Contributions applied	70	0				(70)
Revenue expenditure funded from capital under statute (REFCUS)	(729)	(153)				882
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	81	(1,921)				1,840
Amounts of non-current assets de-recognised within the Comprehensive Income and Expenditure Statement						0
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>						
Statutory provision for the financing of capital investment (MRP)	587	5,418				(6,005)
Capital expenditure charged against the General Fund and HRA balances (Direct Revenue Financing)	2,567	92				(2,659)
<i>Adjustments primarily involving the Capital Grants Unapplied Account</i>						
Capital Grants & Contributions unapplied credited to the Comprehensive Income and Expenditure Statement	0				0	0
Application of grants to capital financing transferred to the Capital Adjustment Account					8	(8)
<i>Adjustments primarily involving the Capital Receipts Reserve</i>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	97	2,538		(2,635)		0
Other Capital Receipts	49	21		(70)		0
Use of the Capital Receipts Reserve to finance new capital expenditure				3,070		(3,070)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals		0		0		0
Contribution from the Capital Receipts Reserve to finance the payments to the Government's capital receipts pool	(523)			523		0
<i>Adjustments primarily involving the Deferred Capital Receipts Reserve</i>						
Transfer from Deferred Capital Receipts Reserve upon the receipt of cash				(7)		7
<i>Adjustments primarily involving the Major Repair Reserve</i>						
Reversal of Major Repairs Allowance credited to the HRA		6,857	(6,857)			0
Use of the Major Repair Reserve to finance new capital expenditure			7,637			(7,637)
<i>Adjustments primarily involving the Financial Instruments Adjustment Account</i>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	11					(11)
<i>Adjustments primarily involving the Pensions Reserve</i>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(5,023)	(1,513)				6,536
Employer's pensions contributions and direct payments to pensioners payable in the year	2,890	883				(3,773)
<i>Adjustments primarily involving the Collection Fund Adjustment Account</i>						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax Income calculated for the year in accordance with statutory requirements	(88)					88
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	(5,188)					5,188
<i>Adjustment primarily involving the Accumulated Absences Account</i>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(14)	(6)				20
<i>Adjustment primarily involving the Pooled Investment Funds Adjustment Account</i>						
Reversal of Pooled Investment Movements	1,182					(1,182)
<b>(Increase)/Decrease in year</b>	<b>(8,167)</b>	<b>23,482</b>	<b>780</b>	<b>881</b>	<b>8</b>	<b>(16,984)</b>

**14.18. 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 direct control and 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. Details of these declarations can be viewed for each councillor at:

[Find your councillor – Gravesham Borough Council](#)

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 2021/22 financial year and the following relationships were considered to be material:

Officer / Member	Nature of Related Party Transaction	Value of Transactions
Cllr J Burden	Board Member of Elizabeth Huggins Cottages Charity	£373,480
Cllr A Pritchard	Trustee of Elizabeth Huggins Cottages Charity	
Cllr L Sullivan	Appointed Council Representative on Citizens Advice Board	£95,490
Cllr S Mochrie-Cox	Appointed Council Representative on Gravesham Community Leisure Limited Board	£27,430
Cllr P Scollard	Appointed Council Representative on Gravesham Community Leisure Limited Board	

**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 2021/22 paid to Medway Council was £11k.

The Council works with a number of partner organisations. Details of these arrangements are published in the Corporate Register of Partnerships which can be viewed at:

<http://www.gravesham.gov.uk/partnership-register>

**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, during 2020/21 two subsidiaries, Rosherville Servicing Limited and Rosherville Property Development Limited, were formed. The accounts for these companies can be viewed at Companies House once filed in accordance with statutory requirements.

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 93.

**14.19. Member Allowances**

Member allowances (including all payments in relation to remuneration) to the value of £308k were paid during 2021/22 (2020/21 £298k,) in accordance with the Gravesham Borough Council Members' Allowances Scheme.

Further details are published on our website: [www.gravesham.gov.uk/MemberAllowances](http://www.gravesham.gov.uk/MemberAllowances)

**14.20. Officer Remuneration and Exit Packages**

This note provides details of senior officers' remuneration, the number of employees earning above £50,000 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 2021/22	Pay and allowances	Compensation for loss of office	Pension	Total remuneration
	£'000	£'000	£'000	£'000
Chief Executive	127	-	23	150
Director (Communities)	102	-	18	120
Director (Corporate Services)	90	-	16	106
Director (Environment)	102	-	18	120
Director (Housing)	86	-	15	101
<b>Total</b>	<b>507</b>	<b>-</b>	<b>90</b>	<b>597</b>

## NOTES TO THE CORE STATEMENTS

Senior Officer Remuneration 2020/21	Pay and allowances	Compensation for loss of office	Pension	Total remuneration
	£'000	£'000	£'000	£'000
Chief Executive	119	-	22	141
Director (Communities)	101	-	18	119
Director (Corporate Services)	85	-	15	100
Director (Housing & Operations)	99	-	18	117
Director (Planning & Development)	100	-	18	118
<b>Total</b>	<b>504</b>	<b>-</b>	<b>91</b>	<b>595</b>

The contribution rate for employer pension was 19% in 2021/22 (19% in 2020/21). Additionally, a lump sum of £930,000 has been paid as a “past service contribution”. This amount is not included in the pension contributions for 2021/22 shown in the table above.

### Employees earning above £50,000

2020/21	Employees earning above £50,000	2021/22
nos		nos
	Remuneration band	
22	£50,001 - £55,000	18
13	£55,001 - £60,000	12
6	£60,001 - £65,000	10
1	£65,001 - £70,000	3
3	£70,001 - £75,000	1
-	£75,001 - £80,000	3
1	£80,001 - £85,000	1
1	£85,001 - £90,000	1
4	£90,001 - £95,000	2
-	£95,001 - £100,000	2
-	£100,001 - £105,000	-
<b>51</b>	<b>Total</b>	<b>53</b>

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

### Exit Packages

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

Exit packages Cost band (including special payments)	Number of compulsory		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
	nos	nos	nos	nos	nos	nos	£'000	£'000
£1-£20,000	-	1	2	3	2	4	29	37
£20,001-£40,000	-	1	1	1	1	2	26	56
£40,001-£60,000	1	-	-	-	1	-	48	-
£60,001-£80,000	-	1	-	-	-	1	-	76
£80,001-£100,000	-	1	-	-	-	1	-	97
<b>Total</b>	<b>1</b>	<b>4</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>8</b>	<b>103</b>	<b>266</b>

## NOTES TO THE CORE STATEMENTS

### 14.21. External Audit Costs

The Council incurred the following fees relating to external audit, grant certification and other services in 2021/22.

2020/21	External Audit Costs	2021/22
£'000		£'000
41	Fees payable with regard to external audit services carried out for the year	97
23	Fees payable for the certification of grant claims and returns for the year	37
5	Fees payable in respect of other services provided during the year*	42
69	<b>Total</b>	<b>176</b>

\* Other services relate to further costs anticipated relating to prior-year accounts

### 14.22. Construction Contracts (Commitments under Capital Contracts)

The Council has approved expenditure in future years of £210.84m (2020/21, £192.20m) under its capital programme of which £91.76m (2020/21, £111.21m) had been contracted as at 31 March 2022. The split between schemes contracted and not contracted is as follows:

Expenditure approved and contracted at 31 Mar 2021	Expenditure approved but not contracted at 31 Mar 2021	Commitments under Capital Contracts	Expenditure approved and contracted at 31 Mar 2022	Expenditure approved but not contracted at 31 Mar 2022
£'000	£'000		£'000	£'000
5,072	0	Improvement Programme	5,277	0
1,945	2,171	Health & safety works	2,209	2,700
3,165	15,507	Replacement Programme	2,337	9,346
9,545	18,471	New building programme	16,906	31,396
0	1,628	Other HRA Schemes	0	7,979
91,478	43,216	General Fund capital schemes	65,007	67,682
111,205	80,993	<b>Total</b>	<b>91,735</b>	<b>119,103</b>

### 14.23. 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 2019, 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.



## NOTES TO THE CORE STATEMENTS

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:

2020/21	Pension Costs - Transactions relating to retirement benefits	2021/22
£'000		£'000
	<i>Comprehensive Income &amp; Expenditure Statement</i>	
4,877	Current service cost	7,640
0	Past service costs	280
87	Administrative Expenses	81
141	Unfunded benefits	138
<u>5,105</u>		<u>8,139</u>
1,430	Net interest expense	1,484
<u>6,535</u>	<i>Net charge to Comprehensive Income &amp; Expenditure Statement</i>	<u>9,623</u>
(2,763)	<i>Movement on Pensions Reserve</i>	(5,548)
<u>3,772</u>	<i>Employer's contributions payable to LGPS</i>	<u>4,075</u>

### Assets and Liabilities in Relation to Retirement Benefits

The underlying assets and liabilities for retirement benefits attributable to the Council at 31 March 2021 are as follows:

2020/21	Assets and liabilities relating to retirement benefits	2021/22
£'000		£'000
(205,785)	Present value of the defined benefit obligation	(204,360)
136,953	Fair value of plan assets	138,820
<u>(68,832)</u>	Net liability arising from defined benefit obligation	<u>(65,540)</u>
(1,528)	Present value of unfunded liabilities	(1,346)
<u>(70,360)</u>	<i>Total net liability</i>	<u>(66,886)</u>

Gravesham Borough Council's net liability on the Kent County Council Pensions Fund has decreased from £70.36m at the previous year-end to £66.89m at 31st March 2022. This is a net decrease in liability of £3.47m, largely as a result of changes in financial assumptions over the year relating to future assumed RPI and CPI inflation.

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 £66.89m. 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

## NOTES TO THE CORE STATEMENTS

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 below:

2020/21	Present value of Scheme liabilities	2021/22
£'000		£'000
(169,091)	Scheme Liabilities brought forward	(207,313)
(4,877)	Current service cost	(7,640)
(3,917)	Interest cost	(4,306)
(916)	Contributions from scheme participants	(954)
	Remeasurement gains/losses:	
1,976	- actuarial gains/losses arising from changes in demographic assumptions	0
(38,645)	- actuarial gains/losses arising from changes in financial assumptions	9,475
0	Past service cost	(280)
5,713	Benefits paid	5,805
2,444	Experience loss/(gain) on defined benefit obligation	(493)
<u>(207,313)</u>	<i>Total value of liabilities</i>	<u>(205,706)</u>

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

2020/21	Fair value of Scheme assets	2021/22
£'000		£'000
106,420	Scheme Assets brought forward	136,953
2,487	Interest income	2,822
	Remeasurement gains/losses:	
29,299	- the return on plan assets, excluding the amount included in the net interest expense	40
3,631	Contribution from employer	3,937
916	Contribution from employees into the scheme	954
(5,713)	Benefits paid	(5,805)
(87)	Administrative expenses	(81)
<u>136,953</u>	<i>Total value of assets</i>	<u>138,820</u>

## NOTES TO THE CORE STATEMENTS

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.

### Scheme History

The history of actuarial gains/losses identified as movements on the Pensions Reserve can be analysed into the categories below, measured as absolute amounts and as a percentage of assets or liabilities:

2017/18	2018/19	2019/20	2020/21	Pension Costs - scheme history	2021/22
£'000	£'000	£'000	£'000		£'000
109,847	117,160	106,420	136,953	Fair value of scheme assets	138,820
(176,164)	(176,723)	(169,091)	(207,313)	Present value of scheme liabilities	(205,706)
(66,317)	(59,563)	(62,671)	(70,360)	Surplus/deficit	(66,886)
792	5,732	(11,445)	29,299	Return on assets less interest	40
0	0	(2,551)	2,444	Experience loss/(gain) on defined benefit obligation	(493)

The total contribution at outturn made to the Local Government Pension Scheme by the Council in the year to 31 March 2022 is £3.72m. This comprises both pension amounts relating to the current staffing establishment, as well as past service contributions.

Information can also be found in Kent County Council's Pension Funds Annual Report which is available upon request from the Investment Section, Sessions House, County Hall, Maidstone, Kent, ME14 1XQ.

### 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 as at 31 March 2019.

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.

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

## NOTES TO THE CORE STATEMENTS

2020/21		2021/22	
Assumptions used		Assumptions used	
%		%	
	Long term expected return on assets		
	Mortality assumptions (years)		
21.60	Longevity at 65 for current pensioners (men)	21.60	
23.60	Longevity at 65 for current pensioners (women)	23.70	
22.90	Longevity at 65 for future pensioners (men)	23.00	
25.10	Longevity at 65 for future pensioners (women)	25.10	
	Other assumptions		
2.00	Discount rate	2.60	
2.80	Pension increases (CPI)	3.20	
3.80	Salary increases	4.20	

2020/21		Employer asset share - bid value		2021/22	
£'000	%			£'000	%
88,188	64.39	Equities		89,361	64.37
814	0.59	Gilts		847	0.61
17,103	12.49	Other bonds		19,167	13.81
14,174	10.35	Property		16,306	11.74
6,791	4.96	Cash		2,868	2.07
9,883	7.22	Target return portfolio		10,271	7.40
<b>136,953</b>	<b>100.00</b>	<b>Total</b>		<b>138,820</b>	<b>100.00</b>

## NOTES TO THE CORE STATEMENTS

### 14.24. 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.

2020-21	Capital Expenditure and Financing	2021-22
£'000		£'000
113,414	<i>Opening Capital Financing Requirement</i>	116,474
	<b>Capital Investment</b>	
15,817	Property, Plant and Equipment	19,665
13	Heritage Assets	11
85	Intangible Assets	127
3,491	Equity Holding in Rosherville Group	5,020
2,221	Long Term Debtor	9,222
882	Revenue Expenditure Funded from Capital under statute	1,187
<u>22,509</u>		<u>35,232</u>
	<b>Sources of Finance</b>	
(3,070)	Capital Receipts	(3,939)
(70)	Government grants and contributions (received in year)	(475)
(8)	Government grants and contributions (brought forward)	(42)
(7,637)	Application of Reserves	(8,329)
<u>(10,785)</u>		<u>(12,785)</u>
	<b>Sums set aside from revenue</b>	
(2,659)	Direct revenue contributions	(3,164)
(6,005)	Minimum revenue provision (MRP)	(5,499)
<u>(8,664)</u>		<u>(8,663)</u>
<u>116,474</u>	<i>Closing Capital Financing Requirement</i>	<u>130,258</u>
	<b>Explanation of movements in year</b>	
	<i>Total increase/(decrease) in underlying need to borrowing</i>	
3,060	(unsupported by Government financial assistance)	13,784
<u>3,060</u>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<u>13,784</u>

### 14.25. Contingent Assets

#### VAT claim on Royal Mail Postal Services

During 2020/21 the Council was one of a number of local authorities who jointly lodged a Group Litigation Order with the High Court in respect of embedded VAT paid on postal services provided by the Royal Mail since 1973. In July 2022 the Council formally withdrew from these proceedings.

## NOTES TO THE CORE STATEMENTS

### 14.26. 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 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fair Value through Profit and Loss	19,148	20,764	0	0	0	0	0	0
Amortised Cost								
Principal	0	0	2,573	11,793	16,000	27,000	17,987	11,667
Cash & Cash Equivalents (CCE)	0	0	0	0	5,351	6,069	0	0
Amortised Cost Total	0	0	2,573	11,793	21,351	33,069	17,987	11,667
Fair Value through Other Comprehensive Income	3,491	8,511	0	0	0	0	0	0
Total Financial Assets	22,639	29,275	2,573	11,793	21,351	33,069	17,987	11,667
Non-Financial Assets	0	0	0	0	0	0	866	699
<b>Total</b>	<b>22,639</b>	<b>29,275</b>	<b>2,573</b>	<b>11,793</b>	<b>21,351</b>	<b>33,069</b>	<b>18,853</b>	<b>12,366</b>

Financial Liabilities	Non-Current Borrowings		Current Borrowings		Current Creditors	
	31 March 2021	31 March 2022	31 March 2021	31 March 2022	31 March 2021	31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost						
Principal	99,247	113,293	7,198	7,775	19,169	17,791
Loans Accrued Interest	0	0	24	79	0	0
Total Financial Liabilities	99,247	113,293	7,221	7,854	19,169	17,791
Non-Financial Liabilities	0	0	0	0	5,907	11,095
<b>Total</b>	<b>99,247</b>	<b>113,293</b>	<b>7,221</b>	<b>7,854</b>	<b>25,076</b>	<b>28,886</b>

31 March 2021		Borrowings	31 March 2022	
Long Term	Current		Long Term	Current
£'000	£'000		£'000	£'000
68,479	7,184	PWLB	60,718	7,761
24,968	0	Aviva Investors Loan	25,375	0
5,800	0	Other Market Loans	24,200	3,000
0	14	Temporary Loans	0	14
<b>99,247</b>	<b>7,198</b>	<b>Total Borrowings</b>	<b>110,293</b>	<b>10,775</b>

## NOTES TO THE CORE STATEMENTS

### Items of income, expense, gains or losses

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

2020/21			2021/22		
Surplus or (Deficit) on the provision of Services	Other Comprehensive Income & Expenditure	Total	Surplus or (Deficit) on the provision of Services	Other Comprehensive Income & Expenditure	Total
£'000	£'000	£'000	£'000	£'000	£'000
					Net gains/losses on:
					Financial Asset measured at fair value
(1,182)	0	(1,182)	1,616		through profit or loss
(1,182)	0	(1,182)	1,616	0	Total new (gain)/losses
					Interest Income:
					Financial Asset measured at amortised
(118)	0	(118)	(105)		cost
(718)	0	(718)	(729)		Financial Asset measured at fair value
(836)	0	(836)	(834)	0	through profit and loss
			(834)	0	Total interest income:
4,037	0	4,037	3,930	0	Interest Expense

### 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.

## NOTES TO THE CORE STATEMENTS

Recurring Fair Value Measurements	Input level in Fair Value Hierarchy	Valuation technique used to measure Fair Value	Fair Value	
			31 March 2021	31 March 2022
			£'000	£'000
<b>Fair value through Profit and Loss</b>				
Lothbury Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	4,916	5,632
Hermes Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	3,102	3,626
CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,834	2,156
JP Morgan Multi Asset Income Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	5,009	4,944
Jupiter Distribution and Growth Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	2,457	2,525
Aberdeen Diversified Income Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,810	1,860
			19,128	20,743

The Council holds units within three property funds and three multi asset funds, the fair value has been calculated using quoted share prices. There was an upward movement of £1.62m of the Fair Value of the units held in these funds between 31 March 2020 and 31 March 2021. The fund values rebounded during the year having been significantly affected in the previous year by the COVID-19 pandemic. Multi Asset Funds valuations stabilised and Property Fund Managers considered that they could attach less weight to previous market evidence for comparison purposes, to inform opinions of value (see page 88 for more details).

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 prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures.
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- 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.



## NOTES TO THE CORE STATEMENTS

31 March 2021		Fair Value Hierarchy Level	31 March 2022		
Carrying Amount	Fair Value		Carrying Amount	Fair Value	
£'000	£'000		£'000	£'000	
75,663	81,626	PWLB	2	68,479	70,575
24,968	22,823	Aviva Investors Loan	2	25,375	22,538
5,800	5,732	Market Loans	2	27,200	26,334
14	14	Temporary Loans		14	14
19,169	19,169	Short Term Creditors		17,791	17,791
125,614	129,364	<b>Total</b>		138,859	137,252

The fair value of the liabilities is lower than the carrying amount as at 31 March 2022 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 2021) arising from a commitment to pay interest to lenders below current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £70.6m 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.

The fair value of the Aviva Investors Loan measures £22.5m. In the absence of a substantial active market for a similar transaction, the valuation has been made by the comparison of the fixed term financial liability with a comparative PWLB loan using the new borrowing certainty rate with the same/similar duration to the remaining period of the loan. A margin is added based on the assumed original loan interest rate compared to the equivalent PWLB loan on the loan issue date. The fair value of this transaction would have been £19.9m, as at 31 March 2022 (£20.1m as at 31 March 2021), if rates had been 1% higher.

31 March 2021			31 March 2022	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£'000	£'000		£'000	£'000
16,000	16,000	Fixed Term Investment	27,000	27,000
3,491	3,491	Equity in Rosherville Group	8,511	8,511
5,351	5,351	Cash and Cash Equivalents	6,069	6,069
352	352	Long-term debtors	351	351
2,221	2,221	Long-term debtors (Rosherville Group)	11,442	11,442
17,987	17,987	Short-term debtors	11,667	11,667
45,402	45,402	<b>Total</b>	65,040	65,040

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

### **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 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 £32.4m 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 2021 that this was likely to crystallise.

## NOTES TO THE CORE STATEMENTS

	Credit Rating	Balance at 31 March 2022	Historic Experience of Default	Estimated maximum exposure to default at 31 March 2022
		£'000	%	£'000
Deposits with Banks and Financial Institutions				
Goldman Sachs International	A+	8,000	0.003%	0
Bank of Montreal	AA-	8,000	0.012%	1
Moray Council	AAA	3,000	0.019%	1
Santander UK	A+	7,000	0.025%	2
Santander UK	A+	1,000	0.013%	0
Insight Sterling Liquidity Fund	AAA	4,865	0.000%	0
Aberdeen MMF	AAA	500	0.000%	0
<b>Total</b>		<b>32,365</b>		<b>3</b>

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

### Liquidity, Refinancing and Maturity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a cash flow management, 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 2021		Maturity Profile		31 March 2022	
£'000	%			£'000	%
7,198	6.76%	Less than 1 year		10,775	8.90%
7,761	7.29%	1 - 2 years		14,170	11.70%
32,863	30.87%	2 - 5 years		47,946	39.60%
33,655	31.62%	5 - 10 years		22,802	18.83%
24,968	23.46%	5 - 10 years		25,375	20.96%
<b>106,445</b>	<b>100.00%</b>	<b>Total</b>		<b>121,068</b>	<b>100.00%</b>

## NOTES TO THE CORE STATEMENTS

### 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.

### Net Asset Value risk

The Council holds investment units within three managed property funds and three multi asset funds that have been classified as Fair Value through Profit and Loss, however 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.

### Price risk

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 2022, these bonds were valued at cost at £413.

### 14.27. Leasing

The requirements of the IFRS reporting standards impact significantly on the Council's leasing arrangements. The Council has undertaken a detailed review of the leases operated by the Council for both Vehicles Plant and Equipment and for Land and Property as both lessee and lessor. The existing lease registers satisfy the requirements of IFRS both in representing this document and for future assessment and management of the lease portfolio.

#### Operating Leases

As lessee, the Council has a small number of low value operating leases e.g. to acquire officer and fleet vehicles, computer hardware and printing equipment. These are considered to be non-material in nature and value, and therefore there is no further disclosure here in the Statement of Accounts.

#### Disclosure as a Lessor

The Council acts as a lessor on a portfolio of commercial properties for which rental income for 2021/22 amounted to £4.3m. The net book value of these assets within the Balance Sheet is £72.42m.

Property	Income 2020/21	Income 2021/22	Balance Sheet value
	£'000	£'000	£'000
St Georges Shopping Centre	1,905	1,372	5,452
Network House, Gillingham Business Park	286	338	3,710
Industrial Units, Springhead Enterprise Park	993	1,021	20,710
Site at Stuart Road, Gravesend	511	383	6,800
District Shopping Centres	319	355	5,163
Industrial Units, Norfolk Road	266	299	9,430
St John's House, Dartford	145	145	2,317
123-127 High Street Shop, Sittingbourne	85	85	1,270
35-36 New Road	10	23	440
Miscellaneous Properties	187	275	17,130
<b>Total</b>	<b>4,707</b>	<b>4,296</b>	<b>72,422</b>

## NOTES TO THE CORE STATEMENTS

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 2022/23	3,498
Amounts receivable 2-5 years	11,387
Amounts receivable 6+	420,632
<b>Total</b>	<b>435,517</b>

An analysis of the operating lease sums receivable that the Authority is expected to receive in the next financial year analysed between those leases that will expire in the next year, in the second to fifth subsequent years, and from the sixth subsequent year onwards:

Land and Property - Next year expected income by when lease is due to expire	Land and property
	£'000
Amounts receivable next year 2022/23	166
Amounts receivable 2-5 years	1,320
Amounts receivable 6+	2,012
<b>Total</b>	<b>3,498</b>

# Group Accounts

## GROUP BALANCE SHEET

At 31 March 2021	Group Balance Sheet		At 31 March 2022	
Group		Gravesham Borough	Council	Group
£'000	Notes	£'000	£'000	£'000
	Property, Plant and Equipment	16.2		
	Operational assets			
409,090	- council dwellings		413,896	413,896
42,899	- other land and buildings		50,379	50,379
3,805	- vehicles, plant and equipment		4,379	4,379
1,057	- infrastructure assets		911	911
2,877	- community assets		2,877	2,877
14,930	- assets under construction		9,122	28,310
246	- land and buildings		246	246
<b>474,904</b>	<b>Total Property, Plant and Equipment</b>		<b>481,810</b>	<b>500,998</b>
245	Intangible Assets		298	298
3,666	Heritage assets		3,778	3,778
38,070	Investment Properties		44,677	44,677
352	Long Term Debtors	16.3	11,793	351
19,148	Long term Investments	16.4	29,275	20,764
<b>61,481</b>	<b>Total Non-Current Assets</b>		<b>89,821</b>	<b>69,868</b>
19	Inventories		29	29
27,420	Short -term Debtors (Gross)		21,565	21,619
(8,441)	Debt Impairment Provision		(9,199)	(9,199)
5,611	Cash and Cash Equivalents		6,069	6,749
16,000	Investments		27,000	27,000
<b>40,609</b>	<b>Total Assets</b>		<b>45,464</b>	<b>46,198</b>
	Current Liabilities:			
(7,221)	Short-term Borrowing		(7,854)	(7,854)
(25,092)	Short-term Creditors		(28,886)	(28,897)
<b>(32,313)</b>	<b>Total Assets less Current Liabilities</b>		<b>(36,740)</b>	<b>(36,751)</b>
	Long Term Liabilities:			
(577)	Capital Grants Receipts in Advance		(1,656)	(1,656)
(1,717)	Provisions		(1,230)	(1,230)
(70,360)	Liability Related to Defined Benefit Pension Scheme		(66,886)	(66,886)
(99,247)	Long-term Borrowing		(113,293)	(113,293)
(171,901)	Total Long-term Liabilities		(183,065)	(183,065)
<b>(204,214)</b>	<b>Total Net Assets</b>		<b>397,290</b>	<b>397,248</b>
	Financed by:			
(327,105)	Unusable Reserves		(356,014)	(356,014)
(45,675)	Usable Reserves	16.5	(41,276)	(41,276)
0	Capital and Reserves (Rosherville Group)			42
<b>(372,780)</b>	<b>Total Reserves</b>		<b>(397,290)</b>	<b>(397,248)</b>

## GROUP MOVEMENT IN RESERVES STATEMENT

Financial Year 2021/22	Total Usable Reserves (Council)*	Unusable Reserves (Council)	Total Authority Reserves	Total Usable Reserves (Group)	Total Unusable Reserves (Group)	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2021</b>	(46,138)	(327,105)	(373,243)	(45,675)	(327,105)	(372,780)
(Surplus)/Deficit on Provision of Services	(166)		(166)	(166)		(166)
Other Comprehensive Expenditure or Income		(23,881)	(23,881)		(23,881)	(23,881)
<b>Total Comprehensive Expenditure and Income</b>	(166)	(23,881)	(24,047)	(166)	(23,881)	(24,047)
Adjustment between accounting basis and funding basis	5,028	(5,028)	0	5,028	(5,028)	0
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>	4,862	(28,909)	(24,047)	4,862	(28,909)	(24,047)
Transfers to/(from) Earmarked Reserves	0		0	0		0
Adjustments between group accounts and authority accounts	0	0	0	(421)	0	(421)
<b>(Increase)/Decrease in year</b>	4,862	(28,909)	(24,047)	4,441	(28,909)	(24,468)
Balance at 31 March 2022	(41,276)	(356,014)	(397,290)	(41,234)	(356,014)	(397,248)

\* Please see page 49 for full breakdown of single-entity usable reserves

Financial Year 2020/21	Total Usable Reserves (Council)*	Unusable Reserves (Council)	Total Authority Reserves	Total Usable Reserves (Group)	Total Unusable Reserves (Group)	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2020</b>	(40,587)	(244,873)	(285,460)	(40,587)	(244,873)	(285,460)
(Surplus)/Deficit on Provision of Services	(22,535)		(22,535)	(22,535)		(22,535)
Other Comprehensive Expenditure or Income		(65,248)	(65,248)		(65,248)	(65,248)
<b>Total Comprehensive Expenditure and Income</b>	(22,535)	(65,248)	(87,783)	(22,535)	(65,248)	(87,783)
Adjustment between accounting basis and funding basis	16,984	(16,984)	0	16,984	(16,984)	0
<b>Net (increase)/decrease before transfers to Earmarked Reserves</b>	(5,551)	(82,232)	(87,783)	(5,551)	(82,232)	(87,783)
Transfers to/(from) Earmarked Reserves	0		0	0		0
Adjustments between group accounts and authority accounts	0	0	0	463	0	463
<b>(Increase)/Decrease in year</b>	(5,551)	(82,232)	(87,783)	(5,088)	(82,232)	(87,320)
Balance at 31 March 2021	(46,138)	(327,105)	(373,243)	(45,675)	(327,105)	(372,780)

\* Please see page 49 for full breakdown of single-entity usable reserves



## GROUP CASH FLOW STATEMENT

At 31 March 2021 Group £'000	Group Cash Flow Statement	At 31 March 2022	
		Gravesham Borough Council	Group
		£'000	£'000
(22,072)	<b>a) Net (Surplus) or Deficit on the Provision of Services</b>		(166)
	<b>b) Adjustment to the net (surplus)/deficit on the provision of services for non-cash movements</b>		
(9,260)	Depreciation	(11,472)	(11,472)
17,642	Movement in valuations	(2,084)	(2,084)
(95)	Amortisation of non-current assets	(74)	(74)
(528)	Movement in impairment provision for bad debts	(758)	(758)
(14,286)	Movement in creditors	(5,628)	(1,686)
16,469	Movement in revenue debtors	1,354	(10,606)
(19)	Movement in inventories	10	10
(69)	Movement in provisions	487	487
(2,763)	Movement in pension liability	(5,548)	(5,548)
(1,820)	Carrying amount of non-current assets sold	(2,470)	(2,470)
0	Carrying amounts of non-current assets de-recognised	(4)	(4)
(49)	Other non-cash items charged to the net surplus or deficit on the provision of services	1,760	1,760
5,222			(24,427)
	<b>c) Adjustment for items in the net (surplus)/deficit on the provision of services that are investing and financing activities</b>		
2,635	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	4,709	4,709
116	Other Receipts for investing activities	408	408
2,751	<b>d) Net Cash Flows from Operating Activities</b>		5,117
	<b>e) Investing Activities</b>		
20,677	Purchase of property, plant and equipment, investment property and intangible assets	19,563	33,426
12,980	Purchase of Short Term and Long Term Investments	21,020	12,509
2,232	Other Payments for investing activities	9,227	9,227
(2,635)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(4,709)	(4,709)
(19,500)	Proceeds from Short Term and Long Term Investments	(5,000)	(5,000)
(116)	Capital Grants received in year	(1,552)	(1,552)
0	Other Receipts for investing activities	(85)	(85)
13,638	Net cash flows from investing activities		38,464
	<b>f) Financing Activities</b>		
(15,891)	Cash Receipts of short and long term borrowing	(19,538)	(17,318)
(7,805)	Other receipts from financing activities	(5,026)	(5,026)
23,084	Repayments of short and long term borrowing	4,858	4,858
(612)	Net cash flows from financing activities		(19,706)
(1,073)	<b>g) Net movements in year excluding non-cash items</b>		(718)
4,538	<b>h) Cash and cash equivalents at the beginning of the reporting period</b>		5,351
1,073	<b>i) Net increase or (decrease) in cash or cash equivalents</b>		718
5,611	<b>j) Cash and cash equivalents at the end of the reporting period</b>		6,069

**15. 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.

### 15.1. 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. 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.

Group Core Statements have been prepared for the Balance Sheet, Movement in Reserves Statement, and Cash Flow Statement. Due to the still relatively early nature of the Rosherville Companies in 2021/22, there are limited (non-material, non-trivial) impacts to consider of income and expenditure. Consequently, no Group Comprehensive Income and Expenditure has been prepared, and instead, readers of the accounts should view the Council's single-entity Comprehensive Income and Expenditure Statement on page 47 to also be that of the Group's position.

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

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 15.2. Group Property Plant and Equipment

Financial Year 2021/22	Group Property, plant & equipment								Group Group Total
	Gravesham Borough Council							GBC Total	
	Operational Assets				Non-Op Assets				
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra- structure Assets	Community Assets	Assets Under Construction	Surplus Assets		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation As at 1 April 2021</b>	409,090	44,413	9,748	2,218	2,878	10,050	246	478,643	478,643
Additions	12,204	1,399	1,276	0	0	4,786	0	19,665	38,853
Revaluation increases/(decreases) recognised in Revaluation Reserve	(176)	6,569	0	0	0	0	0	6,393	6,393
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	(10,441)	272	0	0	0	0	0	(10,169)	(10,169)
Derecognition - disposals	(2,490)	(35)	(8)	0	0	0	0	(2,533)	(2,533)
Assets reclassified	5,709	0	0	0	0	(5,709)	0	0	0
Other movements in cost or valuation	0	0	0	0	0	0	0	0	0
<b>As at 31 March 2022</b>	<b>413,896</b>	<b>52,618</b>	<b>11,016</b>	<b>2,218</b>	<b>2,878</b>	<b>9,127</b>	<b>246</b>	<b>491,999</b>	<b>511,187</b>
<b>Accumulated Depreciation and Impairments As at 1 April 2021</b>	0	(1,514)	(5,943)	(1,161)	(1)	0	0	(8,619)	(8,619)
Depreciation Charge for year	(8,580)	(2,048)	(698)	(146)	0	0	0	(11,472)	(11,472)
Accumulated depreciation written out to the Revaluation Reserve	7,055	1,316	0	0	0	0	0	8,371	8,371
Accumulated depreciation written out to the Surplus/Deficit on the Provision of Services	1,472	0	0	0	0	0	0	1,472	1,472
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment written back on disposal	52	7	4	0	0	0	0	63	63
Reclassifications	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	1	0	0	0	0	(5)	0	(4)	(4)
<b>As at 31 March 2022</b>	<b>0</b>	<b>(2,239)</b>	<b>(6,637)</b>	<b>(1,307)</b>	<b>(1)</b>	<b>(5)</b>	<b>0</b>	<b>(10,189)</b>	<b>(10,189)</b>
<b>Net Book Value</b>									
<b>At 31 March 2022</b>	<b>413,896</b>	<b>50,379</b>	<b>4,379</b>	<b>911</b>	<b>2,877</b>	<b>9,122</b>	<b>246</b>	<b>481,810</b>	<b>500,998</b>
<b>At 1 April 2021</b>	<b>409,090</b>	<b>42,899</b>	<b>3,805</b>	<b>1,057</b>	<b>2,877</b>	<b>10,050</b>	<b>246</b>	<b>470,024</b>	<b>470,024</b>

The Group PPE note largely reflects that of the single-entity, Gravesham Borough Council, although from a group perspective also includes £19,188k shown under additions, and relating to Assets Under Construction in respect of The Charter development.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

Group Property, plant & equipment									
Gravesham Borough Council									
Financial Year 2020/21	Operational Assets					Non-Op Assets		Group	
	Council Dwellings	Other Land & Buildings	Vehicles, Plant & Equipment	Infra-structure Assets	Community Assets	Assets Under Construction	Surplus Assets	GBC Total	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation As at 1 April 2020</b>	320,814	47,899	8,960	2,218	2,878	4,321	246	387,336	387,336
Additions	5,624	2,048	760	0	0	7,385	0	15,817	20,697
Revaluation increases/(decreases) recognised in Revaluation Reserve	61,206	(2,599)	0	0	0	0	0	58,607	58,607
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	21,699	(357)	0	0	0	0	0	21,342	21,342
Derecognition - disposals	(1,908)	(2,019)	0	0	0	0	0	(3,927)	(3,927)
Assets reclassified	1,656	(29)	29	0	0	(1,656)	0	0	0
Other movements in cost or valuation	(1)	(530)	(1)	0	0	0	0	(532)	(532)
<b>As at 31 March 2021</b>	<b>409,090</b>	<b>44,413</b>	<b>9,748</b>	<b>2,218</b>	<b>2,878</b>	<b>10,050</b>	<b>246</b>	<b>478,643</b>	<b>483,523</b>
<b>Accumulated Depreciation and Impairments As at 1 April 2020</b>	(1)	(1,711)	(5,290)	(1,014)	(1)	0	0	(8,017)	(8,017)
Depreciation Charge for year	(6,728)	(1,748)	(637)	(147)	0	0	0	(9,260)	(9,260)
Accumulated depreciation written out to the Revaluation Reserve	10,249	1,344	0	0	0	0	0	11,593	11,593
Accumulated depreciation written out to the Surplus/Deficit on the Provision of Services	(3,560)	8	0	0	0	0	0	(3,552)	(3,552)
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	0	0	0	0	0	0	0	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	0	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment written back on disposal	40	47	0	0	0	0	0	87	87
Reclassifications	0	16	(16)	0	0	0	0	0	0
Other movements in depreciation and impairment	0	530	0	0	0	0	0	530	530
<b>As at 31 March 2021</b>	<b>0</b>	<b>(1,514)</b>	<b>(5,943)</b>	<b>(1,161)</b>	<b>(1)</b>	<b>0</b>	<b>0</b>	<b>(8,619)</b>	<b>(8,619)</b>
<b>Net Book Value</b>									
At 31 March 2021	409,090	42,899	3,805	1,057	2,877	10,050	246	470,024	474,904
At 1 April 2020	320,813	46,188	3,670	1,204	2,877	4,321	246	379,319	379,319

### 15.3. Group Long term Debtors

Group 31st March 2021	Group Long term Debtors	GBC 31st March 2022	Group 31st March 2022
		£'000	£'000
352	Other entities and individuals	11,793	351
352	<b>Total</b>	<b>11,793</b>	<b>351</b>

As the most notable movement from 2021/22 from the Council's perspective relates to a long-term debtor with the Rosherville Group, the adjusted group position removes this.

## NOTES TO THE GROUP FINANCIAL STATEMENTS

### 15.4. Group Long term Investments

Group 31st March 2021	Group Long term Investments	GBC 31st March 2022	Group 31st March 2022
£'000		£'000	£'000
0	Additions	5,020	0
1,182	Revaluation	1,616	1,616
<u>1,182</u>	Total increase/(decrease) in	<u>6,636</u>	<u>1,616</u>
17,966	Balance brought forward at 1 April	22,639	19,148
1,182	Movement in year	6,636	1,616
<u>19,148</u>	Balance carried forward at 31 March	<u>29,275</u>	<u>20,764</u>

Additions of £5,020k in the Council's accounts relates to investment in the Rosherville Group. As this is an inter-group transaction, it has been removed upon consolidation into Group accounts.

### 15.5. Group Usable Reserves

Group 31st March 2021	Group Usable Reserves	GBC 31st March 2022	Group 31st March 2022
£'000		£'000	£'000
(11,744)	Capital Receipts Reserve	(12,083)	(12,083)
(19,348)	Earmarked Reserves	(14,404)	(14,404)
(2,494)	Revenue Grants not yet applied	(1,723)	(1,723)
(139)	Capital Grants & Contributions Unapplied	(96)	(96)
(155)	Major Repairs Reserve	(598)	(598)
(8,795)	General Fund Balance	(9,372)	(9,372)
(3,000)	Housing Revenue Account Balance	(3,000)	(3,000)
0	Capital and Reserves (Rosherville Group)	0	42
<u>(45,675)</u>	Total Usable Reserves	<u>(41,276)</u>	<u>(41,234)</u>

# Supplementary Financial Statements

## HOUSING REVENUE ACCOUNT

2020/21	Housing Revenue Account Income and Expenditure Statement	2021/22
£'000		£'000
	<b>Expenditure</b>	
7,339	Repairs and maintenance	8,741
7,270	Supervision & management	8,527
71	Rents, rates, taxes and other charges	49
0	Depreciation of assets	
6,728	- dwellings	8,580
163	- non-dwellings	206
17	Amortisation of Intangible assets	0
(9)	Impairment/revaluation of non-current assets	(103)
(18,139)	Impairment/Impairment Reversals of Council dwellings	8,969
376	Provision for bad & doubtful debts	173
3,816		35,142
	<b>Income</b>	
(26,365)	Dwelling rents	(26,600)
(156)	Non-dwelling rents	(136)
(1,679)	Charges for service & facilities	(1,967)
(495)	Contribution towards expenditure (Supporting people)	(479)
(278)	Other income	(1,443)
(28,973)		(30,625)
(25,157)	<b>Net cost of HRA Services as included in the Comprehensive Income &amp; Expenditure Statement</b>	4,517
(617)	Gain or loss on the sale of HRA non-current assets	(2,271)
(21)	Other capital receipts	(42)
2,290	Interest payable and similar charges	2,187
(31)	Interest and investment income	(11)
0	Capital Grants and Contributions	0
329	Net pension interest	409
(23,207)	<b>(Surplus)/deficit for the year on HRA Services</b>	4,789

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

In 2021/22 individual expenditure and income figures have been categorised consistent with those used in Budget Monitoring and Outturn Reporting.

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



## HOUSING REVENUE ACCOUNT

2020/21	Movement on the Housing Revenue Account Statement	2021/22
<i>£'000</i>		<i>£'000</i>
(3,000)	Balance brought forward at 1 April	(3,000)
(23,207)	(Surplus) or Deficit for the Year on the HRA Income & Expenditure	4,789
23,482	Adjustments between accounting basis and funding basis under statute	(2,755)
275	<b>Net (increase) or decrease before transfers to or from reserves</b>	2,034
(275)	Transfer to/(from) earmarked reserves	(2,034)
0	<b>Total (increase)/decrease</b>	0
(3,000)	Balance carried forward at 31 March	(3,000)

## 17. NOTES TO THE HOUSING REVENUE ACCOUNT

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

### 17.1 General

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

### 17.2 Housing Stock

As at 31 March 2022, the Council had 5,660 dwellings (2020/21, 5,642). This represents a net increase of 18 properties in Council housing stock since 2020/21 and comprises of the sale of 32 properties under the Right-to-buy scheme, and 50 properties being added to the housing stock through the Council's New Build and Acquisitions programme.

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

HRA Housing stock					Total HRA assets as at 31 March 2022
	Pre 1919	1919-44	1945-64	Post 1964	
<b>Flats</b>					
- 0 bedroom	0	0	40	48	88
- 1 bedroom	0	18	391	1,232	1,641
- 2 bedrooms	0	1	152	340	493
- 3 bedrooms	0	0	101	230	331
<b>Houses &amp; bungalows</b>					
- 0 bedroom	0	0	2	0	2
- 1 bedroom	0	18	65	107	190
- 2 bedrooms	16	138	341	214	709
- 3 bedrooms	3	766	931	285	1,985
- 4 bedrooms	0	112	92	17	221
<b>Total</b>	<b>19</b>	<b>1,053</b>	<b>2,115</b>	<b>2,473</b>	<b>5,660</b>

## HOUSING REVENUE ACCOUNT

### 17.3 HRA Non-Current Assets

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

<b>HRA Non-current assets</b>							
Financial Year 2021/22	Operational Assets			Non-Op Assets			Total HRA assets
	Council Dwellings	Other Land & Buildings	Assets Under Construction	HRA Non Op Land & Build	Vehicles, Plant & Equipment	Intangible assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
<b>As at 1 April 2021</b>	409,090	5,738	7,756	400	324	456	423,763
Additions	12,204	407	4,786	0	134	0	17,531
Revaluation increases/decreases recognised in Revaluation Reserve	(176)	56	0	0	0	0	(120)
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	(10,441)	103	0	0	0	0	(10,338)
Derecognition - Disposals	(2,490)	0	0	0	0	0	(2,490)
Assets reclassified	5,709	0	(5,709)	0	0	0	0
Other movements in cost or valuation	0	1	0	0	0	0	1
<b>As at 31 March 2022</b>	<b>413,896</b>	<b>6,304</b>	<b>6,833</b>	<b>400</b>	<b>458</b>	<b>456</b>	<b>428,347</b>
<b>Accumulated Depreciation and Impairments</b>							
<b>As at 1 April 2021</b>	0	(22)	0	(350)	(244)	(456)	(1,072)
Depreciation/Amortisation Charge for year	(8,580)	(189)	0	0	(17)	0	(8,786)
Accumulated depreciation written out to the Revaluation Reserve	7,055	43	0	0	0	0	7,098
Accumulated depreciation written out to the (Surplus)/Deficit on the Provision of Services	1,472	0	0	0	0	0	1,472
Accumulated depreciation and impairment written out on disposal	52	0	0	0	0	0	52
Other movements in depreciation and impairment	1	1	(5)	0	0	0	(3)
<b>As at 31 March 2022</b>	<b>0</b>	<b>(167)</b>	<b>(5)</b>	<b>(350)</b>	<b>(261)</b>	<b>(456)</b>	<b>(1,239)</b>
<b>Net Book Value</b>							
<b>At 31 March 2022</b>	<b>413,896</b>	<b>6,137</b>	<b>6,828</b>	<b>50</b>	<b>197</b>	<b>0</b>	<b>427,108</b>
<b>At 1 April 2021</b>	<b>409,090</b>	<b>5,716</b>	<b>7,756</b>	<b>50</b>	<b>80</b>	<b>0</b>	<b>422,692</b>

## HOUSING REVENUE ACCOUNT

<b>HRA Non-current assets</b>							
Financial Year 2020/21	Operational Assets			Non-Op Assets			Total HRA assets
	Council Dwellings	Other Land & Buildings	Assets Under Construction	HRA Non Op Land & Build	Vehicles, Plant & Equipment	Intangible assets	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>							
<b>As at 1 April 2020</b>	320,814	4,424	3,139	400	323	456	329,556
Additions	5,624	905	6,273	0	1	0	12,803
Revaluation increases/decreases recognised in Revaluation Reserve	61,206	458	0	0	0	0	61,664
Revaluation increases/(decreases) recognised in Surplus/Deficit on Provision of Services	21,699	9	0	0	0	0	21,708
Derecognition - Disposals	(1,908)	(59)	0	0	0	0	(1,967)
Assets reclassified	1,656	0	(1,656)	0	0	0	0
Other movements in cost or valuation	(1)	0	0	0	0	0	(1)
<b>As at 31 March 2021</b>	<b>409,090</b>	<b>5,738</b>	<b>7,756</b>	<b>400</b>	<b>324</b>	<b>456</b>	<b>423,763</b>
<b>Accumulated Depreciation and Impairments</b>							
<b>As at 1 April 2020</b>	(1)	(196)	0	(350)	(227)	(439)	(1,213)
Depreciation/Amortisation Charge for year	(6,728)	(146)	0	0	(17)	(17)	(6,908)
Accumulated depreciation written out to the Revaluation Reserve	10,249	314	0	0	0	0	10,563
Accumulated depreciation written out to the (Surplus)/Deficit on the Provision of Services	(3,560)	0	0	0	0	0	(3,560)
Accumulated depreciation and impairment written out on disposal	40	6	0	0	0	0	46
<b>As at 31 March 2021</b>	<b>0</b>	<b>(22)</b>	<b>0</b>	<b>(350)</b>	<b>(244)</b>	<b>(456)</b>	<b>(1,072)</b>
<b>Net Book Value</b>							
<b>At 31 March 2021</b>	<b>409,090</b>	<b>5,716</b>	<b>7,756</b>	<b>50</b>	<b>80</b>	<b>0</b>	<b>422,692</b>
<b>At 1 April 2020</b>	<b>320,813</b>	<b>4,229</b>	<b>3,139</b>	<b>50</b>	<b>96</b>	<b>17</b>	<b>328,344</b>

The total net book value of HRA non-current assets as at 31 March 2022 is £427.11m (£422.69m at 31<sup>st</sup> March 2021).

For 2021/22, depreciation and amortisation charged to the HRA was £8.79m. Depreciation in respect of Council dwellings in 2021/22 was £8.58m (2021/21, £6.73m) and is a real charge to the HRA.

## HOUSING REVENUE ACCOUNT

### 17.4 Vacant Possession Value of HRA Dwellings

Every five years an external valuation of the housing stock is carried out. The most recent full valuation was as at 31 March 2021. For the years in between external valuations, a desktop exercise is carried out; as a result of this exercise Council dwellings were assessed to have a market valuation of £1,254.23m. 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 on the basis of Existing Use Value for Social Housing (EUV-SH). After applying the regional adjustment factor, the valuation of Council dwellings is £413.9m as at 31 March 2022.

### 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.

2020/21	Major Repairs Reserve	2021/22
<i>£'000</i>		<i>£'000</i>
	Amount transferred in year	
(6,729)	- Dwellings	(8,584)
(128)	- Non-dwellings	(188)
7,637	Amount utilised in capital financing	8,329
780	Total (increase)/decrease	(443)
(935)	Balance brought forward at 1 April	(155)
780	Movement in year	(443)
(155)	Balance carried forward at 31 March	(598)

### 17.6 Financing of HRA Capital Expenditure

Capital expenditure of £17.56m (2020/21, £12.96m) on HRA assets was financed as follows:

2020/21	HRA Financing of capital expenditure	2021/22
<i>£'000</i>		<i>£'000</i>
	<b>Capital expenditure</b>	
5,624	Dwellings	12,204
7,179	Non-dwellings	5,327
153	Revenue Expenditure Funded from Capital under statute	24
12,956	Total	17,555
	<b>Financed by</b>	
2,844	Capital receipts	3,779
0	Grants and Contributions	135
7,637	Major Repairs Reserve	8,329
91	Funded from revenue	366
2,384	External Borrowing	4,946
12,956	Total	17,555

## HOUSING REVENUE ACCOUNT

### 17.7 Capital Receipts

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

An analysis of the total HRA capital receipts received during 2021/22 is shown in the next table:

2020/21	HRA Capital receipts	2021/22
£'000		£'000
<b>Receipts for the year</b>		
(2,538)	Sale of Council Dwellings	(4,709)
(21)	Repaid Discounts	(42)
<u>(2,559)</u>	<b>Total</b>	<u>(4,751)</u>
<b>Use of receipts</b>		
523	Paid to Housing Capital Receipts Pool	523
192	Capital financing - HRA schemes	97
1,792	Transfer to Earmarked Reserves	3,962
<u>2,507</u>	<b>Total</b>	<u>4,582</u>
(1,160)	Balance brought forward	(1,212)
<u>(1,212)</u>	<b>Total unapplied capital receipts held</b>	<u>(1,381)</u>

### 17.8 Movement on Pensions Reserve

In accordance with Accounting Policy 14.22, the Net Cost of Services has been adjusted to reflect the cost of pensions in accordance with IAS 19 'Employee Benefits'. The adjustment is £1.43m in respect of current and past service cost for 2021/22. However, this was reversed out to the Pensions Reserve so that there was no impact on the HRA.

### 17.9 Dwelling Rents

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

## HOUSING REVENUE ACCOUNT

### 17.10 Rent and Service Charge Arrears

At the end of the year, arrears as a proportion of gross rent and service charge income for current and former tenants had increased to 4.5% (2020/21, 3.75%). 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.

2020/21	HRA Rent and service charges arrears	2021/22
£'000		£'000
767	Current tenant arrears	1,206
(908)	Rents paid in advance	(913)
1,212	Former tenant arrears	1,344
<u>1,071</u>	<b>Total</b>	<u>1,637</u>
(1,327)	Provision for bad debts	(1,557)
(1)	Rent arrears written off	(58)

### 17.11 Charges for Services and Facilities

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

2020/21	HRA Charges for services	2021/22
£'000		£'000
(1,281)	Service charges - tenants	(1,265)
(293)	Service charges - leaseholders	(392)
(106)	Service charges - leaseholders (contribution to capital works)	(310)
(509)	Support charges	(479)
<u>(2,189)</u>	<b>Total</b>	<u>(2,446)</u>

### 17.12 HRA Interest payable & Investment Income

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

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

### 17.13 Further Information

The Authority is required to provide tenants with further information about housing activities, and copies of this information are available from Gravesham Housing, Civic Centre, Windmill Street, Gravesend, Kent, DA12 1AU.

## COLLECTION FUND

2020/21			Income and Expenditure Account			2021/22		
Business Rates	Council Tax	Total	Business Rates	Council Tax	Total	Business Rates	Council Tax	Total
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>								
<b>Income from Council Tax and Business Rates</b>								
	(62,947)	(62,947)		(67,371)	(67,371)			
	(795)	(795)		(262)	(262)			
(13,129)		(13,129)				(21,546)		(21,546)
(13,129)	(63,742)	(76,871)		(21,546)	(67,633)			(89,179)
<b>Contribution for previous year's deficit:</b>								
		0		(4,685)	(30)			(4,715)
		0		(1,054)	(182)			(1,236)
		0			(27)			(27)
		0		(117)	(11)			(128)
(497)		(497)		(5,857)				(5,857)
(13,626)	(63,742)	(77,368)		(33,259)	(67,883)			(101,142)
<b>Expenditure</b>								
<b>Precepts, Demands and Shares</b>								
12,203		12,203		12,042				12,042
9,762	7,513	17,275		9,634	7,737			17,371
2,196	46,395	48,591		2,167	48,841			51,008
	6,975	6,975			7,510			7,510
244	2,722	2,966		241	2,782			3,023
24,405	63,605	88,010		24,084	66,870			90,954
<b>Apportionment of previous year's surplus:</b>								
		0						0
497		497						0
		0						0
		0						0
		0						0
		0						0
24,902	63,605	88,507		24,084	66,870			90,954
<b>Charges to Collection Fund</b>								
				1,240				1,240
24		24		(126)				(126)
		0			3			3
159	887	1,046		565	790			1,355
(64)		(64)		(156)				(156)
235		235		(1,061)				(1,061)
92		92		91				91
446	887	1,333		553	793			1,346
11,722	750	12,472		(8,622)	(220)			(8,842)
130	100	230		11,852	850			12,702
11,852	850	12,702		3,230	630			3,860



## 18 NOTES TO THE COLLECTION FUND

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

### 18.1 General

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

### 18.2 Council Tax

The Council's tax base (i.e. the number of chargeable dwellings in each valuation band, adjusted for dwellings where discounts apply, converted to an equivalent number of Band D dwellings) for 2021/22 was approved on 11 January 2021 as follows:

Band	2020/21			2021/22		
	<i>Estimated Number of properties (Net of exemptions, discounts &amp; reliefs) (a)</i>	<i>Multipliers (b)</i>	<i>Band D equivalents properties (a x b)</i>	<i>Estimated Number of properties (Net of exemptions, discounts &amp; reliefs) (c)</i>	<i>Multipliers (d)</i>	<i>Band D equivalents properties (c x d)</i>
A with disabled relief	4.00	5 /9	2.22	3.25	5 /9	1.81
A	2,167.75	6 /9	1,445.17	2,179.88	6 /9	1,453.26
B	5,209.43	7 /9	4,051.78	5,171.16	7 /9	4,022.02
C	11,969.52	8 /9	10,639.58	11,989.01	8 /9	10,656.90
D	8,886.52	9 /9	8,886.52	8,915.06	9 /9	8,915.06
E	4,214.84	11 /9	5,151.49	4,232.95	11 /9	5,173.61
F	1,915.33	13 /9	2,766.58	1,924.41	13 /9	2,779.70
G	989.85	15 /9	1,649.76	1,005.90	15 /9	1,676.50
H	88.00	18 /9	176.00	91.00	18 /9	182.00
Tax Base before Council Tax Support			34,769.10			34,860.86
Estimated Collection Rate			98.75%			98.75%
Council Tax Base			34,334.50			34,425.11

The tax rate per Band D property, excluding Parish Council precepts, was £1,930.76 (2020/21, £1,841.78).

### 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 2022 was £66.6m (31 March 2021 £65.4m). The respective multipliers for 2021/22 were 51.2p (non-domestic rating multiplier) and 49.9p (small business non-domestic rating multiplier) per £ of rateable value.

## COLLECTION FUND

### 18.4 Collection Fund Surplus/Deficit

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

Collection Fund Surplus/deficit 2021/22						
	Gravesham Borough Council	Kent County Council	Kent Police & Crime Com- missioner	Kent Fire & Rescue Service	Central Government	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Council Tax</b>						
(Surplus)/deficit brought forward	100	620	94	36	850	850
(Surplus)/deficit for year	(26)	(160)	(24)	(10)	(220)	(220)
(Surplus)/deficit carried forward	74	460	70	26	630	630
<b>Business Rates</b>						
(Surplus)/deficit brought forward	4,741	1,067	118	5,926	11,852	11,852
(Surplus)/deficit for year	(3,449)	(776)	(86)	(4,311)	(8,622)	(8,622)
(Surplus)/deficit carried forward	1,292	291	32	1,615	3,230	3,230

Collection Fund Surplus/deficit 2020/21						
	Gravesham Borough Council	Kent County Council	Kent Police & Crime Com- missioner	Kent Fire & Rescue Service	Central Government	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Council Tax</b>						
(Surplus)/deficit brought forward	12	73	11	4	100	100
(Surplus)/deficit for year	88	547	83	32	750	750
(Surplus)/deficit carried forward	100	620	94	36	850	850
<b>Business Rates</b>						
(Surplus)/deficit brought forward	52	(485)	1	562	130	130
(Surplus)/deficit for year	4,689	1,552	117	5,364	11,722	11,722
(Surplus)/deficit carried forward	4,741	1,067	118	5,926	11,852	11,852

**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.

2020/21	<b>Collection Fund Adjustment Account</b>	2021/22
£'000		£'000
88	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	(26)
5,188	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	(4,813)
<u>5,276</u>	<b>Total increase/(decrease) in Collection Fund Adjustment Account</b>	<u>(4,839)</u>
64	Balance brought forward at 1 April	5,340
5,276	Movement in year	(4,839)
<u>5,340</u>	<b>Balance carried forward at 31 March</b>	<u>501</u>

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

### **Report on the Audit of the Financial Statements**

#### **Disclaimer of opinion**

We were engaged to audit the financial statements of Gravesham Borough Council (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement, the Group Balance Sheet, the Group Movement in Reserve Statement, the Group Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Income and Expenditure Account, notes to the financial statements and Accounting Policies, Standards and Critical Judgements. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22.

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

#### ***Basis for disclaimer of opinion***

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2022 by 13 December 2024 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements. We have not been able to obtain sufficient appropriate audit evidence by the backstop date to conclude that the Authority's and group's financial statements for the year ended 31 March 2022 as a whole are free from material misstatement. We were also unable to obtain sufficient appropriate evidence for the corresponding figures for the same reason. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement in the Regulations that they publish audited financial statements for the year ended 31 March 2022 by the backstop date. We have concluded that the possible effects on the financial statements of undetected misstatements arising from this matter could be both material and pervasive.

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

#### ***St George's Shopping Centre***

The financial statements included a liability for the financing of the regeneration of the St George's Shopping Centre and associated properties, which was included at an amount of £24.5 million as at 31 March 2020 and £24.1 million as at 31 March 2019. We disagreed with the Authority's judgement to include in the liability amount only direct entries flowing through its records and we were unable to obtain sufficient appropriate audit evidence in respect of the amortised cost of the liability recognised in the financial statements. In addition, we were also unable to conclude on the reasonableness of the Authority's accounting treatment for an embedded prepayment option. Consequently, we were unable to determine whether any adjustments to the financial statements were necessary in respect of this matter. This matter has not been resolved and any such adjustments could impact all the primary statements and related disclosures, including those relating to the fair value of the financial instrument. Our

opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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

Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with 'delivering good governance in Local Government Framework 2016 Edition' published by CIPFA and SOLACE or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

### **Opinion on other matters required by the Code of Audit Practice**

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

### **Matters on which we are required to report by exception**

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

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

### **Responsibilities of the Authority, the Director (Corporate Services) and Those Charged with Governance for the financial statements**

As explained in the Statement of Responsibilities set out on page 25, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that

one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director (Corporate Services). The Director (Corporate Services) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22, for being satisfied that they give a true and fair view, and for such internal control as the Director (Corporate Services) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director (Corporate Services) is responsible for assessing the Authority's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the Authority and the group will no longer be provided.

The Finance and Audit Committee is Those Charged with Governance. Those Charged with Governance are responsible for overseeing the Authority's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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

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

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

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

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

#### **Responsibilities of the Authority**

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

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

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

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

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

**Report on other legal and regulatory requirements – Audit certificate**

We certify that we have completed the audit of Gravesham Borough Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

**Use of our report**

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

*Paul Dossett*

Paul Dossett, Key Audit Partner  
for and on behalf of Grant Thornton UK LLP, Local Auditor

London

Date: 11 December 2024



## **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.

### **Budget**

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

### **Capital Adjustment Account**

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

### **Capital Expenditure**

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

### **Capital Financing**

Funds used to pay for capital expenditure.

### **Capital Receipts**

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

### **Cash and cash equivalents**

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

### **Chartered Institute of Public Finance and Accountancy (CIPFA)**

The principal accounting body dealing with local government finance.

### **Collection Fund**

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

### **Community Assets**

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

### **Contingent Asset**

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

### **Contingent Liability**

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

### **Creditors**

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

### **Current Assets**

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

### **Current Liabilities**

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

### **Debtors**

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

### **De Minimis**

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

### **Depreciation/Amortisation**

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

### **Equity in Rosherville**

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

### **Fair Value**

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

### **Financial Instrument**

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

### **General Fund**

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

### **Housing Benefits**

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

### **Housing Revenue Account (HRA)**

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

### **Impairment**

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

### **International Financial Reporting Standards (IFRS)**

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

### **Investments**

Investments fall into two categories :

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

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

### **LATCo**

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

### **Lease**

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

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

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

### **Liabilities**

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

### **Minimum Revenue Provision**

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

### **Net Asset Value**

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

### **Non-Current Assets**

## GLOSSARY OF TERMS

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

### **Non-Domestic Rate**

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

### **Outturn**

The actual results for the financial year specified.

### **Overheads**

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

### **Pooled Investment**

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

### **Precept**

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

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

### **Property, Plant & Equipment**

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

### **Public Works Loan Board**

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

### **Rateable Value**

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

### **Reserve**

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

### **Revaluation Reserve**

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

### **Revenue Expenditure**

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

### **Revenue Support Grant**

A grant paid by Central Government to aid Local Authority services in general as opposed to specific grants which may only be used for a specific purpose. These are credited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement. (The Council may also receive other non-specific grants, and these are shown with the Revenue Support Grant

## GLOSSARY OF TERMS

in the "Taxation and Non-Specific Grant Income" line in the Comprehensive Income and Expenditure Statement.)

### **Section 151 Officer**

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

### **Soft Loans**

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

### **Virement**

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

### **Valuation Office Agency (VOA)**

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

### **Working Balances**

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